

U.S. * CUBA Policy Report

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Ralph J. Galliano, Editor

PRESIDENT CLINTON ANNOUNCES INDEFINITE SUSPENSION OF RIGHT-OF-ACTION UNDER TITLE III OF HELMS-BURTON

WASHINGTON -- While President Clinton's announcement to suspend the right-of-action under Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, or Helms-Burton, was no surprise, the timing of his announcement caught Cuba watchers, the news media, diplomats, corporate executives and especially Members of Congress in the throes of their Christmas and New Year holidays with family and friends. It was on Friday, January 3rd when the office of the White House press secretary made public Clinton's decision from St. Thomas, Virgin Islands where the president was vacationing. The nation's capital was quiet. Only two days earlier had been New Year's Day and the announcement came nearly two weeks before the January 16th deadline. The January 7th swearing in of the newly elected Members of the 105th Congress had not yet occurred. Sources believe the White House wanted desperately to avoid any possibility of having the Albright nomination for Secretary of State held hostage by Senator Jesse Helms. Although there was no indication of Helms moving to block the January 8th confirmation hearing, this fear is believed to have motivated the White House to act swiftly. President Clinton rapidly foreclosed any such possibility thirteen days earlier than official Washington had expected the announcement of his second consecutive six-month suspension of the right of a U.S. national to bring suit against foreign firms trafficking in their confiscated property in Cuba.

INDEFINITE SUSPENSION AND REVIEW -- Clinton's decision to continuously suspend Title III's right-of-action predetermines conditions in Cuba unassociated with the criteria contained in Section 306(b) of the "Suspension Authority" granted to the president. The president stated he "would expect to continue suspending the right to file suit so long as America's friends and allies continue their stepped-up efforts to promote a transition to democracy in Cuba." Section 306(b) requires a presidential "determination and report" that the "suspension is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba" irrespective of whether "America's friends and allies" step-up their efforts to promote democracy in Cuba. The burden to democratize lies in the hands of the Castro regime. In neither of the suspensions has President Clinton explained how his waiver meets the two requirements set forth in the law. Clinton also says "[t]he law requires" that he "review Title III every six months," although no such "review" is specified implying a cursory rather than a deliberative process. Since November 1, 1996, any trafficker who does not divest on or after that date will be liable for treble damages based on the "fair market value" after notice has been given. Now that President Clinton has invoked a continuous suspension denying claimants the ability to exercise their right-of-action, the U.S. government is more likely to be placed in violation of the taking clause under the Fifth Amendment to the Constitution amassing potentially millions of dollars in U.S. taxpayer liability.

REDEFINING THE LAW -- By introducing an initiative unlike any contained in the Helms-Burton law, President Clinton has redefined the right-of-action under Title III. According to Stuart Eizenstat, the Special Representative for the Promotion of Democracy in Cuba, "[t]he president suspended suits under Title III in July for six months to see if the United States could help forge an international consensus to press Castro for greater human rights and to promote democracy." Section 1702(8) of the Cuban Democracy Act (CDA) of 1992 finds that, "[t]he United States cooperated with its European and other allies to assist the difficult transitions from Communist regimes in Eastern Europe. Therefore, it is appropriate for those allies to cooperate with United States policy." In Title III - *Protection of Property Rights of United States Nationals*, Congress finds in Section 301(11) that "[t]o deter trafficking in wrongfully confiscated property, United States nationals who were the victims of these confiscations should be endowed with a judicial remedy in the courts of the United States that would deny traffickers any profits from economically exploiting Castro's wrongful seizures." More reflective of Section 1702(8) of the CDA than of Section 301(11) of Helms-Burton, President Clinton has redefined his Title III suspension authority by introducing an initiative seeking an international consensus to promote democracy rather than to protect the property rights of United States nationals. The text of President Clinton's letter is reprinted below.

TEXT OF LETTER FROM THE PRESIDENT

The following is the text of the president's letter to the chairmen and ranking members of the House Committees on International Relations and Appropriations and the Senate Committees on Foreign Relations and Appropriations.

THE WHITE HOUSE
WASHINGTON

January 3, 1997

Dear Mr. Chairman:

Pursuant to subsection 306(c)(2) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (Public Law 104 - 114), (the "Act"), I hereby determine and report to the Congress that suspension for 6 months beyond February 1, 1997, of the right to bring an action under Title III of the Act is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba.

Sincerely,

William J. Clinton

The Honorable Benjamin A. Gilman
Chairman
Committee on International Relations
House of Representatives
Washington, D.C. 20515-4309

Enclosure

RESPONSE TO PRESIDENT'S SUSPENSION

The following represents a sampling of the statements issued in response to President Clinton's second suspension of the right-of-action under Title III of Helms-Burton on Friday, January 3, 1997.

CONGRESSIONAL --

"By declaring his intention to waive this provision indefinitely, the president has given up the best leverage the United States had to pressure Canada and Mexico to change their ways. And he has sent a signal to Europe that they have done enough, just as they have taken their first, small steps in the right direction. I am extremely disappointed by his decision." Senate Foreign Relations Committee Chairman **Jesse Helms** (R-NC).

"The intent of Title III, as passed by the U.S. Congress, is to penalize those companies profiting from stolen American property and thus to deny the Castro dictatorship the hard currency it needs to survive. This objective can only be achieved with full implementation." House Western Hemisphere Subcommittee Chairman **Dan Burton** (R-IN).

"This action by the president is not consistent with the Helms-Burton law which clearly states that Title III can only be suspended for national security reasons or if steps have been taken toward a transition to democracy in Cuba. Neither of these two elements have been realized." Congresswoman **Ileana Ros-Lehtinen** (R-FL) is a member of the House International Relations Committee.

"President Clinton has always intended to suspend Title III. He has intended to suspend Title III since he insisted on the right to do so as a condition to signing Helms-Burton into law." Congressman **Lincoln Diaz-Balart** (R-FL) is a member of the House Rules Committee.

"Clearly, we have seen progress in the past six months by our European allies on Cuba -- but not because they had a sudden change of heart about promoting human rights and democracy in Cuba, rather it was due to concern about the impact of Title III." Congressman **Robert Menendez** (D-NJ) is a member of the House International Relations Committee.

"The President and our nation are right in recognizing these very positive developments by issuing another six-month extension of Title III. This delay is justified given our combined, international efforts to bring democracy and freedom to the people of Cuba." Senator **Bob Graham** (D-FL) is a member of the Intelligence Committee.

NATIONAL --

"In our opinion, without the immediate implementation of Title IV and a genuine and specific program of international measures to promote the democratization of Cuban society, the further delay of Title III would not be justified." Statement made by the **Cuban American National Foundation** based in Miami with offices in Washington.

INTERNATIONAL --

"The President's decision postpones but does not eliminate the threat to Canadian companies under Title III. The [Helms-Burton] Act still creates long-term uncertainty, however, and we are disappointed. We are also very concerned about other provisions within it, such as continuing [Title IV] entry restrictions." Canadian Foreign Minister **Lloyd Axworthy**.

"I welcome this initiative as a constructive move - a step in the right direction...I should point out, however, that today's announcement does not change the European Union's position of principle, that we remain firmly opposed to all extraterritorial legislation, whatever its source, and will continue to defend our interest. **Jacques Santer** is president of the European Commission.

CUBA POLICY IN THE 105th CONGRESS

U.S.- Cuba policy in the 105th Congress will be largely predetermined by the Helms-Burton Act of 1996 which codified the existing embargo. President Clinton's implementation of the Act along with Congressional oversight by key Members of Congress and their respective committee assignments described below will shape U.S. policy.

GALLEGLY SUCCEEDS BURTON -- While New York Congressman Ben Gilman continues his leadership of the House International Relations Committee, California Congressman Elton Gallegly takes on the chairmanship of the Subcommittee on Western Hemisphere Affairs, succeeding Indiana Congressman Dan Burton, sponsor of the Helms-Burton Act of 1996. Although Burton will chair the House Government Reform and Oversight Committee, he will remain on International Relations as well as on Western Hemisphere which he once chaired. Gallegly is expected to shift the subcommittee's emphasis from the Caribbean where it focused on Cuba and Haiti to the rest of Latin America particularly Mexico, Central America, and the larger countries of South America such as Venezuela, Chile, Argentina and Brazil. Gallegly opposed NAFTA but supported Clinton's bailout of the Mexican economy. Illegal immigration is a priority concern.

SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS -- This subcommittee will be split 9-to-7 Republicans-to-Democrats. It will include Gallegly (CA-23) as chairman, Cass Ballenger (NC-10), Mark Sanford (SC-1), Chris Smith (NJ-4), Dan Burton (IN-6), Ileana Ros-Lehtinen (FL-18), Jay Kim (CA-41), Roy Blunt (MO-7), and Kevin Brady (TX-8). Democrats will choose their members on February 4th.

ROS-LEHTINEN TO CHAIR TRADE SUBCOMMITTEE -- Congresswoman Ileana Ros-Lehtinen (R-FL) who continues on the Western Hemisphere Subcommittee has switched International Relations subcommittee chairmanships from Africa to the influential International Economic Policy and Trade (IEPT) Subcommittee. Ros-Lehtinen is expected to play a key role in the congressional oversight of the implementation of Helms-Burton and very possibly a pivotal role in the event of a transition to democracy in Cuba with respect to overseeing presidential authority under the requirements set forth in the Helms-Burton Act. IEPT has jurisdiction over all matters related to the commerce of the United States including NAFTA, GATT, and WTO.

INTERNATIONAL ECONOMIC POLICY AND TRADE SUBCOMMITTEE -- Including Ros-Lehtinen's chairmanship, this subcommittee has a 10-to-8 Republican-Democrat split. The Republicans include: Don Manzullo (IL-16), Steve Chabot (OH-1), Tom Campbell (CA-15), Lindsey Graham (SC-3), Roy Blunt (MO-7), Jerry Moran (KS-1), Doug Bereuter (NE-1), Cass Ballenger (NC-10) and Dana Rohrabacher (CA-45). Democrats, who will choose their subcommittee members on February 4th, will be led by ranking member Sam Gejdenson (CT-2).

SENATE FOREIGN RELATIONS COMMITTEE -- Jesse Helms' reelection last year guaranteed his return to the U.S. Senate and the continuation of his chairmanship of the Foreign Relations Committee where he is expected to concentrate on State Department reorganization and United Nations reform. As sponsor of the Helms-Burton Act, the senior senator from North Carolina can be trusted to keenly oversee its implementation. The Committee's 10 Republican Members are: Jesse Helms (NC), Richard Lugar (IN), Paul Coverdell (GA), Chuck Hagel (NE), Gordon Smith (OR), Craig Thomas (WY), John Ashcroft (MO), Rod Grams (MN), Bill Frist (TN), and Sam Brownback (KS). The 8 Democrats are: ranking member Joseph Biden (DE), Paul Sarbanes (MD), Chris Dodd (CT), John Kerry (MA), Chuck Robb (VA), Russell Feingold (WI), Dianne Feinstein (CA), and Paul Wellstone (MN). Senator Coverdell, whose focus will be international drug trafficking, will continue to chair the Western Hemisphere Subcommittee. Democrat members will be chosen in February.

HELMS-BURTON UPDATE

ISRAELI AND PANAMANIAN COMPANIES WARNED - Under Section 401 of Title IV - *Exclusion From the United States of Aliens Who Have Confiscated Property of United States Nationals or Who Traffic in Such Property*, the State Department's Helms-Burton Implementation Unit has sent warning letters to the chief executives of two foreign companies believed to be trafficking in U.S. owned confiscated property. Group BM, an Israeli joint venture with Union Nacional de Citricos, is involved in managing citrus products for export while Motores Internacionales a Panamanian company sells Mitsubishi automobiles from property owned by a Miami jewelry store owner Jesus Capin. (MH, "Two firms face Helms-Burton sanctions," 1/22/97, p.5A). **PLAN OF ECONOMIC ASSISTANCE SUBMITTED TO CONGRESS** - As required under Section 202, *Assistance for the Cuban People* of Helms-Burton, President Clinton has developed a plan to provide economic assistance to Cuba during a transition or when a democratic elected government comes to power in Cuba. The report calls for *Military Adjustment Assistance* to prepare "the Cuban military forces to adjust to an appropriate role in a democracy." The report, released on Tuesday, January 28th and nearly five months late, is entitled "Support for a Democratic Transition in Cuba." It was required to be filed "no later than 180 days after the date of the enactment" of Helms-Burton or by September 8, 1996. In its preface, Clinton described his report as outlining "the assistance that Cuba is likely to seek during its transition to democracy, and the ways in which the United States and the international community will try to help." The billions of U.S. aid dollars foreseen by the report are subject to Congressional appropriations. (WP, "U.S. Pledges Support for Post-Castro Cuba," 1/28/97, p.A10).

CLINTON TRANSFERS BLOCKED ASSETS

In an unprecedented move, President Clinton on October 2, 1996 "directed the Secretary of the Treasury to take steps to vest certain assets of the Cuban government maintained in blocked accounts in the United States" and transfer those assets to third parties in this case the surviving family members of the four Brothers to the Rescue pilots who were tragically shot down by Cuban MIGs on February 24, 1996. According to a report filed by Cynthia Corzo of the Miami Herald, each family received \$300,000. Frank Angones, the lawyer for the families would not discuss the matter referring all inquiries to the State Department. Although the president announced the move in the aftermath of the February shootdown, nothing had been heard about it until November 9, 1996 when the report appeared in the Herald. Repeated requests for specific cites in the law granting the president authority to take such action were denied or ignored by Robert Maley of the National Security Council and by Richard Newcomb director of the Treasury Department's Office of Foreign Assets Control (OFAC). Checking the "Blocked Foreign Assets" summary report of 1983-84 published by OFAC, it makes clear the historic use of blocked assets for the purpose of the settlement of U.S. certified claims where Congress plays a legislative role. The OFAC report states that "[a]n essential aspect of blocking controls is the immediate imposition of an across-the-board prohibition against a transfer of any kind" and that "[t]itle to the property remains with the designated country." A Freedom of Information Act (FOIA) request has been filed with the Treasury Department to produce the joint legal memo known to have been written by Justice and Treasury Department lawyers advising the president on the transfer of these blocked Cuban funds.

**CONTINUED PROHIBITION OF CUBAN
OVERFLIGHTS OF U.S. TERRITORY URGED**

Congressman Robert Menendez (D-NJ) has urged the State Department to uphold the prohibition of Cuban overflights of U.S. territory. In a letter to recently confirmed Secretary of State Madeleine Albright, Menendez urged the rejection of "any suggestion from the International Civil Aviation Organization (ICAO) that the U.S. overturn a long-standing prohibition on Cuban aircraft flying over U.S. territory en route to Canada." The ban in effect since 1980 affects Cuba's national carrier Cubana Airlines. Cuba, which has periodically sought to have ICAO lobby the U.S. on its behalf to reverse the ban on overflights, must fly farther off the U.S. coast consuming greater amounts of costly jet fuel. A reversal of the ban according to Menendez would constitute "economic assistance to Cuba." In the wake of the February 24th shoot down and murder of four unarmed American pilots in international waters, Menendez declared it "offensive for ICAO to ask the United States to overturn this policy and just after ICAO itself found Cuba guilty of violating international aviation laws and principles." The New Jersey Democrat and a leading Member of the House International Relations Western Hemisphere Subcommittee expects the Clinton administration "to flatly reject any attempts by ICAO to reverse this policy...[U]ntil there is democracy in Cuba." The Congressman's letter to Secretary of State Albright is reprinted below.

MENENDEZ LETTER TO ALBRIGHT

January 24, 1997

Ambassador Madeleine Albright
Secretary of State
Department of State
2201 C Street
Washington, D.C. 20520-0001

Dear Madame Secretary:

I am writing to express my concern about the request by the International Civil Aviation Organization (ICAO) to allow Cuban registered planes to overfly the United States on flights to and from Canada.

The United States has banned such overflights since 1980. Given U.S. policy toward Cuba, its presence on our list of nations sponsoring terrorism and the murder of four unarmed Americans in civilian aircraft by Cuban MIGs last February over international waters, a repeal of this policy would be irresponsible.

For the families of the four victims of the February 24 shoot down, it would be offensive.

Cuba has violated international agreements and international law numerous times, including international law governing aviation. Certainly, such action does not merit any favorable consideration by the United States or the international community.

I expect that the United States will assert its strong opposition to ICAO's request and I look forward to your response on this important issue.

Sincerely,

Robert Menendez
Member of Congress

RM:jc

**AXWORTHY AND STEWART VISIT CUBA:
CANADIANS ISSUE JOINT DECLARATION**

Canada's Minister of Foreign Affairs, Lloyd Axworthy, and Secretary of State for Latin American and African Affairs, Christine Stewart, traveled to Cuba on January 21 and 22 in a visit that is the first by a Canadian foreign minister since 1959. Stewart was in Cuba in June of 1994. The purpose of their visit was to "exchange views on a broad range of issues and "maintain a long-standing dialogue with Cuba." The visit also came on what would have been the heels of President Clinton's second suspension of Title III's right-of-action under Helms-Burton required no later than January 16th but issued earlier than expected on January 3rd catching official Washington and the diplomatic community by surprise. (See USCPR lead story this issue) Canada's opposition to the U.S. embargo and to Helms-Burton is reflected in the "Joint Declaration" issued by the ministers of foreign affairs of Canada and Cuba in Havana on January 22nd. The joint declaration expresses their "right to conduct international relations on the basis of the defense of international law" and calls for the "negotiation of a Foreign Investment Protection and Promotion Agreement" to safeguard Canadian investments in Cuba. Canada is Cuba's leading trade and investment partner. Other than cooperation in human rights, the joint declaration appears directly at odds with the aggressive presidential initiative led by Stuart Eizenstat to "promote democracy in Cuba" particularly as reflected in the European Union's initiative called the "Common Position" (See USCPR, Vol.3, No.12, pp.1-3) which was issued on December 2, 1996. The "Joint Declaration" is reprinted below.

**JOINT DECLARATION
OF THE MINISTERS OF FOREIGN AFFAIRS OF CANADA AND CUBA**

The Minister of Foreign Affairs of Canada, the Honourable Lloyd Axworthy, visited the Republic of Cuba on January 21 and 22, 1997, responding to an invitation made to him by the Minister of Foreign Affairs of Cuba, His Excellency Roberto Robaina Gonzalez. Minister Axworthy met with senior representatives of the Cuban Government, with whom he had the opportunity to exchange views on various issues of the bilateral relationship, the realities of both countries and international relations.

Both Ministers reaffirmed the high value of the longstanding and uninterrupted bilateral relationship between Canada and Cuba since its establishment in 1945. They underscored the fact that Canada-Cuba relations have always emphasized the importance of maintaining a frank and open dialogue in a spirit of mutual respect, not only on issues in which both sides agree, but as well on issues on which they differ.

The Ministers emphasized their mutual commitment and their right to conduct international relations on the basis of the defense of International Law. They reiterated the commitment to peace of their respective peoples and their common endeavours to promote social justice in an atmosphere of stability and unity, based upon the consensus of their respective citizens.

Ministers Axworthy and Robaina stated that as a result of the continuing development in bilateral relations and high-level discussions which have taken place in the past few months, Canada and Cuba have agreed to advance towards new initiatives within the framework of their bilateral relationship. These initiatives encompass a wide range of political, economic and social issues.

In this context, they had the opportunity to assess a number of areas in which both governments have agreed to work jointly. Among these areas, the following examples can be cited:

1. Cooperation in the area of the administration of justice and the judicial-legal system, including exchanges of judges and judicial training.
2. Support exchanges between the House of Commons and the National Assembly, focusing on the operations of both institutions.
3. Exchange of experience between both countries relating to the Cuban intention to strengthen within the National Assembly of People's Power a Citizens' Complaints Commission.

4. Broadening and deepening cooperation on the issue of human rights, which will include the preparation of seminars on diverse matters of mutual interest, academic exchanges between officials, professionals and experts, as well as sharing experiences and positions on the work of the specialized organizations of the United Nations.

5. Supporting the activities of the Canadian and Cuban non-governmental organizations within the framework of bilateral cooperation between both countries and in accordance with the laws and regulations of each country.

6. Continuation of macroeconomic cooperation, with an initial focus in the areas of taxation and central banking, while studying joint areas in which Canada might continue to support the Cuban policy of economic reform.

7. The negotiation of a Foreign Investment Protection and Promotion Agreement.

8. Further collaboration on narcotics interdiction, including the negotiation of a bilateral accord.

9. The establishment of bilateral conversations on the issue of international terrorism and its prevention.

10. The negotiation of a Memorandum of Understanding between Health Canada and the Ministry of Public Health of Cuba.

11. The negotiation of an audio-visual co-production agreement.

12. The renewal of a bilateral Sports cooperation accord.

13. The exploration of possibilities for joint research and development and cooperation projects in developing countries in the areas of health and environment.

14. The provision of food aid in response to the damage caused by Hurricane Lili.

Ministers Axworthy and Robaina welcomed these initiatives as a further example of the constructive collaboration which exists between both their respective governments and looked forward to continuing to work in the future on bilateral cooperation on a broad range of economic and social issues.

Havana

January 22, 1997

INTERNATIONAL BRIEFS

POPE'S PILGRIMAGE TO CUBA EXCLUSIVELY FOR CUBAN PEOPLE -- Pope John Paul II's first scheduled visit to Cuba has been shifted from a combined trip to Brazil to an exclusive Cuba visit. Venezuelan Cardinal Rosalio Jose Castillo Lara the governor of Vatican City and known to be staunchly anti-communist made it clear that "[t]he purpose of the Pope's trip will be above all to visit the members of the Cuban Catholic Church and the Cuban people, the simple people. Visiting the regime is out of the question." This pilgrimage to Cuba is now scheduled for January 1998. (USAT, "Vatican says Cuba trip won't be 'whitewashed'," 1/6/97, p.6A). **VATICAN SENSITIVE TO IMPROVING RELATIONS** -- Castillo Lara's remarks that "[n]o one should forget that Cuba was a typical socialist regime" reflects the Pope's disapproval of Castro's communist government that has repressed Catholics and underscores the Vatican's sensitivity to improving relations with Cuba where the Vatican is believed to be negotiating a greater role for the Church involving education, media access, relaxation of visas for priests and nuns, and a return of property. At the same time, the Vatican has taken a strong stance against the U.S. embargo and has denounced Helms-Burton which seeks a resolution to the confiscated property issue. Ironically, the Vatican's disputes with the Russian Orthodox Church stems from property confiscated from the Catholic Church and passed on to it under communist rule. (TWT, "Pope not likely to visit Russia soon," 1/4/97, p.A11; USAT, "Vatican says Cuba trip won't be 'whitewashed'," 1/6/97, p.6A). **OAS' GAVIRIA SEES CASTRO AS SOLUTION** -- Washington based Miami Herald reporter Christopher Marquis in assessing the leadership of Cesar Gaviria former Colombian president who serves as the secretary general of the Organization of American States (OAS) reveals Gaviria's belief that Fidel Castro "is critical for a pacific and gradual solution" in Cuba. Having the strong support of the Clinton administration, Gaviria also is respected by Senator Helms for his fiscal restraint. (MH, "OAS' Gaviria a controversial, zealous reformer," 1/6/97, p.1A).

SHORT TAKES

PRE-TRIAL DEPOSITIONS SCHEDULED FOR TORONTO -- Pre-trial depositions are scheduled in accordance with the order from the U.S. District Court Southern District of Florida in the civil case Consolidated Development Corporation v. Sherritt Inc. (No.96-1820). Defendants who include Frederic J. Wellhauser (president and CEO of Sherritt International), Garnet Clark (International Cobalt Co., Inc.), and Denis G. Maschmeyer (The Cobalt Refining Co., Inc.) will be deposed in Toronto on February 6, 1997. In addition, depositions are scheduled for Donald M. Kossey (Viridian, Inc.), and Murray A. Skinner (Canada Northwest Energy, Ltd.). These depositions are scheduled for February 12, 1997 in Toronto. This case, for conversion and conspiracy to defraud brought against Sherritt by U.S. certified claimant Consolidated Development, was filed in Miami on July 2, 1996 wholly outside of the Helms-Burton Act and is not affected by President Clinton's January 3rd decision to suspend the right-of-action under Title III.

ROS-LEHTINEN AND DIAZ-BALART RESIGN FROM HISPANIC CAUCUS -- Reps. Ros-Lehtinen and Diaz-Balart announced their resignations from the Hispanic Caucus in protest of the trip to Cuba taken by Reps. Esteban Torres (D-CA) and Xavier Bacerra (D-CA) the newly elected chairman. Both met with Cuban dictator Fidel Castro in a fact finding mission to assess the humanitarian impact of the U.S. embargo on Cuba. Torres and Bacerra oppose the embargo and Helms-Burton. Their trip was led by Washington based anti-embargo activist Alicia Torres and financed by the Southwest Voter Research Institute an organization with a history of receiving federal funds. Brian Atwood, administrator of USAID, has been asked by Members of Congress to investigate. (MH, "2 Dade lawmakers quit House Hispanic Caucus," 1/9/97, p.8A).

FINAL DIRECT AID FLIGHT TO CUBA -- The second and final Hurricane Lili relief flight scheduled to depart Miami directly for Havana on the morning of January 19th carrying 85,000 pounds of food for storm victims was described as the "largest single humanitarian operation" since the Castro revolution in 1959. Catholic Charities has directed the aid through Caritas its charitable arm in Cuba. The first flight landed in Havana on October 26th. Hurricane Lili hit Cuba on October 18th. President Clinton, who banned direct flights to Cuba following the February 24th shootdown of two American registered planes by Cuban MIGs, made an exception when on October 22nd (See US CPR, Vol.3, No.10, p.5) the Treasury Department's Office of Foreign Assets Control (OFAC) granted the Catholic charity a license. (MH, "Hurricane aid on way to Cuba," 1/20/97, p.2B).

U.S. ASSOCIATION OF FORMER MEMBERS OF CONGRESS (USAFMC) -- An eight member delegation funded by the Ford Foundation visited Cuba for five days between December 9 - 14, 1996 and included: Louis Frey (R-FL-79), James Symington (D-MO-77), Michael Barnes (D-MD-87), Jon Christensen (R-NE), Dennis DeConcini (D-AZ-97), Toby Roth (R-WI-97), Walter Raymond and Timothy Towell former U.S. ambassador to Paraguay who also served in the U.S. Interests Section in Havana. Raymond was the senior advisor to the Association and Christensen is a current Member of Congress. The USAFMC report calls for "a serious reexamination of U.S. policy toward Cuba" and recommends a series of initiatives to "help foster the process of normalizing bilateral relations" leading to "a peaceful transition." While not calling directly for lifting the embargo or repealing Helms-Burton, the report calls for lifting visa and travel restrictions to facilitate academic, scientific/environmental and cultural exchanges. The report suggests that the development by the EU of the Eizenstat "best business practices" could lead to a modification of "Titles III and IV."

NOTABLE QUOTES

"This [Cuban] legislation is significant because it contains a threat to people not to register their claims and separates the big U.S. companies that can afford to wait from Cuban-Americans who were naturalized later." Pamela Falk, a senior fellow at the Caribbean Cultural Center in New York and author of *Cuban Foreign Policy*, comments on recent Cuban government blocking legislation. (See USCPR, Vol.3, No.12, p.4). (NYT, "Cuba Measure Strikes Back At the US," 1/11/97, p.5).

"This report basically lays out the U.S. terms of surrender to Fidel Castro. It says, yes, Castro is a dictator and that democracy in Cuba is not likely while he's alive, but rather than persevere in demanding freedom for Cuba we should just accept these facts and unilaterally normalize relations." Jose Cardenas, executive director of the Washington office of the Cuban American National Foundation, comments on the Cuba project report from the U.S. Association of Former Members of Congress funded by the Ford Foundation. (WP, "Eight Former Members of Congress Urge Ending Embargo Against Cuba," 1/11/97, p.A12).

"Whether or not one supports the U.S. embargo on Cuba, the clear and present danger that the completion of even one of the Juragua nuclear reactors would pose to the American mainland requires that Washington inform Havana, Moscow and allied capitals that the U.S. will not permit either Cuban reactor to come on-line...If all else fails, the U.S. must not hesitate to take discriminate military action to prevent the Juragua complex from being fueled by Russia or other parties." Frank Gaffney and Roger Robinson were Pentagon and National Security Council appointees respectively during the Reagan administration in the 1980s. (WSJ, "Stop the 'Cuban Chernobyl'," 1/21/97, p.A18).

"The effects of Helms-Burton are real. It is not what [Sen. Jesse] Helms said, that the law would bring this government to its knees in a year, but it has made our lives more difficult... As a result of the law, many people are afraid to invest here." Statement by Carlos Fernandez de Cosio, a Cuban Foreign Ministry official who deals with U.S. relations. (WP, "Cubans Blame Slowdown on Helms-Burton Act," 1/25/97, p.A16).

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Ralph J. Galliano, Editor

EUROPEAN UNION CHALLENGES U.S. CUBA POLICY AT THE WORLD TRADE ORGANIZATION (WTO)

WASHINGTON -- The European Union's (EU) complaint against the United States, challenging its Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 better known as the Helms-Burton Act, at the Geneva based World Trade Organization (WTO) encompasses nearly all aspects of America's conduct of its foreign policy toward Cuba going as far back as the U.S. embargo imposed on the Castro regime by President Kennedy on February 7, 1962. According to Ambassador Stuart Eizenstat, Undersecretary of Commerce for International Trade and Special Envoy to the President for the Promotion of Democracy in Cuba, the EU complaint before the WTO includes "key elements of our policy, laws and regulations [that] go back years or even decades." Eizenstat further deemed the trade based WTO an inappropriate "forum for resolving differences" over what is essentially a disagreement over "foreign policy and security concerns with respect to Cuba." Charlene Barshefsky, acting U.S. trade representative referring to Helms-Burton has stated, "The [Helms-Burton] law is absolutely consistent with our international obligations. We intend to defend it."

In view of the Clinton administration's steadfast opposition to Helms-Burton throughout the legislative process, it has done everything in its power to placate the EU by waiving, albeit tenuously, the right-of-action two consecutive times for periods of six months each. Latterly, President Clinton announced on January 3rd that he would continuously suspend an American's right to sue a trafficker under Title III of Helms-Burton "so long as America's allies continue their stepped-up efforts to promote a transition to democracy in Cuba." In addition, the Clinton administration has been severely criticized by Members of Congress for dragging its feet in the implementation of Title IV which denies entry visas to foreign executives "determined" to be trafficking in U.S. owned confiscated property. Only two companies, Sherritt International of Canada and Grupo Domos of Mexico, have received letters of "determination" from the State Department. Although broad in its scope, the EU's case is focused on Title IV's visa denial provision particularly involving two British executives of Sherritt International by the names of Rupert Pennant-Rea and Sir Patrick Sheehy. Numerous other companies and their executives are under investigation by the State Department's Helms-Burton Implementation Unit. Those companies include Bancomext of Mexico and STET the Italian state-owned telecommunications company involved in a joint venture with Grupo Domos which deals with property once belonging to ITT. The EU filed a formal request on February 3rd with the WTO for the appointment of an international trade panel to hear its complaint, this following two consecutive presidential waivers and after passing "blocking" measures in October to prevent EU companies from complying with Helms-Burton. Then on February 20th, after a one week delay in hopes of a resolution involving STET which had been pressing for a hard line against the United States, the WTO's Director General Renato Ruggiero named the panel to judge U.S.-Cuba policy.

DISPUTE SETTLEMENT BODY (DSB) -- The two year old 124 member WTO differs from its predecessor the General Agreement on Tariffs and Trade (GATT) in that its dispute settlement decision is binding and cannot be vetoed unilaterally by its members. Once a complaint is filed, a 75 member dispute settlement body decides whether a case will be heard. When requested, the DSB has 10 days to form an impartial panel. The three member panel then rules on the case and its decision embodied in its final report becomes binding although appealable. Panelists chosen include: Arthur Dunkel of Switzerland, Tommy Koh of Singapore, and Edward Woodfield of New Zealand. Dunkel, the panel's chairman, is a former director general of GATT from 1980 to 1993; Koh, a senior diplomat, was twice Singapore's ambassador to the United Nations, ambassador to the U.S. from 1984 to 1990, and chairman of the UN's "Earth Summit" in Rio de Janeiro from 1990 to 1992; and, Woodfield, New Zealand's chief trade negotiator for the Tokyo and Uruguay Rounds of GATT, is a former New Zealand ambassador to the United States. Under WTO dispute settlement rules, a panel is required to issue its final ruling within nine months of its establishment or in this case by August 20, 1997. Eizenstat said that if the panel goes forward, "we would not show up." Some Europeans are calling for a hearing in absentia. According to Hugo Paeman, EU ambassador to the U.S., the WTO investigation can be stopped at any time if the parties reach a bilateral settlement.

A MATTER OF U.S. NATIONAL SECURITY -- EU Vice President Sir Leon Brittan insists the U.S. allow the dispute settlement panel to take its course and not invoke the "national security" provision of the WTO that could quash the panel and end the proceedings. Warning it will utilize the national security defense if the case goes forward, to date the U.S. has not done so. Although, in their letter to Barshefsky (see letter on page 3), Members of Congress urged the U.S. to "interpose all available defenses including the national security exception provided under Article 21 of GATT" deferring to the Clinton administration as to its timing. The WTO rules call for the use of "standard terms of reference" which in this case allow the panel to decide whether the U.S. claim of national security is justified. Article 21, "Security Exceptions" states that nothing in GATT should prevent a member "from taking any action which it considers necessary for the protection of its essential security interests." 'Security Exceptions' has been invoked on four separate occasions since GATT was first signed in Havana in 1947. In 1961, Ghana used Article 21 to boycott Portuguese goods. In 1975, Sweden used it to supply its army with boots precluding competition from cheaper military footwear. In 1978, the U.S. justified its trade embargo against Nicaragua by invoking Article 21. Then, in 1982, the European Community used Article 21 to justify its embargo against Argentina during the UK's war in the Falklands.

WTO AT RISK -- As advocates of the EU complaint put the powers of the WTO to the test by pushing ahead, WTO supporters warn that an adverse decision could risk the future of the WTO. Invoking the specter of protectionism, WTO supporters believe the organization's legitimacy could be endangered. Eizenstat expressed that very concern when he pointed out that by "bringing noncommercial matters into the WTO the EU may well jeopardize what we and others have worked so hard to achieve." While in Brussels, Rep. Ileana Ros-Lehtinen (R-FL) addressed the European Parliament (see speech reprinted on page 4) and pointed out that Helms-Burton passed the U.S. Congress by a wider margin in 1996 than did the GATT/WTO in 1994 when it was rammed through the lame duck 103rd Congress by the Clinton administration. A WTO finding against America's Cuba policy could require the U.S. to repeal Helms-Burton under which the entire embargo was codified, compensate its trading partners for damages, or face trade retaliation. Under the GATT/WTO law, the U.S. can quit the WTO giving a six months notice. U.S. membership is renewable every five years.

WTO LETTER

CONGRESS OF THE UNITED STATES
Washington, D.C. 20515

February 18, 1997

The Honorable Charlene Barshefsky
Acting United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20506

Dear Ambassador Barshefsky:

We are writing to emphasize the importance we attach to victory by the United States in any proceeding brought within the World Trade Organization (WTO) challenging U.S. policy toward Cuba.

We strongly agree with the Administration's view that "the WTO was established to manage trade relations between member governments -- not diplomatic or security relations that may have incidental trade or investment effects." Therefore, it is imperative that the United States interpose all available defenses, including the national security exception provided under Article 21 of the GATT, to avoid an adverse WTO decision.

The United States has a strong interest in promoting international trade. It is precisely for this reason that we must do everything possible to prevent the WTO from undermining its own credibility by reaching a decision on a non-trade matter that purports to circumscribe our ability to adopt policies essential to our national security.

We understand, of course, that the United States has a compelling defense on the merits to any WTO complaint challenging our policy toward Cuba and should prevail without invoking the national security exception. Nevertheless, we think it would be irresponsible for the United States not to offer every available defense in a proceeding that could constrain our country's ability to defend its vital national security interests.

We defer to your office regarding the best timing for putting forward the various defenses available to the United States, but we believe that the earliest possible use of the strongest defense is appropriate. With best wishes,
Sincerely,

Newt Gingrich
Speaker of the House

Dan Burton
Chairman
Committee on Government
Reform and Oversight

Ileana Ros-Lehtinen
Chair
Subcommittee on International
Economic Policy and Trade

Committee on International Relations
Lincoln Diaz-Balart
Member of Congress

Robert Menendez
Member of Congress

Benjamin A. Gilman
Chairman
Committee on International Relations

Jesse Helms
Chairman
Committee on Foreign Relations

Bob Graham
U.S. Senator

Robert Torricelli
U.S. Senator

Connie Mack
U.S. Senator

Connie Mack
U.S. Senator

**ROS-LEHTINEN ADDRESS EUROPEAN
PARLIAMENT ON HELMS-BURTON LAW**

STRASBOURG, FRANCE THURSDAY, FEBRUARY 20, 1997

My name is Ileana Ros-Lehtinen and I was born in Cuba but my family and I had to flee the island in 1960 when the dictator Fidel Castro illegally took over. The United States gave us refuge and many other Cuban families as well and I am proud to say that I am a United States citizen but in my heart I feel very much a Cuban citizen as well.

We are greatly distressed over the naming of panelists by the World Trade Organization to hear the European challenge to the Helms-Burton law. The challenge is based on what the European Union considers to be the extraterritorial aspects of not only Helms-Burton, but the challenge presented by the EU in May including many other aspects of U.S. policy on Cuba, including, but not limited to: the embargo placed by the President in 1962, the 1985 sugar certification requirements, the 1992 Torricelli law dealing with a ban on U.S. subsidiaries abroad doing business with Cuba and which places restrictions on cargo vessels going to Cuba. On and on the list goes.

It is outlandish and incredible for the EU to challenge the foreign policy of the U.S. We have the right to dictate our domestic and foreign policies, as you have the same right in your European countries to establish your policy with no interference from abroad. Just by the WTO taking the step this morning to name panelists to hear this grievance threatens the support of the U.S. for this budding organization. If the U.S. Congress could vote again on the establishment of this organization, it might very well be defeated - it passed with almost 150 votes against its formation.

It is not in the European Union's interest nor in the U.S. interest for the WTO to continue with this challenge. The U.S. is ready, willing and able to invoke the national security exception and leading Members of Congress have officially asked our government representatives to do so.

It is very sad to see the European Union continue to ignore the tragic situation of the oppressed people of Cuba. Cuba under Castro has the worst human rights situation in the Western Hemisphere. It has no free and fair elections. The Cuban people have no freedom to speak, to express their opinions; there is no free press. Raul Rivero, an independent Cuban journalist, has been hounded by Castro's thugs, his home surrounded by them as they shout "traitor" to him. All for calling out for democracy. There are hundreds and hundreds of political prisoners, and dissidents are jailed and harassed.

In just four days, we will commemorate the one year anniversary of the killing by Castro's military of four brave young men who were on a humanitarian mission in a civilian plane, in international air space.

And it was in their name, in the name of Pablo, Carlos, Mario and Armando that President Clinton signed the Helms-Burton bill into law.

And it was in the name of over 40 men, women and children who were killed in 1994 by Cuban authorities as they sat in a tugboat trying to flee the island.

And in the name of hundreds and hundreds of so many who were killed fighting for Cuba's freedom.

Time and time again, Castro himself states that he will reform nothing.

Every dollar in Cuba by European investors is a dollar that he uses to keep himself in power. But we recognize your right to trade and do business with Castro however morally reprehensible we feel that such commerce is. Helms-Burton does not tell you with whom you can trade. It says that you cannot use property confiscated by Castro that belonged to a U.S. citizen for you to do your dirty deeds.

You may continue to build hotels on Cuban beaches - even though native Cubans are not allowed to enter those hotels, eat in those restaurants or swim in the pools that you have built. Helms-Burton does not take away that right - as long as the land on the hotel did not belong to a U.S. citizen.

Furthermore, the U.S. maintains the right to set our own immigration policy. The U.S. Congress will be outraged upon hearing that this organization believes it has the jurisdiction over who can or cannot enter our borders. Through this EU challenge to Helms-Burton, the WTO is set to rule on U.S. immigration policy. Outrageous.

The WTO is a multilateral trade forum but Helms-Burton is not a trade bill.

Please join us in our quest, in our struggle, in our strong desire to help the Cuban people live in democracy, in liberty, in enjoying the same rights that you enjoy in your countries and we enjoy in ours.

HELMS ENDORSES CNN BID FOR NEWS BUREAU

Whether the Clinton administration moved quickly to grant CNN and nine other organizations approval to open news bureaus in Cuba, once they received Senate Foreign Relations Committee Chairman Jesse Helms' letter to the president urging him to approve the applications or whether the White House did so because CNN threatened "First Amendment" litigation, is not known. Helms' letter to President Clinton is reprinted below. The Treasury Department's Office of Foreign Assets Control (OFAC) granted licenses to: ABC, Associated Press, CBS, Chicago Tribune, CNN, CubaINFO, Dow Jones, Ft. Lauderdale Sun Sentinel, The Miami Herald, and Univision. Section 114 (22 USC 6044) under Helms-Burton requires full reciprocity. (See US CPR, Vol.3, No.12, p.5) Thus far, no formal approval has been granted to any Cuban government organization and there is no indication whether any organization other than CNN will be approved to open a news bureau in Cuba given the Castro regime's hostility. According to Eason Jordan, CNN Executive Vice President, there are 87 foreign news bureaus already in Havana making CNN the 88th. CNN received Cuban approval in August 1996, whereas, The Washington Post's application has been pending with the Cuban government since 1994. CNN's Cuba team will consist of five headed by Ms. Lucia Newman including two local hires. Newman has been with CNN for 11 years. CNN is also expected to launch its CNN en Espanol for Latin America in March. (FT, "CNN in row over Cuba," 1/28/97, p.4; MH, "10 U.S. News Operations May Open Cuba Bureaus," 2/13/97, p.A32; CNN-Reliable Sources, 2/16/97; MH, "CNN's new Cuba correspondent," 1/25/97, p.1C).

HELMS LETTER TO PRESIDENT CLINTON

UNITED STATES SENATE
Committee on Foreign Relations

February 6, 1997
The President
The White House
Washington, D.C.
Dear Mr. President

The Cable News Network (CNN) is interested in opening a news bureau in Cuba and has approached the Administration seeking permission to pursue such an endeavor. Provided that this opening is completely unconditional, and that the Castro regime will be granted no *quid pro quo*, I urge that you approve CNN's application immediately.

I am persuaded that the spotlight of a free press focused on Castro's tropical gulag will only hasten the day when the Cuban people are free of his brutal communist tyranny. News bureaus will benefit the Cuban people by making news organizations less dependent on the Castro regime's propaganda machine for access to the island and its people, and thus allowing better reporting on the true conditions in Cuba. If Castro wants to open Cuba to the roving eye of the American news media, we should by all means give him the rope with which to hang himself.

Indeed, as the author of the LIBERTAD Act, it was my intention to assist U.S. news organizations in establishing bureaus in Cuba. After the introduction of LIBERTAD, I added specific language to the legislation giving the President authorization to implement a fully-reciprocal exchange of news bureaus between the United States and Cuba. This language was included as Section 114 in the LIBERTAD Act signed into law on March 12, 1996.

Section 114 sets forth a number of legally binding restrictions on such exchanges, and clearly requires that before granting a request by the Cuban Government to establish any media operation in the United States, Cuba must grant the same rights to Radio and TV Marti. This was intended to prevent Castro from using the lure of Havana news bureaus to gain access for his government propagandists to the United States.

However, those restrictions apply only if Cuba requests an *exchange* of news bureaus. Provided this is not a reciprocal exchange, granting CNN's request is consistent not only with the letter, but the spirit of the Helms-Burton law.

Indeed, it is my strong belief that all interested U.S. news organizations should be permitted to establish a presence in Cuba, not just CNN. So long as Castro gets nothing in return, I would urge you not only grant CNN a license, but to provide similar licenses to all legitimate news organizations that request them.

Sincerely,
Jesse Helms

HELMS-BURTON UPDATE

SECTION 106(d) REPORT - REDUCTION IN ASSISTANCE FOR SUPPORT OF INTELLIGENCE FACILITIES IN CUBA - President Clinton is required by statute (22 USC 6036) beginning at the time of enactment (March 12, 1996) to withhold assistance in an amount equal to the assistance or credits provided by any of the independent states of the former Soviet Union in support of intelligence facilities in Cuba including the intelligence facility at Lourdes, Cuba. The president is provided with a national security waiver along with specific exceptions. In order to exercise the waiver, the president must certify that "the Russian government is not sharing intelligence data collected" with the Cuban government. At the same time, the president must submit a report to Congress describing these intelligence activities. Annual Russian credits to Cuba for use of Lourdes are reported at \$200 million. Russia will receive \$95 million in direct aid from the United States in 1997. To date, the president has not acted upon this Section 106(d) provision of Helms-Burton which was due in 1996.

1997 REPORT REQUIREMENTS UNDER HELMS-BURTON
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TITLE I

§102(g)(6)	TELECOMMUNICATIONS SERVICES President to submit to Congress a <u>report</u> detailing telecommunications payments to Cuba by U.S. companies.	Semiannually (January 1/July 1)
§107(b)	TV MARTI Director of USIA to submit to Congress a <u>report</u> on conversion of TV Marti to UHF.	Quarterly (January/April/July/October) Until conversion is complete.
§108(a)	FOREIGN ASSISTANCE President to submit to Congress a <u>report</u> of bilateral assistance, commerce, joint ventures and identification of countries trading with Cuba, whether subject to claim, and the debt of the Cuban government.	Annually (January 1)

TITLE III

§306(c)(1)(B)	SUSPENSION OF RIGHT OF ACTION President to <u>report</u> in writing to Congress that his suspension of the right of action under Title III with respect to trafficking in confiscated property is necessary to the U.S. national interests and that it will expedite a transition to democracy in Cuba. Suspension is for a period of 6 months.	At least 15 days before the suspension takes effect. (January 16 and July 16) The effective date for Title III is set at August 1, 1996.
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All remaining Title II reporting requirements are contingent upon a presidential determination that a democratically elected government is in power in Cuba (See USCPR, Vol.3, No. 5). Title III §306(d) permits the president to rescind any suspension upon reporting to Congress that doing so will expedite a transition to democracy in Cuba.

**DIAZ-BALART CALLS ON OFAC
TO ENFORCE CUBA EMBARGO**

In a letter addressed to Treasury Secretary Robert Rubin on January 27th, Congressman Lincoln Diaz-Balart (R-FL) demanded that the U.S. embargo against Cuba be enforced. Enforcement for the embargo comes under the jurisdiction of the Treasury Department's Office of Foreign Assets Control (OFAC) whose Cuban Assets Control Regulations (Title 31 Part 515 of the U.S. Code of Federal Regulations) make up the U.S. embargo. One year after President Clinton curtailed direct flights from the United States to Cuba, following the shootdown of two Brothers to the Rescue planes killing four Cuban Americans, total travelers to Havana from South Florida are estimated at 100,000 the same as in 1995 of which 30,000 is estimated as illegal. Along with this steady travel flow U.S. dollars which is illegal and difficult to enforce but not impossible. Cuban Americans are permitted to make one emergency family visit to Cuba each year. Declaration cards signed under the penalty of perjury have not been computerized allowing OFAC a quick check capability. (MH,"U.S. failing to curtail Cuba visits," 2/11/97, p.1A).

LETTER TO TREASURY SECRETARY RUBIN

January 27, 1997
The Honorable Robert Rubin
Secretary of the Treasury
Department of the Treasury
Washington, D.C. 20220
Dear Mr. Secretary:

I am writing you regarding the Miami Office of Foreign Assets Control (OFAC) of the Department of the Treasury, that was opened last year with much publicity. The Department of the Treasury assured my office that the opening of the OFAC outlet in Miami would be the beginning of a new, very visible and aggressive policy of enforcing the regulations for the Control of Cuban Assets. I am extremely dissatisfied by the lack of enforcement of the embargo, and I do not believe that the OFAC office in Miami has significantly contributed to that enforcement.

Although I have frequently written you about the implementation of the embargo, I do not believe that the uneasiness of Congress is being seriously taken into account by the Clinton administration. At this moment, the embargo is being violated daily. Thousands of American tourists are traveling to Cuba, and up until this date there has not been a single prosecution for illegal travel. Millions of dollars were illegally transferred to Cuba in 1996, but, I do not know of any prosecution either for violating the regulations about funds transfers. For example, it was possible to learn through a request under the Freedom of Information Act, that a single capture by U.S. Customs, on June 24, 1996, resulted in the seizure of over \$61,646 intended for Cuba. As far as I know, not even that case has brought about an indictment.

I demand that the Department of the Treasury implement totally the regulations for the Control of Cuban Assets. Besides, I respectfully ask for a meeting about the status of all efforts to enforce the embargo against Castro, and the current preparation for such effort in the Miami OFAC office.

Sincerely,
Lincoln Diaz-Balart
Member of Congress

(The preceding letter was translated from Spanish to English for the USCPR by Jose G. Roig).

INTERNATIONAL BRIEFS

RUSSIA UPGRADING CAPABILITY AT LOURDES -- Increasing reliance, hi-tech upgrading, more sophisticated analysis, military and economic targeting of U.S. communications are becoming hallmarks of the Russian spy facility at Lourdes, Cuba. Washington Bureau Chief, James M.D. Adams, of *The Sunday Times of London* reports that the Russians are obtaining 75% of their "military strategic information from the base" citing a recent Pentagon Defense Intelligence Agency study. "Pouring millions of dollars into the spy center," raises concerns over computer intercepted telephone, fax, e-mail messages, encrypted messages, and viruses. (TSTL, "Clinton urged to drive out Russia's Cuban spy base," 1/26/97).

CASTRO CONDEMNS PLAN OF ASSISTANCE TO CUBAN PEOPLE -- Celebrating 19th century Cuban independence hero Jose Marti's birthday, Cuban dictator Fidel Castro took the occasion to condemn the Section 202 plan of *Assistance for the Cuban People* called for under Helms-Burton (see US CPR, Vol.4, No.1, p.5) as an attempt to "buy us off." The post-Castro plan was criticized for calling for a multi-party transition to democracy including 4-to-8 billion dollars in assistance from the U.S., other countries, and international financial institutions. (FT, "Castro denounces US offer," 1/30/97, p.4).

CANADIAN INVESTMENT ON THE RISE SINCE HELMS-BURTON -- Mark Entwistle, Canada's ambassador to Cuba in a speech before the National Press Club of Canada in Ottawa on January 30th, stated that while investment in Cuba by larger Canadian companies may have leveled off since the passage of Helms-Burton that investment by small and medium sized companies is on the rise. Describing the larger Canadian companies as having "tremendous asset exposure in the United States" while the smaller Canadian companies "don't have asset exposure in the United States," Entwistle explained the manner in which Canadian business is learning to adjust to the consequences of the Helms-Burton Act. The right-of-action under Title III of Helms-Burton can only be effective if traffickers in confiscated property have assets or do business in the United States. (WTD, "Around the Globe," 1/31/97, p.4).

CANADA-CUBA BILATERAL TRADE INCREASE -- Trade between Canada and Cuba is reported to have doubled over the last four years exceeding \$400 million annually. Cuba's exports to Canada for 1995 totaled \$234 million while Cuba's imports from Canada totalled \$200 million for 1995. Cuba's export figures were driven by nickel shipments amounting to \$173 million of the total. Canadian exports to Cuba were dominated by foodstuffs at \$72 million of which grains came to \$27 million. Canadian exports to Cuba for the first quarter of 1996 compared to the same period of 1995 skyrocketed 321 percent from \$44 million to \$185 million. At the same time, Cuba's imports from Canada increased 31% from \$42 million to \$55 million. The New York Times reports Canadian "companies have poured over half a billion dollars into nickel mines, luxury hotels and other businesses, often involving property once owned by Americans." This business activity is dominated by Sherritt International. Canada's bilateral annual trade with Cuba is reported to total one day's trade with the United States. (NYT, "Cuba's Bridge to the United States," 2/16/97, p.KE5; Cuba: Handbook of Trade Statistic, 1996).

RUSSIA SAYS U.S. REJECTED PARTICIPATION IN JURAGUA -- Yevgeny Reshetnikov, Russia's deputy atomic energy minister claims the U.S. rejected an offer made to Westinghouse Electric Corporation to participate in the completion of the Juragua nuclear power plant located in Cienfuegos, Cuba. Reshetnikov refers to Helms-Burton as the legal impediment to the offer. It is not clear whether the offer Reshetnikov refers to was to the parent company or to its Canadian subsidiary Westinghouse Canada Inc. (MH, "Russia: U.S. spurned role in nuclear plant," 2/19/97, p.8A).

SHORT TAKES

SHERRITT'S DELANEY SCHEDULED FOR PRE-TRIAL DEPOSITION IN TORONTO -

- The U.S. District Court for the Southern District of Florida has ordered the pre-trial deposition of Messrs. Ian W. Delaney and Samuel W. Ingram in the civil case Consolidated Development Corporation v. Sherritt Inc. (No.96-1820) in Toronto on March 5, 1997. Formerly chairman and CEO of Sherritt Inc., Delaney is chairman of Sherritt International and Ingram is senior vice president for Sherritt International. Delaney and Ingram were among nine company executives who received "letters of determination" from the State Department on July 10, 1996 barring them from U.S. entry for trafficking in confiscated property owned by a U.S. national under Title IV of Helms-Burton. Sherritt Inc. spun off its Cuba assets into Sherritt International in late 1995. (See USCPR, Vol.3, No.7, p.5). **EIZENSTAT NAMED UNDER SECRETARY OF STATE FOR ECONOMICS, BUSINESS AND AGRICULTURE --**

President Clinton announced on February 14th the nomination of Stuart E. Eizenstat to become Under Secretary of State for Economics, Business, and Agriculture. Eizenstat presently serves as Under Secretary of Commerce for International Trade and as the Special Representative of the President and Secretary of State for the Promotion of Democracy in Cuba (See USCPR Vol.3, No.9,p.1). As U.S. ambassador to the European Union in Brussels from 1993 to 1996, Eizenstat became one of the principal authors of the Transatlantic Agenda. As Clinton's Cuba envoy, Eizenstat encouraged the European Union's "Common Position" on Cuba (See USCPR, Vol.3, No.12,p.3). In his new position, Eizenstat will be responsible for providing the Secretary of State with a broad perspective on development and implementation of U.S. foreign economic policy. Eizenstat is not expected to maintain his Cuba portfolio. **NUCCIO AND TORRICELLI COME FULL CIRCLE --**

Richard A. Nuccio, who served as the Special Adviser to the President and the Secretary of State for Cuba having resigned following the March 12, 1996 signing into law of the Helms-Burton Act to become an adviser to the Assistant Secretary of State for Inter-American Affairs, now returns to become a congressional staffer for his old boss. Nuccio will be handling foreign policy matters for freshman Senator Robert Torricelli who as chairman of the House Western Hemisphere Subcommittee was assisted by Nuccio in the passage of the Cuban Democracy Act of 1992 that created the two-track policy pursued by the Clinton administration. In his recent position at Inter-American Affairs, Nuccio was stripped of his security clearance when he revealed CIA activities in Guatemala to then-Congressman Robert Torricelli who went public with the information. Newspaper accounts report Nuccio will be promoting CIA reform at his new position in Torricelli's office. **CLINTON**

ADMINISTRATION'S MAN IN CHARGE OF CUBA POLICY -- Samuel R. "Sandy" Berger the new Assistant to the President for National Security Affairs, who has succeeded Anthony Lake at the National Security Council (NSC), will be the point man for U.S.-Cuba policy in Clinton's second term. Berger is expected to have the last word on the administration's Cuba policy. This presidential appointment does not require Senate confirmation. **THE ALEXIS DE TOCQUEVILLE INSTITUTION ISSUES CUBA REPORT --** Philip Peters a senior fellow at the Arlington, Virginia based think tank has authored a report called "Islands of Enterprise: Cuba's Emerging Small Business Sector." The 13-page report is based on the author's December 1996 field visit to Cuba observing the "entrepreneurial sector within Cuba's socialist economy." It can be obtained by calling the Institution at 703/351-4969.

NOTABLE QUOTES

"I believe that the U.S. position regarding Cuba -- as stated in the Helms-Burton Law - is a serious mistake, and even a disaster. It is a trade embargo that severely punishes the Cuban people and prevents a peaceful solution to the controversy." Former President of the United States Jimmy Carter speaking in Buenos Aires, Argentina. (El Nuevo Dia, "Carter unmasks dark side of law," 1/22/97, p.32). Translation by Jose Roig.

"Why is the U.S. doing all of this? The Cold War is over. We're not a danger to anybody. If Helms-Burton succeeded, there would be an explosion of immigration." Vice Minister for Foreign Investment and Economic Cooperation, Raul Taladrid, meets with the editors of the JOC in New York. (JOC, "Cuba adjusts to new economic order," 1/28/96, p.3A).

"The Holocaust principle demanding restoration of stolen property from traffickers or custodians is high-minded; it loses none of its moral strength when the plundered are gentiles, not Jews. Indeed, the principle fits the controversial Helms-Burton law like a glove, and should become a bedrock of international law." Bruce Fein is a lawyer and freelance writer specializing in legal issues. (TWT, "Applying Holocaust principles to Cuba," 2/4/97, p.A17).

"...there are now Vietnamese-Americans, Chinese-Americans, Palestinian-Americans and other groups of naturalized citizens ready to file class action suits should Title III ever be implemented -- class action suits demanding the right to sue the Vietnamese, Chinese and Israeli governments for properties taken from them before they became American citizens...If that is what the Clinton Administration wants, then it need only implement Title III." Statement by Wayne Smith, senior fellow at the Center for International Policy conference, Washington, D.C. (CIP, "The Effects of Helms-Burton: Chasing Disaster," 2/10/97, p.2).

"The President and Ambassador Stuart Eizenstat adroitly used the July 1996 waiver to focus attention on Castro. And the January 1997 waiver came primarily as a result of the European Union's adoption of a "Common Position." However, continued waivers of the right of action without concrete steps being implemented -- not promised -- that warrant a determination that a waiver is 'necessary to the national interest of the United States and will expedite a transition to democracy in Cuba' will only invite legislative initiatives to restrict or remove future waiver authority." Prepared remarks of Dan Fisk at the Center for International Policy conference. Fisk is a member of the Republican senior professional staff and an associate counsel of the Committee on Foreign Relations, U.S. Senate, where he is responsible for Western Hemisphere affairs. ("The Libertad Act: It's Working," 2/10/97, p.16).

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Ralph J. Galliano, Editor

CLINTON ADMINISTRATION INVOKES EXECUTIVE PRIVILEGE IN CONSOLIDATED DEVELOPMENT CORP. V. SHERRITT, INC. CASE

WASHINGTON -- Although the Treasury Department's Office of Foreign Assets Control (OFAC) is not a party to the case of Consolidated Development Corporation vs. Sherritt, Inc., et al., (Case No. 96-1820-Civ-Graham) filed in the Southern District of Florida on July 2nd of last year, its director, R. Richard Newcomb, invoked executive privilege in response to a subpoena for documents. The request for documents by Consolidated centered on OFAC's listing as Specially Designated Nationals (SDN) of four Canadian-Cuban joint venture companies originally set up between Canadian based Sherritt Inc. and the Cuban government. Sherritt is a natural resource company described as "a major participant in world cobalt markets."

This SDN action by OFAC, "closely coordinated with the State Department and the White House," has three immediate consequences: 1) it prohibits U.S. persons from engaging in transactions involving property in which these entities and individuals have an interest unless exempted by statute or OFAC license; 2) it bars company products from sale in the United States, and; 3) it blocks (freezes) all real and personal property belonging to such entities and individuals subject to U.S. jurisdiction. Only one company, Sherritt, Inc., which maintained operations in the United States would have been adversely impacted by OFAC's action. Neither Sherritt, Inc., the parent of three of the four listed SDNs, nor its wholly owned subsidiary, Sherritt Fertilizers, Inc., with plant operations in Vancouver, Washington on the Columbia River adjacent to Portland, Oregon, were among those companies designated. It was Sherritt, Inc. that had spawned the Canadian-Cuban joint ventures which later became a subject of OFAC's punitive actions. The four companies designated by Newcomb on May 23, 1995 were: Cobalt Refinery Co. Inc.; International Cobalt Co. Inc.; La Compania General De Niquel (a.k.a. General Nickel SA); and, Moa Nickel SA. According to documents filed in federal court in Miami, Sherritt, Inc., apparently retained control of its U.S. fertilizer business and on October 4, 1995, spun off the entirety of its Cuba assets to form Sherritt International, Inc. ostensibly shielding it from U.S. sanctions. Sherritt International owns 50% of three of the four Canadian-Cuban joint venture companies. The fourth, General Nickel, is owned by Cuba or Union "a Cuban government corporation."

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OFAC'S CRITERIA -- In its Press Guidance of June 14, 1995, OFAC described an SDN as "an entity that is owned or controlled by or acts or purports to act directly or indirectly on behalf of the Cuban government. While any company that is a 50-50 joint venture with Cuba will be placed on the SDN list, many other factors may also lead to a determination of control by Cuba or acting on Cuba's behalf." Examination of Sherritt's 1993 annual report reveals the company early on "entered into agreements with Cuba to assist that country in increasing its domestic oil production, and in the fourth quarter of 1993 a new exploration program was undertaken there. This opportunity followed an earlier business relationship which had been established with Cuba through a metals feed supply agreement." Consolidated contends in its case for "conversion and conspiracy to defraud" that Sherritt's oil production involving use of its confiscated property was swapped by Sherritt for nickel that in turn was processed and later sold in the United States. The development of these natural resources made possible, according to Consolidated, by the raising of funds in U.S. capital markets whereby Goldman, Sachs & Co. of New York "served as the underwriter and the First National Bank of Chicago as the Trustee," would be in violation of the Cuban embargo enforced by OFAC. Sherritt International's December 1995 prospectus quotes a letter provided by the Council of Ministers of the Republic of Cuba stating, "Our national policy favors foreign investments when made on terms consistent with our national policy objectives." OFAC's criteria for determining SDNs is likely to have contributed to the "confidential" classification of a particular 7-page memo that has become the subject of the Clinton administration's executive privilege in the Consolidated v. Sherritt case.

SEQUENCE OF EVENTS -- Whether by coincidence or by design, the sequence of events leading up to the classification of documents that culminated in Sherritt's exemption from SDN status and ultimately led to Newcomb's invoking of executive privilege bears some scrutiny. OFAC's SDN listing of Sherritt's joint ventures with the Cuban government, but not Sherritt itself, had been under investigation for 10 months before being made public. On 2/20/95 Consolidated Development Corp. in its capacity as a U.S. certified claimant under the U.S. Foreign Claims Settlement Commission notified Sherritt's subsidiary Canada Northwest Energy Limited by fax message to "Cease and Desist" operating in oil and gas wells or concessions in Cuba being exchanged with the Cuban government for nickel later processed and allegedly sold in the United States. On 2/21/95 Consolidated sent a similar fax message to then chairman of Sherritt, Inc., Ian W. Delaney. On 2/22/95, OFAC's Newcomb designated the 7-page memorandum as a "classified" document. Fully three months later on 5/22/95, Senate

(continued on page 5)

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**ROS-LEHTINEN OPPOSES CORPORATE
COALITION AGAINST HELMS-BURTON LAW**

In a letter to corporate executives involved in a coalition opposed to unilateral embargoes, including the codification of the U.S. embargo against Cuba embodied in the Helms-Burton Act of 1996, Rep. Ileana Ros-Lehtinen (R-FL) urged rejection of a campaign that would conduct "business in a nation like Cuba where workers are simple pawns in Castro's slave economy." The "USA Engage" campaign, expected to be launched in April, includes such companies as: GE, IBM, Exxon, Mobil, Citicorp, Allied Signal, Ingersoll Rand and Westinghouse. The powerful business coalition is comprised of the U.S. Chamber of Commerce, the National Association of Manufacturers (NAM), and the National Council for International Trade. Ros-Lehtinen, a member of the International Relations Committee, chairs the Subcommittee on International Economic Policy and Trade. Her letter to GE's CEO John Welch is reprinted below. (Reuters, "U.S. Companies Launch Campaign Against Sanctions," 3/25/97; Reuters, "Cuban-American Congresswoman Pressures Companies," 3/26/97). Translation by Jose G. Roig.

LETTER TO CORPORATE EXECUTIVES

CONGRESS OF THE UNITED STATES

March 26, 1997
Mr. John F. Welch, Jr.
Chief Executive Officer
General Electric Inc.
Fairfield, CT 06431
Dear Mr. Welch:

Recent press reports have indicated that your company is part of a newly created coalition sponsored by the National Council on International Trade that plans to mount a campaign against using economic sanctions imposed by the United States, like those included in the Cuban Liberty and Democratic Solidarity Act (Helms-Burton law). I hope that these reports are false and that your corporation will not push toward conducting business in a nation like Cuba where workers are simple pawns in Castro's slave economy in his effort to strengthen his position in power.

General Electric has a proud history of helping make America an economic superpower and aiding in giving our nation's citizens the highest standard of living in the world. It would be a great shame if your company would participate in a campaign, in an effort to make a quick profit at the expense of the oppressed Cuban worker, that aims to undermine in Cuba the principles that have allowed your corporation to become a success. These principles are the strengthening of democracy, free enterprise, and the defense of civil liberties.

Participation in Castro's slave economy would lend the tyrant a helping hand. The corporations that now do business in Cuba are accomplices to the dictator as they provide him with the hard currency necessary to strengthen his regime. The hard currency obtained by Castro from these investments never reach the Cuban worker. Instead, it has been estimated that while companies pay the dictator about \$2,000-per worker for their labor, the regime pays the worker only 10 pesos a month. As a result, the dictator is aided, while the Cuban worker is further embroiled in the repression that has engulfed Cuba for 38 years.

Rather than joining those who seek to take advantage of the misery of the Cuban worker, you should join those dissidents, independent journalists, the thousands that have been forced into exile, and others who fight to reclaim freedom for their homeland. A free Cuba will be a much better investment opportunity than oppressed Cuba is now.

I encourage you to publicly disassociate your company with the mission of this coalition against the Helms-Burton law and instead support the struggle for a free and democratic Cuba.

Sincerely,
Ileana Ros-Lehtinen
Member of Congress
IRL/jmc

CUBAN-AMERICAN MILITARY COUNCIL (CAMCO) MEETS

The newly formed Cuban-American Military Council (CAMCO) held a series of organizational meetings on February 22nd and 23rd at a private location in South Florida. It was the first such meeting since announcing their creation in November of last year. (See USCPR, Vol.3, No.12, p.9). The group's chairman is Maj. Gen. Erneido A. Oliva (Ret.) a veteran U.S. military officer and member of the Bay of Pigs Assault Brigade 2506. The four vice chairmen include: Dr. Jose A. Miro-Torra, Assault Brigade 2506; Col. Nestor G. Pino-Marina, USA (Ret.); Brig. Gen. Rafael Del Pino, Cuban Revolutionary Armed Forces (FAR); and, Capt. Reinaldo Lazo, USN, (Ret.), Cuban Constitutional Armed Forces. CAMCO's stated mission is, "To encourage and support active and inactive members of [FAR] in their attempts to begin a peaceful transition towards democracy without the Castro brothers." CAMCO describes the nature of the Cuban armed forces in such a transition as "completely subordinated to the civil and democratic power that will be elected by the Cuban people." CAMCO favors military-to-military contact which is staunchly opposed by influential Members of Congress including Senate Foreign Relations Committee Chairman Jesse Helms. Stressing that they are not organizing a military force, CAMCO aims "at uniting military personnel in exile." In an apparent response to CAMCO's effort, a presentation of a quarter of a million signatures of active and reserve officers from FAR and the State Security policy was presented in the form of a signed pledge of "patriotic and revolutionary loyalty" to Fidel Castro on Saturday, March 15th at the Plaza of the Revolution in Havana. CAMCO maintains joint headquarters in the Washington, D.C. area and in Miami. CAMCO's 10-point plan is reprinted below. (Translation of CAMCO documents from Spanish by Jose G. Roig).

CAMCO'S OBJECTIVES

1. Executing the legal actions it may deem necessary to speed up the democratic transition in Cuba.
2. Establishing lines of communication from military-to-military and supporting the efforts of those honorable members of the FAR's who will decide to sever their ties with the Castroite dictatorship.
3. Welcoming all Cuban military personnel who escape to free territory.
4. Using all available communication media to inform the Cuban people at large about the strategies to be followed in order to establish a democratic system in the island.
5. Organizing symposiums to analyze the organization, capability and missions of the FAR's, and formulating recommendations about the structure of the Armed Forces in a democratic Cuba.
6. Establishing lines of communication and seeking the support of members of the Latin-American Armed Forces for our activities.
7. Respecting the neutrality laws of the United States of America.
8. Facilitating the unification of the Cuban family, now scattered throughout the Free World.
9. Assisting, in a decisive and swift manner, the Cuban people, as soon as the transition towards democracy begins.
10. Reinstating into force the (Cuban) Constitution of 1940, with the necessary amendments to be able to govern in transition, up until such time when a legitimate and democratically elected government will convene, should the people call for it, a Constitutional Assembly, where all classes of the country shall be represented.

EXECUTIVE PRIVILEGE INVOKED IN SHERRITT CASE (CONTINUED FROM PAGE 2)

hearings (S.Hrg. 104-212) on the Helms-Burton Act before the Western Hemisphere Subcommittee took place with Foreign Relations Committee Chairman Jesse Helms asking administration witnesses Peter Tarnoff, Undersecretary of State for Political Affairs, and Richard Newcomb, Director of OFAC, pointed questions concerning Canada. The next day, Newcomb issued an internal document called the "Special Designation And Blocking Memorandum" identifying the four Canadian-Cuban joint ventures as SDNs. The Senate Western Hemisphere Subcommittee completed its hearings on the Helms-Burton Act on 6/14/95. Announced scheduled witnesses included Alberto Diaz-Masvidal, of Consolidated Development Corporation, who testified specifically on the Sherritt matter. On that same day, OFAC's International Programs Division issued a Press Guidance listing the four Canadian-Cuban joint ventures and describing Sherritt Inc. as "a major Canadian mining and refining company with long-established mining concessions in Cuba." Without explanation, OFAC's statement for the press stated that "Sherritt itself has not been named as an SDN of Cuba because it does not meet the criteria."

OFAC's Press Guidance of June 14th concluded with the following statement: "The Federal Register notice that provides public notice of these designations has not yet been published and will not be before Monday, June 19, after the President departs the Ottawa Summit." The list of Canadian-Cuban joint ventures was published in the Federal Register on June 21, 1995.

EXECUTIVE PRIVILEGE -- This privilege is based on the constitutional doctrine of the separation of powers and arises out of Article II of the Constitution vesting the President of the United States with "executive power." The exemption to disclose information extends beyond executive responsibilities to include military and diplomatic secrets along with domestic decision and policy making activities.

Newcomb effectively invoked executive privilege on the 30th of January 1997 in response to Consolidated's motion for "In Camera Review" of documents. After producing 160 pages of records in response to Consolidated's subpoena, OFAC withheld 28 pages based on "deliberative process privilege" along with one other document consisting of seven pages withheld pursuant to Executive Order 12958 (60 FR 19825, 1995) dealing with "Classified National Security Information." Retaining what is designated as "Original Classification Authority," Newcomb derives his authority "in writing, either by the President, or by agency heads or other officials designated by the President." Newcomb stated in his sworn declaration to the Court, "I personally classified this document as 'confidential' on February 22, 1995. In responding to the subpoena issued by Consolidated Corporation, I reviewed the document again and determined that it should continue to be classified as 'confidential'."

In order of their importance, documents are placed under three classifications the unauthorized disclosure of which will cause varying degrees of damage to "the national defense or foreign relations" of the United States. They are: 1) "Top Secret" - to cause exceptionally grave damage; 2) "Secret" - to cause serious damage, and; 3) "Confidential" - to cause damage. President Clinton's statement upon signing Executive Order 12958 on April 17, 1995, said in part, "I am seeking to bring the system for classifying, safeguarding, and declassifying national security information into line with our vision of American democracy in the post-Cold War world...we will no longer tolerate the excesses of the current system. For example, we will resolve doubtful calls about classification in favor of keeping the information unclassified." Further, Clinton described the order as establishing "many firsts" including classifiers having to "justify what they classify." (CONTINUED ON NEXT PAGE)

EXECUTIVE PRIVILEGE INVOKED IN SHERRITT CASE (CONTINUED FROM PAGE 5)

CONGRESSIONAL ACTION -- According to Bruce Fein, a Washington lawyer and freelance writer specializing in legal issues, "the plenary national security powers of the president" have been curbed since the Supreme Court decided U.S. v. Nixon, President of the United States in 1974. Fein, who notes in a *Washington Times* (2/25/97) commentary article that "power is seldom surrendered voluntarily," states Congress has responded to the abuse of national security by passing such statutes as the "War Powers Act, the Foreign Intelligence Oversight Act and the Foreign Intelligence Surveillance Act."

The first legally appointed bipartisan commission in 40 years on "Secrecy" headed by Sen. Patrick Moynihan (D-NY) and Rep. Larry Combest (R-TX), both former chairmen of the Senate and House intelligence committees respectively, called for Congress to enact legislation "establishing principles for classifying information," according to the *Washington Post* on March 5th. The commission in its report stated, "The best way to ensure that secrecy is respected, and that the most important secrets remain secret, is for secrecy to be returned to its limited but necessary role. Secrets can be protected more effectively if secrecy is reduced overall." OFAC director Newcomb has effectively invoked executive privilege by classifying national security information involving "foreign relations" which according to OFAC documents, was "closely coordinated with the State Department and the White House." OFAC has been described by one government official sympathetic to it as "a very small entity that is able to respond very quickly to very sensitive situations around the world. It's very much the president's program..." The Consolidated v. Sherritt case, which has not been brought under the right of action provision of the Helms-Burton Act that President Clinton waived effective August 1, 1996, is expected to continue irrespective of the Clinton administration's executive privilege.

<p>MENENDEZ INTRODUCES BILL TO HALT U.N. AGENCY FROM AIDING CUBA'S NUCLEAR PROGRAM</p>

Rep. Robert Menendez (D-NY) has introduced legislation to prohibit U.S. taxpayer funds from going to the International Atomic Energy Agency (IAEA), an agency of the United Nations, for the purpose of completing the Juragua nuclear power facility in Cuba. "The IAEA Accountability and Safety Act of 1997," (H.R.1182) would halt the flow of U.S. taxpayer funds to Cuba through the IAEA's technical assistance program. According to Menendez, the U.S. contributes \$90 million annually to the IAEA including \$16 million to the technical assistance program. "I am particularly concerned about the Juragua plant because it has been documented as structurally inadequate -- an accident would have substantial impact on the U.S., with fallout reaching as far west as Texas and as far north as Washington, D.C. We're looking at the construction of a Chernobyl-type plant 90 miles off the coast of the U.S.," said Menendez. Cuba, which is seeking international investors, stopped construction on its nuclear plants in September 1992 but has continued to receive U.N. funds. Cuba received \$10.4 million from IAEA from 1980-to-1996. The Clinton administration opposes the Menendez legislation. (TWT, "U.S. money goes to Cuba's dead nuclear program," 3/28/97, p.A1).

**HOUSE HEARING HELD ON EU'S WTO
CHALLENGE TO HELMS-BURTON**

Rep. Ileana Ros-Lehtinen, chairman of the Subcommittee on International Economic Policy and Trade held a hearing on Wednesday, March 19th called "Interfering with U.S. National Security Interests: The World Trade Organization and the European Union Challenge to the Helms-Burton Bill." Witnesses included Senator Robert Torricelli (D-NJ), Rep. Lincoln Diaz-Balart (R-FL), Rep. Robert Menendez (D-NJ), the Honorable Ernest H. Preeg (CSIS), and Mr. Ignacio Sanchez, Esq. (Partner, Kelley, Drye, and Warren). Clinton administration witnesses, who were invited including Stuart Eizenstat from Commerce and others from USTR, did not appear. Ros-Lehtinen, who along with Rep. Diaz-Balart recently returned from a Congressional trip to the EU countries, also addressed the European Parliament, and discussed WTO and Helms-Burton with European officials. Ros-Lehtinen held this hearing in the midst of ongoing negotiations between Stuart Eizenstat and his European counterparts. Unless the United States invokes its national security interests, briefs will be filed before the WTO on April 14th by the European Union.

The following are excerpts from those witnesses who submitted statements for the subcommittee hearing:

"For years, particularly in the last twelve months, the United States has had to endure severe criticism on U.S.-Cuba policy not from its enemies but its allies. The countries of the European Union, seemed to place a higher degree of emphasis on appeasing pariah states such as the Castro regime than on supporting the U.S. They have used international fora to attack U.S. policy toward the Castro regime, as a means of securing a favorable environment in Cuba which would render them substantial returns on their investments." **REP. ILEANA ROS-LEHTINEN.**

"When Congress addressed the issue of membership in the World Trade Organization (WTO) and voted its approval, many of us had concerns about the possible infringement of this international body on the sovereign right of the United States to design and conduct its foreign policy. We voiced objections then that if the WTO became a vehicle to attempt to overturn U.S. foreign policy, we would reconsider our involvement." **SEN. ROBERT TORRICELLI.**

"With regard to the challenge brought by the European Union (EU) at the World Trade Organization (WTO) to U.S. sanctions against the Cuban tyranny, including the Cuban Liberty and Democratic Solidarity Act of 1996, I believe it is critical that Congress impress upon the Administration that every necessary action must be taken by the United States, including invoking the defense of National Security, to avoid an unfavorable ruling." **REP. LINCOLN DIAZ-BALART.**

"The U.S. policy toward Cuba is not derived for economic gain -- to the contrary, we are willing to pay the price for our principles. Something untrue of other governments. Other than the domestic value derived from pursuing this case, the EU has nothing to gain; the U.S. will not reverse any aspect of its foreign policy toward Cuba; the suspension of Title III was renewed in January and there is no compensation to be granted because there has been no quantifiable damage to EU countries or companies as a result of U.S. policies." **REP. ROBERT MENENDEZ.**

"My overall assessment is that the Helms-Burton Law is having substantial adverse impact on U.S. interests in the WTO and on U.S. trade policy objectives more broadly. The law applies, for foreign policy reasons, economic sanctions on an extraterritorial basis to certain companies in other countries who trade with or invest in Cuba. Such actions conflict with the principles underlying the WTO multilateral trading system, possibly violate some specific U.S. commitments in the WTO, create a bad precedent for future actions by other countries, and undermine respect and support for U.S. leadership in international economic relationships." **HON. ERNEST PREEG.**

INTERNATIONAL BRIEFS

MEXICAN TELECOM GRUPO DOMOS ORDERED TO GIVE UP SHARE IN CUBA'S TELECOM ETECSA -- Monterrey based Grupo Domos, once the largest foreign investor in Cuba, was ordered by Cuba's Ministry of Communications to return \$300 million worth of stock in Cuba's telecom ETECSA for non-payment of \$350 million to Cuba stemming from the 1994 \$750 million deal to modernize. Mexico's economic crisis and passage of Helms-Burton contributed to the shift in Domos' fortune. **ITALIAN TELECOM STET INCREASES SHARE IN CUBA'S TELECOM** -- State owned Italian telecom subsidiary STET International increases its 12.25% share in ETECSA to 29.29% at a cost of a \$300 million in a purchase from Mexican telecom Grupo Domos which had been in a 49%-to-51% joint venture with ETECSA. (MH, "Phone group moves ahead in Cuba," 3/6/97, p.20A). **DATE SET FOR PAPAL VISIT TO CUBA** -- Exact dates for Pope John Paul II's visit to Cuba have awaited approval of the coordinating committee set up between the Catholic Church and the Cuban government. The five day visit is scheduled for January 21-25, 1998 and will include "open and public" Masses in Havana, Santiago de Cuba, Camaguey, and Santa Clara. (MH, "It's official: John Paul II will visit Cuba next January," 3/1/97, p.13A). **COMMUNIST PARTY CENTRAL COMMITTEE ORGANIZING THE RELIGIOUS** -- In an effort to bring about a "unity" of all religions, Caridad Diego, chief of the Department of Religious Affairs at the Central Committee of the Communist Party and government representative for the coordinating committee, has conducted meetings across the island since November. These activities by the Central Committee substantiate a dispatch issued by the Vatican's FIDES news agency concerning the growing popularity of the Church in Cuba to the extent that security police "have increased the deployment of spies and collaborators inside Catholic groups." (ENH, "Cuban communists request 'strengthening of unity' with the religious," 1/19/97, p.14A, Translation by Jose G. Roig; MH, "Before papal visit, Vatican gets tough on Cuba," 3/20/97, p.24A). **GUATEMALA PREPARED TO RECOGNIZE CUBA** -- Guatemala's president Alvaro Arzu, in a dramatic break with the past, is moving to recognize the Castro regime. The two countries which have already opened interest sections in each others capitals are expected to open consular offices in April and establish full diplomatic relations before the end of the year. Since his election in January 1996, Arzu has surrounded himself with leftists and well-known liberation theologians associated a group called the "Crater Group" including the country's foreign minister Eduardo Stein, presidential chief of staff Ricardo Stein, and Gustavo Porras, Arzu's personal secretary. Guatemala's move to recognize Cuba is a set back for U.S. policy to isolate Castro in the region. (MH, "Guatemala to recognize Castro's rule," 3/26/97, p.11A). **JAPANESE ECONOMIC AID TO CUBA MAY END PERU HOSTAGE CRISIS** -- The hostage taking at the Lima residence of the Japanese ambassador which has gone on since December may be near an end with a three-way deal in sight. Peruvian Marxist guerrillas, known as the Tupac Amaru Revolutionary Movement (MRTA), are set to receive asylum in Cuba in return for "a multi-million dollar ransom and the promise of early release for some of their jailed comrades," according to a recent AP report. Japanese economic aid to the Castro regime in return for a peaceful solution appears to be part of the agreement. (FT, "Castro 'offer' in Peru siege," 3/4/97, p.5; NYT, "Peruvian Leader Hopeful On Pact to Free Hostages," 3/28/97, p.A7 NE).

SHORT TAKES

SHERITT'S DELANEY REJECTS PRE-TRIAL DEPOSITION -- Attorneys for Ian W. Delaney, chairman of Sherritt International, filed motions in U.S. District Court in Miami for a protective order barring the taking of pre-trial depositions in the lawsuit brought by Consolidated Development Corp. Depositions of Delaney and Samuel W. Ingram, senior vice president for Sherritt International, were previously scheduled for March 5th in Toronto. (See USCPR, Vol.4, No.2, 2/28/97, p.9)

STATE DEPARTMENT FAILS TO SERVE THE REPUBLIC OF CUBA IN SHERITT COURT CASE -- Pursuant to the Foreign Sovereign Immunities Act, 28 U.S.C. §1608(a)(4), the State Department has failed to assist in the diplomatic service of Cuba in the Consolidated Development Corp. v. Sherritt, Inc., et al. case as requested by the U.S. District Court in the Southern District of Florida in Miami. The request was made by the Clerk of the Court on December 4, 1996.

CNN OPENS BUREAU IN HAVANA -- Lucia Newman, CNN bureau chief in Havana, launched the network's coverage from the island on Monday, March 17th. Newman's story covered one year of Helms-Burton. At the same time, CNN began its new 24-hour station CNN en Espanol picked up both in the U.S. and throughout Latin America. (TWT, "Havana lets CNN open shop," 3/14/97, p.A13).

CNN/TIME MAGAZINE POLL SHOWS AMERICANS FAVOR EMBARGO -- By 51% Americans still favor the U.S. embargo against Cuba according to the results of a CNN/TIME March 11-12 survey of 1,018 adults. This figure has eroded from 63% in 1961. Those who consider Cuba a "serious threat" to the United States dropped from 68% in 1961 to 36%. Fidel Castro received a 71% unfavorable rating compared to 81% in a 1960 Gallup poll. (MH, "Americans favor Cuba embargo, poll shows," 3/22/97, p.22A).

STATE DEPARTMENT APPEARS WEAK IN RESPONSE TO CUBA'S VIOLATION OF DIPLOMATIC POUCHES -- The day after Tom Carter of the *Washington Times* reported that the Clinton Administration had apologized to the Cuban government for shipping "subversive" literature to the island, the State Department went on the offensive calling Cuba's search of several diplomatic pouches on February 18th a "blatant violation" of international law. Claiming the contents had not been sealed, Cuba protested that it was illegal "to disseminate or aid the distribution...of information, publications, documents or propaganda materials of the government of the United States" especially Helms-Burton. The State Department did not deny the U.S. had apologized to the Cuban government. (TWT, "Cuba searched diplomatic pouch, won U.S. apology," 3/21/97, p.A1; MH, "U.S. accuses Havana of withholding pouches," 3/22/97, p.22A; TWT, "Cuba shuns U.S. protest of snooping," 3/23/97, p.A1).

SALE OF CUBAN PAJAMAS IN WAL-MART'S CANADIAN STORES CREATES PROBLEMS FOR U.S. RETAILER -- Arkansas based discount retailer, Wal-Mart, is caught between U.S. and Canadian law as a result of the sale of Cuban made pajamas at its 136 stores throughout Canada. The controversy began at its Winnipeg, Manitoba store when a customer questioned the propriety of selling Cuban made pajamas. As a result, the 80,000-pair inventory of men's Puritan brand cotton pajamas selling for C\$12.96 or U.S.\$9.47 a pair were abruptly taken off store shelves and then quickly reshelfed. The Canadian government suggested the Wal-Mart subsidiary could be in violation of the country's Foreign Extraterritorial Measures Act (FEMA) passed in January in response to Helms-Burton. Apparently, Wal-Mart Canada defied an order issued by its U.S. parent, following the company's meeting with OFAC officials at the Treasury Department in Washington. (WP, "Canada, U.S. Wager Diplomatic Capital in a High-Stakes Pajama Game," 3/14/97, p.A29).

NOTABLE QUOTES

"I think that the important thing to point out here is the extent to which we agree on the goals, which is a democracy, or the movement toward democracy in Cuba. While we may disagree on the details of Helms-Burton, we do not disagree on that goal. I think that while it is possible for friends and partners to disagree on a subject, the strength of our relationship is overwhelming." Secretary of State Madeleine Albright meets with Canada's Foreign Affairs Minister Lloyd Axworthy in Washington, D.C. (TS, "Canada, U.S. agree to disagree over Cuba," 3/5/97, p.A12).

"My dear friends, in the year since the LIBERTAD Act took effect, Fidel has told you a million lies about this law, which the United States Congress passed and President Clinton signed to support democracy and freedom in Cuba. But here in America -- where no dictator controls the news media and access to information -- we know the truth. The law is working." ("Message from Senator Jesse Helms to the people of Cuba on the first anniversary of the LIBERTAD Law," March 12, 1997).

"My hope is that we will proceed in this spirit of cooperation, and I agree with Sir Leon Brittan's characterization that we have made good progress regarding our dispute over the LIBERTAD Act. We will make every effort with the EU to achieve a resolution that is mutually satisfactory. However, if we fail to reach a prompt settlement, the United States will formally advise the WTO that the panel established in February has no competence to proceed because this is a matter of American national security and foreign policy." (Remarks of Secretary of Commerce William Daley to the European Institute in Washington, D.C. on March 14, 1997).

"We hope that Death will be generous enough, when our turn comes, to allow us to have the ability to squeeze a trigger, or throw a grenade, or push a button and detonate a big mine. The weapons of the revolution and socialism will not be given up without a fight." Fidel Castro addressing military parade in Havana. (FT, "Fighting talk," 3/18/97, p.19).

"It really means we would spend a million, two million dollars like nothing with lawyers. And then at the end of the road we get told [the Helms-Burton Act] is unconstitutional. So, how do I explain that to my stockholders?" David Wallace, president of Lone Star Industries a U.S. certified claimant, responds to an interview question concerning possible litigation against the traffickers of its confiscated property. (CBS Morning News, 3/25/97).

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Ralph J. Galliano, Editor

EIZENSTAT ANNOUNCES U.S.- EU UNDERSTANDING IMMEDIATELY SUSPENDING WTO CHALLENGE TO HELMS-BURTON

WASHINGTON -- The Clinton administration, which had refused to accept World Trade Organization (WTO) jurisdiction over the Helms-Burton Act arguing that the European Union's (EU) complaint was not a trade issue but rather a foreign policy dispute between the United States and Cuba, retreated from its position to end the matter by invoking the national security exemption Congress had urged and negotiated an offer to modify the U.S. law if the EU would drop its complaint and develop "disciplines to *inhibit and deter* future acquisition of investment."

The announcement of the bilateral settlement came on Friday, April 11th preceding the Monday, April 14th date set for the EU to file its international legal brief against the United States before the WTO Panel. Sir Leon Brittan, the trade commissioner for the European Union, described the negotiations as a "success" although "both Helms-Burton and D'Amato-Kennedy [Iran, Libya Sanctions Act (ILSA)] are still on the U.S. statute book." In his formal statement, Brittan announced the EU would "only suspend the WTO Panel." Referring to the "terms" set out in the Understanding (see page 3) with the U.S., Brittan said their complaint would be reinstated "if European interests are adversely affected by *implementation* of either of the Acts." Commerce Undersecretary for International Trade, Stuart Eizenstat, the special Cuba envoy, announced in his statement that the U.S. "goal in this endeavor is to *globalize* strong standards for the enhanced protection of property rights." According to Eizenstat, the U.S. and the EU "will make best efforts to develop this agreement by October 15th" and in the process opening a "dialogue with the Congress with a view toward obtaining an amendment providing the President with waiver authority for Title IV" of Helms-Burton likely to involve both an outright and a country-by-country waiver. Title IV adversely affects foreign business executives and their families by denying them U.S. entry if they are deemed to be "trafficking" in U.S. owned property in Cuba confiscated by the Castro communist revolution in the early 1960s.

CONGRESSIONAL COOPERATION -- The U.S.- EU Understanding hammered out by Eizenstat could not have been forged without the full but seemingly reluctant cooperation of key Members of the House and Senate. Jesse Helms, chairman of the Senate Foreign Relations Committee, who "by agreeing to these talks" emphasized that "Congress is giving up absolutely

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nothing in exchange," emphatically stated, "We will not give up a concrete tool such as Title IV for some vague promises from the European Union." Representatives Dan Burton (R-IN) and Ileana Ros-Lehtinen (R-FL) jointly stated that "The provisions of the Helms-Burton Law cannot be changed except by an official act of Congress." House International Relations Committee Chairman Benjamin Gilman (R-NY) warned, "we cannot and will not trade this concrete tool of our policy for vague assurances from the EU. Unless the Europeans take enforceable, effective steps to *inhibit and deter* 'trafficking' in confiscated property, there will be no change in Title IV of our law." Rep. Diaz-Balart (R-FL) called the Clinton administration's negotiated Understanding a "surrender" charging that it "assured us it would not seek to further weaken Helms-Burton and it now has reneged on that commitment."

COVERDELL OFFERS INITIATIVE -- Eizenstat praised "Congressional leaders" for their cooperation singling out Senator Coverdell (R-GA), chairman of the Western Hemisphere Subcommittee, who "spearheaded and shaped this current initiative" that was built on the "important work of Senator Helms" whom he called "a leading voice for strengthened protection of property rights internationally." Coverdell, taking credit for the "international compromise," said that "the initiative which I was pleased to offer and which the Administration pursued launches important talks designed to establish ground-breaking property rights protections." Coverdell made it clear "Congress will have an opportunity to judge the merits of any agreement reached" leading opponents of the Understanding to conclude that the White House will present Congressional leaders with legislative language it finds acceptable. Now, it is virtually certain Congress will be called upon to vote on an amendment granting President Clinton an overall waiver and a country specific waiver to Title IV in the Fall.

TWO YEAR BENCHMARK -- Although the Understanding reiterates the president's intent to waive Title III's right-of-action provision against traffickers for the remainder of his term ending in January 2001, U.S. nationals other than certified claimants (Cuban-Americans) also will be granted that right under section 302(a)(5)(C) of Helms-Burton after a "2-year period beginning on the date of enactment" or March 12, 1998. That right could be compromised by October 15th when the "principles of investment in confiscated property and conflicting jurisdiction" are incorporated into the Multilateral Agreement on Investment (MAI) being negotiated at the OECD. This would leave the EU to decide upon enforcement and the definition of property rights under international law. Presumably, the EU's adherence to Titles III and IV of Helms-Burton would make presidential waiver or any amendment wholly unnecessary.

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V4N4

UNDERSTANDING BETWEEN THE UNITED STATES AND THE EUROPEAN UNION

Libertad Act

Both sides confirm their commitment to continue their efforts to promote democracy in Cuba. On the EU side, these efforts are set out in the Common Position adopted by the Council on 2 December 1996.

The U.S. reiterates its presumption of continued suspension of Title III during the remainder of the President's term so long as the EU and other allies continue their stepped up efforts to promote democracy in Cuba. Each side will encourage other countries to promote democracy and human rights in Cuba.

The EU and the U.S. agree to step up their efforts to develop agreed disciplines and principles for the strengthening of investment protection, bilaterally and in the context of the Multilateral Agreement on Investment (MAI) or other appropriate international fora. Recognizing that the standard of protection governing expropriation and nationalization embodied in international law and envisioned in the MAI should be respected by all States, these disciplines should inhibit and deter the future acquisition of investments from any State which has expropriated or nationalized such investments in contravention of international law, and subsequent dealings in covered investments. Similarly, and in parallel, the EU and U.S. will work together to address and resolve through agreed principles the issue of conflicting jurisdictions, including issues affecting investors of another party because of their investments in third countries.

The EU and U.S. agree to make best efforts to develop the above disciplines and principles in bilateral consultations before 15 October 1997, and to subsequently introduce jointly corresponding proposals in the MAI negotiations.

The U.S. Administration, at the same time as the above bilateral consultations commence, will begin to consult with Congress with a view to obtaining an amendment providing the President with the authority to waive Title IV of the Act once the bilateral consultations are completed and the EU has adhered to the agreed disciplines and principles. In the circumstances of such adherence, it is expected that such a waiver would be granted.

In the meantime, the U.S. notes the President's continuing obligation to enforce Title IV. Consistent with the guidelines for implementation, the U.S. will apply rigorous standards to all evidence submitted to the Department of State for use in enforcing Title IV. The U.S. is committed to a thorough, deliberate process in order to ensure careful implementation of Title IV. This will involve discussions with all affected parties in order to consider all relevant information prior to Title IV actions.

Iran and Libya Sanctions Act (ILSA)

Both sides recognize that it is in their combined interests to work together to counter the threat to international security posed by Iran and Libya. In this regard, the U.S. notes the common agenda on terrorism being developed under the New Transatlantic Agenda and EU measures to inhibit the spread of weapons of mass destruction. The U.S. reiterates the President's commitment to implement ILSA. The U.S. intends to implement the Act in a deliberate and fair manner, taking into consideration its international obligations. Taking into account the measures taken by the EU, in particular those recently announced with respect to Iran, the U.S. will continue to work with the EU toward the objectives of meeting the terms 1) for granting EU Member States a waiver under Section 4.C. of the Act with regard to Iran, and 2) for granting companies from the EU waivers under Section 9.C. of the Act with regard to Libya.

WTO Case

In the light of all of the above, the EU agrees to the suspension of the proceedings of the WTO panel. The EU reserves all rights to resume the panel procedure, or begin new proceedings, if action is taken against EU companies or individuals under Title III or Title IV of the Libertad Act or if the waivers under ILSA referred to above are not granted or are withdrawn. The EU shall notify the United States at least seven days in advance of making a written submission to the panel, and upon delivery of such submission this Understanding shall cease to have effect. This understanding reflects the fact that the U.S. Administration is obligated to implement the Libertad Act and ILSA. The U.S. takes the position that the present Understanding conveys no legal commitment that waivers will be granted under ILSA. Monday, April 14, Noon EST.

**REPORT TO CONGRESS DETAILS
PAYMENTS OF \$32 MILLION TO CUBA
BY AMERICAN TELECOM COMPANIES**

Under the Helms-Burton Act, section 102(g)(6), the president is required to report to Congress "on a semiannual basis" those "payments made to Cuba by any United States person as a result of the provision of telecommunications services." This second consecutive White House report to Congress, House Document 105-62, should detail the amounts paid by each of eight American telecommunications companies to the government of Cuba for the period July 1, 1996, through December 31, 1996. Of the \$32,601,427 total, AT&T transferred the largest amount at \$19,162,032 or nearly 59% while MCI transferred \$2,913,610 or 8.9%. The first report covered the period at the time in 1994 when revenues began to be generated through June 30, 1996 totalling \$76,827,695.

While Helms-Burton makes semiannual telecom reporting mandatory, the primary authority for the transfer of U.S. dollar payments to Cuba derives from section 1705(e) of the Cuban Democracy Act of 1992 introduced by then-Congressman Robert Torricelli (D-NJ) during the presidential campaign and supported by candidate Bill Clinton. The "general policy guidelines" issued by the State Department on July 22, 1993, permitted a "50/50 split of \$1.20 per minute accounting rate" allowing Cuba to receive half of all revenues generated by two-way U.S.- Cuba telecommunications traffic and the possibility of "payment in-kind" which the president's report does not address. The Cuban Democracy Act provided the Clinton administration with the policy option to either make direct payments to Cuba or to place those funds in blocked accounts effectively freezing them until some future date.

TELECOM PAYMENTS TO CUBA

The following is a listing of OFAC licensed American telecommunications companies' payments to Cuba:

AT&T Corporation (formerly American Telephone and Telegraph Company).....	\$ 19,162,032.00
AT&T de Puerto Rico.....	227,709.00
Global One (formerly, Sprint Incorporated).....	2,509,706.00
IDB WorldCom Services, Inc. (formerly, IDB Communications, Inc.	561,553.00
MCI International, Inc. (formerly, MCI Communications Corporation).....	5,354,423.00
Telephonica Larga Distancia de Puerto Rico, Inc.....	104,499.00
WilTel, Inc. (formerly, WilTel Undersea Cable, Inc.).....	2,913,610.00
WorldCom, Inc. (formerly, LDDS Communications, Inc.).....	1,687,896.00
Total.....	\$ 32,601,427.00

**BASEBALL DIPLOMACY: BALTIMORE
ORIOLES APPLY TO PLAY IN CUBA**

Secretary of State Madeleine Albright who threw out the ceremonial first pitch on April 2nd, Opening-Day, for the Orioles at Camden Yards in Baltimore, saw them win 4-2 over the Kansas City Royals. The next day, however, Pete Angelos, owner of the Maryland based major league baseball team, lost his bid to have the Orioles play some of its 1998 exhibition games in Cuba. For Angelos, it was his second request in less than a year to obtain a license from the Treasury Department's Office of Foreign Assets Control which oversees the U.S. economic embargo against Cuba. The first request to play exhibition games came last Fall and was rejected in December according to a high level Treasury official. The second license application was for an "exploratory mission" essentially to scout Cuban players considered among the best in baseball. Two of baseball's well known Cuban born players include Oakland's Jose Canseco and Orioles' Rafael Palmeiro. Angelos received his second denial on April 3rd but not before strong opposition was lodged by Reps. Menendez (D-NJ), Ros-Lehtinen (R-FL), and Diaz-Balart (R-FL) whose letter to Angelos is reprinted below. In light of the Castro dictatorship and the exploitation of Cuban baseball players, Diaz-Balart described the owner's license request as "ill-advised and insensitive at this time." The rules of professional baseball prohibit major league teams from travelling to Cuba.

**DIAZ-BALART LETTER TO ORIOLES
OWNER PETE ANGELOS**

CONGRESS OF THE UNITED STATES

April 2, 1997
Mr. Peter Angelos
Chairman
The Baltimore Orioles
333 West Camden Street
Baltimore, MD 21201
Dear Mr. Angelos,

I am writing to ask that you reconsider your reported plans to take the Baltimore Orioles to Cuba for a series of exhibition games. Although you are correct that Cuba does have some of the best baseball players in the hemisphere, I believe such a trip would be ill-advised and insensitive at this time.

As I am sure you are aware, the Castro dictatorship maintains a repressive relationship with all Cuban workers including baseball players. Castro does not allow Cuban workers to be privately employed, to earn and collect a fair wage, to unionize and collectively bargain or to leave the country.

Castro's slave economy extends to its baseball players through deals such as the recent "lease" of Cuban baseball players to the Japanese major league. These players are closely monitored by Cuban State Security and do not receive the "salary" that is paid directly to the Castro regime. No Cuban -- as Rafael Palmeiro is well aware -- is free to leave Cuba, and Cuban baseball players are literally held hostage by the Castro dictatorship. A Cuban-American was recently sentenced to a 15 year prison term in Cuba for attempting to freely sign Cuban baseball players.

The Castro dictatorship has brutally oppressed the Cuban people for 38 years. The Baltimore Orioles should not trivialize the suffering of the Cuban people by travelling to Stalinist Cuba. When Castro is gone, as he soon will be, and Cuba rejoins the community of free nations, I am sure the Cuban people will welcome the Orioles for Spring training and exhibition games, and Cuban baseball players will be free to negotiate fair deals to play in our major leagues.

I hope that you will seriously consider these concerns; they reflect the feelings of millions who long for Cuba's freedom.

Sincerely,
Lincoln Diaz-Balart

ROS-LEHTINEN TO INVESTIGATE CUBA-WHITE HOUSE FUNDRAISING

Rep. Dan Burton (R-IN), chairman of the House Government Reform and Oversight Committee has appointed Rep. Ileana Ros-Lehtinen (R-FL) to lead the "examination of an alleged Cuba connection in White House fundraising" during the 1996 Democratic presidential campaign. Spawned by revelations of openly pro-Castro, anti-embargo, Democratic Party fundraisers attempting to influence the Clinton administration's policy toward Cuba, this investigation has taken on a Hollywood script-like appearance involving the famed Copacabana nightclub in Havana, Vice President Al Gore, a White House Christmas party, First Lady Hillary Rodham Clinton, photographs with Fidel Castro, smuggled Cuban cigars, laundered drug money, and an alleged Cuban counterintelligence agent. "We must investigate to the fullest any intent by the Castro regime and its sympathizers in the United States of influencing U.S. policy toward the dictator. The allegations made in this regard against the White House are very serious and we need complete answers," said Ros-Lehtinen. The cast of characters includes: Jorge Cabrera (\$20,000), Vivian Mannerud (\$80,850), and Juan Enrique Cabañas (\$62,000) who all donated large sums to the Democrats in the 1996 presidential election campaign according to *The Miami Herald*. Cabrera is currently in federal prison charged with smuggling 6,000 pounds of cocaine through the Florida Keys. Mannerud, a major Democrat fundraiser, who runs a charter business to Cuba, met with Cabrera in Havana. Cabañas, also a charter operator is considered "an outspoken admirer" of Fidel Castro. Ros-Lehtinen, who will lead this portion of the investigation into White House campaign finance practices, is a member of the House Subcommittee on National Security, International Affairs and Criminal Justice.

THE FOOD AND MEDICINE CAMPAIGN FOR CUBA

The campaign to amend Helms-Burton to permit the sale by U.S. companies of food and medicine to Cuba is heating up. Besides the attempt to influence U.S.- Cuba policy during the recent presidential election with campaign donations, the offensive includes: a study by the American Association of World Health (chaired by Jimmy Carter) called "Denial of Food and Medicine: The Impact of the U.S. Embargo on Health and Nutrition in Cuba" issued on 3/19/97; a series of op-ed pieces in major newspapers such as *The Washington Post* (Stephen Rosenfeld - 4/4/97), *The New York Times* (Elizardo Sanchez Santacruz - 4/22/97), and *The Wall Street Journal* (Malcolm Wallop - 4/24/97); and a concerted lobbying effort by Sherritt International, a Canadian mining company in Cuba. Sherritt has recruited former conservative Republican senator Malcolm Wallop to push for the sale and export of food and medicine. Rep. Diaz-Balart (R-FL) states in his "Dear Colleague" letter of April 10th that "Cuba is free to purchase medicine...from any nation in the world." Private humanitarian donations of medicine, medical supplies, food and clothing from the U.S. (§1705(b) of the Cuban Democracy Act) has already exceeded \$150 million. The real debate is whether to allow the sale of food and medicine to the Castro regime or to continue donations of such assistance to the people of Cuba through non-governmental organizations. Juan Cabañas sums up the issue saying, "I want to improve U.S. policy by lifting the embargo on Cuba, with food and medicines as a first step." (MH, "Clinton donor worked for Castro regime," 4/17/97, p.1A).

INTERNATIONAL BRIEFS

CUBAN CARDINAL SEES CASTRO IN TRANSITION -- Spanish news agency, EFE, reports Cardinal Jaime Ortega, Archbishop of Havana, favors Castro's participation in the first stage of the transition process to an economic opening in Cuba. This followed a one hour meeting in Havana between the Cardinal and Manuel Chaves the Socialist president of the Autonomous Region of Andalucia, Spain. (DLA,"Cardinal Ortega wants Castro to direct changes," 4/6/97, p.1A). Translation by Jose Roig. **FIFTH COMMUNIST PARTY CONGRESS SCHEDULED** -- In a reaffirmation of Cuban socialism, the fifth assembly of the Cuban Communist Party is to be held from October 8th through the 10th beginning on the 30th anniversary of the death in Bolivia of Ernesto "Che" Guevara. (FT,"Hardline Cuba sets date for congress," 4/18/97, p.4). **CASTRO BIG LOSER AS FUJIMORI BRINGS PERUVIAN HOSTAGE CRISIS TO AN END** -- The anticipated three-way deal (Peru-Japan-Cuba) to settle the crisis and free the 72 hostages held since December 17th at the Japanese ambassador's residence in Lima by Marxist guerrillas evaporated when Peruvian commandos stormed the compound liberating the captives and ending any chance of the guerrillas receiving asylum in Cuba and of Castro having Havana's \$2.2 billion debt with Japan rescheduled. Cuban foreign minister Roberto Robaina visited Tokyo in mid-April prior to Peruvian President Fujimori's decision to use force ending the four month old crisis on April 22nd.

SHORT TAKES

STATE DEPARTMENT OPPOSES MOTION FOR COURT ORDER IN SHERRITT CASE -- The State Department has opposed a motion for a court order requiring it to serve the Republic of Cuba as a party in the Consolidated Development Corp. v. Sherritt case. Attorneys in Miami for Consolidated filed a motion asking for an order by the court after the State Department failed to respond to a request by the Clerk of the Court on December 4, 1996. The Assistant U.S. Attorney in Miami "concedes" the "Secretary of State may not refuse to attempt to serve" the Republic of Cuba. (U.S. Motion in Response to Consolidated, 4/17/97, p.1). **STATE DEPARTMENT REVEALS DIPLOMATIC POUCH IN SHERRITT CASE MISSING** -- The State Department has advised the Assistant U.S. Attorney that the diplomatic pouch containing the legal papers for service to the Republic of Cuba sent on March 21st had not been received by the U.S. Interest Section in Havana as of Friday, April 11, 1997. This three week delay in delivery of a diplomatic pouch which would normally take less than 24 hours from Washington, D.C. has fueled speculation that the Castro regime is systematically tampering with U.S. diplomatic pouches in violation of international law. (U.S. Motion in Response to Consolidated, 4/17/97, p.3). **SHERRITT RETAINS FORMER REPUBLICAN SENATOR** -- Sherritt International, the Canadian mining and oil exploration company, which is the object of litigation by U.S. certified claimant Consolidated Development Corp., has retained Malcolm Wallop the former conservative Republican senator from Wyoming to lobby for food and medicine exports according to O'Dwyer's Washington Report of April 7th. Under Helms-Burton, Sherritt's executives have been denied U.S. entry for trafficking in confiscated American property in Cuba by the Castro regime. (OWR,"Ex-Sen. Wallop takes on Helms-Burton," 4/7/97; WSJ,"Target Castro, Not Cuba's People," 4/24/97, p.A18).

NOTABLE QUOTES

"How is it possible to surrender our weapons? How is it possible to surrender the Revolution? How is it possible to surrender Socialism?...The weapons of Revolution and Socialism are not surrendered without a fight. We are willing to deliver them to the United States if they come to snatch them from us, one by one, fighting face-to-face, with all means, including bayonets, until death." Declaration of Mambises speech by Fidel Castro before the Jose Marti Monument in the Plaza of the Revolution Havana, Cuba on March 15, 1997. (GI, 4/2/97, p.7). Translated from Granma International by Jose Roig.

"My goal is...to improve U.S. policy by lifting the embargo on Cuba, with food and medicines as a first step and then broader exchanges of goods, travel opportunities and information." Key West born Juan Enrique Cabañas was a major donor to the Democratic Party in 1996. (MH,"Clinton donor worked for Castro regime," 4/17/97, p.1A).

"Under the Helms-Burton Act, the basic model of change in Cuba is societal collapse leading to a violent upheaval." Richard Nuccio, former policy adviser to the president and the secretary of state for Cuba, now works with Senator Torricelli of New Jersey. Speech at the Latin American Studies Association held in Guadalajara, Mexico. (MH,"U.S. policy on Cuba criticized," 4/21/97, p.8A).

"The Cuban people fervently want that change...Peaceful transformation can only be achieved through a process of national reconciliation in which all political voices are included, even those of the leaders of the present Government." Elizardo Sanchez Santacruz, formerly a professor of Marxist philosophy at the University of Havana and founder of the leftist opposition to Fidel Castro, currently resides in Havana and directs the Cuban Commission for Human Rights and National Reconciliation.(NYT,"Cuba Can't Change on Its Own," 4/22/97, p.A23).

"On February 24, 1996 during a routine Brothers To The Rescue (BTTR) search and rescue mission, in an air-to-air ambush, four of Castro's MiGs attacked three unarmed civilian aircraft from BTTR destroying two, missing the third, and murdering four of its occupants; three of them U.S. citizens. Throughout the fifty three minutes that the MiGs were in pursuit, the U.S. military opted to watch motionless and in silence as events unfolded. Perhaps we will some day find out why!" (Speech by Jose Basulto, president of BTTR at "The Cuba Vision Series" a joint studies program of AEI and Universidad Latinoamericana de la Libertad Friedrich Hayek in Washington, D.C. 4/23/97).

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Ralph J. Galliano, Editor

STATE DEPARTMENT ISSUES FACT SHEET ON FOOD AND MEDICINE TO DISPEL DISINFORMATION CAMPAIGN BY EMBARGO OPPONENTS

WASHINGTON -- Under the Cuban Democracy Act (CDA) of 1992, part of the complex fabric woven to make up the U.S. economic and trade embargo against the Castro regime now codified by passage of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, humanitarian assistance to the Cuban people is permitted. This "donation of humanitarian supplies to the people of Cuba, including medicine, food, and clothing" has since 1992 exceeded \$150 million and is licensed as required by law. According to the State Department's report issued on May 14th (reprinted on page two), such private humanitarian aid accounts for "more than the total worldwide foreign aid received by Cuba in those years." Coordinator of Cuban Affairs, Michael Ranneberger, stated it was the "desire to clarify the facts and to combat egregiously misleading information rampant on this issue," that led to the report. The two prong approach is intended to: 1) rebut use of this volatile issue, especially by the Cuban government, for political purposes; and, 2) publicly show support for the Cuban people. *Support for the Cuban People* under Section 1705 of the CDA permits "donations of food to nongovernmental organizations or individuals in Cuba" along with "[e]xports of medicines or medical supplies, instruments, or equipment to Cuba" pursuant to specific license. Restrictions extend to the "reasonable likelihood" such items will be "reexported," used for "purposes of torture or other human rights abuses," or for the "production of any biotechnological product." The CDA stipulates the need for verifiable "onsite inspections" that items are "used for the purposes...intended and only for use and benefit of the Cuban people." The report states that "Since 1992, 36 of 38 license requests have been approved to U.S. companies and their subsidiaries to sell medicine and medical equipment."

Embargo opponents contend U.S. sanctions against Castro's Cuba are the cause of "unnecessary suffering and deaths." At their March 3rd press conference, the American Association for World Health (AAWH) released its study critical of U.S. policy titled "Denial of Food and Medicine: The Impact of the U.S. Embargo on Health and Nutrition in Cuba." Peter Bourne, AAWH chairman, was a health issues advisor to former President Carter who serves as its honorary chairman. The State Department's "Fact Sheet" rebuts the accusation that it is established U.S. policy to deny food and medicine to the Cuban people.

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US DEPARTMENT OF STATE
Office of the Spokesman

For Immediate Release

May 14, 1997

FACT SHEET

THE U.S. EMBARGO AND HEALTHCARE IN CUBA: MYTH VERSUS REALITY

"Our country has gone from preventative medicine...to sophisticated medicine, and today we have things that no one else has." Fidel Castro, 1997.

SUMMARY

There is a large body of misinformation and outright disinformation about the present state of healthcare in Cuba, including the false accusation that it is U.S. policy to deny medicine or medical supplies and equipment to the Cuban people.

The sad reality is that the healthcare available to the average Cuban has deteriorated because the Castro government has made a conscious choice to direct its increasingly scarce resources elsewhere. The Cuban Government's deliberate policy includes depriving its people of basic medical needs, while actively developing a closed, parallel healthcare system for the Communist Party elite, foreign "health tourists," and others who can pay for services in hard currency.

As for the U.S., the truth is that the Cuban Democracy Act of 1992 permits American companies and their subsidiaries to sell medicine and medical equipment to Cuba. Since 1992, the U.S. has approved 36 of 38 license requests for commercial sales of medicines and medical equipment to Cuba. During the same period, the U.S. has licensed over \$150 million in humanitarian assistance -- more than the total worldwide foreign aid received by Cuba in those years -- much of which came in the form of medicines and other health-related items. This total does not include the millions of dollars in medicines sent to Cuba in the form of "care packages" from relatives living in the U.S.

CUBA'S ECONOMIC CHOICE: THE REGIME'S HEALTH OVER THE PEOPLE'S

Cuba's economy is in disarray as a direct result of this Government's continued adherence to a discredited communist economic model. This decline has directly affected the health of ordinary Cubans. Lack of chlorinated water, poor nutrition, deteriorating housing and generally unsanitary conditions have increased the number of cases of infectious diseases, especially in concentrated urban areas like Havana.

The grave economic problems in Cuba were exacerbated by the demise of the Soviet Union and the ending of the \$5 billion in subsidies that the USSR gave annually to the Castro government. Cuba made significant advances in the quality of healthcare available to average citizens as a result of these subsidies. However, it devoted the bulk of its financial windfall to maintaining an out-sized military machine and a massive internal security apparatus.

The end of Soviet subsidies forced Cuba to face the real costs of its healthcare system. Unwilling to adopt the economic changes necessary to reform its dysfunctional economy, the Castro government quickly faced a large budget deficit. In response, the Cuban Government made a deliberate decision to continue to spend money to maintain its military and internal security apparatus at the expense of other priorities -- including healthcare.

According to the Pan American Health Organization, the Cuban Government currently devotes a smaller percentage of its budget for healthcare than such regional countries as Jamaica, Costa Rica and the Dominican Republic.

HEALTHCARE IN CUBA: "MEDICAL APARTHEID" AND HEALTH TOURISM

Of course, not everyone in Cuba receives substandard healthcare. In fact, senior Cuban Communist Party officials and those who can pay in hard currency can get first-rate medical services any time they want.

This situation exists because the Cuban Government has chosen to develop a two-tiered medical system -- the deliberate establishment of a kind of "medical apartheid" -- that funnels money into services for a privileged few, while depriving the healthcare system used by the vast majority of Cubans of adequate funding.

Following the loss of Soviet subsidies, Cuba developed special hospitals and set aside floors in others for exclusive use by foreigners who pay in hard currency. These facilities are well-equipped to provide their patients with quality modern care. Press reports indicate that during 1996 more than 7,000 "health tourists" paid Cuba \$25 million for medical services.

Cuba's "Medical Technology Fair" held April 21-25 presented a graphic display of this two-tier medical system. The fair displayed an array of both foreign and Cuban-manufactured medicines and high-tech medical equipment and services -- items not available to most Cubans. The fair showcased Cuban elite hospitals promoted by "health tourism" enterprises such as SERVIMED and MEDICUBA.

On the other hand, members of the Cuban Communist Party elite and the military high-command are allowed to use these hospitals free of charge. Certain diplomatic missions in Havana have been contacted and told that their local employees can be granted access privileges to these elite medical facilities -- if they pay in dollars.

The founder of Havana's International Center for Neurological Restoration, Dr. Hilda Molina, in 1994 quit her position after refusing to increase the number of neural transplant operations without the required testing and follow-up. She expressed outrage that only foreigners are treated. Dr. Molina resigned from her seat in the national legislature, and returned the medals Fidel Castro had bestowed on her for her work.

In 1994, Cuba exported \$110 million worth of medical supplies. In 1995, this figure rose to \$125 million. These earnings have not been used to support the healthcare system for the Cuban public. In fact, tens of millions of dollars have been diverted to support and subsidize Cuba's biomedical research programs -- money that could have been used for primary care facilities.

Another means of earning foreign exchange at the expense of providing health-care to ordinary Cubans is the government's policy to export its doctors to other countries. South Africa alone has nearly 300 Cuban doctors. Cuba, in the early 1990s, reportedly planned to have 10,000 physicians abroad by the turn of the century.

A group of Cuban doctors recently arrived in the United States said they were "mystified" by claims in a recent report of the American Association for World Health (AAWH) that the United States embargo is to be blamed for the public health situation in the country. According to these doctors, "we...can categorically and authoritatively state that our people's poor health care situation results from a dysfunctional and inhumane economic and political system exacerbated by the regime to divert scarce resources to meet the needs of the regime's elite and foreign patients who bring hard currency."

Referring to the growing disparity between health-care provided to ordinary Cubans and that offered to tourists and high ranking Communist Party members, the exiled Cuban doctors noted that they "wish that any one of us could provide tours to foreign visitors of the hospitals Cira Garcia, Frank Pais, CIMEQ, and Hermanos Ameijeiras in order to point out the medicines and equipment, even the bed sheets and blankets reserved for regime elites or dollar-bearing foreigners to the detriment of our people who must bring their own bed sheets to say nothing of the availability of medicines."

This statement by these newly arrived Cuban doctors is corroborated by the latest available trade figures for Cuba (1995). Cuba imports totaled 2.8 billion dollars, yet only 46 million dollars -- only 1.5 percent of overall foreign purchases -- on medical imports for its 11 million people. By comparison, Cuba's neighbor, the Dominican Republic spent 208 million dollars on medical imports for its 7.5 million citizens in 1995.

U.S. SALES OF MEDICINES AND MEDICAL SUPPLIES TO CUBA

The U.S. embargo does NOT deny medicines and medical supplies to the Cuban people. As stipulated in Section 1705 of the Cuban Democracy Act of 1992, the U.S. Government routinely issues licenses for the sale of medicine and medical supplies to Cuba. The only requirement for obtaining a license is to arrange for end-use monitoring to ensure that there is no reasonable likelihood that these items could be diverted to the Cuban military, used in acts of torture or other human rights abuses, or re-exported or used in the production of biotechnological products. Monitoring of sales can be performed by independent nongovernmental organizations, international organizations, or foreign diplomats.

Since 1992, 36 of 38 license requests have been approved to U.S. companies and their subsidiaries to sell medicine and medical equipment to Cuba. Sales have included such items as thalamonal, depo-provera, pediatric solutions, syringes, and other items. The Department of Commerce declined the other two requests for licenses it received for failure to meet legal standards. Both of these exceptions to the general policy of approving commercial medical sales occurred in 1994.

Moreover, the U.S. embargo on Cuba affects only U.S. companies and their subsidiaries. Other nations and companies are free to trade with Cuba. Should Cuba choose not to purchase from the U.S., it can purchase any medicine or medical equipment it needs from other countries. Such third country transactions only cost an estimated 2-3 percent more than purchases from the U.S. as a result of higher shipping costs.

HUMANITARIAN ASSISTANCE

The Cuban Democracy Act encourages the donation of humanitarian supplies to the people of Cuba, including medicine, food, and clothing. Since the passage of the Cuban Democracy Act, the U.S. has become the largest donor of humanitarian assistance to Cuba. Much of the humanitarian assistance by U.S. non-governmental organizations consists of medicines and medical equipment. The U.S. government has licensed more than \$150 million in humanitarian assistance to Cuba over the last four years. That is more than the total of worldwide foreign aid to Cuba during that period.

U.S. humanitarian assistance has been distributed throughout the island, including to medical clinics. Monitoring is not required for donations of medicines for humanitarian purposes to non-governmental organizations in Cuba. In addition, it is believed that the single largest source of medicines used in Cuba today is the large volume of "care packages" sent to Cuba by family members living in the U.S. These "care packages" are worth millions of dollars each year.

MEDICAL CONTACTS

In addition to providing licenses for both humanitarian assistance and commercial sales of medical items, the U.S. has issued 21 visas to Cuban medical doctors in 1997 to attend medical congresses and/or to visit U.S. medical institutions. Among other things, Cuban doctors have visited the Center for Disease Control, the University of Puerto Rico (BioEthics Congress), the American Academy of Orthopedic Surgeons Annual Meeting, the Johns Hopkins University/Johns Hopkins Schools of Medicine, University of North Carolina at Chapel Hill/Duke University (HIV infections), the Marmer Medical Eye Center, and the American Academy of Neurology (Parkinsons Disease). In 1996, visas were issued to 125 researchers in the natural sciences, most of whom were doctors who worked in hospitals and clinics throughout Cuba.

TECHNICAL INFORMATION FOR LICENSE REQUESTS

License applications are required for travel and the shipping of commodities, whether humanitarian gifts or commercial sales. Applications for travel licenses are submitted to the Office of Foreign Assets Control (OFAC) in the Department of the Treasury. License applications for commercial sale and humanitarian shipping of medical supplies are submitted to the Bureau of Export Administration, (202/622-0077) Department of Commerce. However, subsidiaries of U.S. companies that require a license to sell medicine to Cuba must apply to OFAC. Please note that OFAC has a Fax-On-Demand Service (202/622-0077) with complete information.

MENENDEZ ATTACKS NEW COAST GUARD SECURITY ZONE REGULATIONS

Along with his colleagues, Ileana Ros-Lehtinen (R-FL), Lincoln Diaz-Balart (R-FL), Peter Deutsch (D-FL), Patrick Kennedy (D-RI), and Senator Torricelli (D-NJ), Rep. Robert Menendez (D-NJ) held a press conference on the morning of May 15th criticizing the Clinton administration's newly released "security zone" regulations under the authority of the U.S. Coast Guard at the Department of Transportation. The administration's tightening came at a time when Cuban exile leader Ramon Saul Sanchez with the Democracia Movement announced a three pronged air and sea flotilla planned to stage solidarity demonstrations off the Cuban coast at Havana, Caibarien, and Guantanamo. Democracia, which had on previous occasions entered Cuba's 12-mile territorial limit, vowed not to do so this time. The flotilla departed from separate locations at Key West, Marathon Key, and an undisclosed point in the Caribbean. The group's actions were intended to promote national strikes for democracy on the island.

The new regulations enable the Coast Guard to question and detain boat captains as well as to impose \$10,000 fines and to seize their vessels if it determines they intend to enter Cuban territorial waters without permission. Menendez decried the regulations as "abominable" and "clearly unconstitutional." Rep. Diaz-Balart accused the Coast Guard of working as "field marshals for Castro" saying, "I'm sure in the long and proud history of the Coast Guard, it's never been faced with as embarrassing and humiliating an order." Sanchez and Menendez had been attending a Washington meeting with State Department and National Security Council officials when they were handed a copy of the regulations prior to the flotilla's departure on Saturday, May 17th. The Clinton administration claims the regulations are meant to save lives.

Referring to the Tampa-to-Havana Regatta, Menendez criticized the State Department further for "permitting other vessels -- yachts, to enter Cuban waters and dock at the Hemingway Marina in Cuba in contravention of the embargo." Some 70 small boats carrying nearly 500 American citizens were expected to dock at the marina having received U.S. government permission. (MH, "Exile boats to sail to Cuba," 5/14/97, p.1B; Menendez PR, 5/15/97; MH, "Exile flotilla to urge strike in Cuba," 5/15/97, p.2B; TWT, "Castro's New Coast Guard," 5/17/97, p.D2; TWT, "Americans join Cuban regatta," 5/26/97, p.A15).

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**MEMBERS OF CONGRESS PROTEST OFAC'S
LICENSE TO PASTORS FOR PEACE**

The perennial Pastors for Peace caravan in defiance of the U.S. embargo against the Castro regime planned to carry 500 tons of humanitarian aid to Cuba. The Minneapolis, Minnesota group's seventh shipment in as many years crossed the U.S.- Canadian and U.S.- Mexican borders at Buffalo, NY and San Diego, CA. Their confrontation with U.S. Customs officials has stemmed from their refusal to apply for the requisite license from the Treasury Department's Office of Foreign Assets Control (OFAC) and to submit to border inspection ensuring the embargo is not violated. This year's handling of the matter by OFAC prompted a protestation from Members of Congress concerned with strict compliance of the Cuban Assets Control Regulations that control the embargo against Cuba rather than "allowing Pastors for Peace to circumvent the law." The Members' letter is reprinted below.

CONGRESSIONAL LETTER TO OFAC

CONGRESS OF THE UNITED STATES
Washington, D.C. 20515

May 14, 1997
Mr. Richard Newcomb
Director Office of Foreign Assets Control
United States Department of Treasury
1500 Pennsylvania Avenue
Washington, D.C. 20220
Dear Mr. Newcomb:

It recently came to our attention that Pastors for Peace is planning another illegal trip to Cuba to provide computers, buses, ambulances, a mobile multi-media library, and other goods to the Castro regime.

We understand that although Pastors for Peace declined to apply for an official license that your office has issued a discretionary license.

As you know, we believe that the federal embargo regulations must be fully applied -- without exception - to all groups wishing to transfer humanitarian goods to Cuba. No person or organization is exempt from the law nor it's licensing requirements. Americans are free to disagree with the law, but they are not free to disobey it.

Many groups wishing to transfer humanitarian items to Cuba, including some who disagree with U.S. policy, have complied with the law with respect to licensing and inspection requirements. However, Pastors for Peace has publicly and intentionally violated the law in an attempt to challenge U.S. policy toward the Castro dictatorship. If Pastors for Peace was truly the peaceful humanitarian organization which it claims to be, it would not make it's travel and resources contingent upon political posturing, or violently violate the law and injure customs agents.

Once again, we support the shipment of private humanitarian donations to Cuba as is allowed under the law. However, we will continue to insist that the appropriate licensing and inspection procedures be met by all persons and organizations. If exceptions are made, then federal law becomes hollow.

We are deeply concerned about your allowing Pastors for Peace to circumvent the law and we hereby request a meeting with you to discuss this matter at your earliest convenience.

Sincerely,

Robert Menendez
Member of Congress

Lincoln Diaz-Balart
Member of Congress

Ileana Ros-Lehtinen
Member of Congress

Robert Torricelli
U.S. Senate

Dan Burton
Member of Congress

Peter Deutsch
Member of Congress

Patrick Kennedy
Member of Congress

INTERNATIONAL BRIEFS

CUBA RATIFIES CHEMICAL WEAPONS CONVENTION (CWC) -- Five days after the U.S. Senate ratified the CWC treaty by a vote of 74 to 26, Cuba's foreign ministry announced ratification of the treaty purported to ban production and use of chemical weapons. Under Articles X and XI, a state party to the treaty is required to transfer chemical technology, agents, and defense gear "to any nation that joins the CWC - including terrorist states such as Iran and Cuba, and known proliferators such as Russia and China," according to Senate Foreign Relations Committee Chairman Jesse Helms. The Clinton administration opposed modification to these articles. (WP, "Worse Than Nothing," 4/23/97, p.A21; OPCW Home Page, "States Parties to the CWC," 5/1/97).

CONGO REBEL LEADER WITH TIES TO CUBA TAKES OVER ZAIRE -- Laurent-Desire Kabila, who ousted Mobutu Sese Seko the U.S. backed ruler of Zaire, has historically strong ties to the Castro regime. With the help of Che Guevara and 120 Cuban troops, Kabila and his Popular Liberation Army failed in 1965 to seize control of the Congo from then General Mobutu. Kabila, now the self-proclaimed president of the former central African nation of Zaire newly renamed the Democratic Republic of Congo, says he is no longer a Marxist but now subscribes to democracy and free markets. Kabila has abolished all political parties promising to hold elections in two years. One veteran observer believes Kabila's resource rich Congo will open diplomatic relations with Cuba and become active in the Havana based Organization for the Solidarity of the Peoples of Asia, Africa and Latin America (OSPAALA) popularly referred to as the "Tri-Continental," an organization known for its subversion and terrorism in the Third World. (TWT, "Kabila bid for power in 1965," 5/9/97, p.A15; MH, "Zairian rebel leader fought in Africa with Che Guevara," 5/9/97, p.15A).

CUBA EXPANDS TRADE RELATIONS -- The Castro regime signed a bilateral trade and investment agreement with France to guarantee against loss by nationalization, but did not include protection of workers rights; The first of four free trade zones has been opened at El Wajay located near Havana International Airport. The other three zones are to be located at Berroa just east of Havana, Mariel west of the capital, and Cienfuegos a major port in the south central area of the island; Cuba awarded a three year contract to Airport Planning and Development, a Leeds-based British company, to upgrade service and to assist with tourist traffic at Varadero and Havana airports; Cuba and Greece signed an economic, scientific, and technical cooperation agreement following last year's bilateral trade and investment agreement; Taurus Petroleum of Sweden began drilling tests for oil in Cuba; and, Grenada's Prime Minister, Keith Mitchell, signed an economic cooperation agreement while on a visit to Havana, the first since that of Maurice Bishop in 1983 at the height of Cuban influence on Grenada. (WTD, 4/21/97; FT, 4/30/97; FT, 5/7/97; TWT, 5/10/97; MH, 5/8/97; NYT, 5/11/97).

CUBA CHALLENGES BACARDI AND GENERAL CIGAR OVER TRADEMARKS -- The Cuban government has challenged the use of the brand names "Havana Club" rum by Bacardi-Martini USA and "Cohiba" by Culbro Corp. parent of General Cigar. The Havana Club name which originated in Cuba under the Arechabala family going back to the 1930s involves property unlawfully expropriated by the Castro regime in 1960. Bacardi produces and markets Havana Club rum in the United States while Cuba is producing Havana Club outside the U.S. in a joint venture with French liquor producer Pernod-Ricard. General Cigar, which filed for a U.S. trademark for Cohiba in 1978, produces and sells limited quantities of Cohibas in the U.S. Although this premier cigar originated in Cuba made especially for Fidel Castro, it was not made commercially available until 1981. (MH, "Cuba files rum and cigar trademark challenges in U.S.," 5/15/97, p.24A).

SHORT TAKES

CASTRO TO ATTEND UNITED NATIONS EARTH SUMMIT IN JUNE -- Fidel Castro is expected to visit New York for the Second Earth Summit at the United Nations from June 23-27. As a head of state, the Cuban dictator was permitted to attend ceremonies marking the 50th anniversary of the founding of the UN in October 1995 where Castro gave a televised speech and later attended numerous meetings with American corporate executives in an attempt to influence U.S. policy against the embargo. In her letter of May 7th, Rep. Ros-Lehtinen (R-FL) urged President Clinton to deny Castro "permission to visit the United States." (R-L Letter to Clinton, 5/7/97; MH,"U.N. Sources: Castro plans New York trip," 5/8/97, p.24A). **STATE AND TREASURY DEPARTMENT ATTORNEYS MEET TO CONSIDER TRAVEL BY AMERICANS TO CUBA FOR POPE'S VISIT THERE IN JANUARY** -- The Clinton administration is considering issuing individual licenses thereby temporarily lifting the ban under the embargo on Americans to travel to Cuba when Pope John Paul II visits the island January 21-25 for the first time. (MH,"U.S. may lift travel ban during Pope's '98 visit," 5/1/97, p.18A).

NOTABLE QUOTES

"It's [EU-US Understanding] the start of a solution, but it has to be complied with...If it's not complied with, we'll go back to the World Trade Organization." Spanish Prime Minister Jose Maria Aznar warns the U.S. to live up to its agreement or the EU will resume its WTO complaint against what it sees as the extraterritoriality of the Helms-Burton Act. (WSJ,"Spanish Leader Praises Accord on Cuban Trade," 4/25/97, p.A9A).

"In sum, the Helms-Burton understanding represents an EU triumph reminiscent of Soviet leader Nikita Khrushchev's notorious negotiating posture: What's mine is mine, and what's yours is open for bargaining. What is further worrisome is the past mala fides of President Bill Clinton in administering the Helms-Burton law." Bruce Fein is a constitutional lawyer who was Associate Deputy Attorney General in the Reagan administration. (TWT,"Striking a corrupt bargain," 5/1/97, p.A17).

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Ralph J. Galliano, Editor

CONGRESSIONAL OVERSIGHT OF HELMS-BURTON: TITLES III AND IV EXPECTED TO BE EXHAUSTIVE

WASHINGTON -- Key Members of Congress instrumental in shaping U.S.-Cuba policy over the past six years are moving to hold the Clinton administration accountable for the strict implementation of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 also known as the Helms-Burton Act. Tolerant but growing increasingly impatient over President Clinton's continuous waiver of Title III - *Protection of Property Rights of United States Nationals*, and frustrated by the State Department's apparent failure to vigorously implement Title IV - *Exclusion from the United States of Aliens who have Confiscated Property of United States Nationals or Who Traffic in Such Property*, the Clinton administration is being warned to implement the law and adhere to congressional intent. Otherwise, it faces amendments to tighten Helms-Burton and a full-scale investigation including subpoenas for both the production of documents and the appearance of administration witnesses. Along these lines, a letter was sent to President Clinton in anticipation of another "automatic" waiver of Title III effective August 1st. A separate more strongly worded letter was sent to Jeffrey Davidow, the Assistant Secretary of State for InterAmerican Affairs, "to whom the Secretary of State has delegated authority" for the implementation of Title IV. Both letters are reprinted below.

The letter to President Clinton, sent on the occasion of Cuban Independence Day, while praising the president for "recent initiatives" including the release of the administration's plan of "support for a democratic transition in Cuba" is rather critical of the European Union's "modest steps in holding Fidel Castro's regime accountable for its mistreatment of the Cuban people" and is emphatic concerning the delay in sanctions "against European firms" found to be trafficking. The recent French trade accord with Cuba is cited as a "reason to question a decision to issue another automatic waiver." The bipartisan letter, signed by members of the House and Senate, includes the chairmen of the respective foreign affairs committees, Benjamin Gilman (R-NY) and Jesse Helms (R-NC). It concludes by asking the president to "reaffirm in the clearest possible terms" his administration's "commitment to the principles and objectives of U.S. policy" toward Cuba. President Clinton is required to decide by July 15th whether to waive the right-of-action under Title III.

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The letter to Davidow, drafted by Reps. Benjamin Gilman (R-NY) the chairman of the International Relations Committee and Lincoln Diaz-Balart (R-FL) a member of the powerful Rules Committee, is intended to uncover information withheld from Congress as a result of the State Department's "Guidelines for Implementing Title IV of the Cuban Liberty and Democratic Solidarity Act." These Guidelines are seen to have been crafted to keep from Congress the identity of the foreign companies found to be trafficking in confiscated property in Cuba and the status of the State Department's investigation into these companies. The Davidow letter targets the state-owned "Italian telecommunications firm STET." In the course of its negotiations with certified claimant ITT, STET has been extended a "grace period" by the State Department and an exception has been made for STET to "attempt to resolve property claims or negotiate deals with U.S. claimants" contrary to the intent of Title IV. Finally, the letter presents questions which will be followed by "exhaustive congressional oversight" in the form of hearings.

LEGISLATIVE ACTION -- In view of the prevailing atmosphere in Congress regarding the continuous waiver of Title III and the lack of vigorous implementation of Title IV, Helms-Burton supporters have introduced legislation in the House to tighten Helms-Burton. Amendments initially contained in the committee markup of H.R. 1486 (Report No. 105-94) flowed into H.R. 1757 as passed the House on June 11th. Those provisions include: withholding assistance from countries that offer "nonmarket based trade" and otherwise aid the government of Cuba; increased aid to Russia beyond the \$95 million level is linked to "full and final termination of Russian involvement" in the Juragua nuclear plant; the requirement of Title IV quarterly reports; and, withholding assistance from the UN's Atomic Energy Agency (IAEA) "proportional to programs or projects" in Cuba. In a separate move, Rep. Bill McCollum (R-FL) is expected to introduce legislation eliminating or severely restricting the president's Title III waiver authority. In a further effort to discourage trafficking, Senators Robert Torricelli (D-NJ) and Connie Mack (R-FL) are planning to offer an amendment to the Internal Revenue Code requiring traffickers to reimburse the U.S. Treasury for the \$2 billion plus interest in tax write-offs taken by U.S. nationals whose property was confiscated in Cuba by the Castro regime.

ALARCON DENOUNCES MEASURES -- Ricardo Alarcon, president of the Cuban National Assembly, who reacted angrily to moves by Congress to force the Clinton administration to implement the Helms-Burton Act, held a press conference broadcast live from Havana and aired worldwide by CNN. This outburst led committee chairman Ben Gilman to state, "angry rebukes from dictators will help us pass our measure with bipartisan support."

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**LETTER TO PRESIDENT OPPOSES
TITLE III WAIVER OF HELMS-BURTON**

CONGRESS OF THE UNITED STATES
Washington, D.C. 20515

May 20, 1997

Dear Mr. President:

This being Cuba's Independence Day, we write to bring to your attention issues of great concern to us.

Recent initiatives by your Administration and the Congress have focused world attention on the Cuban tragedy. The European Union has taken some modest steps in holding Fidel Castro's regime accountable for its mistreatment of the Cuban people. We have also seen the chilling effect the LIBERTAD Act has had on foreign ventures which, in the past, financed the regime's police state. And the release, on January 28, of the Administration's plan of "support for a democratic transition in Cuba" has reaffirmed U.S. willingness to help a free Cuban people rebuild their country. Castro's reaction to that report confirmed his fear of inevitable change and of the abiding solidarity between the Cuban and American people.

We are concerned, however, that some Administration officials have not pursued implementation of the LIBERTAD Act in the vigorous manner it requires or which you have heretofore endorsed.

Most significantly, the waiver of [LIBERTAD's] Title III blunts one of the most potent elements of the law in effecting democratic change in Cuba. We are particularly concerned by public assurances offered in your name indicating your intent to continue waiving Title III for the balance of your term, with little regard to the situation in Cuba. We reiterate that the law requires a waiver only when it is "necessary to the national interests of the United States and will expedite a transition to democracy in Cuba."

In the wake of the French trade accord with Cuba and scant evidence of a proactive European policy in favor of democracy, we have reason to question a decision to issue another "automatic" waiver on August 1.

On this important day in Cuba's history, we need to deepen the bipartisan cooperation that has characterized U.S. policy toward Cuba, to call again on the international community to demand that all Cuban political prisoners be released and that Cuba's rapid deployment brigades be disbanded, and to reiterate America's commitment to the people of Cuba that the future of the island will be determined by the Cuban people once their human rights and civil liberties have been restored.

We respectfully request that you reaffirm, in the clearest possible terms, your Administration's commitment to the principles and objectives of U.S. policy, as articulated in the LIBERTAD Act, of "assist[ing] the Cuban people in regaining their freedom and prosperity, as well as in joining the community of democratic countries that are flourishing in the Western Hemisphere."

Sincerely,

Rep. Ben Gilman (R-NY)

Rep. Dan Burton (R-IN)

Rep. Lincoln Diaz-Balart (R-FL)

Rep. Dana Rohrabacher (R-CA)

Sen. Jesse Helms (R-NC)

Sen. Connie Mack (R-FL)

Sen. Paul Coverdell (R-GA)

Sen. Robert Torricelli (D-NJ)

Rep. Ileana Ros-Lehtinen (R-FL)

Rep. Bob Menendez (D-NJ)

Rep. Pat Kennedy (D-RI)

Rep. Bill McCollum (R-FL)

**LETTER TO DAVIDOW DEMANDS TITLE IV
IMPLEMENTATION OF HELMS-BURTON**

CONGRESS OF THE UNITED STATES
Washington, D.C. 20515

June 19, 1997

The Honorable Jeffrey Davidow

Assistant Secretary of State for InterAmerican Affairs

U.S. Department of State

Washington, D.C. 20520

Dear Secretary Davidow:

We are writing to ask of your plans to cite European firms under Title IV of the Cuban Liberty and Democratic Solidarity Act. We understand that cases against several European firms, including the Italian telecommunications firm STET, have been completely developed but are awaiting your determination.

We are concerned that the Department of State has delayed Title IV action against European firms. According to information provided by your Department, the STET investigation has been fully developed, yet STET has been quietly given a "grace period" to work out a deal with U.S. claimant ITT regarding the stolen property STET illegally acquired. We understand that the secret STET-ITT negotiations have not gone well, and the "grace period" was due to expire on June 1.

Mr. Secretary, as you are surely aware, it is not the intent of Title IV of the Cuban Liberty and Democratic Solidarity Act to extend grace periods or to make exceptions to foreign firms wishing to attempt to resolve property claims or negotiate deals with U.S. claimants who lost property to the Castro dictatorship. You made no reference to such a "grace period" in your notice, "Guidelines for Implementing Title IV of the Cuban Liberty and Democratic Solidarity Act," which was published by you in the Federal Register (Vol.61, No. 117) on June 17, 1996.

Furthermore, Ambassador Stuart Eizenstat has assured us that the April 11 agreement deferring action at the WTO for six months does not preclude action against European firms under Title IV. The agreement specifically "notes the President's continuing obligation to enforce Title IV" while the bilateral US-European Union negotiations are proceeding.

As the official to whom the Secretary of State has delegated authority to implement this section, we consider you personally responsible for the faithful execution of U.S. law. With this in mind, we request that you provide us with a written response to the following questions:

1. What is the status of the Department's inquiry into "trafficking" in confiscated property by STET? Has an interagency panel been asked to review the information regarding this case? If so, what were the findings and rationale of the panel's decision? If not, why has such a review not been conducted, and when is such a review scheduled?

2. Referring to the standard set forth in paragraph 5 of the above mentioned "Guidelines," is it your determination that "facts or circumstances exist that would lead the Department reasonably to conclude that STET or any other firm have engaged in confiscation or trafficking after March 12, 1996?" If so, have each of these firms been duly notified of this determination, and have corporate officers, principals, or shareholders with a controlling interest (and the spouses, minor children, or agents of such persons) been excluded as required by law? Please provide detailed explanations of your reasons for failing to enforce the law in each such case under review by the Department.

We appreciate your prompt personal attention to this matter. We expect that this request will be followed by exhaustive congressional oversight.

Sincerely,

Rep. Lincoln Diaz-Balart (R-FL)
Rep. Ileana Ros-Lehtinen (R-FL)

Rep. Bill McCollum (R-FL)
Rep. Dan Burton (R-IN)

In addition, we ask that you provide a written report that contains the following:

(1) an unclassified list, by economic sector, of the number of entities under review pursuant to this section as of June 1, 1997;

(2) an unclassified list of all entities and a classified list of all individuals that the Secretary of State has determined to be subject to exclusion under Title IV as of June 1, 1997;

(3) an unclassified list of all entities and a classified list of all individuals that the Secretary of State has determined are no longer subject to this section as of June 1, 1997;

(4) an explanation of the status of the review underway for the cases referred to in paragraph (1); and

(5) an unclassified explanation of each exclusion under Title IV.

**ANTI-EMBARGO, FREE-TRADE COALITION
PUSH FOR SALE OF FOOD & MEDICINE**

On June 18th, a bipartisan coalition of anti-embargo legislators and free-trade advocates in the House announced the introduction of H.R. 1951, the *Cuban Humanitarian Trade Act of 1997*. In a battle for the hearts and minds of the American people over the state of healthcare in Cuba, embargo opponents led the way in blaming America first instead of Cuban dictator Fidel Castro. Cosponsors include: Tom Campbell (R-CA), Jim Leach (R-IA), Jim McDermott (D-WA), James McGovern (D-MA), Joe Moakley (D-MA), Connie Morella (R-MD), Jerrold Nadler (D-NY), Ron Paul (R-TX), Charles Rangel (D-NY), Jose Serrano (D-NY), Esteban Torres (D-CA), and Nydia Velazquez (D-NY). Rep. Rangel said the passage of this act would be the first step in lifting the embargo officially. In a separate press conference later that morning, embargo proponents including Reps. Lincoln Diaz-Balart (R-FL), Bob Menendez (D-NJ), and Ileana Ros-Lehtinen (R-FL) contended that "no embargo on food and medicine exists." Ros-Lehtinen pointedly asked, "If Castro has no medicines for the Cuban people, why did he export \$235 million in medicines over the past two years?" to countries like Mexico, Colombia and China. In addition, the Castro regime is reported to have earned \$25 million from its "health tourism" in 1996. Since 1992, the U.S. has licensed over \$150 million worth of humanitarian aid to Cuba according to a recent report issued by the State Department (see US CPR, Vol.4, No.5). Rep. Bob Menendez (D-NJ) said at the press conference that, "It will be Castro's greatest coup if he can convince people that the U.S. embargo, rather than his antiquated economic doctrine or refusal to make real reforms is at fault for Cuba's inability to provide for its people." On the Senate side, the effort to amend the law to permit the unlicensed sale of food and medicine directly to the Cuban government will be led by Chris Dodd (D-CT) ranking member of the Senate Foreign Relations Subcommittee on Western Hemisphere Affairs who is expected to introduce a companion bill. In the meantime, Dodd has urged President Clinton to restore direct flights to Cuba for humanitarian purposes which Clinton suspended the day after Cuba's shootdown of two unarmed Brothers to the Rescue planes on February 24, 1996. In the letter reprinted below, Dodd and 14 other senators, in effect, acknowledge the absence of an embargo on food and medicine to Cuba "in an effort to restore direct flights to facilitate the work" of relief agencies already delivering humanitarian assistance such as Catholic Relief Services, Church World Service, and the National Council of Churches.

**LETTER TO PRESIDENT TO RESTORE DIRECT
FLIGHTS TO CUBA FOR FOOD & MEDICINE**

UNITED STATES SENATE
Washington, D.C. 20510

June 19, 1997

Dear Mr. President:

We are writing to ask that you reinstate direct flights to Cuba for the purpose of delivering humanitarian assistance.

The suspension of flights has had a number of unintended results. First, it has hurt U.S. humanitarian assistance organizations by dramatically increasing their shipment costs and increasing the staff time it takes to execute shipments.

Arranging for shipments through third countries is both time consuming and expensive. Catholic Relief Services estimates that its costs for delivering assistance to Cuba have quadrupled since the flights were banned. Church World Service, the relief, refugee, and development arm of the National Council of Churches reports that its delivery costs have also increased dramatically. Furthermore, Church World Service's most recent shipment to Cuba took more than twice as long to coordinate due in great part to the difficulties in finding a charter airline that would fly to Cuba and in obtaining the needed landing permits.

Second, the suspension of flights limits humanitarian agencies' ability to respond to needs in a timely fashion. For example, if an agency knows of an immediate medical need it cannot respond quickly with a limited sized shipment, delivered on a direct commercial flight, as it may have before the ban was instituted. Due to increased costs and complications, agencies find that they must wait to make larger shipments on a less frequent basis. This is not an effective way to respond to critical shortages of medicine or emergency needs.

The only people who suffer from this policy are U.S. humanitarian assistance agencies and needy individuals inside Cuba. The U.S. humanitarian assistance organizations that provide aid to Cuba strengthen people-to-people contact, and are working with civil society organizations. This work should be applauded, not stymied.

Because of their commitment to people in need around the world, U.S. humanitarian assistance agencies, using legal means, will continue to provide food, medicine and other assistance which responds to the basic human needs in Cuba. We respectfully request that you facilitate the provision of private humanitarian assistance to the people of Cuba by reinstating direct flights for the purpose of delivering humanitarian aid.

Sincerely,

Jeff Bingaman (D-NM)
Edward M. Kennedy (D-MA)
Tom Harkin (D-IA)
Carol Moseley-Braun (D-IL)
Richard J. Durbin (D-IL)

Christopher Dodd (D-CT)
James M. Jeffords (R-VT)
Paul Wellstone (DFL-MN)
Jack Reed (D-NV)
John F. Kerry (D-MA)

Paul Sarbanes (D-MD)
Patrick J. Leahy (D-VT)
Patty Murray (D-WA)
Rod Grams (R-MN)
Carl Levin (D-MI)

**WORLD REACH WORKSHOP:
LICENSING FOOD & MEDICINE**

The World Reach "Workshop on Humanitarian Outreach to Cuba" held on June 13th and coordinated by Washington attorney Robert E. Freer, Jr. of Freer, McGarry, Bodansky & Rubin attracted high level speakers from key government agencies to explain the ways and means by which food and medicine may be donated and distributed directly to the Cuban people under existing U.S. law. Based in North Carolina, World Reach, Inc., a non-profit humanitarian organization, will function as a non-governmental organization (NGO) under Section 1705 (Support for the Cuban People) of the Cuban Democracy Act of 1992 permitting "donations of food," and "exports of medicines or medical supplies, instruments, or equipment" not prohibited by the U.S. economic and trade embargo on Cuba. Speakers included: Janice Jacobs, deputy director Office of Cuban Affairs at the State Department (202/647-9273) who reviewed current U.S. policy toward Cuba; Serena Moe, deputy chief counsel from the Treasury Department's Office of Foreign Assets Control (202/622-2520), which administers and enforces the embargo, presented an overview of the Cuban Assets Control Regulations and travel restrictions; Bruce Cromack, OFAC licensing officer cited the "Enforcement Tip Hotline" to report embargo violations including the siphoning-off of humanitarian aid by the Cuban government being sold to tourists; and, Joan Roberts, director of the foreign policy division, Office of Strategic Trade, Bureau of Export Administration (202/482-4811) at the Department of Commerce, reviewed the licensing requirements and applicable export control regulations. Other speakers were: Dr. Russell Price, president of World Reach; Dr. Bradley Price, secretary of World Reach; Esther Mateos, treasurer of World Reach; Nicolas J. Gutierrez, Jr. representing the Miami Medical Team; Rafael J. Sanchez-Aballi president of Puente de Jovenes Profesionales Cubanos; and, Dan Fisk with the Senate Foreign Relations Committee.

**COAST GUARD ISSUES
SECURITY ZONE REGULATIONS**

Following the February 24, 1996 shutdown of two Brothers to the Rescue planes by Cuban MIGs, Clinton on March 1, 1996 issued Presidential Proclamation No. 6867 declaring a national emergency which remains in effect. It authorizes the Coast Guard to establish a temporary security zone "[t]o secure the rights and obligations of the United States and to protect its citizens and residents from the use of excessive force upon them by foreign powers." Effective May 7, 1997, "Non-public vessels of less than 50 meters (165 feet) in length, may not get underway in or depart the security zone with the intent to enter Cuban territorial waters, absent express authorization from the COTP [Coast Guard Captain of the Port]." Any violation of these Coast Guard "Security Zone" regulations could prompt "seizure and forfeiture" of any vessel, up to a \$10,000 "penalty," and "imprisonment" up to 10 years. The area established as the security zone includes: "All U.S. internal waters and territorial seas adjacent to the State of Florida south of 26°19'N latitude. In general, these are the U.S. internal waters and territorial seas adjacent to Collier, Dade, Monroe and Broward Counties of the State of Florida." For further information contact: Chief, Marine Safety Division, Seventh Coast Guard District, 909 S.E. First Avenue, Brickell Plaza Federal Building, Miami, FL 33931, Phone (305)536-5651. (62 FR 26390, 5/14/97).

**EIZENSTAT SPEAKS AT AEI
CUBA VISION SERIES**

The American Enterprise Institute (AEI) and the Universidad LatinoAmericana de la Libertad Friedrich Hayek held another of its Cuba Vision Series forums on June 25th featuring Ambassador Stuart E. Eizenstat Undersecretary of State for Economic, Business and Agricultural Affairs. Discussants included Dr. Alberto Diaz-Masvidal president of Consolidated Development Corporation and Ing. Roberto A. Weill founder of Universidad Hayek. The session was moderated by Dr. Mark Falcoff AEI Resident Scholar.

Eizenstat has unalterably shaped U.S.-Cuba policy for the Clinton administration since his appointment last August 16th as the president's "special envoy" for the promotion of democracy in Cuba. By liaising with America's allies and trading partners whose companies are most affected by Titles III and IV of Helms-Burton, Eizenstat has seen the European Union issue its Common Position of December 2, 1996 to promote a peaceful democratic transition in Cuba. Calling Helms-Burton "a reasonable statute that seeks to promote democracy and protect the property rights of thousands of American citizens whose property was confiscated by the Castro regime," Eizenstat also described the Helms-Burton Act as more "mischaracterized and misunderstood" than any other act. Eizenstat made clear that Helms-Burton "doesn't restrict general trade and investment in Cuba" as U.S. trading partners and allies believe. Nonetheless, the EU filed a trade dispute with the WTO.

More recently in April, Eizenstat negotiated with the EU "what potentially is an historic agreement to protect property rights not only in Cuba but worldwide by inhibiting and deterring investments and other dealings in property expropriated without compensation contrary to international norms." In this Understanding with the EU, he agreed to negotiate binding measures to protect property rights globally against expropriation. In the meantime, the EU/US agreement suspends the EU complaint against Helms-Burton at the WTO. This "understanding with the EU served a number of important U.S. interests: 1) strengthened the international commitment to promote peaceful democratic change in Cuba; 2) kept what was essentially a national security issue out of the WTO; and, 3) creates for the first time a real opportunity to develop multilateral disciplines which would deter and inhibit investment and dealings in confiscated property anywhere in the world. Not only would this promote the objectives of the Libertad Act with respect to U.S. claims in Cuba but it would potentially expand property rights protection for U.S. citizens worldwide." The EU and the U.S. have agreed to adopt international norms by October 15th at which time Congress will be called upon to amend Helms-Burton to grant the president waiver authority under Title IV.

Diaz-Masvidal, who represents Consolidated Development Corporation a certified U.S. claimant, filed suit outside of Helms-Burton against the Canadian mining company Sherritt Inc. on July 2, 1996 in federal court in Miami for conversion of properties and rights and conspiracy to defraud. Since the concept of "trafficking" is now codified under Helms-Burton, President Clinton could only waive the right-of-action under the Act but could not prohibit suits against traffickers outside of the Helms-Burton Act.

CUBA'S 1996-97 SUGAR PRODUCTION FALLS

With sugar mills reported to have worked at less than two-thirds capacity, Cuba's 1996-97 sugar harvest which ended in mid-June is believed to have reached 4.2 million metric tons compared to its 1995-96 harvest of 4.45 million metric tons. Some 1996-97 estimates from foreign businessmen project a total harvest of only 3.7 million metric tons well below Cuba's own figures. This compares to Cuba's disastrous 1994-95 sugar harvest of 3.3 million metric tons which was rated as the lowest level of production in three decades. Last year, Cuba mortgaged its 1996-97 sugar crop by harvesting young cane in an effort to boost its harvest over the previous year's low. Production comparisons in million metric tons for earlier years are: 6.3 in 1992; 4.2 in 1993; and, 4.0 in 1994. The London based International Sugar Organization (ISO), which receives monthly export figures directly from the Cuban government, reports that Cuba exported 3.8 million metric tons of sugar in 1996. Export comparisons in million metric tons for earlier years are: 5.2 in 1992; 3.4 in 1993; 3.2 in 1994; and, 2.6 in 1995. As a percentage of total production, Cuba's annual exports have ranged from 76%-to-86% during this period. Cuba's sugar production is essential to the country's ability to generate foreign exchange (64% in 1992) in an economy that is barely recovering from major decline as a result of the Castro regime's failed economic policies and the end of Soviet subsidies since 1990 when Cuba's economy shrank by an estimated 40 percent. Cuba's sugar industry, vital to the nation's stability, is estimated to utilize a work force of approximately one-seventh of the island's population of nearly 11 million people. (FT, "Blow for Cuba as sugar crop falls short," 6/11/97, p.24; WSJ, "U.S. Sanctions, Poor Sugar Production Trigger Concern Over Cuba's Recovery," 6/11/97, p.A17).

ANALYSIS: RUSSIA SUBSIDIZES CUBA'S SUGAR INDUSTRY

The ITAR-Tass news agency in Moscow reports an increase in Russia's oil-for-sugar swap with Cuba over last year's figures of 1.8 million metric tons of crude oil for 850,000 metric tons of raw sugar or a ratio of 2.25-to-1/oil-for-sugar. The 1997 deal rose to 9.75 million metric tons of oil for 3.25 million metric tons of raw sugar or a ratio of 3-to-1/oil-for-sugar. This amounts to a subsidy to Cuba of nearly one-half billion dollars based on current world market prices for crude oil and raw sugar as listed in the *Financial Times* of June 25th. At \$17.87 per barrel of oil (spot price for crude IPE \$/barrel August) and \$.1108 per pound of sugar (price for raw sugar CSCE \$/pound July), the current Russian-Cuban oil-for-sugar agreement subsidizes the Cuban sugar industry by \$478,010,000. As a result, Russia's deal tends to raise the price it pays to Cuba for its sugar by nearly 10 cents above the world market price of 11 cents per pound up to 21 cents per pound. With Cuba's sugar harvest optimistically expected to yield 4.2 million metric tons for the 1996-97 harvest, even a swap of 3.25 million metric tons of raw sugar will be difficult to fill when domestically Cuba needs 600,000-to-800,000 metric tons for internal consumption alone leaving it with a balance of between 3.6-to-3.4 million metric tons of raw sugar for export purposes; just enough to fulfill its agreement with Russia. Discounting shipments to all other Cuban clients, the arrangement with Russia accounts for 77% of this year's harvest assuming a production level for 1996-97 of 4.2 million metric tons. As indicated in the above article, Cuba's total raw sugar exports have ranged from 76%-to-86% between 1992 and 1996. At the end of the day, Russia's provision of 9.75 million metric tons of crude oil does not satisfy Cuba's overall oil needs estimated at 16 million metric tons annually. Apart from the operational energy requirements of its sugar industry, Cuba's cement and mining industries require significant energy commitments. In order to reduce overall costs, this deal may revive the Russian-Cuban-Venezuelan triangular arrangement whereby Cuba receives Venezuelan oil while Venezuela's European clients receive Russian oil saving the parties substantial shipping costs. This latest Russian-Cuban oil-for-sugar barter agreement draws attention to the "nonmarket based trade" provision which the Helms-Burton Act prohibits under Section 106, *Assistance By the Independent States of the Former Soviet Union for the Cuban Government*. Section 106(c)(3) "includes exports, imports, exchanges, or other arrangements that are provided for goods and services (including oil and other petroleum products) on terms more favorable than those generally available in applicable markets or for comparable commodities." (MH, "Russia agrees to boost oil-for-sugar agreement," 6/7/97, p.16A).

INTERNATIONAL BRIEFS

LABOR PARTY VICTORY IN BRITISH ELECTIONS -- In the wake of New Labor's landslide victory and the ascendancy of Tony Blair as prime minister, two cabinet appointments stand out: Robin Cook as foreign secretary and Clare Short as secretary for international development. Cook is widely described as a "left-leaning Euroskeptic" who has links to Old Labor and its "Soviet-funded union base of the 1950s and '60s" when Cook was an anti-Vietnam War protestor with calls to ban-the-bomb and unilateral disarmament. An advocate of "engagement" and supporter of the "rule of international law," Cook is expected to pursue the oftentimes incompatible goals of trade promotion and human rights. During Cook's watch, there will be no change in the UK's stand toward Helms-Burton viewed as extraterritorial but rather "robust" opposition instead. Characterized as an "outspoken left-winger," Clare Short is said to have squeezed into the cabinet's newly created post of secretary of state for international development taken from the Overseas Development Administration the dispenser of foreign aid. Sources say this move has "longterm Caribbean implications." (WP, 5/4/97, p.A20; TWT, 5/4/97, p.A5; FT, 5/5/97, p.6; FT, 5/13/97, p.10; WP, 5/18/97, p.C7; TWT, 5/19/97, p.A11).

FREE TRADE ZONES "ZONAS FRANCAS"- CUBA'S STRATEGY TO ATTRACT FOREIGN INVESTMENT -- Increasingly pressured by Helms-Burton's focus on the use of American owned confiscated property by foreign investors, the Castro regime has readied four free trade zones consisting of warehousing, transportation, seaport, and airport facilities offering special economic and tax incentives. The zones are located at Berroa, Wajay, Mariel, and Cienfuegos. (FT, "Capitalists offered a haven in Cuba," 6/7-8/97, p.4).

FREE TRADE ZONES FAIL TO EMPLOY BEST BUSINESS PRACTICES -- The application of "best business practices" embraced by the TransAtlantic Business Dialogue (TABD) and touted by Under Secretary of State Stuart Eizenstat, as one of several justifications for the continuation of the presidential waiver of the right-of-action under Title III of Helms-Burton, is noticeably absent from Cuba's newly inaugurated free trade zones. Hiring of workers must be through Cuban government intermediaries. Countries whose companies have been granted licenses to operate in the zones include: Canada, Spain, Italy, the Netherlands, Britain, and Jamaica. (FT, "Capitalists offered a haven in Cuba," 6/7-8/97, p.4).

CUBAN ARMED FORCES OPERATE FREE TRADE ZONES -- Alamacenes Universales (AU), a company specifically created to manage the free trade zones at Wajay, Mariel, and Cienfuegos is directly linked to the Cuban military known as the Revolutionary Armed Forces (FAR). The Mariel and Cienfuegos sites are former military installations. (FT, "Capitalists offered a haven in Cuba," 6/7-8/97, p.4).

VENEZUELA RECEIVES MIGRATION OF CUBAN EXILES -- The Clinton administration's "unilateral concession" to the Castro regime repatriating all "illegal migration" as specified in the Joint Communique of September 9, 1994 apparently has forced freedom seeking Cubans, not eligible for the minimum 20,000 American visas which resulted from that secret agreement, to seek asylum elsewhere especially Venezuela. The Venezuelan foreign ministry reports that over 100,000 Cubans have arrived over the past three years many illegally. This compares to 34,000 rafters fleeing Cuba to the United States in 1994 that led to the Joint Communique. (MH, "Venezuela alarmed by tide of illegal Cubans," 6/13/97, p.22A).

SHORT TAKES

CASTRO'S REFUSAL TO GRANT EXIT VISA PROMPTS DOG ROCKS TRAGEDY --

The Clinton administration's reversal of U.S. immigration policy toward Cuba beginning with the Joint Communiqué of September 1994 has produced its first calculable toll. Of 14 men, women, and children fleeing Cuba in a 20 foot sailboat, two children and the boat captain are dead while two men are missing at sea. The nine survivors, including Gourde Martinez, near death from sun exposure and dehydration, who were spotted on Dog Rocks by Brothers to the Rescue flying a special search mission, were picked up by the U.S. Coast Guard. The Cuban American National Foundation later retrieved the bodies from Dog Rocks 125 miles southeast of Miami in the Bahamas for proper burial in South Florida. Although the stated purpose of the 1994 Joint Communiqué following that summer's rafter crisis was "to take measures to ensure that migration between the two countries is safe, legal, and orderly," whereby the U.S. ensured visas for at least 20,000 Cubans annually, Martinez who was granted such a visa from the U.S. Interest Section in Havana for the past two years was denied the necessary "exit" visa from the Cuban government. ("KIX," "Rafters stranded on isle; 3 dead after 2-week ordeal," 5/16/97, p.1A; U.S.- Cuba Joint Communiqué, New York, 9/9/94).

DEMOCRACIA MOVEMENT PLANS SECOND OF FOUR FLOTILLAS -- Commemorating the third anniversary on July 13th of the Castro regime's sinking of the Trece de Marzo tugboat that resulted in the drowning of 41 men, women and children, the Democracia Movement led by Ramon Saul Sanchez of Miami plans a flotilla to the spot of the sinking eight miles off the Cuban coast. Cuba considers the 12 mile limit as its territorial waters. The Coast Guard plans to enforce its "security zone" regulations "to protect its citizens and residents from the use of excessive force upon them by foreign powers." (ADON, "Exile flotilla to mark sinking of tugboat," 6/18/97, p.4B).

HELMS-BURTON LEADS TO CASTRO'S CANCELLATION OF NY TRIP -- Apart from announced "scheduling difficulties," Fidel Castro's trip to the United Nation's Earth Summit II conference of June 23rd was canceled largely due to his inability to attract the kind of attention from U.S. business leaders that occurred during his October 1995 trip to New York for the UN's 50th anniversary. Helms-Burton, which was signed into law on March 12, 1996 codified the U.S. embargo against Cuba requiring the president to obtain Congressional approval in order to lift it; conditions which did not exist at the time of his last visit when he was wined and dined by prominent corporate executives. ("Castro cancels trip to New York," 6/20/97, p.13A).

WATERGATE 25-YEARS LATER -- Veteran CIA operative E. Howard Hunt, involved in the 1961 Bay of Pigs invasion to liberate Cuba, recalled in a *Miami Herald* interview that following his retirement from the Agency he organized the Watergate breakin on June 17, 1972 at Democratic National Committee headquarters in search of "evidence of illegal foreign contributions" to the DNC from the North Vietnamese and Fidel Castro. According to Hunt, "What we were looking for is the same thing every congressional committee is looking for" today. Rep. Dan Burton (R-IN), chairman of the House Government Reform and Oversight Committee, has appointed Rep. Ileana Ros-Lehtinen (R-FL) to lead the "examination of an alleged 'Castro' connection in White House fundraising" during the 1996 presidential campaign. Recently armed with subpoena power to obtain sworn depositions, Burton said, "We are investigating a possible massive scheme for funneling millions of dollars in foreign money into the U.S. electoral system. (C, "A chat with elusive E. Howard Hunt," 6/16/97, p.1B; WP, "Rep. Burton Gains Deposition Power In Campaign Finance Investigation," 6/21/97, p.A4).

NOTABLE QUOTES

"The purpose of Helms-Burton is to create more difficulties, more shortages for the Cuban people. They want to break the Cuban economy. Of course, there's been a negative impact because some companies are thinking twice before making investments in Cuba. But up until now, the legislation hasn't achieved its goals." Fernando Remiriz de Estenoz heads the Cuban Interests Section in Washington. (SJS-BO, "Interview with Castro's man in Washington," 5/12/97, p.B-34).

"We are interested in having relations with the United States, at any time, with only one condition: That there be no conditions." Cuban foreign minister Roberto Robaina speaking to Cuban media. (TWT, Regional Briefing: Weekly notes, 5/27/97, p.A14).

"Since the Clinton administration does not seem to be enforcing Helms-Burton, we are looking for ways to make them. And this should be a signal to the European Union. They want Helms-Burton diluted, but that is not going to happen. Either they can deal with their companies that traffic in U.S. property, or we'll do it for them." Marc Thiessen, spokesman for the Senate Foreign Relations Committee. (TWT, "Cuba blasts U.S. on embargo moves," 5/31/97, p.A1).

"Free trade does not work without private property. Property rights and a private sector do not exist in Cuba today. The Libertad Act [Helms-Burton] protects property rights, reestablishes the expectation of recovery that is virtually lost when Europeans traffic in property confiscated from U.S. citizens, and counters the lawless exploitation of property that poisons the well for future investment." Rep. Ileana Ros-Lehtinen (R-FL). (CSM, "No compromise with Europe, argues a Florida representative," 6/3/97).

"Quite frankly, it is sad to see a former member of Congress [Malcolm Wallop (R-WY)] that has developed such a keen expertise in U.S. security issues now mouthing slogans indistinguishable from the Castro lobby, just for a paycheck." Francisco J. Hernandez, president of the Cuban American National Foundation comments on Wallop's association with Toronto-based Sheritt International. (MH, "Ex-senator changes tack on embargo," 6/5/97, p.22A).

"I think the Helms-Burton legislation is nonsense. It should not have become law. I'm always uncomfortable when Congress thinks that it not only has the right, but the obligation to conduct foreign policy. That's the prerogative of the executive branch." Alexander Haig, former Secretary of State 1981-82. (MH, "Al Haig on Latin America," 6/22/97, p.1L).

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Ralph J. Galliano, Editor

PRESIDENT CLINTON AND UNDER SECRETARY OF STATE EIZENSTAT REAFFIRM ADMINISTRATION'S CONTINUED WAIVER OF TITLE III

WASHINGTON -- In a State Department press conference on the afternoon of July 16th, Under Secretary of State Stuart Eizenstat reaffirmed the Clinton administration's commitment to continue to waive the right-of-action provision under Title III of the Helms-Burton Act. Although President Clinton allowed Title III to enter into force effective August 1, 1996, this announcement makes the third consecutive six-month waiver denying U.S. nationals the right to bring private law suits against persons known to be trafficking in their confiscated property in Cuba. "I said in January that I expected to continue suspending this provision of Title III so long as our [trading] partners continued their stepped-up efforts to promote a democratic transition in Cuba. My decision today to renew the suspension reflects the sustained progress that has been made over the past six months and my expectation of further advances in the future," the president explained in his statement. Clinton defended his interpretation of his waiver authority by saying his "decision is consistent" with his commitment to implement Helms-Burton "in a way that best serves our national interests and hastens a peaceful transition to democracy in Cuba." In support of his position, Clinton referred to the "international consensus" arrived at since his appointment of Stuart Eizenstat as his "Special Representative for the Promotion of Democracy in Cuba" just one year ago. He offered six examples of this multilateral consensus including: 1) the EU's formal renewal of its "Common Position" adopted in December; 2) the U.S.- EU "Understanding" reached last April "to develop international disciplines to inhibit and deter the acquisition of confiscated properties or any dealings" with them; 3) statements by key countries in Europe, Central and South America that "have made clear" they will no longer conduct "business as usual" with the Castro regime; 4) the "strong declaration urging Castro to democratize Cuba" issued by major European political parties meeting in the Netherlands; 5) strides made to "support pro-democracy activists on the island" by European NGOs; and, 6) the adoption of "best business practices" by European business and labor groups. This additional six-month waiver allows the Clinton administration to buy time in furtherance of its ongoing U.S.-EU negotiations under the terms of the April "Understanding" seeking an agreement "to inhibit and deter the acquisition of confiscated property" thereby justifying Congressional passage for presidential waiver authority of Title IV.

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CONGRESSIONAL OPPOSITION GROWING -- Achieving waiver authority for Title IV, which denies traffickers U.S. entry, in addition to the president's existing Title III waiver authority would render the Helms-Burton Act virtually ineffective as a U.S. foreign policy tool to protect private property rights and to discourage foreign investment in Castro's Cuba by penalizing traffickers in confiscated property. President Clinton's ever weakening defense of his interpretation of Title III waiver authority has drawn the ire of key Members of Congress including the chairman of the House International Relations Committee Benjamin A. Gilman (R-NY). Expressing dissatisfaction Gilman said, "We believe that the President's abuse of the 'suspension' authority under Title III of the Libertad Act and his failure to faithfully enforce Title IV of that Act represent an evasion of U.S. law. By renewing his suspension of Title III today the President has purposely misconstrued the very narrow 'suspension' authority approved by Congress last March." In an unwitting admission that the president purposely misconstrued the 'suspension' authority granted to him by Congress, Eizenstat described President Clinton's motive as wanting "to use the opportunity presented by the six-month suspension to explore whether U.S. friends and allies were prepared to do more to achieve our common objective of a peaceful transition to democracy in Cuba." Eizenstat explained in his press statement, "we have succeeded in launching an unprecedented, multilateral effort that has changed the terms of the discussion about Cuba." Gilman is quite clear about the direction he intends to lead his committee stating, "The President's oath of office says nothing about ignoring some laws or 'splitting the difference' on others. My colleagues and I will be taking several initiatives in the days ahead to remind President Clinton of his duty to enforce the law of the land. We will ask the President to provide our Committee with all of the documents regarding the enforcement of Title IV --the section denying visas to 'traffickers'. We will then demand to know why the Administration has failed to act."

MCCOLLUM INTRODUCES BILL TO REPEAL PRESIDENT'S WAIVER AUTHORITY -- Following President Clinton's announcement on July 16th, Rep. Bill McCollum (R-FL) introduced legislation that would repeal the president's authority to waive the right-of-action provision under the Helms-Burton Act. Gaining the support of powerful House committee chairmen like International Relations Committee Chairman Gilman, House Rules Committee Chairman Solomon (R-NY), Appropriations Committee Chairman Livingston (R-LA), and LIBERTAD's namesake Burton Chairman of the Government Reform and Oversight Committee, H.R. 2179 is also cosponsored by Diaz-Balart (R-FL), Ros-Lehtinen (R-FL),

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Goss (R-FL), Shaw (R-FL), Young (R-FL), Foley (R-FL), Cox (R-CA), Ballenger (R-NC), and Blunt (R-MO). At his news conference to introduce the "LIBERTAD Enforcement Act," McCollum said the Helms-Burton Act "allowed for waiver in the exceptional circumstance where the President determined it was in the U.S. national interest or would expedite democracy in Cuba. There is no sign of democracy in Cuba, but the President keeps waiving the provisions to appease our allies in Europe and Canada. Keeping our allies happy at the expense of American business and property owners is not in our national interest. It is wrong - very wrong." Gilman called McCollum's bill to take away the President's right to waive Title III as sending "a sobering signal to the President that he must abide by the spirit and letter of the Libertad Act."

HELMS DEMANDS EXPLANATION -- In a pointed letter to President Clinton over the announcement to continue to waive the right-of-action under Title III of Helms-Burton, Senate Foreign Relations Committee Chairman, Jesse Helms, expressed his dismay. The letter charges the administration with unilaterally and unlawfully deciding not to enforce Title IV reminding Clinton that Congress explicitly refused to grant him such a waiver. Helms also requests the president to explain "the reasons behind your Administration's failure to enforce Title IV." Chairman Helms' letter follows.

<p style="text-align: center;">HELMS' LETTER TO PRESIDENT OPPOSES TITLES III & IV WAIVERS</p>
--

CONGRESS OF THE UNITED STATES
Washington, D.C. 20510-6225

July 16, 1997

The President

The White House

Dear Mr. President:

I am dismayed by your decision today to issue, without consultation another waiver of Title III of the Helms-Burton law, a decision that will allow foreign business to continue trafficking in stolen U.S. property with impunity -- while denying the rightful American owners any legal recourse whatsoever to seek compensation from those traffickers.

I am aware, of course, that the law does provide you with the legal authority to waive Title III. However, I must remind you, Mr. President, that Congress explicitly refused to grant any waiver for Title IV of the Helms-Burton law -- the provision denying visas to foreign business executives trafficking in stolen American property in Cuba.

Mr. President, it is increasingly obvious that your Administration has decided -- unilaterally -- not to enforce that provision of the Helms-Burton law. Indeed, through its failure to enforce this provision, the administration has issued what amounts to an effective (and, in fact, an unlawful) waiver of Title IV.

Mr. President, with all due respect, I find it difficult to fathom how, since Helms-Burton was signed into law on March 12, 1996, the State Department has seen fit to issue Title IV letters (denying entry to the US) to the executives of just two companies -- Sherritt of Canada, and Grupo Doms of Mexico.

Surely after 16 months of research, your Administration has uncovered sufficient evidence of other Canadian, Latin American and European companies that are in violation of Title IV. Or does the Administration seriously believe that Sherritt and Grupo Doms are the only companies trafficking in stolen American property in Cuba?

It is obvious, for example, that the Italian telecommunications monopoly, STET (a partner in Cuba with Grupo Doms) is in clear violation of Title IV. Indeed, it is my understanding that the State Department sent STET a "warning" letter [on May 29, 1996]. Thirteen months have passed since that letter was sent, yet no action has been taken against STET. Why, Mr. President, have their executives not been declared *persona non grata* in the United States?

Mr. President, there is a growing suspicion in Congress that your Administration has promised the European Union it will not enforce Title IV against European companies, as a quid pro quo for European agreement to suspend their WTO suit. Your failure to enforce this provision of the law reinforces that impression.

Allow me to emphasize respectfully, Mr. President, that you and your Administration do not have the legal authority to waive Title IV. It is the law of the land, and your Administration is legally bound to enforce it.

I will appreciate your explaining to me the reasons behind your Administration's failure to enforce Title IV of the Helms-Burton law. Further, has there been any agreement, oral or written, with the European Union, or with any European Union government, that Title IV will not be enforced during the period of negotiations over the WTO case? What is the Administration's legal justification for such an unauthorized waiver of the law? And, is your Administration planning to take any actions during the coming months against executives in violation of Title IV? I will be genuinely grateful for an early response to these questions.

Sincerely, Jesse Helms

**CONGRESSIONAL OPPOSITION TO THIRD
SIX-MONTH WAIVER OF HELMS-BURTON**

The following excerpted statements were issued by key Members of Congress on Wednesday, July 16, 1997:

"By renewing his suspension of Title III today the President has purposely misconstrued the very narrow 'suspension' authority approved by Congress last March. Congress gave him the authority to 'suspend' Title III only if it is 'necessary to the national interests of the United States AND will expedite a transition to democracy in Cuba.' I believe the President's decision today meets neither of these narrow conditions." **BENJAMIN A. GILMAN (R-NY), CHAIRMAN HOUSE INTERNATIONAL RELATIONS COMMITTEE.**

"President Clinton has always intended to suspend Title III. He has intended to suspend Title III from the moment that he demanded the right to do so as a condition for signing Helms-Burton." **REP. LINCOLN DIAZ-BALART (R-FL), MEMBER HOUSE RULES COMMITTEE.**

"The losers of the Administration's duplicitous policy toward Cuba are American citizens, whose private property will continue to be subject to foreign exploitation, and the Cuban people who are watching US support for their freedom struggle take a back seat so that the Administration can placate foreign economic interests who seek to profit from the Cuban dictatorship." **REP. ILEANA ROS-LEHTINEN (R-FL), CHAIRMAN HOUSE INTERNATIONAL ECONOMIC POLICY AND TRADE SUBCOMMITTEE.**

"The law allowed for waiver in the exceptional circumstances where the President determined it was in U.S. national interest or would expedite democracy in Cuba. There is no sign of democracy in Cuba, but the President keeps waiving the provisions to appease our allies in Europe and Canada. Keeping our allies happy at the expense of American businesses and property owners is not in our national interest. It is wrong -- very wrong." **REP. BILL MCCOLLUM (R-FL), A MEMBER OF THE HOUSE JUDICIARY COMMITTEE.**

"I find it ironic for the President to say that we have made progress when Canada and Mexico openly flout their refusal to comply with the Libertad Act, and European countries, such as France and Greece, enter into economic cooperation agreements with the Castro regime, making a mockery of the Administration's position." **REP. ROBERT MENENDEZ (D-NJ), A MEMBER SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS.**

"It's disappointing that President Clinton once again violated the spirit of the Helms-Burton Act by blocking the right of U.S. citizens to sue foreign companies that use their confiscated properties in Cuba. The President simply should not be supporting the interests of foreign businesses and governments over those of American citizens." **SEN. CONNIE MACK (R-FL) MEMBER SENATE FINANCE COMMITTEE.**

"Those of us who worked so hard to pass *Libertad* did so because we believed that the fundamental rights of American citizens were being violated. Without any meaningful protest the Castro government auctioned-off our citizens' property at fire sale prices to those international corporations unscrupulous enough to profit from the plight of others. The existence of Title III, even though suspended by the Administration, has discouraged such unscrupulous investors, but has not eliminated them. I believe that unless other governments take immediate and aggressive action to end this trafficking in stolen property, the Congress will have no choice but to eliminate the suspension authority granted the president. I will also continue to work with my colleagues in the Senate on new legislation to impose additional financial penalties on those companies that traffic in stolen properties." **SEN. ROBERT TORRICELLI (D-NJ) MEMBER SENATE JUDICIARY COMMITTEE.**

**JUNTA PATRIOTICA CUBANA:
IMPLEMENTATION OF HELMS-BURTON**

The Cuban exile organization, Junta Patriotica Cubana, expressed its "grave concerns" over the lack of implementation of Helms-Burton in a letter hand delivered to the Secretaries of State, Treasury, Health and Human Services and the Attorney General in Washington. Dated July 22nd, the letter was signed by Dr. Roberto Rodriguez-Aragon, president of Junta Patriotica Cubana. The letter describes the group as "a broad patriotic umbrella organization consisting of 157 individual representative Cuban exile groups" located in Florida and other states. In addition to President Clinton's July 16th announced waiver of Title III of Helms-Burton, the Junta Patriotica Cubana cites five other areas of concern including: "the recently increased frequency of visits by Cuban Interest Section personnel and artists/performers" to the US; a request to enforce the foreign agent registration laws involving "the wide array of openly pro-Castro organizations and individuals lobbying" the federal government in Washington; a request for the "Center for Disease Control and the Immigration and Naturalization Service to take appropriate" health measures over the outbreak of dengue fever in Cuba; a complaint over the "trans-shipment of commercial articles to Cuba through third countries;" and, prohibiting unlicensed remittances to Cuba. The Junta Patriotica's Rodriguez-Aragon offered the U.S. government its assistance "in these endeavors in any appropriate manner" and to intensify their vigilance over these matters.

**HAVANA SENDS LETTER TO MOSCOW
CHARGING U.S. WITH BIOLOGICAL AGGRESSION**

Moscow has received a letter from Havana requesting diplomatic assistance from the Russian government to intervene on its behalf over Cuba's accusation of "biological aggression" against the United States it has been learned. As both an ally of Castro's Cuba and as a lead signer of the 1972 Biological Weapons Convention, the successor government to the former Soviet Union was obliged to hold discussions with State Department officials in Washington during the week of July 7th on how to proceed with this matter. In addition, Havana is reported to have filed a complaint at the United Nations during the week of June 30th, the first such action under the 25-year old treaty. The dispute stems from a State Department owned S-2R crop duster flying over Cuba last October 21st on its way to Bogota, Colombia for an anti-drug campaign. The plane had received overflight permission from Cuban authorities when an airline pilot flying a domestic Cuban Airlines Fokker 27 claims the U.S. crop duster sprayed unknown substances over the Lenin State Horticultural Farm located just east of Havana in Matanzas province. Immune to many pesticides, Cuba describes Thrips Palmi Karny as "ideal biological agents." Cuba first made the charge in March that the U.S. crop duster had discharged Thrips Palmi crop eating bugs over its potato farm in central Matanzas. The State Department calls the charge "deliberate disinformation" explaining it instead as puffs of engine smoke to signal the Cuban pilot of its location. Since Thrips Palmi was first spotted on December 18th, the infestation is reported to have spread throughout the western region of the island in Pinar Del Rio, Isle of Youth, Havana, and Cienfuegos. Thrips Palmi infestations are not uncommon in south Florida, and the Caribbean islands of Jamaica, Haiti and the Dominican Republic on Hispaniola. (NYT, "U.S. Denies Spraying Biological Agent Over Cuba," 5/7/97, p.A9; MH, "Cuba and U.S. spar over crop-eating bug," 7/9/97, p.19A).

INTERNATIONAL BRIEFS

CANADIAN NICKEL MINING COMPANY KWG WINS JOINT-VENTURE BID -- Montreal-based KWG Resources Inc. will enter into a joint-venture project with Commercial Caribbean Nickel SA an instrumentality of the Cuban government to develop and operate the Cupey nickel mine. The Cupey mine is located on the eastern end of the island near the Moa nickel mine currently operated by Sherritt International of Toronto. Unlike the Moa mine, investors are confident this project "will not be subject to any third party claims." The existing infrastructure is valued at \$600 million while the cost of the project consisting of the mine, a processing plant in Cupey, and a plant in Canada is estimated at \$300 million. The project is expected to be operational in 18 months. (FT, "KWG to complete Cuba project," 7/11/97, p.32; JOC, "KWG unit in venture to operate Cuban mine," 7/11/97, p.12A).

JURAGUA NUCLEAR PLANT SEEN AS COST EFFECTIVE SOURCE OF ENERGY -- Danielo Alonso, director of the nuclear energy information center in Havana, has described the completion of the unfinished Soviet designed nuclear power plants in Cienfuegos as a cost effective form of energy in view of Cuba's lack of natural energy resources such as big rivers, coal, petroleum, and solar production. While the U.S. opposes completion of these plants, the International Atomic Energy Agency has approved Cuba's plans for completion. Having the reactors on-line, would provide 12% of Cuba's electric needs relieving the island's severe energy shortage which Castro has described as "Cuba's Achilles heel." (JOC, "Cuba intent on finishing plant," 7/14/97, p.10A).

THE REVOLUTION'S GREATEST ACHIEVEMENT UNDER ATTACK -- Fidel Castro, who considers Cuba's free health care system his revolution's greatest achievement, is facing a direct attack on his regime's "health tourism" industry as typified by the showcase elite hospitals and special well equipped hospital wards. Just hours following the July 12th Havana hotel bombings, two hospitals were sabotaged while a third was reported to have received a bomb threat. The foreign patient ward at the October 10th Hospital was destroyed with a pick. (MH, "Havana hospitals become targets of sabotage," 7/18/97, p.10A).

HAVANA HOTEL BOMBINGS THREATEN CUBA'S TOURIST INDUSTRY -- With its sugar industry (\$977e million) in decline, Cuba's tourist industry, its largest 1996 gross foreign currency earner (\$1.2e billion), is in serious jeopardy as a result of two bomb detonations on July 12th occurring just minutes apart at the Nacional and Capri hotels. These incidents follow denials from the Cuban government in April of a bomb explosion at the fashionable Hotel Melia Cohiba. The July 12th hotel bombings came on the third anniversary of the Castro regime's sinking of the Trece de Marzo tugboat commandeered by would-be exiles that resulted in the drowning of 41 men, women and children. Havana has blamed unidentified forces in the U.S. for these recent bombings. Both the April 12th and July 12th hotel bombings came on Saturdays when thousands of tourists begin and end their holidays suggesting the prime target is Cuba's growing tourist industry. (NYT, "Cuba Sees American Link to Hotel Bombs," 7/14/97, p.A8; MH, "Speculation rampant over Havana bombings," 7/21/97, p.1A).

EU FUNDS STUDY FOR CARICOM TRADE WITH CUBA -- The decision whether to negotiate a free-trade agreement between the 15-member Caribbean Community (CARICOM) and Cuba will await the results of a study being conducted by the Caribbean Export Development Agency based in Barbados. Funded by the European Union, the study, which will be presented at the December meeting in Havana, is expected to encourage a free-trade pact with Cuba. (MH, "Caribbean nations consider free-trade pact with Cuba," 7/19/97, p.21A).

SHORT TAKES

CONSOLIDATED DEVELOPMENT ET AL. V. REPUBLIC OF CUBA -- Chief of the U.S. Interest Section Michael Kozak in a June 27th cable to the Secretary of State confirmed that service of process upon Cuba pursuant to the Foreign Sovereign Immunities Act, 28 U.S.C. §1608(a)(4) had been completed on April 29, 1997 in the matter of Consolidated Development et al. v. Republic of Cuba (Case No.96-1820-CIV-GRAHAM in Miami). Consolidated, a U.S. certified claimant, has filed suit in federal court in Miami against the Canadian nickel mining company Sherritt Inc. and the Republic of Cuba for conversion of properties and rights and conspiracy to defraud. (DOS Cable, USINT HAVANA, 6/24/97). **CUBA REJECTS U.S. COURT JURISDICTION** -- Cuba's foreign ministry responded to service of process in the matter of Consolidated v. Republic of Cuba on June 17, 1997 as follows: The ministry wishes to emphasize the absolute lack of competence of U.S. courts to judge matters that fall exclusively within the purview of Cuban authorities and strongly protests the aggressive and illegal character of these suits which violate Cuban law particularly the "Reaffirmation of Dignity and Cuban Sovereignty Law." (DOS Cable, USINT HAVANA, 6/24/97). **RUSSIA'S LOURDES-JURAGUA BALANCING ACT** -- The Washington based Center for Security Policy suggests Castro has placed Moscow in a tough spot demanding increased payments for its continued operation of the signals intelligence facility at Lourdes as the Cuban dictator's economy nears collapse. According to the Center, "the declining condition of its space-based 'national technical means' makes Russia unusually dependent upon the Lourdes facility to collect intelligence against the United States." In return, the Kremlin has promised to help "with the Juragua project." This places Russia in conflict with the policy intent of the Helms-Burton Act and the Freedom Support Act "in providing economic assistance to Russia." Section 101(3) of Helms-Burton specifies that "any resumption of efforts...to make operational any nuclear facilities in Cuba, and any continuation of intelligence activities...will have a detrimental impact" on U.S. assistance to Russia. The Center concludes, "Keeping Castro happy by arranging for U.S. embargo-busting foreign funding to underwrite completion of the reactor complex is probably seen by the Kremlin as the least negative alternative." (Perspective, No.97-C 91, 2 July 1997, p.4). **DIA REPORTS CUBAN NAVY SHRINKS FROM BLUE WATER TO COASTAL DEFENSE FORCE** -- Bill Gertz of *The Washington Times* reports on a secret Pentagon intelligence report issued by the Defense Intelligence Agency (DIA) that describes a rapidly deteriorating Cuban navy retrenching to a coastal defense role. The DIA report specifically cites the shift of Russian-made SS-N-2 Styx anti-ship missiles to shore batteries for use with Cuban-built Bandera VI mobile launchers. Warships among Cuba's fleet that are listed as inoperative or ready for the scrap heap include two Russian Foxtrot submarines, two Russian Koni-class frigates, and one Russian Pauk II anti-submarine warfare corvette while 14 Russian Osa I and II missile-patrol boats are described as deteriorating. (TWT, "Cuban navy retreats to coastal defenses," 7/11/97, p.A6). **IMMIGRATION TALKS HELD IN NEW YORK** -- The U.S. and Cuba held an ongoing round of periodic talks to ensure compliance with the September 9, 1994 and May 2, 1995 immigration accords. The 1994 accord ended a rafter exodus from Cuba to the United States guaranteeing the Castro regime the issuance of at least 20,000 visas a year while the 1995 accord committed the U.S. to interdict and repatriate rafters. The U.S. delegation was led by John Hamilton, deputy assistant secretary of state for inter-American affairs. The Cuban delegation was led by Ricardo Alarcon the president of Cuba's National Assembly. (MH, "Migration talks with Cuba called 'constructive'," 7/18/97, p.10A).

NOTABLE QUOTES

"In Haig's words, 'tyranny is irrelevant'...Is Castro irrelevant just because Cuba is no longer a forward base of a foreign military power? Was America, in its Cold War rhetoric about the moral depravity of communist totalitarian states, just fooling its own citizens and the rest of the world? That would be a real tragedy. I hope Al Haig is wrong." Dexter W. Lehtinen, a former Florida state legislator and U.S. attorney comments on Haig's *Miami Herald* Viewpoint op-ed of June 22nd. (MH,"Ignoring Castro's tyranny goes against American principles," 6/26/97, p.23A).

"These accords are deterring the dangerous outflow of migrants in unseaworthy vessels. At the same time, they are greatly expanding the opportunities for safe, legal and orderly migration from Cuba to the United States consistent with our international obligations." Nicholas Burns, State Department spokesman comments on bilateral immigration talks held in New York on July 16 and 17. (MH,"Migration talks with Cuba called 'constructive'," 7/18/97, p.10A).

"At this point in time, the Cuban economy is not such that we will benefit from a free-trade accord. We need to know that it will bear fruit and that regional businesses will benefit." Anthony Hilton Jamaican foreign trade minister comments on the viability of a proposed CARICOM free-trade agreement with Cuba. (MH,"Caribbean nations consider free-trade pact with Cuba," 7/19/97, p.21A).

"With the bombings has come a realization that they are not fully in control. They don't know who in Cuba is doing this, and I think they don't know where to look. All of this will have an impact on tourism. This creates a sense that Cuba is not a safe place." Pamela S. Falk the author of *Cuban Foreign Policy* who teaches international commercial transactions and trade at CUNY Law School comments on the recent string of Havana hotel bombings. (NYT,"On Bombings At Resorts, Cuba Betrays Its Jitters," 7/27/97, p.4).

"These are the folks who provide a hope for a peaceful future in Cuba. If the Cuban Government really wants to prevent violence, it is not going to do that by sending these people to prison." Frank Calzon who heads the Washington office of Freedom House comments on the arrest of four prominent dissidents following the hotel bombings in Havana. (NYT,"On Bombings At Resorts, Cuba Betrays Its Jitters," 7/27/97, p.4).

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Institute for U.S. Cuba Relations
Washington, D.C., USA

Ralph J. Galliano, Editor

CLINTON ADMINISTRATION EMBRACES ITT-STET "BUSINESS" DEAL: MOST SIGNIFICANT SHIFT IN US-CUBA POLICY SINCE CLAIMS PROGRAM

WASHINGTON -- Certified property claims -- the glue that holds in place the embargo against Cuba, and hence forms the cornerstone of current U.S. policy as codified under the Helms-Burton Act of 1996, has come unstuck as a result of the ITT-STET "business" deal announced by the State Department on Wednesday, July 23rd. In a deal nearly a year in the making, the Italian state-owned telecommunications company, STET/Telecom Italia, paid ITT Corporation, an American certified claimant, between \$20 and \$25 million for the right to use ITT's confiscated property in Cuba over the next ten years without risk of litigation for trafficking effective July 15, 1997. This "business" deal is not considered compensation for ITT's claim but has been described as a lease by STET/Telecom Italia of ITT's property in Cuba, formerly the Cuban Telephone Company (Cutelco). Once known as the International Telephone and Telegraph Corporation, ITT like hundreds of other American companies doing business in Cuba in the 1950s had its property seized without compensation by the Castro regime on August 6, 1960. Under the Cuban Claims Program (P.L. 88-666) authorized by President Johnson in 1964, ITT filed a claim with the Foreign Claims Settlement Commission and had its loss of Cutelco certified (Decision No. CU-5013) on June 17, 1970 in the amount of \$130,679,758.02 plus six percent simple interest accruing from the time of confiscation. International Telephone and Telegraph Corporation retained a claim for \$50,676,963.88 while International Telephone and Telegraph Corporation As Trustee "for the benefit of non-claimant shareholders and creditors of Cutelco" had an additional claim certified for \$80,002,794.14.

STATE DEPARTMENT DELAYED TITLE IV ACTION -- Without this deal, STET/Telecom Italia's executives and major shareholders would have been denied entry into the United States under the provisions of Title IV of the Helms-Burton Act as were executives of the Canadian mining company Sherritt Inc. and the Mexican telecommunications company Grupo Damos. Two months after the Helms-Burton Act became law on March 12, 1996, the State Department under Title IV issued its first warning letters on May 29th to three foreign corporations believed to be trafficking in confiscated property in Cuba. Among those companies was STET. Rep. Ben Gilman, chairman of the International Relations Committee complained recently about the lack of enforcement of Title IV. At a July 16, 1997 news conference,

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Gilman, opposing President Clinton's continuous waiver of Title III's right-of-action, cited the administration's foot-dragging on Title IV saying that, "Despite ample available evidence, the Administration has failed to cite a single 'trafficker' under this law since August 1996. They told me in a letter just last week that they have been withholding a decision against a 'trafficker' for months to give them more time to ask the U.S. owner for permission to use their stolen property. This is not a serious effort to enforce this provision." Under Title IV of the Helms-Burton Act and the State Department's own "Guidelines," President Clinton clearly did not have the authority to grant STET/Telecom Italia a "grace period" thereby encouraging the negotiations leading up to the ITT-STET "business" deal that permitted STET/Telecom Italia to avoid Title IV sanctions. President Clinton's third consecutive waiver of Title III's right of claimants to sue traffickers in their confiscated property in Cuba leave companies like ITT little choice but to strike a "business" deal with foreign investors instead of inhibiting and deterring them by threat of suit from investing in Cuba. Certainly, by bringing suit against STET and collecting triple damages as provided for under Title III, ITT would have garnered far more than the \$25 million it may ultimately receive from the STET deal. In the meantime, the ITT-STET deal still needs to be reviewed by the U.S. Congress for compliance with Helms-Burton and by the EU for compliance with European blocking laws ensuring that the deal does not amount to a de facto recognition of Helms-Burton.

ENCOURAGING FOREIGN INVESTMENT -- The intent of Title IV, rather than to encourage foreign investment in confiscated property in Cuba, is to discourage such foreign investment. The Helms-Burton conference committee report (104-468) states that it "did not wish this section to deter investors in Cuba from divesting their holdings. For this reason, the sale or abandonment of confiscated property in Cuba for purposes of disengaging from Cuba is excluded from the definition of trafficking." However, the Clinton administration's statement issued by State Department spokesman Nicholas Burns on July 23rd states that it "has concluded that the [ITT-STET] agreement constitutes 'authorization of [a] United States national who holds a claim to the property' consistent with Title IV." Foreign investors under investigation for Title IV trafficking violations rather than divesting in confiscated property in Cuba now are encouraged to invest in confiscated property in Cuba by concluding "business" deals with American claimants. Closing deals with foreign investors, claimants will be content to wait out Castro's last days and await the U.S. government's espousal of their claims in a government-to-government settlement with the next Cuban government.

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CONGRESSIONAL RESPONSE MIXED -- In unusual and unexpected responses on the day of the Clinton administration's announcement, both Congressional chairmen, Helms of the Senate Foreign Relations Committee and Gilman of the House International Relations Committee, called the ITT-STET deal a "victory" for the LIBERTAD Act in "winning compensation from those who have been exploiting stolen U.S. property." However, each made it clear that Congress would be examining "the details of the deal" to "ensure that it is consistent with the U.S. embargo on Cuba." Helms was explicit in emphasizing that "Congress gave the administration no waiver authority for Title IV," nor did it "provide for any 'grace period.'"

ROS-LEHTINEN OPPOSES ITT-STET "BUSINESS DEAL" -- In a letter to Secretary of State Madeleine Albright, Rep. Ileana Ros-Lehtinen (R-FL), chairman of the Subcommittee on International Economic Policy and Trade in the House, charged the Clinton administration with giving its approval to a deal that "raises serious policy and legal questions under Section 102(g) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996" which specifies that it shall not "authorize the investment by any United States person in the domestic telecommunications network within Cuba" and that "ITT's permitted use and improvement by STET over a 10-year period of its confiscated property in Cuba at the very least constitutes 'indirect investment' and 'in-kind' improvement of the Cuban domestic telephone system from which ITT derives direct benefit." Ros-Lehtinen's letter to Albright is reprinted below.

In effect, the ITT-STET "business" deal will clear the way for STET/Telecom Italia to privatize in November just as the TransAtlantic Business Dialogue (TABD) meeting convenes in Rome and subsequently enables it to utilize U.S. financial markets to help fund its expansion and improvement of the domestic telecommunications network within Cuba. Clearly, the Clinton administration's embrace of the ITT-STET "business" deal, facilitated by its failure to fully implement Titles III and IV of the Helms-Burton Act, amounts to the most significant shift in policy since the Cuban Claims Program of 1964.

**ROS-LEHTINEN LETTER
TO ALBRIGHT**

August 1, 1997
The Honorable Madeleine Albright
U.S. Department of State
Washington, D.C. 20520
Dear Secretary Albright:

It is with grave concern that I write this letter.

The July 23, 1997 Department of State (DOS) announcement approving the ITT "business" arrangement with the Italian state owned telecommunications company STET raises serious policy and legal questions under Section 102(g) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, 110 STAT. 793-794, 22 USC 6032. The DOS announcement specifically states that ITT and STET "reached an agreement for ten years regarding STET International's use of ITT's confiscated property in Cuba." It has been further reported that ITT received between \$20-to-\$25 million for this lease arrangement during which time ITT will not exercise its right-of-action under Title III of LIBERTAD also known as Helms-Burton while STET is permitted to improve and make use of the former Cuban Telephone Company the claim to which is owned by ITT and not relinquished by this "business" agreement.

The above referenced Section 102(g)(5) states that "Nothing in this subsection shall be construed to authorize the investment by any United States person in the domestic telecommunications network within Cuba." Congress was unequivocally clear in its Conference Committee Report (104-468) "that the Cuban Democracy Act of 1992 should not be construed as authorizing any United States person to make any direct or indirect investment, in cash or in-kind, in the domestic telephone network within the island of Cuba." ITT's permitted use and improvement by STET over a 10-year period of its confiscated property in Cuba at the very least constitutes "indirect investment" and "in-kind" improvement of the Cuban domestic telephone system from which ITT derives direct benefit.

The continued presidential waiver of the right-of-action under Title III of Helms-Burton, which prevents U.S. claimants from exercising their right to file a law suit against known traffickers such as STET in their confiscated property in Cuba, has caused U.S. companies like ITT to enter into "business" deals with foreign investors and become party to such foreign investment contrary to U.S. policy. The approval by the DOS of this "business" deal between ITT and STET appears to be in direct violation of Helms-Burton and sets a bad precedent for U.S. policy toward Cuba continuing instead to prop-up the Castro regime and prolong the suffering of the Cuban people.

Sincerely, Ileana Ros-Lehtinen, Member of Congress

**MEMBERS INTRODUCE BILLS TO
AMEND HELMS-BURTON**

Ever since the State Department's "Guidelines Implementing Title IV of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996" became effective on June 17, 1996, Congress in its oversight capacity has had a difficult time obtaining information on the State Department's progress. This lack of transparency in the implementation process typified by the ITT-STET deal has led Members of Congress to introduce Title IV quarterly reporting requirements. Rep. Ros-Lehtinen, Gilman (R-NY), Diaz-Balart (R-FL), Menendez (D-NJ), Burton (R-IN), Solomon (R-NY), Deutsch (D-FL), Smith (D-NJ), Rothman (D-NJ), and Hyde (R-IL) have introduced H.R. 2288. In addition, the same Members with the exception of Rep. Hyde the chairman of the House Judiciary Committee, have introduced H.R. 2289 to withhold U.S. assistance to countries providing nonmarket based trade to Cuba. In particular, this would directly affect the Russian Federation which is seen as subsidizing Cuban sugar in exchange for oil. The text of each bill is reprinted below.

TEXT OF H.R. 2288 TO AMEND THE CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY (LIBERTAD) ACT OF 1996 AND TEXT OF H.R. 2289 TO WITHHOLD U.S. ASSISTANCE TO COUNTRIES THAT PROVIDE NONMARKET BASED TRADE TO CUBA

H.R. 2288

A BILL

To amend the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 to require the Secretary of State to submit to the Congress reports relating to the exclusion from the United States of aliens who have confiscated property of United States nationals or who traffic in that property.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REPORTS ON DETERMINATIONS UNDER TITLE IV OF THE LIBERTAD ACT.

Section 401 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6091) is amended by adding at the end the following:

"(e) **REPORTS TO CONGRESS.**--The Secretary of State shall, not later than 30 days after the date of the enactment of this subsection and every 3 months thereafter, submit to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the implementation of this section. Each report shall include:

"(1) an unclassified list, by economic sector, of the number of entities then under review pursuant to this section;

"(2) an unclassified list of all entities and a classified list of all individuals that the Secretary of State has determined to be subject to this section;

"(3) an unclassified list of all entities and a classified list of all individuals that the Secretary of State has determined are no longer subject to this section;

"(4) an explanation of the status of the review under way for the cases referred to in paragraph (1); and

"(5) an unclassified explanation of each determination of the Secretary of State under subsection (a) and each finding of the Secretary under subsection (c)--

"(A) since the date of the enactment of this Act, in the case of the first report under this subsection; and

"(B) in the preceding 3-month period, in the case of each subsequent report."

H.R. 2289

A BILL

To provide for the withholding of United States assistance to countries that aid or are engaged in nonmarket based trade with the Government of Cuba.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WITHHOLDING UNITED STATES ASSISTANCE TO COUNTRIES THAT AID THE GOVERNMENT OF CUBA.

(a) **IN GENERAL.**--Except as provided in subsection (b), not later than 180 days after the date of the enactment of this Act, the President shall withhold assistance under the Foreign Assistance Act of 1961 to any foreign government providing economic, development, or security assistance for, or engaging in nonmarket based trade with the Government of Cuba.

(b) **WAIVER.**--The President may waive the provisions of subsection (a) if the President certifies to the appropriate congressional committees that the provision of United States assistance is vital to the national security of the United States.

(c) **NONMARKET BASED TRADE DEFINED.**--For the purpose of this section, the term "nonmarket based trade" means exports, imports, exchanges, or other arrangements that are provided for goods and services on terms more favorable than those generally available in applicable markets or for comparable commodities, including--

(1) exports to the Cuban Government on terms that involve a grant, concessional price, guaranty, insurance, or subsidy;

(2) imports from the Cuban Government at preferential tariff rates;

(3) exchange arrangements that include advance delivery of commodities, arrangements in which the Cuban Government is not held accountable for unfulfilled exchange contracts, and arrangements under which Cuba does not pay appropriate transportation, insurance, or finance costs; and

(4) the exchange, reduction, or forgiveness of debt of the Cuban Government in exchange for a grant by the Cuban Government of an equity interest in a property, investment, or operation of the Cuban Government or of a Cuban national.

**ROS-LEHTINEN DISCUSSES CBI COUNTRIES
SUPPORT FOR CUBA IN CARICOM**

Rep. Ileana Ros-Lehtinen (R-FL), vice chairman of the Western Hemisphere Subcommittee and chairman of the Subcommittee on International Economic Policy and Trade, welcomed ambassadors, deputy chiefs of mission, and economic ministers of the Western Hemisphere to an informal discussion on Capitol Hill on the morning of July 31st. Ros-Lehtinen raised issues such as the "Free Trade Area of the Americas; fast-track negotiating authority; expansion of regional trade pacts and how these relate to a hemispheric wide trade area; and non-traditional issues" euphemistically referring to Cuba. Ros-Lehtinen said that "[i]solation from the U.S. is not responsible" for Cuba's deteriorating economy. Concluding her remarks to those gathered, she declared that "[u]nless we ask for changes first, and trade later, we will continue to be manipulated and our trade policy will run contrary to our foreign policy objectives." Ros-Lehtinen provided the attendees with a letter discouraging Cuba's membership in the 15 nation Caribbean trade bloc known as CARICOM along with a copy of H.R. 2296 withholding U.S. assistance to Caribbean Basin Initiative (CBI) countries that support Cuba's membership in CARICOM or the Central American Common Market (CACM). Ros-Lehtinen's letter to CARICOM ambassadors and the bill she introduced are reprinted below.

**TEXT OF LETTER
TO CARICOM AMBASSADORS**

July 30, 1997

Dear Ambassador:

I am writing to you on a matter of concern to many of us who support freedom, democracy, and free-market principles for the entire Western Hemisphere and that is, the consideration being given to possible membership of Cuba in CARICOM and to a free trade area or similar trade arrangement with Cuba.

This is an issue which greatly affects the factors that Congress must necessarily evaluate in establishing its legislative agenda concerning U.S. trade with the countries of the Caribbean. It necessarily weighs heavily in reaching any determinations or conclusions on questions pertaining to the level of assistance provided and whether to grant NAFTA parity to Caribbean Basin Initiative countries. (Please see the attached bill which I introduced this week).

Certainly, with increasing regional integration, the value of Caribbean trade for the United States is well established, and we commend you on the progress made in such areas as human rights, democracy, economic liberalization and reform. However, not all countries in the Caribbean have chosen to follow the path toward liberty and democracy. There is one country which continues to live in chains; whose people are subjugated and continue to live under a dictatorship that usurps all freedoms. This country is Cuba under the Castro regime.

The ideas advocated and policies implemented by the Castro regime run contrary to basic humanity and against all democratic ideals and free-market principles. It stands diametrically opposed to what CARICOM stands for and hopes to accomplish.

I hope that your government and those of the other CARICOM countries will realize the negative impact that a decision to extend membership to Cuba or to enter into a free trade agreement with Cuba could have for Caribbean countries -- individually and as a unit; politically and economically; in the hemisphere and globally; in the court of public opinion and in real terms.

I hope you will agree that negotiation with the Castro regime is not the most effective or productive course of action to meet CARICOM's goals and the overall objectives of the countries of the Caribbean, and that no further action is taken on such proposals concerning Cuba.

I look forward to your response.

Sincerely,

Ileana Ros-Lehtinen, Chair
Subcommittee on International
Economic Policy and Trade

TEXT OF H.R. 2296 TO WITHHOLD U.S. ASSISTANCE TO CARIBBEAN BASIN INITIATIVE (CBI) COUNTRIES SUPPORTING CUBA'S MEMBERSHIP IN CARICOM OR CACM

A BILL

To withhold foreign assistance to Caribbean Basin Initiative countries that support membership for the Government of Cuba into the Caribbean Community (CARICOM) or the Central American Common Market (CACM), and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS AND DECLARATION OF POLICY.

(a) Findings.--The Congress makes the following findings:

(1)(A) With increasing regional integration, the value of Caribbean trade for the United States is well established.

(B) Collectively, it is estimated that the 24 countries of the Caribbean Basin represent a market of more than 50,000,000 people that has become the tenth largest destination for the United States goods and services.

(2) Although the expansion of democracy throughout most of the Western Hemisphere has brought economic liberalization and reform, assistance is still required to continue the reforms and to diversify and stimulate investment in the Caribbean Basin region.

(3) While progress has been made by many of the Caribbean Basin countries in areas that coincide with the security, economic, and humanitarian interests of the United States, much more needs to be done.

(4)(A) The Castro regime in Cuba is not a democratically elected government. It systemically violates the individual civil liberties and human rights of its citizens, does not have a market-oriented economy, and has made it abundantly clear that it will not engage in any substantive reforms that would lead to a democracy and market economy for Cuba.

(B) The totalitarian nature of the Castro regime has deprived the Cuban people of any peaceful means to improve their condition and has led thousands of Cuban citizens to risk or lose their lives in dangerous attempts to escape from Cuba to freedom.

(5) Since the beginning of the Castro regime, it has been the policy of the United States to isolate and sanction this totalitarian regime.

(b) DECLARATION OF POLICY.--The Congress declares the following:

(1) United States trade policy must be consistent with United States foreign policy and recipients of foreign assistance must be held accountable for decisions that run contrary, or could endanger, United States interests and objectives in the Western Hemisphere.

(2) Safeguard mechanisms must be established to ensure that United States foreign assistance or United States trade agreements with other countries are not used in any way to benefit the Castro regime.

SEC.2.WITHHOLDING OF UNITED STATES ASSISTANCE TO CARIBBEAN BASIN INITIATIVE COUNTRIES THAT OFFER SUPPORT FOR MEMBERSHIP FOR THE GOVERNMENT OF CUBA INTO CARICOM OR CACM.

Beginning 90 days after the date of the enactment of this Act, the President shall withhold assistance under the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) (other than humanitarian assistance) to any Caribbean Basin Initiative country that uses its voice or vote in the Caribbean Community (CARICOM) or the Central American Common Market (CACM) to support provisional, permanent, or any other form of membership for the Government of Cuba into CARICOM or CACM.

SEC.3.PROHIBITION ON PROVISION OF CERTAIN TARIFF TREATMENT TO CARIBBEAN BASIN INITIATIVE COUNTRIES THAT OFFER MEMBERSHIP FOR THE GOVERNMENT OF CUBA INTO CARICOM OR CACM OR THAT NEGOTIATE A FREE TRADE AREA AGREEMENT WITH CUBA.

Beginning 90 days after the date of the enactment of this Act, the President shall deny temporary or permanent tariff treatment to products of a Caribbean Basin Initiative country that is equivalent to treatment provided to products of a NAFTA country if such Caribbean Basin Initiative country--

(1) uses its voice or vote in CARICOM or CACM to support provisional, permanent, or any other form of membership for the Government of Cuba into CARICOM or CACM; or

(2) enters into negotiations with the Government of Cuba toward a free trade area agreement with Cuba.

SEC.4.DEFINITIONS.

As used in this Act:

(1) CACM.--The term "CACM" means the Central American Common market established by the 1960 General Treaty on Central American Economic Integration.

(2) CARIBBEAN BASIN INITIATIVE COUNTRY.--The term "Caribbean Basin Initiative country" means a country designated as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act for purposes of title II of such Act.

(3) CARICOM.--The term "CARICOM" means the Caribbean Community established by the 1973 Treaty of Chaguaramas.

(4) GOVERNMENT OF CUBA.--The term "Government of Cuba"--

(A) includes any agency or instrumentality of the Government of Cuba, and the government of any political subdivision of Cuba; and

(B) does not include--

(i) a transition government in Cuba, as described in section 205 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996; or

(ii) a democratically elected government in Cuba, as described in section 206 of such Act.

(5) NAFTA COUNTRY.--The term "NAFTA country" has the meaning given such term in section 2 of the North American Free Trade Agreement Implementation Act.

**CONSOLIDATED DEVELOPMENT SEEKS
DEFAULT JUDGEMENT AGAINST CUBA**

As reported in the previous issue, USCPR, Vol.4, No.7, service of process upon the government of Cuba on April 29, 1997 has been confirmed by the Chief of the U.S. Interest Section, Michael Kozak, in a June 27th cable with regard to Consolidated Development Corp. v. Sherritt Inc. (CASE NO. 96-1820-CIV-GRAHAM). Cuba, responding through the U.S. Interest Section at the Swiss Embassy in Havana, rejected outright U.S. court jurisdiction and refused to answer Consolidated's complaint in U.S. court. On the 23rd of July, attorneys for Consolidated filed a motion in the Federal District Court in Miami against the Republic of Cuba for "entry of default" contending Cuba's response "indicates that Cuba's failure to answer or otherwise respond is wilful and that Cuba is not likely to answer or otherwise respond at a later date." Cuba had until June 30, 1997 to answer and "failed to do so" according to Consolidated's motion. Under section 302(d) of the Helms-Burton Act (110 STAT. 818, 22 USC 6082), "any judgement against an agency or instrumentality of the Cuban Government shall not be enforceable against an agency or instrumentality of either a transition government in Cuba or a democratically elected government in Cuba." Since the Consolidated case has been brought outside of the Helms-Burton Act, Consolidated can be expected to seek a default judgement against Cuba and its instrumentalities in the conduct of commercial activity pursuant to the Foreign Sovereign Immunities Act of 1976. The trial date is set for October 14, 1997.

**DAVIDOW HINTS AT LATIN AMERICAN
COMMON POSITION**

Ambassador Jeffrey Davidow, Assistant Secretary of State for Inter-American Affairs, speaking at the joint studies program of the American Enterprise Institute (AEI) and the Universidad Latinoamericana de la Libertad Friedrich Hayek on July 28th in Washington, hinted at a Latin American 'Common Position' in his presentation, "The U.S. Vision: Cuba and Hemispheric Policy." Davidow focused his remarks "on how Latin American countries have an important role in this multilateral approach" crafted by the Clinton administration to promote democratic change in Cuba as the European nations have done. Alluding to the 'Common Position' defined by the European Union in Brussels that took effect on December 2, 1996 to promote a peaceful democratic change in Cuba, Davidow suggested that the administration build on the Declaration of Vina del Mar at the Ibero-American Summit in Santiago, Chile last November. Davidow went on to say, "We are hopeful that Latin American countries will decide to condition improved relations with Cuba on fundamental change there, much as the EU has done." Further hints that a Latin American 'Common Position' is in the making were offered by Davidow in describing Under Secretary of State Eizenstat's June meetings in Washington with the presidents of several Latin American nations including Nicaragua and El Salvador. In a manner similar to Eizenstat's European visits preceding the European Union's 'Common Position', the under secretary is scheduled to travel to Central America during August. These efforts could culminate in a 'Common Position' in time for the November Ibero-American Summit in Caracas, Venezuela.

INTERNATIONAL BRIEFS

AT&T EXPECTED TO INVEST IN STET/TELECOM ITALIA PRIVATIZATION -- The AT&T-STET/Telecom Italia Latin American agreement announced on July 2nd is viewed as a prelude to AT&T becoming a "core shareholder" in the newly formed Telecom Italia Group which likely will expand its present 29% share of ETECSA the Cuban domestic telephone system. In the midst of its privatization, the Italian government's fear of a loss of control in STET is also likely to welcome AT&T as a "white knight" in the event of a hostile takeover. In turn, this would give AT&T a much needed and long sought after foothold in the Latin American market place. (FT, "Telecom Italia sees AT&T link soon," 6/19/97, p.15).

MEXICO'S GRUPO DOMOS SUES STET/TELECOM ITALIA OVER CUBA TELECOM -- Monterrey, Mexico-based Grupo Domos is reported suing STET its former partner for \$900 million in punitive damages over a \$750 million investment gone sour involving Cuba's domestic telephone system operated by ETECSA an instrumentality of the Cuban government. ETECSA is composed of the Cuban telephone system confiscated by the Castro regime on August 6, 1960 the certified claim to which is owned by the American company ITT. (MH, "Firm hangs up on Cuba deal," 6/27/97, p.1C; NYT, "Mexican Conglomerate abandons Cuban Phone Venture," 6/30/97, p.D2).

STET'S GLOBAL REACH -- Although, STET, Italy's state-owned telephone company's strength is considered to be within Italy, it has attempted to expand globally in anticipation of privatization. Industry analysts, however, rate many of its investments outside the country such as Serb Telecom, Mobikom of Austria, Spain's Retevision, and France's Bouygues Decaux Telecom as either high-risk or second-rate. Failed tender offers involve telecoms in Hungary, the Czech Republic, and the Russian Federation. STET's Latin American telecom investments include stakes in companies in Argentina, Bolivia, Brazil, Chile and Cuba. (FT, "STET close to Serb telecom deal," 6/2/97, p.23; FT, The Lex Column, 6/11/97, p.14; MH, "AT&T deal give chance at Latin America," 7/3/97, p.1C).

STET-TELECOM ITALIA MERGER CREATES NEW TELECOM ITALIA GROUP -- Societa Finanziaria Telefonica per Azioni SpA, also known as STET, Italy's state owned telephone system, has taken a giant step into the rapidly growing global marketplace by merging with its main operating company Telecom Italia projecting a high-tech image that will be known as the Telecom Italia Group effective July 18, 1997. The merger "combines the resources and operations of the holding company [STET] with those of its main operating company [Telecom Italia]." (FT, Italy, 7/21/97, p.VIII).

STET/ITALIA TELECOM TO PRIVATIZE TO MEET EU SINGLE CURRENCY AGREEMENTS -- State-owned STET, which currently lists its ADRs on the New York Stock Exchange, is poised to privatize in the Fall in an effort to reduce its huge indebtedness and adhere to the terms of its agreements with Brussels in order to participate in the EU's single currency scheme in 1999. (FT, "[Italian] Government has been forced into series of compromises," 7/21/97, p. IV).

ITALY'S CENTER-LEFT GOVERNMENT HANGS IN THE BALANCE OVER STET/TELECOM ITALIA PRIVATIZATION -- Prime Minister Romano Prodi's center-left government elected in 1996 is held together with the support of the Refounded Communist Party and its trade union base which has staunchly opposed the privatization of Italian state-owned industries. The Refounded Communist Party's opposition to the telecom privatization is well known and was overcome only when STET/Italia Telecom's chairman Guido Rossi agreed to demands for a "golden share" giving the government veto rights for three years involving key telecom decisions. (FT, "Government has been forced into a series of compromises," 7/21/97, p.IV).

SHORT TAKES

AT&T-MCI PROPOSE FIBER OPTIC CABLE TO CUBA -- Key Congressional staffers were briefed on June 16th by AT&T-MCI executives laying out their plan to replace the 33-year-old copper wire cable from Florida to Cuba with a new fiber optic cable. National security concerns expressed at the meeting included having an American consortium replace the aging cable rather than a foreign consortium involving either French or Italian telecommunications companies which would likely construct a new cable from Mexico to Cuba, the Dominican Republic to Cuba, or from the British controlled Cayman Islands to Cuba. **MEMBERS OF CONGRESS OPPOSE NEW CABLE ON NATIONAL SECURITY GROUNDS --** Various members of Congress, having an ongoing interest in Cuba policy particularly Rep. Bob Menendez (D-NJ), oppose the advanced fiber optic cable to Cuba on the grounds that it would endanger U.S. national security giving Cuba access to advanced technology especially since Cuba remains on the State Department's list of terrorist states. Some argue a fiber optic cable would go beyond the gateway and would be partially paid for by the Cuban government contrary to FCC guidelines which only permit provision of telecommunications services to Cuba on a gateway-to-gateway basis. Others refute this argument. The present cable offers 143 circuits. While the use of a fiber optic cable would be limited to 143 circuits at the outset, fiber optic circuit capacity is far greater than copper cable and could be substantially increased in the future as the need arises. Industry executives seeking to go forward with a letter of understanding with the Cuban government in order to conduct a study are reluctant to do so as long as strong Congressional opposition exists. The cable project is expected to take three years to complete and would have an expected useful life of 25 years. **AT&T ANNOUNCES STET/TELECOM ITALIA AGREEMENT FOR LATIN AMERICA --** AT&T announced the formation of a "50%-50% joint venture" arrangement with STET/Telecom Italia to create "two pan-American operating entities" one to provide global links for multinational customers and the other to provide local telephone service. (PR, "AT&T, STET/Telecom Italia and Unisource Announce Far-Reaching International Agreements," 7/2/97, p.2). **STATE DEPARTMENT RESPONDS TO CONGRESSIONAL LETTER SIGNALING THE ITT-STET "BUSINESS" DEAL --** Responding to a letter dated June 19, 1997 (see USCPR Vol.4, No.6) addressed to Assistant Secretary of State for InterAmerican Affairs, Jeffrey Davidow, that was signed by Reps. Diaz-Balart, Gilman, Burton, Ros-Lehtinen, and McCollum, Assistant Secretary of State for Legislative Affairs, Barbara Larkin, on July 10th introduced the argument upon which the State Department ultimately relied upon to embrace the ITT-STET "business" deal. Larkin stated, "a settlement with the U.S. national claimant authorizing use of the claimed property would mean that the transaction would fall outside the definition of "trafficking". (USDOS Letter, Larkin to Gilman, 7/10/97, p.2). **LARKIN LETTER LISTS ECONOMIC SECTORS UNDER TITLE IV INVESTIGATION --** Based upon the request made in the June 19th letter by Members of Congress, Larkin lists eight economic sectors covering 45 companies under investigation for Title IV violations as follows: "Agriculture (includes sugar and tobacco), 15; tourism infrastructure, 7; mining, 6; power, 5; oil, 4; real estate, 3; basic industry, 3; telecommunications, 2;" (USDOS Letter, Larkin to Gilman, 7/10/97, p.2).

NOTABLE QUOTES

"ITT is not negotiating with STET for any project, secret or not secret." James P. Gallagher, ITT vice president for public relations comments on initial speculation of an ITT-STET deal. (MH, "New test looms in wrangle over property Cuba seized," 4/26/97, p.1A).

"ITT Corporation has informed the Department of State that ITT and STET International, the Italian telecommunications company, have, as a business decision, reached an agreement for ten years regarding STET International's use of ITT's confiscated property in Cuba (specifically, the Cuban Telephone System). Statement by State Department spokesman Nicholas Burns, 7/23/97, p.1).

"I see it [the ITT-STET deal] as a double-edged sword. It has the unwanted effect of legitimizing the foreign investment in Castro's Cuba and helps him out of a jam." Nicolas Gutierrez, a Miami attorney, is secretary of the National Association of Sugar Mill Owners of Cuba. (MH, "ITT paid for confiscated Cuban properties," 7/24/97, p.1C).

"If a company settles its claim, then logic would dictate there should be no further impediment to that company doing business in Cuba if it desires." John Kavulich, president of the U.S.-Cuba Trade and Economic Council based in New York, comments on the ITT-STET deal. (MH, "ITT paid for confiscated Cuban properties," 7/24/97, p.1C).

"It is clear that with this deal STET will be allowed to continue to operate, and expand, in Cuba; so I would say this is firmly in line with European policy." Statement in Brussels by Peter Guilford the European spokesman for EU trade commissioner Sir Leon Brittan following the State Department's public announcement concerning the ITT-STET deal. (IHT, "Italy's STET to Pay ITT for Cuba Property," 7/25/97, p.15).

"This could point the way towards other European investors working out agreement with American claim-holders." James Woolsey, STET's Washington attorney, served as President Clinton's first director of the CIA. (FT, "STET avoids Helms-Burton sanctions," 7/24/97, p.1).

"This does not in any way affect the claim that we've got against the Cuban government in terms of expropriated properties." James P. Gallagher, ITT vice president for public relations comments upon the completion of an ITT-STET deal. (MH, "ITT paid for confiscated Cuban properties," 7/24/97, p.1C).

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Ralph J. Galliano, Editor

US-EU BILATERAL CONSULTATIONS OVER HELMS-BURTON NEAR DEADLINE

WASHINGTON -- The April 11th *Understanding Between the United States and the European Union* creates a deadline of October 15, 1997 to "develop agreed disciplines and principles for the strengthening of investment protection." This "Understanding" has served as the basic document for the ongoing bilateral consultations over the past six months in order for the Clinton Administration to arrive at a multilateral solution to the expropriated Cuban property issue wholly outside of the Helms-Burton Act. The principals in the talks have been Sir Leon Brittan, the EU Trade Commissioner, and Stuart Eizenstat, Under Secretary of State for Economic Affairs. Alan Larson, Assistant Secretary of State for Economic and Business Affairs has led the negotiations for the United States while Deputy Director General for External Affairs, Gerard Depayre has led the negotiations for the EU.

The "Understanding" (See USCPR Vol.4, No.4, 4/30/97, pp.1-3) resulted from Eizenstat's discussions with the EU in the context of its complaint (See USCPR Vol.4, No.2, 2/28/97, pp.1-4) before the World Trade Organization (WTO) against Titles III and IV of the Helms-Burton Act of 1996. Title IV requires the U.S. to deny entry to executives of foreign corporations trafficking in expropriated property in Cuba. The primary goal of the talks is to reach an agreement on disciplines to deter investment in expropriated property acceptable to Congress sufficient to amend Title IV of Helms-Burton to grant the president waiver authority. A provision of Title III - *Protection of Property Rights of United States Nationals*, permitting U.S. nationals owning a claim to sue traffickers in U.S. federal courts, is already subject to presidential waiver. On Capitol Hill on September 24th, Eizenstat termed the talks "very significant" suggesting they could go beyond the deadline. Brittan said at an EU press briefing in Washington on the same day that the United States and the European Union had "a long way to go" to resolve their dispute to curb foreign investment in Cuba. Acknowledging the negotiations were going on in good faith Brittan said, "this dispute should be brought to an end." Although he understood the deep feelings of the American people he said, "we have to work together." An agreement would cause the EU to withdraw its suspended WTO complaint against Helms-Burton which encompasses nearly all aspects of America's conduct of its foreign policy toward Cuba going as far back as the U.S. embargo imposed on the Castro regime by President Kennedy on February 7, 1962.

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INVESTMENT DISCIPLINES AND PRINCIPLES -- The major points of contention throughout the negotiations have involved: retroactivity, conflicting jurisdiction, and what constitutes expropriation. The question of just how retroactive the disciplines should be has caused the EU to reject the inclusion of expropriated property dating back to the time of the Cuban revolution. The EU would have the disciplines apply to expropriated properties only after the disciplines take effect. Except for improvements or resale of property, the U.S. is likely to accept this EU position as long as existing expropriation remains untouched. This principle is already embodied in Section 401(b)(2) of Title IV which defines trafficking as an improvement "other than for routine maintenance." The exclusion of foreign executives takes place on or "after the date of enactment" of Helms-Burton insofar as the intent of Title IV is to encourage traffickers to "divest their holdings." The issue of conflicting jurisdiction raises the question of how multinational companies should respond to the laws of different countries. Where one country has a law blocking a company from complying with the laws of another, such as the Helms-Burton law, the EU prefers the laws of the company's own country be followed. The definition of expropriation and who is to decide what constitutes expropriation has also created difficulties. The EU insists that any expropriation be termed illegal only if it is agreed upon by both parties contending no single party should be qualified to judge an expropriation illegal. International legal principles call for "prompt, adequate and effective" compensation for the taking of private property the absence of which constitutes expropriation. In addition, the U.S. wants to create a list of so-called "problem countries" including Cuba in which a country would discourage its nationals from investing and would deny government support to the investor. A worldwide register of expropriated properties also would be created. Both lists would be maintained through the Multilateral Agreement on Investment (MAI) in the Paris based Organization for Economic Cooperation and Development (OECD).

CONGRESSIONAL SUPPORT -- Notwithstanding the administration's lack of implementation of Helms-Burton, support of enforceable international disciplines to deter investment in expropriated property in Cuba must cover Cuban-Americans, as they are covered already under Titles III and IV, in order for Congress to grant the president additional waiver authority. That will require the support of Senate Foreign Relations Chairman, Jesse Helms (R-NC) and House International Relations Chairman, Ben Gilman (R-NY), Reps. Burton (R-IN), Ros-Lehtinen (R-FL), Diaz-Balart (R-FL), Menendez (D-NJ), and Senator Torricelli (D-NJ).

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<p align="center">PRESIDENT REPORTS TO CONGRESS ON AMERICAN TELECOM PAYMENTS TO CUBA</p>

The third semiannual report to Congress reprinted below details the telecommunications payments made to the government of Cuba for the period January 1, 1997 through June 30, 1997. Section 102(g)(6) of the Helms-Burton Act of 1996 requires the president to report to Congress "on a semiannual basis" those telecommunications "payments made to Cuba by any United States person" as authorized by Section 1705(e) of the Cuban Democracy Act of 1992. House Document 105-127 issued on September 10th shows \$31,143,432 paid to the government of Cuba by eight OFAC licensed U.S. telecommunications companies. This transfer calculated on a 50/50 split is nearly identical to the previous report to Congress contained in House Document 105-62 (See USCPR Vol.4, No.4, 4/30/97, p.4) which totaled \$32,601,427. Primarily at the expense of AT&T, Global One and WilTel increased their share of revenues from \$2,509,706 to \$4,857,205 and from \$2,913,610 to \$5,032,250 respectively. AT&T's share dropped \$5,164,853 going from \$19,162,032 to \$13,997,179. MCI's revenues for this period decreased \$1,287,498 from \$5,354,423 to \$4,066,925. The total transfer to Cuba was unaffected. The first semiannual report to Congress, House Document 104-267 dated September 23, 1996, detailed payments made to Cuba totaling \$76,827,695.33 for the period 1994 through June 30, 1996. (See USCPR, Vol.3, No.10, 10/31/96, p.1-3). Although the Clinton administration had repeatedly indicated reports would be forthcoming, not until the passage of Helms-Burton did semiannual reports to Congress become mandatory. With the "shared revenue" telecommunications to Cuba having only started in 1994, it is too early to tell if there is additional growth in this marketplace at this time. Thus far, the Castro regime has received \$140,572,554 in telecommunications related revenues from U.S. authorized companies.

<p align="center">TELECOM PAYMENTS TO CUBA</p>

The following is a listing of OFAC licensed American telecommunications companies' payments to Cuba:

AT&T Corporation (formerly American Telephone and Telegraph Company).....	\$ 13,997,179.00
AT&T de Puerto Rico.....	274,470.00
Global One (formerly, Sprint Incorporated).....	4,857,205.00
IDB WorldCom Services, Inc. (formerly, IDB Communications, Inc.	1,427,078.00
MCI International, Inc. (formerly, MCI Communications Corporation).....	4,066,925.00
Telephonica Larga Distancia de Puerto Rico, Inc.....	113,668.00
WilTel, Inc. (formerly, WilTel Undersea Cable, Inc.).....	5,032,250.00
WorldCom, Inc. (formerly, LDDS Communications, Inc.).....	1,378,502.00
 Total.....	 \$ 31,143,432.00

**UK AND CANADIAN OIL COMPANIES UNDER
SCRUTINY FOR HELMS-BURTON VIOLATIONS**

In a letter to Secretary of State Madeleine Albright, House International Economic Policy and Trade Subcommittee Chair, Ileana Ros-Lehtinen, requested the State Department to investigate one British and two Canadian oil exploration companies for Helms-Burton trafficking violations. Premier Oil PLC of the UK and Sherritt International and Genoil Inc. of Canada, according to Ros-Lehtinen's letter printed below, have "publicly discussed their development of oil exploration projects in Cuba." Ros-Lehtinen requests the State Department "investigate whether any of the oil exploration sites in Cuba involve properties that were illegally confiscated by the Castro regime." London-based Premier claims its geological surveys indicate inland oil reserves in the 500 million to billion-barrel range. Premier's Richard Haythornthwaite describes the prospective find as "massive" saying, "if this comes in, Premier would be a fundamentally different company and Cuba would be a fundamentally different country." Premier Oil PLC has received a treble damages liability notice letter from Trans-Cuba Oil Company of Florida, a wholly-owned subsidiary of Trans-Cuba Oil Company, S.A.; the company having transferred the rights to sue foreign traffickers to its U.S. subsidiary in an effort to defend the rights of its U.S. and Cuban shareholders. A U.S. oil company, Amerada Hess, whose president, W.S.H. Laidlaw sits on the board of directors of Premier, holds 25% of Premier making it the controlling shareholder. Should the State Department find the UK and Canadian oil companies trafficking in U.S. confiscated property, their executives and major share holders could be barred from entering the United States under Title IV of Helms-Burton. Sherritt International has already been sanctioned under Title IV. (MH, "British firm to search for oil in Cuba," 8/26/97, p.7B).

**ROS-LEHTINEN LETTER
TO ALBRIGHT**

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

August 26, 1997
The Honorable Madeleine Albright
U.S. Department of State
2201 C Street, N.W.
Washington, D.C. 20520
Dear Secretary Albright:

I respectfully request that the Department of State look into possible violations of the Cuban Liberty and Democratic Solidarity Act (Helms-Burton law) by foreign companies that are exploring oil reserves in Cuba. The companies are Premier Oil PLC of Great Britain and the Canadian companies, Sherritt International and Genoil Inc.

These three companies have publicly discussed their development of oil exploration projects in Cuba. Genoil even has promotional materials that urge investors to invest in the company, claiming that "Cuba could in fact become the site of some of the largest oil discoveries in the world today." Genoil already has various land plots throughout the island where they are presently conducting oil explorations.

The State Department should investigate whether any of the oil explorations sites in Cuba involve properties that were illegally confiscated by the Castro regime. If American confiscated properties are involved, these companies would be subject to sanctions under Titles III and IV of the Helms-Burton law.

Once again, I respectfully request that you examine any possible violations of the Helms-Burton law by these three corporations and any other foreign company involved in oil exploration in Cuba.

Your immediate attention to this matter will be greatly appreciated.

Sincerely,
Ileana Ros-Lehtinen
Member of Congress

**BIPARTISAN COALITION SEEKS TO BLOCK
CASTRO'S NUCLEAR PROGRAM**

Senators Torricelli (D-NJ), Mack (R-FL), Helms (R-NC), and Graham (D-FL) introduced S.1073, the "International Atomic Energy Agency (IAEA) Accountability and Safety Act of 1997," (reprinted below) to reduce U.S. contributions to the IAEA, an agency of the United Nations, if it "continues to lend technical support to Castro's nuclear program" for completion of the Juragua and Pedro Pi nuclear power facilities. The U.S. voluntarily contributed 30 percent of the IAEA's funds or \$90 million in 1996. "These unfinished nuclear facilities are modeled on the same Chernobyl reactor that poisoned communities throughout the Ukraine, Russia, and all of Europe when it exploded in the late 1980s... a similar accident in Cuba would have devastating consequences for Florida and the entire Eastern Seaboard. That's an unacceptable risk," said Graham of Florida. S.1073 was introduced on July 28th and referred to the Committee on Foreign Relations. Rep. Robert Menendez (D-NJ) introduced a comparable bill (H.R.1182) in the House on March 20th (See US CPR, Vol.4, No.3, 3/31/97, p.6).

**TEXT OF S. 1073 TO WITHHOLD UNITED STATES ASSISTANCE FOR PROGRAMS OR PROJECTS
OF THE INTERNATIONAL ATOMIC ENERGY AGENCY IN CUBA, AND FOR OTHER PURPOSES.**

A BILL

*Be it enacted by the Senate and House of
Representatives of the United States of America in Congress
assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "International Atomic
Energy Agency (IAEA) Accountability and Safety Act of 1997".

**SEC. 2. WITHHOLDING OF PROPORTIONAL SHARE OF
ASSISTANCE FOR CERTAIN PROGRAMS OR
PROJECTS OF THE INTERNATIONAL ATOMIC
ENERGY AGENCY IN CUBA.**

(a) IN GENERAL. --Section 307(c) of the Foreign Assistance Act
of 1961 (22 U.S.C. 2227(c)) is amended --

(1) by striking "The limitations" and inserting "(1)
Subject to paragraph (2), the limitations"; and (2) by adding at the
end the following: "(2)(A) Except as provided in subparagraph (B),
with respect to funds authorized to be appropriated by this chapter
and available for the International Atomic Energy Agency, the
limitations of subsection (a) shall apply to programs or projects of
such Agency in Cuba.

"(B)(i) Subparagraph (A) shall not apply with respect to programs
or projects of the International Atomic Energy Agency that provide
for the discontinuation, dismantling, or safety inspection of nuclear
facilities or related materials, or for inspections and similar
activities designed to prevent the development of nuclear weapons
by a country described in subsection (a).

"(ii) Clause (i) shall not apply with respect to the Juragua Nuclear
Power Plant near Cienfuegos, Cuba, or the Pedro Pi Nuclear
Research Center unless Cuba --

"(I) ratifies the Treaty on the Non-Proliferation of
Nuclear Weapons (21 UST 483) or the Treaty for the Prohibition
of Nuclear Weapons in Latin America (commonly known as the
Treaty of Tlateloco);

"(II) negotiates full-scope safeguards of the International
Atomic Energy Agency not later than two years after ratification

by Cuba of such Treaty; and

"(III) incorporates internationally accepted nuclear safety
standards in the plant and center."

(b) EFFECTIVE DATE. -- The amendments made by subsection

(a) shall take effect on the later of --

(1) October 1, 1997; or

(2) the date of enactment of this Act.

**SEC.3. OPPOSITION TO CERTAIN PROGRAMS OR
PROJECTS OF THE INTERNATIONAL ATOMIC
ENERGY AGENCY IN CUBA.**

The Secretary of State shall direct the United States representative
to the International Atomic Energy Agency to oppose the
following:

(1) Technical assistance programs or projects of the
Agency at the Juragua Nuclear Power Plant near Cienfuegos,
Cuba, and at the Pedro Pi Nuclear Research Center.

(2) Any other program or project of the Agency in Cuba
that is, or could become, a threat to the security of the United
States.

SEC.4. REPORTING REQUIREMENTS.

(a) REQUEST FOR IAEA REPORTS.-- The Secretary of State
shall direct the United States representative to the International
Atomic Energy Agency to request the Director-General of the
Agency to submit to the United States all reports prepared with
respect to all programs or projects of the Agency that are of
concern to the United States, including the programs or projects
described in section 3.

(b) ANNUAL REPORTS TO CONGRESS. -- Not later than 180
days after the date of enactment of this Act, and on an annual basis
thereafter, the Secretary, in consultation with the United States
representative to the International Atomic Energy Agency, shall
prepare and submit to Congress a report containing a description
of all programs or projects of the Agency in each country referred
to in section 307(a) of the Foreign Assistance Act of 1961 (22
U.S.C. 2227(a)).

**NATIONAL ASSOCIATION OF SUGAR MILL OWNERS
OF CUBA RAISE RUSSIAN SUBSIDY OF CUBA**

Alberto J. Beguiristain, president of the National Association of Sugar Mill Owners of Cuba based in Miami, in a letter to Senator Helms as Chairman of the Foreign Relations Committee, requests enforcement of specific sections of both the Freedom Support Act of 1992 (Section 498A(a)(11) and the Cuban Liberty and Democratic Solidarity Act of 1996 (Section 106(c)(3) curtailing assistance to Russia to the extent it is engaging in non-market based trade with Cuba. The Sugar Mill Owners Association, "which represents the legitimate owners of Cuba's illegally confiscated sugar mills," urges Senator Helms in its letter reprinted below "in holding the Clinton Administration to enforce existing U.S. law by substantially reducing bilateral assistance to the Russian Federation due to its continuing non-market based subsidy of the Castro regime in Cuba." In an analysis of Russia's oil-for-sugar deal with Cuba as reported by ITAR-Tass news agency in Moscow of 3.25 million metric tons of raw sugar for 9.75 million metric tons of oil, the *U.S.* Cuba Policy Report* (See USCPR, Vol.4, No.6, 6/30/97, p.7) calculated there to be a subsidy of nearly one-half billion dollars or \$478,010,000 to Cuba as a result of this announced deal. Russian officials continue to assure the White House that all oil-for-sugar trade is conducted on a commercial basis through Alpha-Eko and MENATEP.

LETTER TO HELMS

NATIONAL ASSOCIATION OF SUGAR MILL OWNERS
MIAMI, FLORIDA

September 19, 1997
Senator Jesse Helms
Chairman, Foreign Relations Committee
United States Senate
405 Dirksen Office Building
Washington, D.C. 20510

Re: Reduction of Foreign Assistance to Russia for Subsidy to Cuba

Dear Senator Helms:

On behalf of the National Association of Sugar Mill Owners of Cuba, which represents the legitimate owners of Cuba's illegally confiscated sugar mills, I strongly urge you to utilize your considerable influence in holding the Clinton Administration to enforce existing U.S. law by substantially reducing bilateral assistance to the Russian Federation due to its continuing non-market based subsidy of the Castro regime in Cuba.

I have enclosed copies of two separate reliable recent reports from the *U.S.* Cuba Policy Report* and the *Foreign Aid Advisory* analyzing Russian and international press releases regarding this issue, just in case your office has not yet reviewed them. They show that, through its ongoing oil-for-sugar barter exchange, democratic Russia provided the totalitarian Castro regime with an effective subsidy equivalent to nearly half a billion U.S. dollars over the past year. Of course, the Cuban sugar being traded for Russian oil is produced in our confiscated mills and from our plantations. To add insult to injury, this indefensible assistance to a brutal dictatorship is being indirectly bankrolled by all of us, as American taxpayers, through the enormous levels of U.S. assistance to Russia currently being provided.

We simply ask that Congress respect the will of the American electorate and invoke Section 106(c)(3) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 and Section 498A(a)(11) of the Freedom Support Act of 1992, which expressly prohibit the aforementioned U.S. financing of a Russian subsidy to Cuba in obtaining Administration compliance with the very legislation that it signed.

Feel free to contact us, if you require any further information on this issue. We appreciate in advance your anticipated prompt attention to this important matter. Please continue to count on our whole-hearted support, advice and assistance for your efforts in promoting democracy, human rights, economic liberty and the rule of law in our beloved homeland.

Sincerely,

Dr. Alberto J. Beguiristain

President

Enclosures

cc: Amb. Jeffrey Davidow

Assistant Secretary of State for Inter-American Affairs (w/encls.)

Mr. Michael Ranneberger, Coordinator, Office of Cuban Affairs (w/encls.)

PLANS FOR POPE'S VISIT TO CUBA

Since the announcement on October 29, 1996 by Archbishop Jean-Louis Tauran, the equivalent of the Holy See's foreign minister, "plans were underway for the Pope to visit Cuba," according to Thomas E. Quigley, policy advisor to the United States Catholic Conference in Washington, D.C. Quigley, who has recently traveled to Cuba in preparation for the Pope's visit spoke at an AmCham Cuba luncheon at the National Press Club on Friday, September 19th. The exact dates of the visit were announced in Havana by Cardinal Ortega on January 4th as January 21-25, 1998. Quigley described how "on 28 February, following the plenary meeting of the Cuban bishops' conference, Cardinal Ortega announced the formation of the *comision conjunta*, composed of representatives of the Cuban church, the Holy See (that is the nunciature in Havana) and the Government of Cuba, charged with working out the details of the visit." (See US CPR, Vol.4, No.3, 3/31/97, p.8). Composed of ten dioceses, the Pope is scheduled to visit the four largest in Cuba located in Havana (Habana Province), Santa Clara (Las Villas Province), Camaguey (Camaguey Province), and Santiago de Cuba (Oriente Province) which "will focus upon the role of La Virgen de la Caridad del Cobre." The plans include open air Masses in each of the cities and "a number of special meetings with the Pope." So-called 'Missioners' are going door-to-door informing people of the Pope's upcoming visit since there is little information on government run radio and newspapers. Quigley pointed out, "while all of the exile community [Miami] is highly aware of the visit, most people in Cuba have heard very little about it." Among the activities that have been denied during the papal visit is the Pope's desire to "visit a prison." The State Department announced on August 22nd that Treasury's Office of Foreign Assets Control (OFAC) had approved a "license request submitted by the Archdiocese of Miami to conduct a pilgrimage by cruise ship from Miami to Havana during the time that Pope John Paul II will be visiting Cuba." The ship which is expected to carry over 1,000 people from Miami has met heavy opposition, especially from the organization Mothers and Women Against Repression, calling the Clinton administration's decision "a dangerous precedent." Ninoska Perez Castellon spokeswoman for the Cuban American National Foundation in Miami said the decision was "insensitive" and sends "a bad message." (MH, "Cuba cruise blasted on Spanish radio," 8/26/97, p.2B)

OPEN LETTER FROM THE CUBAN POLITICAL PRISONERS

In Exile Miami, August 27, 1997

Your Excellency

Monsignor John Clement Favorola

Archbishop of the Archdiocese of Miami

We, the representatives of the Cuban Political Prisoners, respectfully demand that you reconsider the project of travelling to Cuba in ships and planes as a religious pilgrimage, to coincide with the Pope's visit.

The Cuban Exiles have not suffered forty years of exile and tortures in the prisons defending the religious, civil and political liberties of our country, in order to return as 'pilgrims'. By the memory of our martyrs, who gave up their precious lives shouting 'Down with Communism!'. 'Long Live Christ the King!', we earnestly beg that you cancel these plans, since this would require the ships to cross a sea that has become a cemetery for thousands of Cubans.

Cuba still maintains the same despot and cruel tyranny that forcibly banished priests and pastors for defending Christ and his Gospel.

While the Cuban people struggle to free themselves from the Castro tyranny and recover their inalienable rights, the Cuban Political Prisoners are aware of the hidden agenda of trying to crush the vertical position of the Cuban Exiles.

Day to day we live with the Cuban suffering, and we could unite in prayer and perform an ecumenical ceremony that would give testimony of our love of Christ and our love of those who suffer, without having to ask permission from the tyrant, and do it from here, where Varela and Marti were worthy examples of the Cuban Exiles.

We take this opportunity to reiterate our greatest respect.

God! Country! Liberty!

Cuban Political Prisoners

INTERNATIONAL BRIEFS

DIAZ-BALART REFUSED ACCESS TO REFUGEE CAMP IN BAHAMAS -- Rep. Lincoln Diaz-Balart (R-FL) heading a delegation of staffers, church workers, and refugee advocates to deliver 35 boxes of humanitarian aid, was refused access to 70 Cuban rafters being held in a high security detention camp in Nassau. Many if not all of the detainees are expected to be deported back to Cuba where they face reprisals as some like Elier Orosa Ramirez already have. (MH, "Aid to rafters gets brush-off from Bahamas," 8/27/97, p.1B).

MEETING CONVENED IN GENEVA AT CUBA'S REQUEST -- Cuba, having filed a complaint at the UN on the week of June 30th against the U.S. for "biological aggression," (See USCPR, Vol.4, No.7, 7/30/97, p.5) presented its statement before the Formal Consultative Meeting of States Parties to the 1972 Biological and Toxins Weapons Convention in Geneva from August 25-27. Seventy-nine countries participated including North Korea, Iran, Iraq, Libya, and Vietnam. A committee of seven representatives was chosen chaired by England and include: Brazil, Canada, Iran, Nigeria, the Netherlands, and Russia. A chairman's report is due by December 31st. (NYT, "Cuban Accusations of US Insect Raid on Island to be studied," 8/28/97, p.A7).

RUMORS OF CASTRO'S DEATH WIDELY REPORTED -- Rumors of Cuban dictator Fidel Castro's death may have arisen from a report over Radio Reloj, a 24-hour Havana news station, when it reported the death of Rene Orley Sanchez Castro described as an 'outstanding revolutionary'. Castro is 71 years old and in declining health. (MH, "Rumor has it...but Castro isn't dead," 8/28/97, p.1A).

CUBAN DELEGATION MAKES FIRST OFFICIAL VISIT TO CONGO SIGNING PROTOCOL TO REESTABLISH DIPLOMATIC RELATIONS -- In the first official visit by a Cuban delegation to the newly established government of the Democratic Republic of Congo formerly Zaire, delegates signed a protocol to reestablish diplomatic relations with the country now led by Laurent Kabila. (See USCPR, Vol.4, No.5, 5/29/97, p.7). The delegation was headed by Rodolfo Puente Ferro considered an expert on Africa having served as Cuba's ambassador to Angola. Kabila expressed his interest in strengthening ties between Kinshasa and Havana in the areas of health and education. The Congo, which is the source of important strategic minerals such as cobalt used in aerospace alloys, maintains 65% of world reserves. The U.S. imported 82% of its cobalt supplies in 1995 from various countries including Zaire. (EH, "Delegation meets with president of the Congo," 8/30/97).

CUBA ARRESTS SALVADORAN FOR HAVANA HOTEL BOMBINGS -- Cuba's Interior Ministry issued a communique on September 10th announcing the arrest of a young Salvadoran, Raul Ernesto Cruz Leon, who is reported to have confessed allegedly implicating the Miami based Cuban American National Foundation (CANF) in the string of Havana hotel bombings. CANF described the accusation as "abject absurdity." Cuba has refused to provide any hard evidence of its accusations. (TWT, "Theories abound over bombings in Cuba," 9/12/97, p.A19; NYT, "Cuba Arrests Salvadoran in Hotel Blasts," 9/12/97, p.A6).

RUSSIA JOINING PARIS CLUB MAY IMPACT CUBA'S DEBT -- Russia's signing of an accord to join the so-called Paris Club of creditor nations on Wednesday, September 17th in Paris requires that it apply a 30-to-80 percent discount on approximately \$37 billion of debt it is estimated to be owed. Russia inherited the former Soviet Union's debt in 1991. Estimates of Cuba's debt to Russia range anywhere from \$6 billion to \$34 billion some of which may be treated as subsidies. (WSJ, "Cuba Seeks to Revamp its Defaulted Debt," 6/26/95, p.C1; WP, "Russia Joins Paris Club of Creditors," 9/18/97, p.A26).

SHORT TAKES

OFAC IMPOSES CIVIL PENALTY AGAINST JACKSONVILLE PORT AUTHORITY FOR EMBARGO VIOLATION -- The Jacksonville, Florida Port Authority paid a \$20,000 fine on August 13th, the first such penalty by a state or local municipality for Cuba embargo transactions. The settlement resulted from a two day trip made to Cuba in June of 1995 by six individuals including a Jacksonville city councilman. The unlicensed transactions included hotel and meal expenditures in violation of the Treasury Department's Foreign Assets Regulations. Since October 1992, the effective date of OFAC's civil penalty authority, \$1.5 million has been collected. Up to \$55,000 in civil penalties may be imposed. Criminal penalties for embargo violations range up to 10 years in prison, and \$1 million in corporate fines and \$250,000 in individual fines. (News Release USDOT, "Treasury Collects \$20,000 for Cuba Embargo Violations," RR-1896, 8/28/97, p.1).

UN STUDY SHOWS CASH REMITTANCES TO CUBA TOTALED \$800 MILLION IN 1996 -- A study completed by the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC) to be released in October reports cash remittances from Cuban exiles to family members living in Cuba to have reached \$800 million in 1996. These remittances have helped to prop-up the Castro regime over the past five years since the legalization by the Cuban government of the U.S. dollar in 1993 despite President Clinton's prohibitions in 1996 following the downing of two Brothers to the Rescue planes on February 24th of that year. The ECLAC study was conducted in cooperation with the Cuban government. The figure reported would mean that more money is sent to Cuba than is paid in wages in Cuba. (MH, "Exiles' money helping Castro, study says," 9/10/97, p.8A).

U.S. ATTORNEY'S OFFICE IN MIAMI REACHES PLEA BARGAIN OVER EMBARGO VIOLATION CASE -- Francisco Javier Ferreiro-Parga, a Spanish businessman accused of violating the U.S. embargo against Cuba, has reached a plea agreement with the U.S. Attorney's Office in Miami implicating four other defendants as participants in the export of U.S. goods and products to Cuba via Curacao, the Dominican Republic, and Panama. Arrested earlier this year, Ferreiro-Parga was charged with money laundering, conspiracy and violation of the U.S. Trading With the Enemy Act's Cuban Asset Control Regulations. Trial is scheduled to begin on September 29th. (JOC, "Cuba embargo suspect agrees to plead guilty," 9/15/97, p.3A).

COURT GRANTS MOTION TO DISMISS IN CONSOLIDATED CASE -- U.S. District Court Magistrate Turnoff of the Southern District of Florida has granted defendant's motions to dismiss in Consolidated Development Corporation, et al. v. Sherritt, Inc., et al. (Case No. 96-1820-CIV-GRAHAM). With a final order still to be issued, the court dismissed plaintiff's case against six of the eleven parties including Sherritt, Inc., Canada Northwest Energy Ltd., Cobalt Refinery Co. Inc., International Cobalt Company Inc., (7/30/97) Moa Nickel S.A., and Sherritt International (9/18/97). The court based its order to dismiss upon the act of state doctrine refusing to consider the merits. Consolidated indicated it will appeal. The case against four Cuban instrumentalities, Cubapetroleo, Commercial Cupet, S.A., Union de las Empresas de Niquel, and General Nickel Company, S.A. is continuing pending service of process by the State Department. Consolidated will introduce a motion for judgement on damages related to its default order already entered by the clerk against the Republic of Cuba. (See USCPR, Vol.4, No.8, 8/8/97, p.7).

NOTABLE QUOTES

"Finding oil would be like Christmas for Cuba. Almost the last thing the U.S. government wants at any stage is for Fidel Castro to survive yet another president's term and then to find oil on top of that." Tony Kapcia, commenting on Premier Oil's optimistic exploration outlook in Cuba, is described as an expert on Cuba at the University of Wolverhampton in England. (MH, "British firm to search for oil in Cuba," 8/26/97, p.7B).

"The fact that the Clinton Administration has ordered the FBI to investigate allegations against American citizens made by the terrorist regime in Havana is as repugnant as it is inconceivable." Rep. Lincoln Diaz-Balart (R-FL) criticizes the Clinton administration for recent actions. (Press Release, "Diaz-Balart Blasts Clinton Administration for Investigating U.S. Citizens Based on Castro Allegations," 9/11/97, p.1).

"While Cuban officials this summer were denouncing Washington for the island's food shortages, Castro was hosting thousands of foreigners at a World Youth Festival -- the Cuban government paid all expenses for many. Wouldn't the government's meager resources be better spent to feed Cuba's own people." Frank Calzon is director of Cuba programs in the Washington, D.C. office at Freedom House. (MH, "Cuba denies medical attention to prisoners," 9/12/97, p.17A).

"Three times since March 1996 President Clinton has denied Americans the right to sue foreign companies trafficking in their properties confiscated by Fidel Castro. The president's third six-month suspension of Title III, the most effective provision in the Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton Act, has defanged the toughest sanctions placed on Cuba since Castro came to power 38 year ago. This inexcusable exercise of presidential waiver authority has made Mr. Clinton an accomplice in the largest confiscation of American-owned property in U.S. history." Rep. Bill McCollum (R-FL) has introduced the "LIBERTAD Enforcement Act" to repeal the president's Title III waiver authority. (JOC, "Putting fangs back into Helms-Burton," 9/16/97, p.9A).

"Violations of Cuba embargo restrictions are taken very seriously and violators must understand that they will pay a penalty. Engaging in any unlicensed transaction with Cuba is a violation of U.S. law and all persons subject to U.S. jurisdiction should be cautioned accordingly." OFAC Director Richard Newcomb. (News Release USDOT, "Treasury Collects \$20,000 For Cuba Embargo Violations," RR-1896, 8/28/97, p.1).

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Ralph J. Galliano, Editor

FOREIGN RELATIONS CHAIRMAN DEMANDS DOCUMENTS ON ENFORCEMENT OF HELMS-BURTON LAW

WASHINGTON -- Senate Foreign Relations Committee Chairman Jesse Helms has demanded documentation from the State Department verifying the Clinton administration's implementation of Title IV of the Helms-Burton Act which denies U.S. entry to corporate executives who confiscate or traffic in Cuban property belonging to United States nationals. The request for documentation will permit the Foreign Relations Committee to "determine whether the law is being properly enforced," according to press spokesman Marc Thiessen. This latest move is evident in a letter from Senator Helms (R-NC) to Secretary of State Madeleine Albright dated October 3rd reprinted below. Helms says that the president has ignored his "specific complaint that only two foreign companies had been cited under the Helms-Burton Act in 16 months." In a series of correspondence between Helms and President Clinton prompted by the president's latest waiver of Title III (USCPR, Vol.4, No.7, 7/30/97, pp.1-4), Helms believes the administration has "unilaterally" decided not to enforce that provision of the law. Helms' July 16th letter to the president charged that "through its failure to enforce this provision, the Administration has issued what amounts to an effective (and, in fact, an unlawful) waiver of Title IV." At that time, Helms expressed to the president the "growing suspicion in Congress that your Administration has promised the European Union it will not enforce Title IV against European companies, as a quid-pro-quo for European agreement to suspend their WTO suit." In fact, not a single European company has been sanctioned under Title IV and only executives from two foreign companies have received determination letters from the State Department designating them as traffickers of American owned confiscated property in Cuba. The companies include Sherritt International from Canada and Grupo Domos from Mexico. There is every likelihood that only Sherritt remains under Title IV restrictions since Grupo Domos, having been involved with the Cuban telephone company ETECSA, has pulled out of the venture replaced by the Italian state-owned company STET/Telecom Italia. One of Helms' complaints as stated in his July 16th letter referred specifically to STET's "clear violation of Title IV" and the State Department's inaction involving that matter. On July 23rd the State Department announced the ITT-STET "business" deal freeing STET/Telecom Italia from any possible Title IV sanctions. Neither the State Department's "Guidelines" nor Title IV grant such a waiver.

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HELMS LETTER TO ALBRIGHT

October 3, 1997

The Honorable Madeleine Albright

Secretary of State

Washington, D.C. 20520

Dear Madam Secretary:

I will genuinely appreciate your helping our Committee's efforts to ensure that U.S. laws designed and intended to put pressure on the Castro regime are enforced fully and vigorously.

On August 14, the President responded to an earlier letter from me regarding his decision to suspend Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act which (as you know) would allow Americans to sue foreigners found to be "trafficking" in their stolen property in Cuba. In that letter, the President stated that he had based his decision on "unprecedented international cooperation" by other countries to "promote a peaceful democratic transition in Cuba." Madam Secretary, that's news to me.

The President did not even try to address my concern that the Administration was pulling its punches by failing to deny U.S. visas to these traffickers. His letter asserted simply, "I assure you that the United States will continue enforcing Title IV" -- ignoring my specific complaint that only two foreign companies had been cited under the Helms-Burton Act in 16 months.

Since the President failed to address my questions about enforcement of the LIBERTAD Act, we are obliged to find out for ourselves whether this U.S. law is indeed being applied vigorously. To that end, I ask that the Department of State provide the Foreign Relations Committee with the following information (including classified documents) as soon as possible:

1. All memoranda, cables, minutes, electronic messages, telefaxes, or other documents, and drafts thereof, relating to past or pending investigations or decisions under Title IV of the LIBERTAD Act.
2. A list (indicating current assignments) of all State Department personnel who have participated directly in investigations and decisions under Title IV of the LIBERTAD Act, since March 12, 1996.
3. All memoranda, cables, electronic mail messages, telefaxes, or other documents, and drafts thereof, relating to the policies of third countries or international organizations (including, but not limited to, the European Union and each of its member states) toward the regime of Fidel Castro in Cuba, since March 12, 1996.

Kindest personal regards.

Sincerely,

Jesse Helms

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US-EU EXTEND TALKS BEYOND DEADLINE

Following three rounds of talks over a six-month period between the United States and the European Union (EU) to settle their dispute primarily over the Helms-Burton Act by October 15th, negotiations have been extended into late December when the U.S.-EU summit is scheduled. In the likely event the U.S. and the EU are unable to reach agreement at that time, the Understanding provides for the negotiating parties to "develop agreed disciplines and principles for the strengthening of investment protection" within the framework of the Multilateral Agreement on Investment (MAI) at the Organization for Economic Cooperation and Development (OECD). This must be accomplished in time for the Paris ministerial meeting in April when a draft treaty on direct investment rules is to be concluded.

The Understanding covers both the EU's objection to the Helms-Burton Act involving foreign investment in confiscated American property in Cuba as well as the Iran, Libya Sanctions Act (ILSA) "to counter the threat to international security posed by Iran and Libya." The September 21st announcement of the French oil company Total's \$2 billion deal [along with Gazprom of Russian and Petronas of Malaysia] to develop Iranian natural gas has complicated already difficult talks. Under ILSA, also known as the D'Amato Act, the U.S. is required to impose sanctions against companies engaged in foreign investment in Iran or Libya that exceeds \$20 million. To date, no European company has been sanctioned either under Title IV of the Helms-Burton Act or under ILSA. The EU has suspended its complaint against U.S.-Cuba policy at the World Trade Organization (WTO) in hopes the Clinton administration can obtain a waiver amendment to Title IV from Congress. (See USCPR, Vol.4, No.9, pp.1-2).

The Understanding upon which U.S.-EU negotiations have been based, however, is predicated on the false premise that the "continued suspension of Title III" of Helms-Burton relies on the EU's promotion of democracy and human rights in Cuba. In fact, the suspension authority granted the president under Section 306(c)(1)(B) is "with respect to confiscated property" in Cuba as long as the president "determines and reports in writing" that the suspension is "necessary to the national interests of the United States and will expedite a transition to democracy in Cuba."

CONCLUSIONS OF THE PERMANENT REPRESENTATIVES COMMITTEE OF 16 OCTOBER 1997

Brussels, 16 October 1997
Subject: Helms-Burton/D'Amato

Following the session on 14/15 October 1997 of bilateral consultations between the European Union and the United States, on the basis of the Understanding of 11 April 1997, the Committee noted that, despite some limited progress, it had not been possible to finalize these consultations. The European Union can only express disappointment. It recalls its attachment to the commitments undertaken, in particular those contained in paragraphs 4 and 5 of the above mentioned Understanding.

In these circumstances, a period of reflection is necessary in the expectation in particular of a more flexible approach by the United States.

Contacts will be continued within the framework of the negotiations of the Multilateral Agreement on Investment (MAI).

Finally, the European Union recalls the Council conclusions of 18 April 1997 and in this context expresses the hope of reaching a satisfactory conclusion to the consultations in due course.

ITT-STET DEAL: CONGRESSIONAL OVERSIGHT

Congressional complaints notwithstanding, it is believed the Clinton administration didn't sanction STET/Telecom Italia for trafficking in American owned confiscated property in Cuba as called for under Title IV of the Helms-Burton Act, in part to avoid disrupting the negotiations set in motion by the April 11th Understanding between the U.S. and the European Union. No European companies have been subjected to Title IV sanctions thus far. In an unprecedented deal, the Italian state-owned telecommunications company paid ITT Corporation between \$20 and \$25 million for the right to use ITT's Cuban confiscated property over the next ten years allowing STET/Telecom Italia to avoid the risk of litigation for trafficking under Title III of the Helms-Burton Act. Although the deal, which has been described as a "work in progress," was reported to have taken effect July 15, 1997, the State Department has stalled on its commitment for Congressional oversight. In an August 1st letter to Secretary of State Madeleine Albright, Rep. Ileana Ros-Lehtinen, (R-FL) chairman of the Subcommittee on International Economic Policy and Trade, criticized the deal as being in violation of Section 102(g) of the Helms-Burton Act which prohibits investment in the domestic telecommunications network within Cuba. (See USCPR, Vol.4, No.8, p.3). In an October 3rd letter to Albright reprinted below, Ros-Lehtinen asserts Congress' oversight prerogative as well as the Clinton administration's assurance "that Congress would review the terms of the agreements and circumstances surrounding the negotiations leading up to it."

ROS-LEHTINEN LETTER TO ALBRIGHT

October 3, 1997
The Honorable Madeleine Albright
Secretary
U.S. Department of State
Washington, D.C. 20520
Dear Secretary Albright:

I am writing to request your assistance in securing a copy of the ITT/STET deal and all related documentation.

When it was announced that ITT and STET had reached an agreement on authorization and compensation for use of property confiscated by the Castro regime, the reaction from Congress was mixed. However, it was underscored that this agreement fell within the venue of the LIBERTAD Act (Helms-Burton Law) and thus required that Congress exert its oversight responsibilities. In separate statements, the Chairmen of the House International Relations Committee and Senate Foreign Relations Committee assured that Congress would review the terms of the agreements and circumstances surrounding the negotiations leading up to it.

Congress cannot carry out its duties with diligence without access to the primary document and related materials. This agreement is directly relevant to the telecommunications provisions of the LIBERTAD Act and to investigations and rulings under Title IV. As such, it requires further inspection by the Legislative Branch to ensure that it does not impede or circumvent in any way the implementation of the LIBERTAD Act. It is understood that this agreement was carefully reviewed by the necessary officials in your Department. However, the examination cannot end there as Congress has a Constitutional obligation it must fulfill.

I understand the sensitive nature of this information and would offer the option for it to be submitted in classified form, to be accessed only by Members of Congress and Committee staff with appropriate clearances.

As always, your assistance and cooperation is greatly appreciated.

Sincerely,
Ileana Ros-Lehtinen
Member of Congress

**WAYS AND MEANS FAST-TRACK
AUTHORITY MAY EFFECT HELMS-BURTON**

While Congressional Democrats and the White House fight over environmental and labor standards in the proposed "fast-track" trade legislation, concern has arisen over the integrity of the Cuban embargo especially with respect to the Helms-Burton Act. Fast-track grants the president negotiating authority with nations to be approved by an up-or-down vote in Congress without amendments. In return, the president agrees to consult Congress during the negotiating process. The last president to have had fast-track authority was George Bush who negotiated the North American Free Trade Agreement (NAFTA) with Canada and Mexico in 1993. The difference between past fast-track legislation and the present White House-Ways and Means Committee compromise (H.R. 2621) is the broad scope of negotiating authority granted the president. President Bush was granted fast-track authority specifically for NAFTA. In her letter to House Ways and Means Chairman Bill Archer ((R-TX) reprinted below, International Economic Policy and Trade Subcommittee Chairman Ileana Ros-Lehtinen refers to the continuing U.S.-EU negotiations involving, in part, an amendment to Title IV of Helms-Burton to grant the president waiver authority. Compared to the Senate version (S. 1269), the Ways and Means section on foreign investment contained in Title I calls for establishing "standards for expropriation and compensation for expropriation, consistent with United States legal principles and practice" and to provide "meaningful procedures for resolving investment disputes." The language in the Ways and Means markup, to which Ros-Lehtinen refers in her letter to Archer, does not reflect any changes.

ROS-LEHTINEN LETTER TO ARCHER

October 7, 1997
The Honorable Bill Archer
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515
Dear Chairman Archer:

I understand that your committee will soon be holding a mark-up on its version of fast-track legislation.

There are many issues that need to be addressed and contentious items that remain unresolved. However, I am certain that your committee will proceed with diligence in helping to ensure that the proposed bill is comprehensive and serves to protect U.S. interests above all.

With this objective in mind, I ask that you pay particular attention to the protection of U.S. property rights under the section of foreign investment. I request that the House Ways and Means fast-track bill include provisions which promote and secure the establishment of global investment regimes to protect U.S. property rights abroad and which bars investment in properties owned by U.S. citizens and which have been illegally confiscated by foreign interests. Finally, the section on foreign investment should also include a guarantee that the provisions in the section should not be interpreted as authorizing changes in existing U.S. law.

These provisions are critical given the bilateral negotiations between the U.S. and European Union over the LIBERTAD Act (Helms-Burton Law) and discussions concerning the Iran-Libya Sanctions Act.

I appreciate your cooperation in this matter.

Sincerely,
Ileana-Ros Lehtinen, Chair
Subcommittee on
International Economic Policy and Trade

INTERNATIONAL BRIEFS

BRITAIN EXPECTED TO PRESS CUBA ON HUMAN RIGHTS -- The New Labor government of British Prime Minister Tony Blair, whose Cuba policy is rooted in the EU's Common Position (see USCPR, Vol.3, No.12, p.3), is expected to press Cuba more strongly on the human rights issue after assuming the EU presidency in January 1998. According to Elizabeth Symons, Undersecretary for North America and the Caribbean, the UK will make human rights its foreign policy centerpiece and follow through with the jailing of dissidents in Cuba. The EU has already invited Cuban Foreign Minister Roberto Robaina to hear their complaints but he has declined to engage the EU on the issue. This tack in policy by the UK in no way diminishes Britain's stand on the Helms-Burton Act as "extraterritorial" and opposition to which Foreign Secretary Robin Cook has described will be "robust." See USCPR, Vol.4, No.6, p.8. (MH, "Britain to press Cuba on Human Rights," 9/18/97, p.24A). **OAS AMENDS CHARTER TO ACTIVATE PROTOCOL OF WASHINGTON** -- Venezuela provided the necessary two-thirds vote to activate the Protocol of Washington which suspends the membership of any one of the 35 nations of the OAS that has come to power by coup rather than democratic means. Mexico objected to the treaty on the grounds that it intervened "in the internal affairs" of the states. Under its current political system Cuba, which was suspended in 1962, would continue to be excluded from the hemispheric organization. (MH, "OAS pact gives boost to democracy," 9/25/97, p.20A). **CASTRO ENDORSES BROTHER RAUL AS SUCCESSOR** -- At the end of a three day (October 8-10) Cuban Communist Party Congress set to coincide with the 30th anniversary of the death of Cuban revolutionary icon -- Ernesto "Che" Guevara, Cuba's communist dictator, Fidel Castro, endorsed his 66 year-old brother Raul as his successor. This is a clear sign the 71 year-old Castro acknowledges his mortality and lends added credence to his diminished physical appearance and the rumors of ill health. The Fifth Party Congress resulted in the reduction of the Central Committee from 225-to-175. Over half of the members of the politburo are now under 50 years-of-age including Foreign Minister Roberto Robaina (41) and Vice President Carlos Lage (46). The Fifth Congress of the Communist Party of Cuba attracted 1,482 delegates and over 250 guests. Foreign press was not admitted. (MH, "Cuba's Castro endorses his brother Raul as successor," 10/13/97, p.10A; BBC, "Castro pledges economy will go on growing," 10/14/97). **CARIBBEAN EXPORT DEVELOPMENT AGENCY TO OPEN OFFICE IN HAVANA** -- The Barbados based Caribbean Export Development Agency has announced it will open a regional "trade facilitation office" in Havana before the end of the year. Caribbean trade with Cuba in 1996 exceeded \$300 million. Oil from Trinidad and Tobago accounted for a large portion of this trade. Rep. Ileana Ros-Lehtinen (R-FL), who is vice chairman of the Western Hemisphere Subcommittee and chairman of the Subcommittee on International Economic Policy and Trade, has discouraged the 15 nation Caribbean trade bloc CARICOM from granting Cuba membership. Ros-Lehtinen's bill, H.R. 2296, withholds U.S. assistance to Caribbean Basin Initiative (CBI) countries that support Cuba. For text of H.R. 2296 see USCPR Vol.4, No.8, p.6. (JOC, "Caribbean trade agency will open office in Cuba," 10/22/97, p.7C). **MANDELA TO VISIT CUBA** -- Marco Boni, a spokesman for the South African Foreign Ministry, has confirmed the Cuban government's invitation for President Nelson Mandela to visit Cuba. Although no decision has been made as to when Mandela will visit Cuba, it will need to be before 1999 when his term ends. Mandela is not expected to visit Cuba before February 1998. Pope John Paul II is scheduled to visit Cuba in January 1998. (IHT, "After Libya, Mandela Ponders A Trip to Cuba, Possibly in '98," 10/24/97, p.13).

SHORT TAKES

GENERAL CIGAR HOLDINGS LAUNCHES THE COHIBA BRAND IN MIDST OF DISPUTE WITH CUBAN GOVERNMENT -- New York based General Cigar Holdings launched a \$3 million advertising campaign to promote the brand name "Cohiba" which it has held at the U.S. Patent and Trademark Office (USPTO) since 1978. General Cigar's Cohiba, made in the Dominican Republic from Cuban-seed, Indonesian binding, and natural leaf wrapper from Cameroon, is not to be confused with the cigar made famous by Fidel Castro who gave them as gifts until 1980. General Cigar's Cohiba has been commercially available since 1978. Cuban made Cohiba's are banned under the embargo from U.S. sales. The Cuban government's tobacco company Empresa Cubana Del Tabaco filed a petition at the USPTO in January protesting General Cigar's promotion and production of cigars under the Cohiba brand name. A decision from USPTO is pending. (MH, "Is this P.C.? Permissible Cohiba, that is," 9/24/97, p.7B; FT, "Cubans fume at US over hybrid cigar plan," 9/25/97, p.14). **DIAZ-BALART CALLS FOR OFAC TO INVESTIGATE SALE OF CONTRABAND CUBAN CIGARS** --

Rep. Lincoln Diaz-Balart (R-FL) has called on the Office of Foreign Assets Control (OFAC) to investigate the sale of contraband Cuban cigars in the United States. Diaz-Balart calls for "appropriate attention to this enforcement matter." (NR, 9/26/97). **CUBAN FOREIGN MINISTER REQUESTS MEETING WITH U.S. DELEGATE TO UN** -- Roberto Robaina, Cuba's foreign minister requested and received a meeting with Bill Richardson, the U.S. delegate to the United Nations, at the opening of its 1997-98 session in New York. Richardson ended his service as the rotating president of the UN Security Council. The two met on Tuesday, September 30th the final day of Richardson's rotation for half-an-hour and were said to have discussed the recent Havana hotel bombings. Robaina addressed the opening session of the UN. (NYT, "U.S. Envoy and Cuban Official Talk at UN, 10/1/97, p.A6).

CUBAN EXILES AHEAD ON IMMIGRATION AND NATURALIZATION SERVICE (INS) LIST FOR U.S. CITIZENSHIP -- Nationwide, Cuban exiles accounted for 62,168 naturalizations in 1996, according to statistics released by the INS. Of that number, 52,753 were attributed to the State of Florida (123,368) which ranked third behind California (378,014) and New York (169,428) in total naturalizations nationwide. Greater Miami accounted for the bulk of the 85,206 naturalizations in the areas with 47,702 of Cuban origin. Arrivals from Cuba has grown steadily since the signing of the 1994 and 1995 interdiction and repatriation accords negotiated by the Clinton administration with the Castro regime in the wake of the 1994 rafter crisis. (MH, "Cubans at forefront of naturalization surge," 10/23/97, p.1B). **ECONOMIST INTELLIGENCE UNIT ISSUES CUBA REPORT** --

The Economist Intelligence Unit in New York has issued its third consecutive report on Cuba entitled "Reassessing Cuba: Emerging Opportunities and Operating Challenges." The 162-page report is described as having "three primary themes: the country's emerging investment sectors, the impact of the 1996 Helms-Burton Act on companies' investment, and information on how to operate in the country." (JOC, "If and when Cuba opens, US firms will need patience - lots of it," 10/23/97, p.4A).

JOHN F. KENNEDY JR QUIETLY TRAVELS TO CUBA -- Son of the late President Kennedy and editor of *George* magazine has mysteriously travelled to Cuba on the 35th anniversary of the Cuban missile crisis. A spokeswoman for the magazine would only say that he travelled there as a "journalist." There was no confirmation as to whether Kennedy would interview the Cuban dictator. (NYT, "John Kennedy Makes A Quiet Trip to Cuba," 10/25/97, p.A10).

NOTABLE QUOTES

"...there are some bombshells coming out of Cuba these days, but not one of them is that Fidel Castro is dead or dying. What is big news is that the regime is coming apart from its own internal weaknesses as it makes it increasingly impossible for people simply to live. The truth about Fidel Castro, and who he really is, is finally beginning to come out, too." Georgie Anne Geyer is a nationally syndicated columnist and author *Guerrilla Prince: The Untold Story of Fidel Castro*. (TWT, "Real and political bombshells," 9/10/97, p.A17).

"The embargo advocates point out that if full trade relations are resumed between the U.S. and Cuba, then Cuba's government will qualify for U.S. government aid. Such aid would definitely prop up Castro's regime, as similar aid has done for tyrants in Africa and elsewhere. So let's end the embargo, not give foreign aid to Cuba, and watch as Fidel fades forever into much deserved oblivion." David R. Henderson, a professor of economics at the Naval Postgraduate School in Monterey, California, is a fellow at the Hoover Institution. (Fortune, "Why Our Cuba Policy is Wrong," 10/13/97, p.49).

"...the inclusion of food and medicines in a trade embargo is an outright violation of international law and of the Geneva Convention. Even if Cuba could buy everything that it needed elsewhere and never intended to import a single sack of rice or box of aspirin from us, the United States should lift the embargo on food and medicine to bring itself in compliance with international law." Wayne S. Smith served as the Chief of Section in Havana from 1979 to 1982. (MH, "Lift embargo on food, medicine to Cuba," 10/16/97, p.17A).

"Fidel Castro has the ability to create a migration event and require us to negotiate at the worst time." Adm. Norman Saunders is commandant of the U.S. Coast Guard 7th District in Florida. (MH, "New Cuban exodus could outstrip Mariel, expert says," 10/18/97, p.7B).

"Castro says that Guevara's 'luminous gaze' has become 'a symbol for all the poor of this world.' But it was not Guevara's life that is prophecy; it is his death. Whatever lofty visions once moved him, Che Guevara was, in the end, a purveyor of suffering. Fidel Castro is perversely right: Cuba's modern history is largely, Guevara's legacy. And it's nothing to write home about." Mickey Edwards is a former Republican congressman from Oklahoma who teaches at the Kennedy School of Government at Harvard. (MH, "Castro builds myths around Che's sad legacy," 10/23/97, p.21A).

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Ralph J. Galliano, Editor

PRESIDENT CLINTON REPUDIATES THE HELMS-BURTON ACT – PROPOSES POLICY OF CONSTRUCTIVE ENGAGEMENT WITH CUBA

WASHINGTON -- On two separate occasions over the course of a month, President Clinton repudiated the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act that he signed into law on March 12, 1996, and retreated to his policy of constructive engagement under cover of the Cuban Democracy Act of 1992 (CDA). His first series of comments, following a televised town hall-style meeting on Thursday, October 16th in Buenos Aires, Argentina, betrayed his longing for the pre-Helms-Burton days when the Clinton presidential candidacy endorsed and actively supported the CDA introduced by then-Congressman Robert Torricelli (D-NJ) in his capacity as chairman of the House Western Hemisphere Subcommittee. As a tactical end-run at President Bush's reelection campaign, it worked. The bill passed as part of the National Defense Authorization Act for Fiscal Year 1993 (PL 102-484, Oct. 23, 1992, 106 STAT. 2315) and became the cornerstone of the Clinton administration's Cuba policy upon which it has relied ever since. That reliance rested on the so-called two-track policy devised to tighten the embargo against Cuba in part by eliminating the U.S. subsidiary trade with the communist ruled island estimated at \$500 million annually. The second track pursued a course of "Support for the Cuban People," involving donations of food and the exports of medicines and medical supplies to Cuba which remains ongoing. As a matter of public policy toward Cuba, the Clinton administration opened the flow of previously blocked telecommunications funds to the Castro regime for the first time since the embargo began in February of 1962. More importantly for the president, the CDA's policy of constructive engagement granted the executive the power to "reduce sanctions in carefully calibrated ways in response to positive developments in Cuba." In effect, passage of LIBERTAD, commonly referred to as the Helms-Burton Act, removed that discretionary power from the president's hands. Throughout the course of intense Congressional debate over Helms-Burton during the 1995 and early 1996 sessions, the Clinton administration had weighed-in heavily against the Helms-Burton legislation that eventually would tighten and codify the U.S. embargo against Cuba. As a result, the Act permitted limited discretionary executive power over U.S.-Cuba policy such as a Title III waiver over the right-of-action and a liberal licensing process that continues to escape strict Congressional oversight to this day.

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ACCOMMODATING THE CASTRO REGIME--In Buenos Aires, Clinton, responding to a woman's question of whether he believed the embargo would "help the communist regime to fall" said, "I tried another approach. My approach was the Cuban Democracy Act, which I liked very much...Even though it was signed before I became president, I endorsed it when I was running for president even before President Bush did. And what it basically said was: The United States will attempt to work out an accommodation with Cuba in which as they become more open, we will take more forward-looking steps to reach out to them. If they close up, we will close up." Clinton's expressed frustration with Helms-Burton became even more evident saying, "If there could be some signal that they want to open up and change direction then I think even the hardest line people in the Congress, even the hardest line people in Miami -- who are basically responsible for the policy -- would be open to a different approach." House Democratic Whip Robert Menendez (D-NJ) wrote to President Clinton expressing his extreme disappointment over his "remarks on U.S. policy toward Cuba while traveling in Latin America." Menendez's letter reprinted below continued, "I find it extremely disconcerting that you would give credence to your critics and disassociate yourself from U.S. policy toward Cuba."

In a November 9th Sunday morning interview with Tim Russert of NBC's *Meet the Press*, President Clinton continued to pursue his line of constructive engagement and went even further than can be imagined when he suggested there could be an "opening" with Fidel Castro if only he could receive a signal. These comments are contrary to stipulated U.S. policy and in direct contradiction to the Helms-Burton Act which requires that a transition government in Cuba "does not include Fidel Castro or Raul Castro." Referring to Clinton's remarks of "an opening up, a movement toward democracy" in Cuba, Russert asked the president if he expected "to get anything like that from Fidel Castro?" Clinton responded: "I'm not sure. You know, we get mixed signals from time to time, and he's a highly intelligent man, and I know he spends a lot of time thinking about the future, so I wish it could be different than it is, but we have to have some basis for opening. It can't be a one-way street. There has to be some sense that there's an evolution going on in Cuba and it can turn into a modern state."

COLLAPSE OF EU-US TALKS AND GROWING CONGRESSIONAL PRESSURE - The recent collapse on October 15th of the Eizenstat-led talks with the European Union to further dilute Helms-Burton coupled with growing Congressional pressure for President Clinton to honestly and fully implement the law has placed the White House in an untenable position.

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MENENDEZ LETTER TO PRESIDENT

November 8, 1997
The President
The White House
Washington, D.C. 20500
Dear Mr. President:

I was extremely surprised and disappointed by your remarks on U.S. policy toward Cuba while traveling in Latin America last month.

As a member of the House Democratic leadership and as someone who has defended this administration to the Cuban-American community in Florida and New Jersey time and time again, I find it extremely disconcerting that you would give credence to your critics and disassociate yourself from U.S. policy toward Cuba. Your statement implied that the embargo and the Cuban Liberty and Democratic Solidarity Act are in place only because of "hardliners in Miami."

The LIBERTAD Act has been the most effective tools ever employed by the United States in its policy toward Cuba. In the past one and one-half years, since you signed the LIBERTAD Act into law we have seen more positive movements from the nations of the European Union and Latin America toward Cuba than in the preceding thirty-seven years combined.

The European Union's Common Position on Cuba, the public acknowledgement of human rights abuses and calls for democracy and the concern by some Ibero-American nations about holding the 1999 Ibero-American Summit in Cuba are derivatives of your signing the LIBERTAD Act. The world has begun to see the reality of life in Cuba and it has begun to time of Castro's rhetoric and tyranny.

In the same way that other ethnic communities exercise their right to lobby their government on issues of U.S. foreign policy, the Cuban-American community should not [be] chided for advocating for measures which will promote the advent of democracy in Cuba.

I hope that the Cuban-American community and the Cuban people can continue to count on your support and leadership to advance the day when Cuba joins the host of democratic nations in the Western Hemisphere.

Sincerely,
Robert Menendez
Member of Congress

GRAHAM PASSES AMENDMENT TO COUNTER CUBAN THREAT

The Castro regime attacked Senator Bob Graham's (D-FL) amendment to the Defense Authorization Bill, H.R.1119, in the Communist Party newspaper Granma (11/12/97). In its column, "A military threat to Cuba," it called Graham's amendment "barbaric." Graham responded by saying, "Yesterday, Castro attacked my effort to protect the United States from his hostile actions. I am pleased about my amendment that requires our armed forces to be prepared to defend against the Castro regime's brutal attacks." Graham's amendment reprinted below which calls for an assessment of the Cuban threat is now part of the National Defense Authorization Act for Fiscal Year 1998. Measures require the Secretary of Defense to review and assess Cuban military capabilities, the threats to U.S. national security posed by unconventional threats, the delivery of chemical or biological weapons, and internal strife. Graham's amendment calls for consultation with the Chairman of the Joint Chiefs of Staff, the commander of the Southern Command and the heads of appropriated departments and agencies in preparation of a report by the Secretary of Defense to be submitted no later than March 31, 1998.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

SEC.1228. ASSESSMENT OF THE CUBAN THREAT TO UNITED STATES NATIONAL SECURITY.

(a) FINDINGS. — Congress makes the following findings:

- (1) Cuba has maintained a hostile policy in its relations with the United States for over 35 years.
- (2) The United States, as a sovereign nation, must be able to respond to any Cuban provocation and defend the people and territory of the United States against any attack.
- (3) In 1994, the Government of Cuba callously encouraged a massive exodus of Cubans, by boat and raft, toward the United States during which countless numbers of those Cubans lost their lives on the high seas.
- (4) The humanitarian response of the United States to rescue, shelter, and provide emergency care to those Cubans, together with the actions taken to absorb some 30,000 of those Cubans into the United States, required significant efforts and the expenditure of hundreds of millions of dollars for the costs incurred by the United States and State and local governments in connection with those efforts.
- (5) On February 24, 1996, Cuban MiG aircraft attacked and destroyed, in international airspace, two unarmed civilian aircraft flying from the United States, and the four persons in those unarmed civilian aircraft were killed.

(6) Since that attack, the Cuban government has issued no apology for the attack, nor has it indicated any intention to conform its conduct to international law that is applicable to civilian aircraft operating in international airspace.

(b) REVIEW AND ASSESSMENT.—The Secretary of Defense shall carry out a comprehensive review and assessment of—

- (1) Cuban military capabilities; and
- (2) the threats to the national security of the United States that may be posed by Cuba, including—
 - (A) such unconventional threats as (i) encouragement of massive and dangerous migration, and (ii) attacks on citizens and residents of the United States while they are engaged in peaceful protest in international waters or airspace;
 - (B) the potential for development and delivery of chemical or biological weapons; and
 - (C) the potential for internal strife in Cuba that could involve citizens or residents of the United States or the Armed Forces of the United States.

(c) REPORT.—Not later than March 31, 1998, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the review and assessment. The report shall include the following:

(1) The Secretary's assessment of the capabilities and threats referred to in subsection (b), including each of the threats described in paragraph (2) of that subsection.

(2) A discussion of the results of the review and assessment, including an assessment of the contingency plans developed by the Secretary to counter any threat posed by Cuba to the United States.

(d) CONSULTATION ON REVIEW AND ASSESSMENT.—In performing the review and assessment and in preparing the report, the Secretary of Defense shall consult with the Chairman of the Joint Chiefs of Staff, the commander of the United States Southern Command, and the heads of other appropriate departments and agencies of the United States.

DODD: LIFT U.S. EMBARGO ON FOOD & MEDICINE

In a little noticed legislative move in the waning days of the 1st session of the 105th Congress, Senator Christopher Dodd (D-CT) introduced his long-awaited bill to lift the U.S. embargo on the sale of food and medicine to Cuba. The overall effort began to take shape with the report issued in March by the American Association for World Health (AAWH) attributing nearly all of Cuba's health problems to the U.S. embargo. In a reaction to the AAWH report, the State Department issued its fact sheet on May 14th called "The U.S. Embargo and Healthcare in Cuba: Myth Versus Reality." Since President Clinton's signing into law of the Helms-Burton Act in March of 1996, new battlelines have been drawn on the issue of food and medicine enlisting conservative Republicans like John Warner (R-VA); Robert Bennett (R-UT); and Rod Grams (R-MN), who is a member of the Foreign Relations Committee and the Senate Banking Committee to which Dodd's bill S.1391 was referred; although, curiously, it was not referred to Foreign Relations. Along with Dodd's bill called the "Cuban Women and Children Humanitarian Relief Act," the companion bill H.R. 2904 introduced by Jerrold Nadler (D-NY) are reprinted below. Nadler's bill is similar to H.R. 1951 introduced with much fanfare on June 18th. Weighing in heavily to the upcoming battle in Congress to lift the embargo are the U.S. Chamber of Commerce and *The Washington Post* (editorial, 11/19/97). The embargo notwithstanding, the U.S. is the largest provider of humanitarian aid to the Cuban people.

TEXT OF S.1391 TO AUTHORIZE THE PRESIDENT TO PERMIT THE SALE AND EXPORT OF FOOD, MEDICINES, AND MEDICAL EQUIPMENT TO CUBA.

IN THE SENATE OF THE UNITED STATES.

Mr. DODD (for himself, Mr. WARNER, Mr. BENNETT, Mr. GRAMS, Mr. JEFFORDS, Mr. BINGAMAN, and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

A BILL

To authorize the President to permit the sale and export of food, medicines, and medical equipment to Cuba.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act shall be known as the 'Cuban Women and Children Humanitarian Relief Act'.

SECTION 2. FINDINGS.

That Congress finds that --

(1) the outright ban on the sale of American foodstuffs to Cuba has contributed to serious nutritional deficits, particularly among pregnant women, leading to low birth-weight babies;

(2) the embargo on trade with Cuba is severely restricting Cuba's access to water treatment chemicals and spare parts for its water supply, causing reductions in the supply of safe drinking water and the increased incidence of water-borne diseases;

(3) the most specialized medical supplies are in short supply or entirely absent from some Cuban clinics as a result of the United States embargo;

(4) although informational materials have been exempt from the United States trade embargo since 1988, in practice very little medical information is exchanged between the United States

and Cuba due to travel restrictions, currency regulations, and shipping difficulties; and

(5) current embargoes against Iran, Libya, and Iraq do not ban the sale of food to those countries or restrict medical commerce.

SEC.3. STATEMENT OF POLICY.

It should be the policy of the United States to permit the sale and export of food, medicines, and medical equipment to the Cuban people.

SEC.4. AUTHORITY.

Notwithstanding any other provision of law, the President is authorized to permit the sale and export of food, medicines, and medical equipment to Cuba by any person subject to the jurisdiction of the United States.

SEC.5. NOTIFICATION OF CONGRESS AND THE PUBLIC.

The President shall notify Congress of any decision to exercise the authority of section 4 and shall, at the time the decision is made, cause such decision to be published in the Federal Register, together with such regulations as the President determines may be necessary to ensure that food, medicines, and medical equipment sold to Cuba under this Act will primarily be consumed or otherwise utilized by the people of Cuba.

SEC.6. REPORT TO CONGRESS.

Two years after the date that the President first exercises the authority of section 4, the President shall submit a report to the Speaker of the House of Representatives and the President of the Senate containing an assessment of the level, composition, and end users of any food, medicine, or medical equipment sold to Cuba during the previous two years by any person subject to the jurisdiction of the United States.

TEXT OF H.R.2904 TO MAKE AN EXCEPTION TO THE UNITED STATES EMBARGO ON TRADE WITH CUBA FOR THE EXPORT OF MEDICINES OR MEDICAL SUPPLIES, INSTRUMENTS, OR EQUIPMENT, AND FOR OTHER PURPOSES.

IN THE HOUSE OF REPRESENTATIVES.

Mr. NADLER introduced the following bill; which was referred to the Committee on International Relations.

A BILL

To make an exception to the United States embargo on trade with Cuba for the export of medicines or medical supplies, instruments, or equipment, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMENDMENT TO EMBARGO AUTHORITY IN THE FOREIGN ASSISTANCE ACT OF 1961.

Section 620(a)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2370(a)(1)) is amended by inserting before the period at the end of the second sentence the following: ', except that any such embargo shall not apply with respect to the export of any medicines or medical supplies, instruments and equipment'.

SEC.2. LIMITATION ON EXISTING RESTRICTIONS ON TRADE WITH CUBA.

Upon the enactment of this Act, any regulation, proclamation, or provision of law, including Presidential Proclamation 3447 of February 3, 1962, the Export Administration Regulations (15 CFR 368-399), and the Cuban Assets Control Regulations (31 CFR 515), that prohibits exports to Cuba or transactions involving exports to Cuba and that is in effect on the date of the enactment of this Act, shall not apply with respect to the export to Cuba of medicines or medical supplies, instruments, or equipment.

SEC.3. LIMITATION ON THE FUTURE EXERCISE OF AUTHORITY.

(a) EXPORT ADMINISTRATION ACT OF 1979 -

After the enactment of this Act, the President may not exercise the authorities contained in the Export Administration Act of 1979 to restrict the exportation to Cuba of medicines or medical supplies, instruments, or equipment, except to the extent such restrictions would be permitted under section 5 of that Act for goods containing parts or components subject to export controls under such section.

(b) INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT - After the enactment of this Act, the President may not exercise the authorities contained in section 203 of the International Emergency Economic Powers Act to restrict the export to Cuba of medicines or medical supplies, instruments, or equipment, to the extent such authorities are exercised to deal with a threat to the foreign policy or economy of the United States.

SEC.4. CONFORMING AMENDMENTS.

Section 1705 of the Cuban Democracy Act of 1992 (22 U.S.C. 6004) is amended --

(1) by amending subsection (c)(1) to read as follows:

'(1) except to the extent such restrictions--

'(A) would be permitted under section 5 of the Export Administration Act of 1979 for goods containing parts or components subject to export controls under such section; or

'(B) are imposed under section 203 of the International Emergency Economic Powers Act to deal with the threat to national security of the United States;'; and

(2) by striking subsection (d) and redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

INTERNATIONAL BRIEFS

SEVENTH ANNUAL IBERO-AMERICAN SUMMIT -- The seventh annual Ibero-American summit of twenty Latin American nations, including Portugal and Spain, met in Porlamar, Venezuela on Margarita Island from November 8-9. The summit's theme, "The Ethical Values of Democracy," was overshadowed by unrelated events such as the arrest by the FBI of four men off the coast of Puerto Rico allegedly planning to kill Fidel Castro at the summit. Venezuela's political police (DISIP) arrested and expelled seven prominent Cuban exiles in Porlamar belonging to a coalition of political organizations called the Cuban Democratic Platform led by Carlos Alberto Montaner of Madrid. The "Divulging Committee of the Vina del Mar Declaration," opposed to the Castro regime and its noncompliance with the accords signed at last year's summit in Chile, was also present. The summit's final statement was highly critical of the Helms-Burton Act. (MH, "Arrests in Venezuela block exiles' anti-Castro protest," 11/4/97, p.1A).

UNITED NATIONS GENERAL ASSEMBLY VOTES TO END CUBA EMBARGO -- For the sixth consecutive year, the UN General Assembly voted against the U.S. embargo on Cuba. This year's vote of 143 for the resolution (52/10) opposing the embargo, 3 against, and 17 abstentions increased over last year when the vote was 137 for, 3 against, and 25 abstentions. Only Israel and Uzbekistan voted with the United States. (USUN PR #208-(97)-11/5/97).

CUBATABACO FILES SUIT IN US COURT TO DEFEND COHIBA CIGAR BRAND -- Contending trademark infringement, lawyers for the maker of the Cuban Cohiba brand cigar filed suit in U.S. District Court of New York (97 Civ.8399) on November 12th. The parties include plaintiffs Empresa Cubana del Tabaco dba Cubatabaco and defendants Culbro Corporation, General Cigar Co. Inc. and Alfred Dunhill (North America) Ltd. Cubatabaco's brand was not mass marketed until 1981 by which time General Cigar Holdings Inc. already had begun to market Cohiba in 1978. While Cuba's complaint claims it owns Cohiba registrations in 115 countries, the embargo prohibits it from selling Cohiba in the U.S. where General Cigar is content to continue selling its Cohiba brand cigar rather than internationally according to A. Ross Wollen, General Counsel for General Cigar. (NYT, "Castro's Cigar, a namesake, and Smell of Trouble," 11/7/97, p.A4).

EU-US SUMMIT SCHEDULED -- The European Union and the United States are scheduled to convene a summit on December 5th in Washington. Among the subjects to be discussed is the "extraterritorial aspects of the Helms-Burton (Cuba) and D'Amato (Iran) laws." These are described as "especially complex" issues. (EUROPE-GENERAL NEWS, No.7105 (n.s.) Saturday 22 Nov. 1997, p.8).

GUYANA DEMOCRATIC PARTY CANDIDATES ECHO SUPPORT FOR HELMS-BURTON -- Asgar Ally, Guyana Democratic Party candidate for president, and Leslie Prince, prime ministerial running mate, have voiced their support of Helms-Burton's Caribbean goals in the upcoming December 15th election. In an October 17th speech at the Pegasus Hotel in Georgetown, Guyana, Prince charged the Guyanese government with identifying itself "as a major architect of the Caribbean stone walling" of Helms-Burton. Guyana is a member of the 15 nation Caribbean trade bloc known as CARICOM from which Cuba is presently excluded. The three major party candidates are: Janet Jagan of the Peoples Progressive Party (PPP), Desmond Hoyt of the Peoples National Congress (PNC), and Asgar Ally of the Guyana Democratic Party (GDP). Prime Minister Jagen, the widow of former President Cheddi Jagan, is likely to carry on her husband's Marxist-Socialist policies. Ally, a former Senior Finance Minister and Member of Parliament, is a market-oriented reformer committed to rebuilding Guyana's infrastructure. (MH, "Former Chicagoan stirs politics in Guyana," 11/24/97, p.1A).

SHORT TAKES

CUBAN GOVERNMENT BARS FOUR CATHOLIC PRIESTS FROM PAPAL VISIT --

According to correspondent Michael Bronner in a special report to *The Washington Times*, "an official within the Cuban church who spoke on the condition of anonymity," says the names of four clergymen are "on a secret list passed by the Cuban government to the church," barring them from participation in the January 21-25 papal visit to Cuba. The names are reported as: Rev. Miguel Loreda a Franciscan priest from the Church of St. Francis of Assisi in New York; Cardinal Miguel Obando Bravo of Nicaragua; Bishop Agustin Roman of Miami; and, Father Francisco Santana active in Miami's Cuban community. The Rev. Loreda served ten of a fifteen-year sentence in a Cuban prison. (TWT, "Pope's visit dilemma for exiles," 11/4/97, p.A17).

EXILES BOOK HOLIDAY VISITS TO CUBA IN RECORD NUMBERS -- If there's a travel ban to Cuba you wouldn't know it by the record number of holiday bookings by Cuban exiles. According to Vivian Mannerud, president of Airline Brokers Company (ABC), "business is booming." The three Miami-based charter companies licensed by the Office of Foreign Assets Control (OFAC) to fly to Cuba already have 10,900 reservations for December described by Mannerud as "the largest number ever by far." Exiles cannot extend their stay in Cuba beyond January 5th unless they apply for a visa specially created for the papal visit. (MH, "Cuba: Exiles will need special visa," 11/6/97, p.1B).

REPUBLIC OF CUBA FOUND IN DEFAULT IN BROTHERS-TO-THE-RESCUE SHOOTDOWN CASE --

The families of three American citizens shot down on February 24, 1996 have consolidated their cases and sued Cuba for wrongful death in Miami federal court for both compensatory and punitive damages under the Anti-Terrorism and Effective Death Penalty Act of 1996. Compensation may come from the frozen Cuban asset accounts maintained by the Treasury Department's Office of Foreign Assets Control. Cuba was found in default for not responding. (MH, "Cuba sued for shooting down planes," 11/13/97, p.1B; NYT, "Cuba Fails to Answer Lawsuit," 11/14/97, p.A20).

STATE DEPARTMENT CITES THIRD FIRM FOR TRAFFICKING UNDER TITLE IV OF HELMS-BURTON --

The State Department cited the B.M Group barring its executives from entry into the U.S. under Title IV of Helms-Burton. Considered an inconsequential token of its enfeebled enforcement process, this company is only the third in twenty months including one Canadian-based company and one Mexican-based company which has reportedly divested from its Cuban investment involving confiscated American-owned property. In a July 10, 1997 letter to Members of Congress, Assistant Secretary of State for Legislative Affairs, Barbara Larkin, listed eight economic sectors covering 45 companies under investigation for Title IV violations. An Israeli Embassy spokesman in Washington states that the B.M. Group is "not listed as an Israeli company" although its principal, Rafael Eitan, a former Mossad intelligence agent has been involved with both the apprehension of Nazi war criminal Adolf Eichmann from Argentina and the controversial Jonathan Pollard spy scandal in Washington. Eitan left the U.S. a decade ago and is unlikely to return regardless of the State Department's November 13th action. (MH, "Helms-Burton bars former spy from U.S.," 11/20/97, p.20A).

FARRAKHAN THREE MONTH FRIENDSHIP TOUR TO INCLUDE CUBA --

Nation of Islam's Louis Farrakhan plans a three-month, 50-nation "friendship tour" beginning December 1st. Farrakhan's plans include a meeting with Cuba's communist dictator Fidel Castro. (TWT, "Cuba, Iraq on Farrakhan-friends tour," 11/21/97, p.A10).

NOTABLE QUOTES

"It is unconscionable for the Clinton Administration to continue to admit lobbyists for the Castro regime into the U.S. in order to lobby Congress against the Helms-Burton law. This constitutes a blatant and unacceptable abuse of the Administration's power to grant U.S. visas." Rep. Lincoln Diaz-Balart (R-FL). (PR, "Diaz-Balart Blasts Clinton Administration for Admitting Castro Lobbyists Under 'Religious' Pretext," 10/28/97, p.1).

"When Castro visited the Vatican [last November to invite the Pope to Cuba], I was delighted because Castro has been trying to destroy the church for 38 years. At last I saw Castro knocking at the Vatican's door to have his picture taken with the Pope. The Pope will pass Castro a very high bill for his photo opportunity at the Vatican. The Pope is very unpredictable, but in my opinion, the Pope has decided the time has come to checkmate Castro." Bonner interview with Rev. Miguel Loredó who withstood the longest prison term in Cuban jails by a Cuban priest. (TWT, "Pope's visit dilemma for exiles," 11/4/97, p.A17).

"I find it necessary to recall that in Cuba there was, there is, and there will be a revolution whose principles are neither to be sold nor betrayed. We have fought harder than anyone for real democracy and a government of the people, by the people and for the people -- and not of the rich, by the rich and for the rich." Fidel Castro's remarks at the Seventh Ibero-American Summit held in Porlamar, Venezuela on Margarita Island November 8-9. (MH, "Latin leaders, Castro spar at summit," 11/9/97, p.1A).

"All three bills -- House, Senate and administration versions -- fail to clearly define the agenda. What will fast-track be used for? Previously when Congress granted fast track authority the target was well defined -- as in the case of NAFTA and the Uruguay Round. But the current purpose is not clear. It could be used for trade agreements with other countries in the Hemisphere, or with the European Union [as an amendment to Title IV of Helms-Burton to grant the president waiver authority], or with the countries of Asia and the Pacific, or within global entities. Op-ed by Rep. Ileana Ros-Lehtinen (R-FL) who chairs the House subcommittee on International Economic Policy and Trade. See USCPR, Vol.4, No.10, 10/30/97, p.5. (MH, "Why I opposed 'fast-track'," 11/23/97, p.1L).

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Ralph J. Galliano, Editor

JORGE MAS CANOSA'S DEATH (1939-1997) LEAVES A LEGACY OF U.S.- CUBA POLICY ACHIEVEMENTS

WASHINGTON -- As chairman of the Cuban-American National Foundation, Jorge Mas Canosa honed an upstart grass roots lobby into one of the most effective instruments of U.S. foreign policy. It came to know its way to Capitol Hill, along Washington's Pennsylvania Avenue, as well as it did locally along S.W. 8th Street or "Calle Ocho" typically the Main Street of Miami's Little Havana district. This experience was all the more unique because through it all Mas Canosa united and transformed a nascent community of refugees victimized by a Communist dictatorship that had taken over their homeland, executed, imprisoned, and forced them into exile. Under the anti-Castro banner, Mas Canosa gave the emerging Cuban exile community voice-and-direction wholly within the American political system. Patterned after the American Israeli Political Action Committee (AIPAC), the Cuban-American National Foundation (CANF) was conceived in 1981 by Richard Allen who served as President Reagan's first National Security Advisor.

The Carter administration's (1977-80) inexorable move toward normalization with Castro's Cuba provided ample reason for domestic countermeasures. Diplomatically, President Carter negotiated the 1977 opening of reciprocal "interest sections" in Havana and Washington with each occupying their old embassy buildings. No less significant, he lifted the expatriate travel ban. This alone provided badly needed revenue to the island and spawned a "dialogue" movement persistently working to normalize relations and to lift the embargo. In return for Carter's noble gestures, Fidel Castro's Soviet subsidized military continued to intervene throughout Africa and remained steadfast in Angola. Interfering in Central America, particularly Nicaragua and El Salvador, Castro armed the Sandinistas and FMLN insurgencies while his eastern Caribbean base in Grenada just north of oil-rich Venezuela helped to pave the way for Cuba's supply route to Southern Africa. Then on April 20, 1980, in a final gesture to the Carter administration, Castro opened up the port of Mariel launching the boatlift whose consequences, specifically the "Excludables," would linger annoyingly through the Reagan and Bush years.

With this backdrop, the emergence of CANF and Mas Canosa in 1981 provided a dynamic counterweight to the bland, less organized dialogue movement. While CANF shuttled from Miami-to-Washington, the dialogue movement, with marching orders in hand, shuttled from Miami-to-Havana-to-Washington where many sympathetic Members of Congress awaited.

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MAS CANOSA'S LEGACY -- Always believing their exile would be short-lived, even after the Kennedy administration fumbled the Bay of Pigs invasion, and that they would be spending "next Christmas in Havana," Cuban exiles worked to support their families and eschewed U.S. citizenship. Mas Canosa was no exception. The son of an army veterinarian born in Santiago de Cuba, Mas Canosa fled Castro's revolution in 1960. He arrived in Miami penniless where he later worked as a shoe salesman, delivery milkman, stevedore and construction worker not becoming an American citizen until April 1982 nearly two decades after arriving from Cuba and two years after starting up the Cuban-American National Foundation.

In August of 1981, CANF, began to lobby in Washington for the creation of a U.S. radio broadcast to Cuba akin to Radio Free Europe. In the face of strong Congressional opposition, the Radio Broadcasting to Cuba Act of 1983 became law under President Reagan's signature. Named after Jose Marti, Cuba's independence hero, Radio Marti became U.S. policy and Mas Canosa was appointed to chair the 9-member Presidential Advisory Board for Cuba Broadcasting in May of 1984, a position he held until his death. On May 20, 1985, Cuban Independence Day, Radio Marti broadcast its first words to Cuba: "Buenos dias, Cuba" ("Good morning, Cuba"). On June 13, 1988 in the Old Executive Office Building, Vice President Bush voiced his support for TV Marti at a signing ceremony for an agreement between the INS and CANF launching its "Exodus" program, whereby over 10,000 Cuban refugees stranded in third countries eventually would be brought to America under CANF's auspices. It took CANF nearly two years to achieve the passage of the even more controversial Television Broadcasting to Cuba Act of 1990 which President Bush signed into law. Its unrelenting opponents placed CANF on the defensive over the funding and effectiveness of broadcasts to Cuba and a media campaign to vilify Mas Canosa accused him of having post-Castro presidential ambitions.

Pressuring the Castro regime at every turn, CANF lobbied for U.S. military aid to UNITA. In March 1988, Mas Canosa visited UNITA headquarters to meet with Jonas Savimbi opposed to the Angolan Communist government backed by 50,000 Cuban troops. Their eventual withdrawal along with the collapse of the Soviet Union came as a double blow to Fidel Castro's foundering revolution. In September 1989, CANF sponsored a visit to the U.S. by then-Russian opposition leader Boris Yeltsin and in September 1991 Mas Canosa travelled abroad to lobby Russian leaders to abandon Castro's Cuba. Under Mas Canosa's chairmanship, CANF vigorously supported the passage of the Cuban Democracy Act of 1992 and the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996. Therein lies Mas Canosa's legacy.

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U.S. LEADERS EXPRESS SYMPATHY

"Jorge was a born leader and organizer, whose tenacity, strength of conviction and passion I greatly admired. He galvanized his community, his adopted country and people around the world for the cause of freedom and democracy in Cuba. We have lost a forceful voice for freedom in Cuba and elsewhere, but his dream lives on. He will be missed."

President William J. Clinton
The White House, Vancouver, Canada
November 23, 1997

"We have lost a tireless, eloquent, and effective advocate for the cause of freedom and democracy in Cuba, Jorge was recognized as a pre-eminent and influential leader of this community."

Secretary of State Madeleine K. Albright
U.S. Department of State, Washington, D.C.
November 24, 1997

"When I was appointed as the President's and the Secretary's Special Representative for the Promotion of Democracy in Cuba, I came to know Jorge well. I valued tremendously Jorge's support for our efforts to mobilize a multilateral push to promote a peaceful democratic transition in Cuba. Jorge's efforts to advance the cause of freedom and democracy in Cuba will be sorely missed. We will continue to vigorously pursue that goal. I will forever be inspired in my work to help bring freedom and democracy to Cuba by Jorge's dedication to this great cause."

*Under Secretary of State for Economic, Business,
and Agricultural Affairs Stuart E. Eizenstat*
U.S. Department of State, Washington, D.C.
November 24, 1997

"Jorge Mas Canosa will be remembered by all who knew and worked with him for his bright energy, warmth, good spirit, great skill in advocacy and his love of family, his adopted country and his native homeland."

Director Joseph Duffy
United States Information Agency, Washington, D.C.
November 23, 1997

"This is a great loss for the United States, Cuban people throughout the world, and all of those who have taken great risks for freedom. My family extends sympathy to the Mas family and expresses deep admiration for the proud legacy that Jorge Mas Canosa has left for our community, Florida, the nation, and the world."

Sen. Bob Graham (D-FL)
November 23, 1997

"Jorge Mas Canosa would not wish that the pain of his passing cause pessimism among Cuba's freedom fighters. Our best homage to his memory is to continue the fight until Cuba is free, and to continue to work as well, for the well-being of the United States, the great nation which gave him refuge, and which he also served with love."

Rep. Lincoln Diaz-Balart (R-FL)
Rep. Robert Menendez (D-NJ)
Rep. Ileana Ros-Lehtinen (R-FL)
Members of Congress
Washington, D.C.
November 23, 1997

**MEMBERS OF CONGRESS
REAFFIRM SUPPORT FOR PRESENT POLICY**

In a joint statement issued in early December, three influential Members of Congress, Reps. Lincoln Diaz-Balart (R-FL), Robert Menendez (D-NJ), and Ileana Ros-Lehtinen (R-FL), reaffirmed their commitment to Jorge Mas Canosa's legacy of a free and democratic Cuba stating: "Cuba's future and the lifting of U.S. sanctions are contingent upon a sea-change in policy by Castro, not the United States. We support a prompt transition to democracy in Cuba." Along with other anti-Castro Members of Congress allied in the cause of freedom for Cuba, they are more likely to be less patient in coming months with the Clinton administration's perceived accommodationist posture toward the European Union and its general failure to implement the Helms-Burton Act. The codification of the embargo contained in Helms-Burton thwarts any unilateral thaw by an unsupportive president without Congressional approval. A recent *Washington Post* editorial comment suggesting that his "death may bring a crack" in the anti-Castro policy he championed typified a misread of Mas Canosa's life and death. The statement by the three Cuban-American Members of Congress is reprinted below.

U.S. POLICY TOWARD CUBA WILL CHANGE ONLY WHEN CASTRO'S TYRANNY DIES

In the wake of Jorge Mas Canosa's untimely death there have been abundant rumors among so-called policy experts and speculation in the media about a sea-change in U.S. policy toward Cuba. To the contrary, the Cuban-American community and policymakers in the Congress remain steadfast in their support of the present policy and law. We grieve for our friend and colleague who brought the tyranny of the Castro dictatorship to the attention of Washington policymakers and to forefront of U.S. foreign policy, but it should be clearly established that his life's work did not die with him, it lives on among Cubans around the world and among others who share our dream for the day when Cuba will join the host of democratic nations in the Western Hemisphere.

To suggest that Jorge Mas' death opens the door for a change in policy toward the Castro dictatorship is not only mistaken, but reveals a basic ignorance of the four decades long struggle to liberate Cuba. For 39 years Castro has imposed his antiquated and dysfunctional political and economic policies upon the Cuban people. He continues to harass and imprison anyone who challenges the system charging them with crimes like, 'enemy propaganda' and 'conspiracy against the state.' Castro has not made a single gesture of reform, much less held the democratic elections he long-ago promised. The Berlin Wall has come down, Latin America has embraced democracy and market economics, the entire world has evolved, and Castro continues to spout the same rhetoric, 'Socialism or Death.' Let us be clear, for 39 years Castro has purposefully sustained a social experiment, long-since recognized as defunct at the expense of the Cuban people.

Cuba's future and the lifting of U.S. sanctions are contingent upon a sea-change in policy by Castro, not the United States. We support a prompt transition to democracy in Cuba. We advocate the immediate lifting of trade sanctions upon the re-establishment of democracy in Cuba. However, we are convinced that now -- while the aging dictator is known to be ill and his Stalinist regime in its final chapter -- is not the time to change course.

U.S. policy toward Cuba is very simple and not unlike our policies toward other rogue regimes, like Iraq, Libya and the Sudan. The lifting of U.S. sanctions is conditioned upon the release of all political prisoners, the legalization of all political activity and the willingness to hold free elections by a Cuban provisional government.

Castro is a tyrant and appeasement of tyranny is bad policy. The United States will continue to stand on the side of freedom and democracy and on the side of the Cuban people.

Rep. Lincoln Diaz-Balart (R-FL) Rep. Robert Menendez (D-NJ) Rep. Ileana Ros-Lehtinen (R-FL)

**CLINTON ADMINISTRATION DISTANCES ITSELF
FROM CANF AND JORGE MAS JR.**

In order to dispel any public perception that President Clinton was cozying up to Jorge Mas Jr., son of the late chairman of the Cuban American National Foundation (CANF), White House political operatives went out of their way to distance the president from any such image. An internal State Department document obtained by the USCPR and reprinted below reveals that in the wake of Jorge Mas Canosa's death Clinton administration operatives immediately took steps to distance President Clinton from the Cuban American National Foundation and particularly Jorge Mas Jr. who attended a private reception for President Clinton (read fundraiser for the Democrat National Committee) at the home of Miami lawyer-lobbyist Christopher Korge on the evening of December 11th. According to a CANF source, Mas Jr. not only went through the customary receiving line but also met with Clinton "for 10 minutes" in private within earshot of Alberto Hernandez then-acting CANF chairman and Craig Smith Assistant to the President and Director of Political Affairs at the White House. What seems to have upset the White House was Mas Jr.'s radio and TV comments following the meeting with Clinton and what he described as a commitment from the president that there would be no change in U.S. policy toward Cuba assuring Mas Jr. that CANF would play a role in Cuba's transition to democracy. On Friday, December 12th, Mas Jr. was elected to CANF's board and Alberto Hernandez was elected chairman. CANF will meet in June to hold elections.

**U.S. DEPARTMENT OF STATE
Washington, D.C.**

ARA Press Guidance
December 12, 1997

Cuba: U.S. Policy and CANF

Background:

In Miami December 10 and 11 on a fundraising visit, President Clinton attended an event December 11 at which Jorge Mas Santos (son of the late founder of the Cuban-American National Foundation (CANF), Jorge Mas Canosa) as present. Mas Santos briefly (3-5 minutes) engaged the President in conversation. During that time Mas Santos thanked the President for the letter he sent to the family following Mas Canosa death. He also said he hoped that CANF would be able to continue working with the Administration. The President undertook no commitments regarding U.S. policy toward Cuba. Following the encounter, Mas Santos appeared on local television in Miami claiming that President Clinton had committed the Administration to maintaining the current policy toward Cuba.

Question:

Is it true that President Clinton met with Jorge Mas Santos of the Cuban-American National Foundation in Miami yesterday?

Answer:

President Clinton attended a reception at which Mr. Mas Santos was present. During the event, they had a brief conversation of 3-5 minutes.

Question:

Did President Clinton commit the Administration to maintain the current hard-line on Cuba in exchange for CANF's support?

Answer:

Mr. Mas Santos thanked the President for his letter following Jorge Mas Canosa's death in November. The President reiterated that U.S. remains firmly committed to the goal of a free and democratic Cuba.

NOTABLE QUOTES

"Had it not been for Jorge Mas Canosa, we probably would have had normal relations with Cuba. He has almost single-handedly blocked all that." Comment by Wayne S. Smith who served as chief of mission at the U.S. Interest Section in Havana during the Carter administration. (WP, "Jorge Mas Canosa Dies; Top Cuban Exile Leader," 11/24/97, p.C8).

"If Fidel Castro takes some comfort in the passing of Jorge Mas Canosa, he's very mistaken. At some point the movement for Cuban freedom became larger than the man and is now irreversible." Comment by Sen. Robert G. Torricelli (D-NJ) who was the primary author of the Cuban Democracy Act of 1992. (NYT, "Cuban-Americans Promise to Carry On Leader's Efforts," 11/24/97).

"What we can do for Jorge Mas Canosa is continue his movement. My father will never set foot in a free Cuba, but his spirit will. The mission that he started will be completed." Jorge Mas, Jr. (MH, "A champion of exiles," 11/24/97, p.1A).

"Not everyone agreed with his hard line, but it is obvious that the vast majority of Cuban-Americans did and do. Jorge's leadership was both cause and effect of this fact: effect, in that no one with a weak and wobbly view of how to fight communism in Cuba could have achieved pre-eminence in the community; and cause, in that Jorge's presence and his voice diminished the role of those who sought compromise with Fidel." Excerpted from op-ed by Elliott Abrams who served eight years in the State Department during the Reagan administration, in part, as Assistant Secretary of State for Inter-American Affairs from 1985-88. (TWT, "The man who lived to save Cuba," 11/25/97, p.A19).

"While the Cuban American National Foundation will not have the same public profile after Mas Canosa's death, the remaining leaders of the foundation are committed, and the foundation will remain a strong voice for a hardline position. In the short run, Mas Canosa's death will bring a rally among Cuban-Americans for an even stronger position on the embargo." Comment by Jaime Suchlicki an expert on U.S.-Cuba relations and a professor at the University of Miami's School of International Studies. (FT, "Death of Mas Canosa may hit Cuban exiles," 11/25/97, p.5).

"The love of Cuba burned in his heart, in his soul." Auxiliary Bishop Agustin Roman of Miami who founded the bayside shrine of Our Lady of Charity, Cuba's patron saint. (MH, "Exile Leader Mourned," 11/25/97, p.1A).

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Ralph J. Galliano, Editor

EIZENSTAT'S DIPLOMATIC STATECRAFT ADVANCES PRESIDENT CLINTON'S MULTILATERAL APPROACH TO PROMOTE DEMOCRACY IN CUBA

WASHINGTON -- Speeches by Roger Noriega and Stuart Eizenstat before the North American Committee of the National Policy Association on January 7th highlight the differences between President Clinton's approach to the implementation of U.S. policy toward Cuba and that of Senate Foreign Relations Committee Chairman Jesse Helms. Noriega, a senior professional staff member at the Committee, is responsible for advancing U.S. interests in Latin America and advising Chairman Helms on all political and economic issues in the 34 countries of the Americas. Eizenstat, the Undersecretary of State for Economic, Business and Agricultural Affairs also serves as Special Representative of the President and the Secretary of State for Promotion of Democracy in Cuba. As the architect of Clinton's multilateral approach to promote democracy in Cuba, Eizenstat's diplomatic statecraft is not unlike former Secretary of State Kissinger's Realpolitik based on international law and democracy. Eizenstat's diplomatic strategy embodies a New World Order in the post-Cold War period personified by the trans-Atlantic relationship between North America led by the United States (Trans-Atlantic Business Dialogue - TABD) and the economic emergence of the European Union (EU). The policy conflict between Chairman Helms and President Clinton arises out of two separate and distinct missions where Helms calls for strict sanctions against traffickers in confiscated property to discourage foreign investment in Cuba while providing support for the Cuban people.

The venue and the host for the Noriega and Eizenstat speeches, which came on the eve of Clinton's January 16th announcement waiving the Title III right of action provision under Helms-Burton, was designed as yet another of Eizenstat's diplomatic building blocks. It comes as no surprise then to read President Clinton's White House statement regarding the Title III waiver. Adding to the litany of diplomatic accomplishments justifying the continued use of the president's waiver authority, it serves to simultaneously fend off both the EU's complaint against U.S.-Cuba policy at the World Trade Organization (WTO) and Congressional displeasure over the weak implementation of U.S. law. It reads, "On January 7 in Washington, D.C., the North American Committee of the National Policy Association sponsored a major conference on best business practices in Cuba. This committee includes over 100 representatives from business, labor, and the academic community in the U.S., Canada, and Mexico." The following speeches by Noriega and Eizenstat were transcribed and reprinted exclusively for readers of the *USCPR*.

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NORIEGA -- I appreciate the opportunity to be here. I was not particularly surprised in looking at the program that I am one of only two of your fourteen scheduled speakers who will not bitterly denounce Helms-Burton or the D'Amato Law. I am compelled to reject the very title of this panel, "A Discussion of Secondary Boycotts: the Helms-Burton and D'Amato Laws." Let me say that just as Castro calls the U.S. embargo a blockade, the organizers of this forum chose to mislabel the LIBERTAD Act as a secondary boycott which it is not.

The Helms-Burton or LIBERTAD Act is not a secondary boycott because it does not impact on countries or companies that merely choose to trade with Cuba and the Castro regime. Rather, it exacts a proportionate price from those companies that knowingly and intentionally steal from Americans by using property that was confiscated from them illegally by the Castro regime. I realize that defending theft is less appealing than wrapping oneself in high-minded abstract ideals that supposedly govern international commerce. But that's tough. It is equally tough to argue that defending property rights, as Helms-Burton does fundamentally, is bad for commerce. I remember going onto college campuses in the 1980s to defend Ronald Reagan's anti-communist policies in Central America. Then, my debating partners and most in the audiences, I might add, on the college campuses across the country, were at least intellectually honest enough to actually defend the Cuban backed governments from Nicaragua and the guerilla movement in El Salvador. I am not comfortable expecting anything less from the distinguished crowd that's gathered here. Nor am I here this morning to engage in sterile debate about business principles or international law. Or, the spirit of the multilateral trading system.

Opponents of the LIBERTAD Act must either defend the exploitation of confiscated U.S. property in Cuba by people to whom that property does not belong or they have to admit that the LIBERTAD Act does not concern them. So, I would talk about Cuba because that's what the LIBERTAD Act is all about.

Senator Helms and a vast majority of the U.S. Congress are gravely concerned about Cuba and have been for many years. They believe that America has a moral obligation to defend and extend to Cuba and the Cuban people what Americans defended in Europe three times this century; and that's liberty. Castro did not feel the brunt of our embargo until the Soviet Union began to collapse and Cuba lost the five-to-seven billion dollar annual Soviet subsidy that

propped up his regime for many decades. To give you a sense of that massive Soviet subsidy, total U.S. economic assistance in this hemisphere exceeded two billion dollars in only seven of the last 38 years. Castro was getting by with five-to-seven billion dollars from the Soviet Union which might have something to do with the fact that our embargo did not get traction. The fact that other countries were vigorously undermining the embargo by trading with the Castro regime might have had something to do with it. But now, other countries can tell us that our policy is not working after they have undermined it so effectively for many years and in earnest in recent years.

Just as we have that last dictatorship in this Hemisphere on the ropes, Castro has ordered to fire sale the property that did not belong to him. The rest of the world knew it did not belong to him and that it was confiscated from U.S. nationals. Now, unscrupulous foreign businesses, which were well aware that property was confiscated from rightful owners in violation of Cuban and international law, stepped in to bail-out Castro through joint ventures that were lucrative to him and to them. As this was happening, all of our friends in Europe and Canada managed to restrain their complaints about international comity and the norms of commerce. But it was not their citizens' ox that was being gored, it was American citizens. So these high minded principles were on hold for a while. I think it has to be added that the companies that are knee deep in Cuban debt have a stake in the status quo. The governments that are defending their right to do business and be knee deep in Cuba today expect us to believe that they really have a stake in changing definitively the character of the Cuban government; I don't buy that.

Now, let's talk about these business principles mentioned on your program. Quoting from a February 1995 report of the InterAmerican Institute for Free Labor Development, "The growing number of partnerships between foreign investors and Cuban government agencies has not improved the lot of workers or provided them with greater autonomy. Instead, the Cuban government has used the exploitation of working people in the absence of freedom of association as a lure to attract investors often to the detriment of workers in neighboring countries." Continuing to quote from that AFL-CIO report, "According to workers in the tourist industry, the salaries for their services are paid by foreign firms to the contracting agency in dollars. The Cuban agency, in turn, pays the workers in Cuban

pesos at the artificially low official exchange rate. The result, workers say, is a massive transfer of workers' wages to the Cuban government while workers and their families face growing hunger and poverty."

A year ago, I had a very gracious British diplomat stationed in Havana come by to see me accompanied by an officer from their embassy here in Washington who is a witness to this exchange. He proceeded to lecture me about how the Pope was going to prop up Fidel; Fidel was in great shape; that the Pope's visit was going to legitimize him and America was thoroughly isolated; how we were violating international law by questioning the right of their companies to do business in Cuba, which we don't actually. We say you shouldn't steal from American companies. And then I asked him, how many of the potential British investors have you hosted in Havana? He said about 100. I asked him, how many have done business there? He said there were about four. Then immediately without missing a beat, he said, most come for the women. At least in Cuba today, the business principles that we hear about are as mythical as the secondary boycotts and the blockade that we hear about.

How many of the people in this room have heard of the Arcos Principles? A hand full. Authored by Gustavo Arcos with the Cuban Human Rights Committee and the Association of Cuban Workers, there are five principles based on international norms and the Cuban constitution itself. I have a copy, if any of you are interested; it's in Spanish. 1) Respect for dignity of the Cuban people and the adequate and fair legal process. Respect for basic human rights. 2) Equality before the law and no discrimination against Cuban citizens on the access to and use of facilities in goods and services in Cuba. (Cuban citizens can't even wander around in these properties. Apparently, they no longer belong to the American citizens who own them; but, they no longer belong to the Cuban people.) 3) Fair and even-handed practices in contracting and employment without discrimination for reasons of politics, gender, race, religion or age. 4) Promotion of fair legal practices and the right of Cuban workers to organize and to be adequately compensated. And finally, 5) The improvement of the quality of life in and out of the work place as well as occupational safety and security and protection of the environment. Now these are business principles ladies and gentlemen.

As you know, we sought to discourage those foreign companies that were engaging in joint ventures with

Cuba and you understand why. I won't go into much detail as to how we did that. Title III creates a right of action in U.S. courts against these traffickers. Title IV denies the right of these traffickers to come to the United States. It's not a human right. The Canadians can regulate gypsies coming into their country. Well, in my opinion, Ian Delaney is a universal gypsy in every sense of that word and I'm being unkind to gypsies. Let me be clear. A company trading with Castro's Cuba today that is not exploiting property stolen from U.S. nationals maybe guilty of many things; but, it is not subject to the sanctions under the LIBERTAD Act. We hear about extraterritoriality. There are other extraterritorial measures. There is a two hundred year old alien tort statute on the U.S. books. There is the Torture Victims Protection Act of 1991.

We hear about the self-defining principle of national security. That is our defense. That will be our defense during the [World Trade Organization] WTO claim. That is a position the [Clinton] administration has set out quite clearly. And if the WTO wants to challenge that, I will be glad to take a whistle stop trip across the United States and explain to the American people that a foreign panel is passing judgement on what is and what is not in the U.S. national security interests. And who in this room wants to go to the people of Kansas or North Carolina and say they won the Cold War to make the world safe for the WTO or a values neutral foreign policy? In terms of the discussions in the context of the Multilateral Agreement on Investment [MAI] and some of the efforts that are being made to globalize the principles behind Helms-Burton, the Europeans have not agreed to this. I suppose we meet back at the WTO again if they can muster the consensus within the European Community to refile that suit or convene that panel. We'll see whether they have the political interest in doing that. But, we will not wait forever for those talks to reach their final conclusion. And, we will not soften the Helms-Burton legislation, as the European Union would like, unless there are clear, concrete, substantial, definable sanctions that inhibit or deter the trafficking in property that does not belong to other people. It's a simple principle that we all heard about it when we were three, four, and five years old -- "Thou shall not steal."

Let me just conclude. History teaches us important lessons. Sixteen years ago the Soviet Union launched "Operation Spring Time." We sort of miss the Soviet Union in Orwellian ways. Operation Spring Time, as some of you might remember, was the imposition of marshall law on Poland for the express

purpose of annihilating the Solidarity Movement. An angry President Reagan imposed economic sanctions to punish the Soviets for this crackdown. Peter Schwitzer's book, *Victory*, which I hope you will all read, tells a hauntingly familiar story. I will read from it: "The U.S. embargo on technologies for the natural gas pipeline was seen in Europe for what it was, a declaration of economic war on the Soviet Union. Washington made the statement with more than a hint of moral outrage over what had happened in Poland. But, Europe was mute. West German Chancellor Helmut Schmidt even went so far as to declare that given the turmoil in Poland Marshall law was necessary. There existed in Western Europe an overwhelming desire to continue to trade with the Kremlin regardless of events in Poland." That's the end of the quote. I encourage you all to pick up the book, *Victory*, because we've heard about engagement; some of you have said constructive. I'm not particularly interested in that part of it. That engagement policy which Reagan employed toward the Soviet Union was like Sherman engaging Georgia. And if that's the sort of engagement you're talking about, I think the Cuban people would be interested in that. If you are talking about an engagement which makes deals with Castro, then I think that's another matter. It's an issue we wouldn't even want to debate.

I know that none of the people in this room would profess to particularly like Fidel Castro. But the point is, what are you doing about it? Could you have gotten through this three years ago to talk about these issues? Could I have gotten your attention for a little bit to talk about the plight of Cuba? Probably not, because you are busy people; you have things to do. But, we have everybody's attention now.

The shortest distance between two points is a straight line. That's where we have our Canadian friends and our European friends working with us in earnest to put an end to Fidel Castro's regime. And then, the LIBERTAD Act, if you read it carefully, sunsets itself; it goes away. And maybe the principle, "thou shalt not steal," will have been advanced a bit. Nevertheless, international trade and the spirit of the world trading system might have been improved a little bit as well. Thank you very much.

EIZENSTAT -- I would like to thank NAC President Malcolm R. Lovell for organizing today's event. I would also like to acknowledge Roger Noriega representing the Senate Foreign Relations Committee.

Today I will discuss two timely and important topics: best business principles and the use of sanctions. While these two subjects appear to be separate, they can be very important instruments in helping us achieve our foreign policy objectives.

In my remarks, I will focus on two current examples -- the LIBERTAD Act, also known as the Helms-Burton Act, and the Iran Libya Sanctions Act more commonly referred to as ILSA. These acts have created more emphasis and focus on the issue of sanctions and have given impetus to a series of studies and discussions, like the one taking place today, on the effectiveness of economic sanctions. I believe that discussion, debate and analysis is constructive and we welcome ideas and input from the private sector, from Congress and from academicians and NGOs that can help improve the effectiveness of our policies and provide clarity to the goals and rationale of these actions.

The concept of sanctions is not new. Historians cite examples going back to ancient Greece in 432 BC. In the early nineteenth century, the U.S. imposed an embargo on Great Britain in retaliation for British attempts to limit U.S. trade with France. The U.S. imposed embargoes on sales to Japan in both World War I and World War II. As President Carter's Domestic Policy Advisor, I personally participated in the decision making process that led to the imposition of sanctions against the Soviet Union following its invasion of Afghanistan in 1979.

The U.S. has applied sanctions for foreign policy purposes a total of 115 times since World War I. Of those, 104 were since World War II and, according to the count of the President's Export Council, 61 of those were between 1993 and 1996. These figures do not include the use of sanctions at the state and local level, which have proliferated. This rise in the use of sanctions has caused legitimate concern in some circles.

Sanctions on Cuba are illustrative of one of the principle goals of economic sanctions -- to press for fundamental change of a regime that has an uncontroverted history of bad behavior internationally and the brutal suppression of its own people to this very day. It is one of the most oppressive regimes in the world today. While our allies and major trading partners may disagree with our embargo of Cuba and have opposed provisions of the LIBERTAD Act, they clearly agree with us on the key goal of encouraging democracy and human rights in Cuba and they're

showing that more and more.

Our current policy with respect to Cuba reflects our commitment to seeking a concerted multilateral approach to bringing about fundamental change in Cuba. Sanctions are only one element of this broader approach. Last year, the President, for the first time in the 38 years since Castro took power, launched a major effort, which he asked me to coordinate, to develop a multinational approach to promote democracy in Cuba. It built on years of bipartisan policy towards Cuba. After months of effort, through consultation with the Congress and the Cuban-American community, and tens of thousands of miles of travel by myself and many dedicated people including Mike Ranneberger [Coordinator for the Office of Cuban Affairs at the State Department], we succeeded in launching an unprecedented, multilateral effort that has at least changed the terms of the discussion about Cuba. I think it's fair to say that it's now Castro that is isolated not U.S. policy.

With any kind of law that is directed to foreign companies, it is important to be precise, as I've indicated, as to the intents and limits of the actions under the law. Part of our outreach effort with our friends and allies was to clarify certain incorrect perceptions and misunderstandings in regard to Helms-Burton. There are few pieces of legislation passed by Congress in recent times that have been more misinterpreted, more misunderstood whether wilfully or unintentionally. Helms-Burton is a targeted piece of legislation. It does not penalize normal trade nor normal investment in Cuba. It only applies in those situations in which companies deal directly in expropriated property taken from U.S. citizens by the Castro government. Any minimal exercise of due diligence by any company seeking to invest in Cuba would find by looking at the State Department's own registers some 5,911 registered claims to such illegally expropriated property and know that they would be at risk if they invested in that property. It's just a no-brainer. Nobody would invest in a house without having a lawyer check the title of it. In clarifying these misperceptions and directly answering questions foreign governments had about this law, we were able in some measure to move the focus away from our differences and to our shared objectives -- and that is to promote democracy in Cuba.

This multinational effort to promote democratic change in Cuba does not consist, however, only of governmental activity although there has been a good deal of it. For example, the Europeans developed in

December of 1996 and reaffirmed in June of 1997 a historic legally binding commitment of all 15 member states in the European Commission to condition any improvement in economic and political relationships with Cuba on the specific changes in democratic and human rights behavior in Cuba. And, indeed, that served as a stepping stone in the April 11th Understanding that recommits both sides to continue their stepped-up efforts to promote democracy in Cuba. Recently the EU has agreed to encourage other nations to do so and has just established a new human rights working group among the European Union embassies in Havana to coordinate their work together on human rights. They have a broader outreach to human rights activists in Cuba. In addition, Latin governments are becoming more engaged.

At the Ibero-American Summit in 1996, there was a very specific lengthy document on the importance of democracy and human rights throughout the Hemisphere and the leaders of Argentina, Nicaragua, and El Salvador made specific statements calling on the Cuban government to begin the process of democratization and to respect the commitments that Castro himself made at that 1996 Summit. But by no means is this effort limited to governments.

Non-governmental organizations have made a growing and important contribution to this cause. Last year, the leading Dutch NGO, Pax Christi, with whom I've met on a couple of occasions, organized something called the "European Platform on Democracy and Human Rights in Cuba" with about a dozen European NGOs and they sponsored a landmark conference for European NGOs on the need for increased cooperation on programs directed toward the development of civil society and human rights and democracy in Cuba. Last April, the ruling Dutch political parties held a conference on human rights and a peaceful transition in Cuba. This is the first time this has ever been done. It brought together established political parties and NGOs to coordinate and enhance programs aimed at supporting democracy and human rights in Cuba; called for the release of Cuban political prisoners; and, called on the Cuban government to allow "a peaceful transition towards a democratic society ruled by respect for the rule of law."

As part of our April 11 Understanding with the EU, we are committed to developing binding disciplines on investment in property expropriated anywhere in a manner inconsistent with international law, (we're doing this in the so-called MAI context under the

OECD) and to address questions of conflicting jurisdiction, including sanctions. We're making progress. We're certainly not there yet. But we are making progress. Achieving this would have benefits on both sides of the Atlantic of providing enhanced protections for U.S. and European investors. And if successful and adhered to, we are committed to seek an amendment to the Helms-Burton Act seeking waiver authority and exercise that waiver if we can adopt this kind of discipline which meets Congressional standards as well but also serve to increase pressure on the Cuban government to change.

That is why we have proposed in our talks with the EU the need for enhanced high-level consultations. Closer cooperation with our international partners in responding to threats posed by states that refuse to respect international norms will be more effective in changing unacceptable behavior and less likely to result in conflicting policies such as sanctions which may undercut our respective interests.

I would like to close by talking about best business principles and to congratulate the North American Committee of the National Policy Association for the terrific leadership you've shown here and I genuinely mean that. Let me note that the U.S. discourages investment in Cuba. We don't believe that investment under the current circumstances would promote change; it would only strengthen the Castro regime. However, we recognize that some foreign companies are going to seek investment opportunities in Cuba. And again, since the Helms-Burton Act does not touch the day-to-day investment and trade opportunities, there is a need for something else. And that's where the concept of best business principles comes into effect. It's been a significant element, indeed, in the President's initiative to develop a multilateral approach to promote democracy in Cuba. I think we are at an historic juncture in the effort to develop international best business practices that apply to Cuba. Very different groups with different histories and concerns are now turning their attention to this issue.

The idea of the private sector taking steps to support human rights and worker rights is not new. The "Sullivan Principles" that applied to South Africa, the "McBride Principles" for Northern Ireland, and the "OECD Guidelines for Multinational Enterprises," are all important reference points for the concept of "best business practices." In the 1980s, principles were developed to encourage businesses investing in the Soviet Union to promote basic human rights.

In the U.S., worker rights are evaluated in connection with programs like those of OPIC [Overseas Private Investment Corporation] and the General System of Preferences [GSP]. In 1996, President Clinton announced an initiative to encourage U.S. companies working abroad to support human rights and labor rights. And internationally, a coalition of Canadian businesses just published in September an "International Code of Ethics for Canadian Business" investing abroad. Cuba has been the object of special attention in the past and we support efforts such as those developed in the early 1990s called the "Arcos Principles," named after the leading human rights Cuban dissident, Gustavo Arcos.

Important steps have been taken in the past several months. In November, at a conference I attended in Rome, the Trans Atlantic Business Dialogue [TABD] advanced the work it had begun last year in Chicago. This annual conference of U.S. and European business leaders called for businesses to adhere to "best business practices" in every country in which they operate and stated support for "the objectives of promoting democracy, combating terrorism, and safeguarding human rights." In my remarks to the conference at the end of 1997, I highlighted the application of these principles to Cuba.

Other private sector organizations have also pressed for best business principles. In December 1996, the VNO/NCW, with whom I have met, which represents some 80% of all Dutch employers, publicly endorsed the TABD's statement on best business principles. The Confederation of British Industries, with whom I had also met, have approved a strong statement on best business principles.

The North American Committee has built upon these previous efforts in producing its constructive set of business principles for Cuba. I discussed the concept of business principles with Canadian and Mexican business leaders in my visits to their countries a year ago, including with Miguel Jauregui who is with us today. The principles describe basic concepts of human rights and worker rights. Given the Cuban government requirement, it's important to understand this when you look at the kind of state that's been created there. Any international investor is required, in terms of hiring someone, to go through the government which filters work based on their ideological profile and also has to pay workers through the government. They pay them hard currency, Deutsche Marks, Francs, and then the Cuban government takes a huge percentage, as much

as 80% off the top, and gives the worker in pesos a fraction. And it is this kind of action which has led so many of the Canadian and Mexican business leaders and others to reference the right of a business enterprise to directly hire employees and the rights of an individual to contract for his own labor.

The growing movement in the private sector to support best business principles in Cuba received an important boost from NGOs. Pax Christi, the group to which I have referred, brought together several European NGOs in this "European Platform." After a conference in Rome in November, the Platform's communique urges European investors in Cuba to "voluntarily subscribe and comply with the... 'Arcos Principles' including guarantees of workers rights."

All of this demonstrates an emerging consensus among a broad community of NGOs, religious groups, and activists focusing on human rights in Cuba. These organizations operate independently, and don't subscribe to a partisan political view. They are not controlled by anyone.

This presents an opportunity and a challenge -- to transform the activities of the disparate groups now focusing on business principles for Cuba into a coordinated effort to encourage implementation of the NAC's principles and the Arcos Principles and best business practices like those I referred to. What is now needed, is to combine the resources and results-orientation of the business community with the idealism and abilities of non-governmental groups like Pax Christi, perhaps through formation of a new working group to explore best business practices for Cuba.

I encourage all of you here today to consider what you or your organization could do to advance these ideas. We recognize that this is a matter in which the private sector and non-governmental groups should and must lead -- and not the government.

Concerted action on best business practices could have desirable results. For example: -- increased cooperation among governments and between governments in the private sector to elaborate and implement best business principles could substantially contribute to the encouragement of fundamental change in Cuba; -- such action-oriented cooperation could potentially serve as a model in other situations and could, by contributing to a broad multilateral approach, influence the shaping of sanctions policy.

As we approach a new millennium, our challenge is

to create more effective policies to make the world safer and promote democracy and human rights throughout the world. We must continue to work together to develop the most effective means of achieving these broad and noble objectives. And the private sector has an absolutely crucial role to play. Thank you and I look forward to your comments and questions on these important subjects.

Editor's Question: Have you heard the criticism that since the United States didn't meet the October 15th deadline in talks with the Europeans that the Clinton administration's policy on Cuba has collapsed? Would you comment and would you describe where the U.S. goes from here?

Answer: First, that's a deadline the EU had set. We thought that it was best not to have an artificial deadline that we were in fact making progress. Second, it was felt even by the EU, and they said so, that sufficient progress was made so that even though that deadline had passed, it nevertheless was worthwhile for us to continue to negotiate as we're doing even past that deadline without any untoward activity or bringing back the WTO suit. So, that indicated that work is in progress and that we're making progress. Third, quite the contrary to saying that the policy has collapsed, it's since that time that we've had things like the new working group in Havana on human rights the EU has created. We have had clear indications of enhanced and increased contact by European embassies in Havana with human rights groups. We had a very strong and one of the first very strong public statements under the Luxembourg presidency when four dissidents were arrested condemning the arrests and calling for their release. So, I think this is now a permanent part of the scene. I would also point out that we have moved beyond Europe to now engage Central and Latin America. I made a swing a couple of months ago through four Central American countries. And, they've taken now a much more vigorous and public stand as they did at the recent Ibero-American Summit. At that summit, the presidents of Nicaragua, El Salvador and a number of other countries took with Castro present very, very strong positions condemning the lack of human rights there. So, I think that we really now are closer than we've ever been of isolating Castro even within his own Hemisphere. In the past, many who saw him as sort of a quaint aging revolutionary now see him for what he is, a brutal repressive dictator and they are acting accordingly. [Eizenstat's speech was excerpted to focus on his remarks regarding best business practices and sanctions in the context of the Helms-Burton Act.]

**ANTI-EMBARGO COALITION FORMED BY
U.S. CHAMBER OF COMMERCE**

Willard Workman, vice president for international affairs at the U.S. Chamber of Commerce, convened a press conference on Tuesday, January 13th at the Chamber's Washington headquarters to announce the formation of a coalition called "Americans for Humanitarian Trade with Cuba." Ostensibly, the coalition's purpose is simply to lobby for the unlicensed sale of food and medicine to Cuba. The group's advocates range from those focused on the issue of food and medicine like former Senator Malcolm Wallop (R-WY) to those like Rep. Charles Rangel (D-NY) who support this legislation as the first step to lifting the entire economic embargo against the Castro regime. Of interest here is that the coalition endorsed S. 1391 introduced by Sen. Dodd (D-CT) and H.R. 1951 (see USCPR Vol.4, No.6) introduced by Esteban Torres (D-CA) rather than H.R. 2904 (see USCPR Vol.4, No.11) introduced by Jerrold Nadler (D-NY). According to Dennis Sheehan who chairs the Chamber's International Policy Committee, "The Chamber views passage of the Cuban humanitarian relief bills as an important step toward the Chamber's ultimate goal of eliminating the unilateral U.S. embargo against Cuba." Besides the U.S. Chamber, the coalition includes: the National Council of Churches; the Cuban Committee for Democracy (CCD); David Rockefeller; Dwayne Andreas, chairman of the agricultural giant Archer Daniel Midland; Carla Hills, U.S. trade representative in the Reagan administration; and, Lloyd Bentsen, first treasury secretary in the Clinton administration. As part of this massive anti-embargo campaign, USA ENGAGE (see USCPR Vol.4, No.3) placed a full page newspaper advertisement in *The Wall Street Journal* on January 16th in the form of an "Open Letter on Cuba from the American Business and Agricultural Communities" addressed to President Clinton, Speaker Gingrich, and Senate Majority Leader Lott.

The Cuban Democracy Act of 1992 (CDA) under section 1705 (22 USC 6004) *Support For the Cuban People* provides for humanitarian aid with "onsite verifications" excepting that exported items will not be used for: "torture or other human rights abuses;" "reexport;" or "production of any biological product." According to the U.S. Department of Commerce, Bureau of Export Administration \$2.377 billion of humanitarian donations were approved for shipment to Cuba including \$2.1 billion in gift parcels, \$228 million in medical donations, and \$14 million in clothing.

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CLINTON REPEATS TITLE III WAIVER

President Clinton waived Title III of the Helms-Burton Act of 1996 for an additional six months effective February 1st. The January 16th announcement is the fourth consecutive waiver which prevents U.S. nationals from bringing a right of action in federal court against traffickers in their confiscated property in Cuba. According to Clinton, "I have taken this action to continue the effort we began in July 1996 to strengthen international cooperation in the effort to promote democracy in Cuba." The president's authority to waive derives from Section 306 (22 USC 6085) which requires that the suspension be "necessary to the national interests of the United States and will expedite a transition to democracy in Cuba." Clinton's policy of a multilateral effort to "promote democracy in Cuba" is extraneous to the suspension provision contained in Title III of Helms-Burton particularly since Castro has steadfastly rejected movement toward a democratic transition. In a press statement, Senate Foreign Relations Committee Chairman Jesse Helms accused Clinton of "abetting profiteers who are propping up Castro at the expense of the Cuban people." Helms criticized the administration for conducting "endless negotiations" with the Europeans over enforcement of Title IV of the Act. The committee is expected to "schedule a hearing early this year to examine the administration's failure to enforce this law, and to press for action to hasten the end to Castro's brutality."

INTERNATIONAL BRIEFS

RUSSIAN FOREIGN MINISTER PRIMAKOV CRITICAL OF U.S.-CUBA POLICY --

Russia's foreign minister Yevgeny Primakov criticized U.S. policy toward Cuba during a four nation trip to Latin America in late November. In a direct reference to the Helms-Burton Act, AP quoted Primakov as saying that "we share and support the criteria of the majority of Latin American (governments) who condemn" the act, according to the *MONITOR* a daily briefing on the post-Soviet states. Primakov said U.S. policy was "undermining" democratic and economic reforms in Cuba. (*MONITOR*, "Moscow Slams U.S.-Cuba Policy," 11/26/97, p.1; *Russia Reform Monitor*, "Primakov says U.S. undermines democratic reforms in Cuba," 12/4/97). **ROSARIO GREEN APPOINTED MEXICO'S FOREIGN MINISTER --** Mexico's President Ernesto Zedillo appointed Rosario Green as foreign minister on January 7th succeeding Jose Angel Gurria who becomes finance minister. Elected to the senate last July, Rosario Green served as Mexico's ambassador to the former East Germany in 1989 and later as a special advisor on women's issues to the secretary general of the UN where she became acquainted with Secretary of State Madeleine Albright U.S. ambassador to the UN at the time. Rosario Green, whose ex-husband serves as Mexico's ambassador to Cuba, is considered an admirer of Cuba's Fidel Castro. (MH, "Veteran diplomat now Mexico's foreign minister," 1/8/98, p.14A).

VENEZUELA SEEN REVIVING RUSSIAN-CUBAN OIL-FOR-SUGAR ARRANGEMENT

-- Boris Nemtsov, Russia's First Vice President, referring to the triangular arrangement with Russia and Cuba, was quoted by AP in Caracas, Venezuela in December as "seeing no obstacles to being able to return to these operations immediately." The agreement which was suspended in 1990 following the collapse of the Soviet Union operated to save the parties substantial shipping costs by allowing Venezuela to ship oil to Cuba on Russia's behalf and Russia to ship oil to Germany on Venezuela's behalf. (*Reuters*, "Cuban/Russian sugar-for-oil deal seen reviving," 12/30/97; *CUBAInfo*, "Russia Says Oil Sales to Cuba May Resume," 1/8/98, p.6).

SHORT TAKES

APPEAL RE: CANADIAN CORPORATION SHERRITT AND REPUBLIC OF CUBA -- A motion for appeal was filed in the case Consolidated Development Corp; Consolidated Cuban Oil & Gas Rights Corp. v. Sherritt Inc., et al.; The Republic of Cuba, et al. on December 18th with the U.S. Court of Appeals for the Eleventh Circuit in Atlanta, Georgia. It was Consolidated's contention in its case for "conversion and conspiracy to defraud" that Sherritt's oil production involved use of confiscated property swapped by Sherritt for nickel that in turn was processed and later sold in the United States. (See USCPR Vol.4, No.3). Consolidated is represented by Miami counsel Gutierrez & Associates. **DIAZ-BALART HELPS REFUGEES & CUBAN BASEBALL PLAYER "EL DUQUE" WITH VISAS TO NICARAGUA --** Florida Congressman Lincoln Diaz-Balart interceded with Nicaraguan President Arnaldo Aleman for temporary visas on behalf of two Cuban baseball players including pitcher Orlando "El Duque" Hernandez, catcher Alberto Hernandez, and five others who were picked up December 28th on Anguilla Cay in the Bahamas by the U.S. Coast Guard. Of the eight who fled the island on a homemade wooden sailboat, the U.S. granted visas to the baseball players and El Duque's girlfriend Noris Bosch leaving the five in Bahamian immigration detention. While Noris came to Florida, the players and the five refugees will arrange to obtain residence in Costa Rica during their stay in Nicaragua. **CUBA BUSINESS SUMMIT SCHEDULED FOR MARCH -** Kirby Jones, the president of Alamar Associates in Washington, D.C. is sponsoring the U.S. Cuba Business Summit from March 4-6. Jones organized the 1992-93 series of Euromoney conferences on Cuba held in Cancun, London, and Havana. This summit, independent of Euromoney, will consist of two days in Cancun and a full day in Havana on the 6th of March fully hosted by the Cuban government and returning that evening. Speakers from Cuba will include Carlos Lage, Vice President of the Council of Ministers and Ricardo Alarcon, President of the National Assembly. Among the speakers from the U.S. will be former Rep. Sam Gibbons (D-FL), William Lane the chairman of USA ENGAGE, Craig Fuller former chief of staff for Vice President George Bush, and Wayne Smith former chief of U.S. Interest Section in Havana. The summit is described as an opportunity to "learn firsthand" about "trade, investment, and business opportunities in Cuba" in "full compliance of all applicable U.S. laws." Reference is made to the Treasury Department's Office of Foreign Assets Control, FAC No. 112648 (July 10, 1989) permitting discussion of future business "so long as no binding agreement results."

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Ralph J. Galliano, Editor

PRESIDENT CLINTON EXPRESSES DESIRE FOR CUBA OPENING – AWAITS AFTERMATH OF POPE JOHN PAUL II'S VISIT

WASHINGTON -- President Clinton is poised to offer a reciprocal response to the Castro regime in return for what would be viewed as positive changes in the aftermath of Pope John Paul II's January 21-25 visit to Cuba. The White House views the Pope's visit as "space" for the Church and hence an "opening" by the Cuban government. Among the positive changes recognized by the White House are the Cuban government's acknowledgment of Christmas as a holiday, allowing "Christian people in[to] Cuba to celebrate Christmas," the release of political prisoners, and allowing the Cuban people to express their faith and to continue to worship freely. "We want Cuba to move toward freedom and openness, and if they do we'll respond. That's always been our position," said the president at a White House press conference on Tuesday, January 20th the day before the Pope's arrival in Havana. Clinton made these and other remarks over the course of a three day period including on January 21st in an interview with Jim Lehrer for PBS' *Newshour*. When he was asked about "doing something dramatic" in his second term as president, Clinton credited the Cuban-American community with making the valid point that up to now "there has been no discernable change in the climate of freedom there." Hoping the Pope's visit would "help to expand freedom" in Cuba, Clinton stated clearly, "Nobody in the world would be happier than me to see a change in Cuba and a change in our policy before I leave office." In the wake of the Pope's visit, the Cuban foreign ministry responded to a list of several hundred political prisoners submitted by Vatican Secretary of State Cardinal Angelo Sodano by pardoning dozens whose names appeared on the list along with the release of scores of common criminals for humanitarian reasons. Cuban Foreign Minister Roberto Robaina said the pardons were meant to show respect for the Pope. Nineteen political prisoners were released on the condition they would go into exile. Canada has agreed to accept the 19 and their families. Human rights groups including Amnesty International list well over 500 "prisoners of conscience" in Cuban prisons. In a rambling seven hour speech following his reconfirmation as president for another five years by Cuba's National Assembly, Castro took the Pope's words to heart criticizing divorce and abortion. In his speech on the evening of February 24th, Castro also derided the so-called "post-Castro transition" from socialism to capitalism emphatically stating, "There will be no transition of this kind in this country."

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CLINTON CONTINUES TO RELY ON CDA -- If Castro's own words and the deeds of the regime are insufficient to deter a strong-willed Bill Clinton from his self-proclaimed path of constructive engagement by opening up Cuba the way President Richard Nixon opened up China, then perhaps the Helms-Burton law and Congressional opposition will deter him. The provision of the Cuban Democracy Act of 1992 (CDA) which granted the executive the power to "reduce sanctions in carefully calibrated ways in response to positive developments in Cuba" was negated by the passage of the Helms-Burton Act of 1996 which codified the U.S. economic embargo against Cuba and removed such discretionary power from the president's hands. (See US CPR Vol.4, No.11). In a White House press briefing on January 26th the day after the Pope's visit to Cuba had ended, press secretary Mike McCurry responded to questions by once again referring to the CDA and the president's selective authority under it.

POPE JOHN PAUL II AVOIDS CRITICISM OF U.S. EMBARGO -- Contrary to stories that the Pope criticized the U.S. embargo while in Cuba, it didn't happen. The media showed its bias at the January 13th White House press briefing when during questioning it was assumed "the Pope in the first visit to that country will be denouncing the unilateral U.S. embargo against" Cuba. In fact, during his message to the youth of Cuba on January 23rd in Camaguey, the Pope touched on the subject of "the growing crisis of values" and the inability of "resources" and "institutions" achieving the "desired result." In that context, the Pope admonished the youth by saying "the answer is not to be sought only in structures, resources and institutions, in the political system, or the effects of economic embargoes" which "are all part of the answer, but they do not touch the heart of the problem." From his arrival speech to his farewell speech, the Pontiff called for "freedom." In his speech at the Great Hall of the University of Havana on the evening of January 23rd, the Pope invoked the name of Father Felix Varela who is entombed there. Considered the "foundation stone of the Cuban national identity," Varela was the "first to speak of independence" and "democracy" underscoring two demands "freedom and responsibility" and the "Rule of Law." Varela, pointed out the Pope, "realized that, in his time, independence was an as yet unattainable ideal; He therefore devoted himself to training people, men and women of conscience."

Foreign Relations Committee Chairman Jesse Helms' letter to Pope John Paul II is reprinted below along with the State Department's "Fact Sheet" on the Papal Visit to Cuba. On March 4th, the Western Hemisphere Subcommittee (Chairman Gallegly R-CA) of International Relations will hold a hearing on the impact of the Pope's visit on religious freedom in Cuba.

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HELMS WRITES TO POPE

January 21, 1998
His Holiness Pope John Paul II
Papal Nuncio
Havana, Cuba

Your Holiness,

As you begin your historic visit to Cuba, I am honored to join millions of other Americans in expressing our solidarity with you, along with our deep appreciation for your pilgrimage. We join you in yearning for, and praying for, a Cuba that is free, just and united.

I recall your thrilling 1979 visit to communist Poland -- and your subsequent visits during the 1980s -- and how your presence, and your message of peace, inspired the Polish people to cast off the shackles of their oppression and claim their God-given right to freedom. It is my hope that the Cuban people will be similarly inspired by your visit to their country.

I pray that your presence will serve to remind the people of Cuba that Jesus -- in fulfillment of the Scripture passage from the Book of Isaiah -- has been sent for them, and for all men, to "establish justice on the earth...a light for the nations, to open the eyes of the blind, bring the prisoners out of confinement, and from the dungeon, those who live in darkness" (Isaiah 42).

I join, Holy Father, your prayers for the victory of justice in Cuba.

Sincerely,
Jesse Helms

STATE DEPARTMENT FACT SHEET: PAPAL VISIT TO CUBA

January 21 - 25 1997

U.S. Policy

- U.S. policy toward Cuba is to promote a peaceful transition to democracy.
- U.S. policy consists of four key elements: maintaining economic pressure through the embargo and Libertad Act; developing a concerted multilateral effort to promote democracy and human rights; supporting the Cuban people in developing civil society and by providing humanitarian assistance; and keeping migration in safe, legal, orderly channels.
- The President and other senior officials have repeatedly made clear that the U.S. would be prepared to respond if the Cuban government undertakes fundamental change.

Papal Visit to Cuba

- The United States Government views Pope John Paul II's visit as an important positive event in bringing to the Cuban people a message of hope and the need for respect of human rights.

Support for U.S. Travelers

- The Administration is facilitating religious travel of those going to participate in the Pope's visit within existing law and regulations by expediting licensing of travel, shipments of humanitarian goods, and monetary donations from the Catholic Church here to the Church in Cuba.
- We have licensed a cruise ship and several direct flights to take pilgrims to Cuba and to deliver humanitarian assistance to support the visit. (The Miami Archbishop decided to cancel the cruise ship, but is chartering aircraft.)
- The State Department and other U.S. agencies are engaged in a broad outreach program to educate the public on relevant regulations and procedures (including a comprehensive web-site).

Plans for a Flotilla During the Pope's Visit

- The Miami-based Democracy Movement has announced its intention to conduct two separate events: a flotilla at the Cuban 12-mile limit to pray for the success of the Pope's visit as well as to protest the Cuban government's presumed refusal to allow some Cuban exiles to return to Cuba; and plans to use private aircraft and vessels to return to Cuba with or without the Cuban government's authorization.

- As we have made clear previously, the U.S. supports the right of peaceful protest against the Castro government in international waters and airspace. Given the risks involved (the Cuban government continues to make clear it will use any and all measures including use of deadly force to prevent unauthorized entries into Cuban territory), the USG discourages unauthorized entries into Cuban territorial waters or airspace, and asks all involved to ensure that flotilla-related activities are conducted in a safe and legal manner.
- A Presidential Proclamation is in place to restrict vessels from departing U.S. territory if they intend to make unauthorized entry into Cuban territorial waters. An FAA Cease and Desist Order is in place to take law enforcement action against any aircraft which make unauthorized entry into Cuban airspace.

GOC's Response to the Pope's Visit

- President Castro invited the Pope to visit Cuba in November 1996 after agreement was reached on some of the issues important to open space for the Church to carry out its religious activities in Cuba and to prepare for the visit.
- The GOC has permitted open air masses, some media coverage of the Pope's visit, door-to-door canvassing by the Church, and has promised to assist with transportation of the public to the masses. Christmas was officially recognized (on a one-time basis) as a holiday for the first time since 1969. Visas have been issued to additional priests to enter Cuba.
- The GOC continues to refuse to allow the Church to have an independent printing press capability, to have full access to the media, or to broadcast to the Cuban people in their entirety the Pope's masses.
- In the broader political context, the GOC has carried out over the past two years a process of political retrenchment, including a major crackdown on human rights activist, and has circumscribed the limited economic reforms which had been initiated several years ago.

CANF PROPOSAL MEETS RESISTANCE AMONG CUBAN-AMERICAN LEADERS

A federal food aid proposal initiated by the Cuban-American Foundation (CANF) and endorsed by Senator Jesse Helms to help the neediest Cubans on the island encountered resistance both in Washington and in Havana. The draft proposal referred to as the "Cuban Assistance and Relief (CARE) Act of 1998" was intended to follow in the wake of the Pope's five day visit to Cuba and was set up for distribution by the American Red Cross independent of the Cuban government to the neediest people including dissidents and the poor. Helms called it "a worthy proposal based on sound principles." CANF which announced the plan on January 28th said it was intended "to increase humanitarian aid flows to the Cuban people while maintaining firm support for efforts to politically and economically isolate the Castro regime." Their statement added, "We want to make it absolutely clear to all concerned that we will not allow anyone to use this initiative to ease any restrictions on the Castro regime or weaken the existing U.S. embargo." Fidel Castro rejected the plan outright accusing the United States of placing Cuba in position to beg for food. "Cuba is not asking for humanitarian aid. Cuba is asking for an end of the blockade [embargo]." The State Department showed interest in the proposal with spokesman James Foley saying, "It proves not only as we've said all along, that the problems in those areas that exist in Cuba are the product of the dysfunction of the Cuban economic system. But that Mr. Castro was also refusing the goodwill of the international community to help the Cuban people deal with those problems." In large part, the CANF proposal was also a response to the Dodd-Torres legislation for the sale of food and medicine to Cuba which although currently licensed cannot otherwise be sold to Cuba. Confident present law is more than adequate to deliver substantial amounts of humanitarian aid to the Cuban people, Rep. Lincoln Diaz-Balart (R-FL) said, "We have defeated it in the past and we will defeat it again." Reps. Ros-Lehtinen (R-FL), Diaz-Balart and Menendez (D-NJ) have taken the position the CANF proposal is "unnecessary and a risky tactical move." (WSJ, 1/30/98, p.A11; MH, 2/4/98, p.16A; MH, 2/9/98, p.9A).

**EU CUBA INITIATIVE PROMOTES TRADE
AND INVESTMENT IN CUBA**

In a personal letter to Stuart Eizenstat the Under Secretary of State for Economic, Business and Agricultural Affairs, the Head of Delegation to the European Union, Hugo Paemen, expressed his concern over doubts related to a recent EU initiative to support small and medium-sized business investment in Cuba. Paemen states the initiative is not new and is in compliance with the EU's *Common Position* of December 2, 1996 (See USCPR Vol.3, No.12) encouraging democracy, human rights and economic reform in Cuba. Citing the *Understanding* of last April between the U.S. and the EU (USCPR Vol.4, No.4) whereby the EU suspended its complaint against U.S.-Cuba policy before the WTO, Paemen points out that it was the issue of "illegally expropriated property" which formed the basis for negotiations. The *Understanding* set last October 15th as the date agreement was to be reached in order for Eizenstat to request a Title IV presidential waiver to Helms-Burton. It is argued by observers that joint ventures with the Cuban government would only help to entrench the elite within the Castro regime especially during any transition process as defined under Helms-Burton. Cuba watcher Maria C. Werlau noted in a recent article published in *World Affairs* (Vol.160, No.2) entitled, "Foreign Investment in Cuba: The Limits of Commercial Engagement," that "two primary factors inhibit [foreign investment's] workability as a vehicle of reform and render the argument for commercial engagement fundamentally insupportable." Stating that Cuba's "foreign investment has been designed to secure regime survival by gaining access to foreign capital while suppressing the impact of its socioeconomic and political mechanisms," Werlau concludes, foreign investment's "detrimental side effects mostly appear to hinder the eventual establishment of a stable free-market democracy." Paemen's letter to Eizenstat along with the EU's Cuba initiative are reprinted below.

**EUROPEAN UNION
DELEGATION OF THE EUROPEAN COMMISSION**

Head of Delegation
11 February 1998
The Honourable Stuart Eizenstat
Under Secretary for Economic, Business and Agricultural Affairs
U.S. Department of State
Washington, D.C. 20520

Dear Stu,

I am writing to you with regard to recent reports on a European Commission initiative relating to the promotion of economic links between European and Cuban small and medium-sized enterprises. It seems that these reports have raised some eyebrows in Washington and I believe that it is useful to put things into perspective in order to avoid any misunderstanding.

I would start by pointing out that the call for proposals on the above project concerns small and medium-sized businesses which we regard as being the most likely catalyst for bringing about economic change in Cuba. This programme is in full compliance with the EU Council's *Common Position* on Cuba of December 1996 since it encourages a process of economic reform and transition to democracy through the development of small and medium sized companies in Cuba. It is set out in paragraph 3(f) of the *Common Position* that the European Union, in order to facilitate peaceful change in Cuba, "will remain willing...to carry out focussed economic cooperation actions in support of the economic opening being implemented."

Moreover, neither the *Common Position* nor the general line adopted by the European Union in this matter has ruled out all forms of European investments in Cuba. It is rather the concern about illegally expropriated property that forms the basis of our current discussions in the context of the *Understanding* of last April.

Let me add that the programme in question does by no means constitute a new initiative. Similar cooperation between small and medium-sized companies has been carried out for some years in order to support economic reform in Cuba.

I hope that this information is useful to you and others on the U.S. side who are involved in the issue. Please do not hesitate to call me if you need further details.

Yours Sincerely,
Hugo Paemen

COMMISSION
FINANCIAL CONTRIBUTION FOR AN OPERATION TO ASSIST CUBA:
PROJECT FINANCED BY THE EUROPEAN COMMUNITY
(98/C 29/09)

CALL FOR PROPOSALS

No IB/AMS/330

1. **Authority awarding the financial contribution:** The European Commission, Directorate-General IB -- External Relations; Southern Mediterranean, Middle East, Latin America, South and South-East Asia and North-South Cooperation, for the attention of: Head of Unit IB/E/2, (Science 14 -- 06/59), Rue de la Loi/Wetstraat 200, B-1049 Brussels.

Fax: (32-2) 296 11 01.

2. **Description of the operation**

Subject: Call for proposals for a project to promote the development of economic links between European and Cuban small and medium-sized businesses (SMEs) CUB/B7-312/97/0701.

The purpose of this project is to:

- prepare a meeting of business in Havana to promote business relations between Europe and Cuba,
- encourage European investment in Cuba,
- collate up-to-date relevant analyses on business opportunities in Cuba for the use of European businesses,
- identify existing opportunities for economic cooperation to support Cuban SMEs.

Content:

- Organising a meeting of European and Cuban businesses in Havana. This entails preparing for the meeting in Europe and Cuba, drawing up a guide to business opportunities, promoting the meeting in Havana and producing a final assessment of the meeting,
- holding a seminar with the Cuban authorities to discuss ways of attracting investment in Cuba by European SMEs.
- setting up a study group to look at ways in which EC action could contribute to the development of Cuban SMEs.

Experts:

Technical support will be required for the project.

A project, coordinator and other experts available on a short-term basis must be provided for project implementation. They must all speak Spanish and English.

3. **Services to be provided in:** Europe and Cuba

4. **Duration of project:** One year

5. (a) The dossier with details of the call for proposals will be sent free of charge on request. Requests must be sent in writing (letter or fax) to the address indicated at point 1 and must give the name and address of the requester and the project title and reference (IB/AMS/330).
- (b) Deadline for submitting requests for the dossier: 28 February 1998.

6. (a) Deadline for receipt of proposals: 7 March 1998.
(b) Address to which proposals must be sent: as at point 1.

7. **Payment and financing conditions:** see call for proposals dossier.

8. **Legal personality of potential beneficiaries of the financial contribution:** candidates must be institutions/organisations representing SMEs, or businesses or groups of businesses.

9. **Selection criteria:** candidates must supply, *inter alia*:

- (a) their name, address, contact person, telephone and fax numbers. Where the proposal is submitted by a group, the leader should be clearly indicated, as should the areas of complementarity between the group participants. The advantages of association must be demonstrated (maximum two pages);
- (b) a document issued no more than 90 days previously by the competent authorities in the country where the candidate is based proving that the candidate has complied with all tax and social security obligations;
- (c) profit and loss accounts and the balance sheet or extracts from the balance sheet for the last three financial years, showing the corresponding amounts in ecu (maximum three pages);
- (d) the areas of specialisation of the candidate, its average staffing levels and the size of its managerial staff for the last three years (maximum three pages);
- (e) information on the main operations carried out by the candidate over the last three years, including their nature, the amounts involved (with corresponding amounts in ecu), the dates, and the public or private bodies for whom they were carried out (maximum five pages).

These operations must be broken down into:

- those of general interest, indicating the competence of the candidate,
- those with more specific relevance to the project, in particular as regards SMEs in Europe.

Where a proposal is presented by a group of candidates, each member of the group must supply the documents listed under (b), (c), (d) and (e) above.

10. **Period of validity of proposals:** six months from the deadline for receipt of proposals indicated under point 6(a).

11. **Financial contributions award criteria:** the candidate whose proposal is most attractive in technical and economic terms will be awarded the financial contribution.

Specific criteria are indicated in the dossier on the call for proposals.

12. **Notice sent on:**

13. **Notice received by the Office for Official Publications of the European Communities on:**

14. The project is governed by Council Regulation (EEC) No 443/92 (Asia and Latin America).

**ROS-LEHTINEN TESTIFIES BEFORE OAS
HUMAN RIGHTS COMMISSION**

Rep. Ileana Ros-Lehtinen (R-FL), who became the first Member of Congress to testify before the Organization of American States' Human Rights Commission, opened up a new "battle front" by criticizing the human rights record of the Cuban government before an international body with an emphasis specifically on Latin America thereby bringing the fight to Castro's own back yard. "As this Commission has emphasized on numerous occasions," declared Ros-Lehtinen, "the fact that the current Government of Cuba has been suspended from the inter-American system, does not negate its obligations as a state." Ros-Lehtinen's appearance on February 24th marked the second anniversary of the Castro regime's shutdown of the two Brothers to the Rescue planes -- both civilian planes flying over international waters - - killing the four men who "were keeping a vigilance in search of Cubans risking their lives in these treacherous waters -- in makeshift rafts and inner tubes -- because they could no longer live enslaved." Ros-Lehtinen charged the Cuban Air Force with the killing of "three U.S. citizens and a Cuban citizen exiled in the United States." The Congresswoman and economic and trade subcommittee chair presented a litany of specific human rights abuses against women, defenseless children, dissidents, journalists, and political prisoners. Specifically, she cited the Penal Code of Cuba for prohibiting the existence of "illegal groups not recognized by the government" along with the Cuban Constitution for condemning and prohibiting "any political organization other than the Communist Party."

**STATE DEPARTMENT CREATES
SANCTIONS REVIEW TEAM**

Under Secretary of State for Economics, Business and Agricultural Affairs, Stuart E. Eizenstat announced in his January 7th speech before the North American Committee of the National Policy Association at the National Press Club in Washington the establishment of "a Department-wide 'Sanctions Team' to develop a set of principles and policy options to make economic sanctions more effective as a tool of foreign policy." Set up within Eizenstat's department, this sanctions team is headed by David Moran the director of the Office of Economic Sanctions Policy and is intended to operate as an internal State Department working group. Moran will be assisted by the coordinator of the regional/country desk from which sanctions are being reviewed at any particular time and to be rotated accordingly. Eizenstat outlined a set of principles not dissimilar to the guidelines set forth in the recently introduced Lugar-Hamilton bills (S.1413 and H.R.2708) whose short titles are the "Enhancement of Trade, Security and Human Rights through Sanctions Reform Act." The common denominator between the Eizenstat principles and Lugar-Hamilton is the issue of unilateral versus multilateral sanctions. "We should seek international support for, and participation in, any sanctions regime before taking unilateral measures," said Eizenstat. Under Lugar-Hamilton, guidelines for unilateral economic sanctions provide for a 2-year termination "unless specifically reauthorized by Congress." Further, the legislation requires the president to establish a Sanctions Review Committee headed by the Secretary of State to coordinate U.S. policy regarding unilateral economic sanctions. The likelihood of Cuba sanctions being review by this team would be if and when real and meaningful economic reforms were to take place on the island.

INTERNATIONAL BRIEFS

GUATEMALA RESTORES DIPLOMATIC RELATIONS WITH CUBA -- Three years of bilateral efforts to resume diplomatic relations between Guatemala and Cuba, including Cuban Foreign Minister Roberto Robaina's 1996 meeting with President Alvaro Arzu, have resulted in the opening of embassies in their respective capitals ending 37 years of broken ties that Arzu characterized as suspended. The Guatemalan foreign ministry described the change as intended to encourage "exchanges in trade, culture, sports, tourism and everything else that may benefit both nations." The move is portrayed as coinciding with Pope John Paul II's call for Cuba to open up to the world and for the world to open up to Cuba. (MH, "Guatemala, Cuba resume relations," 1/28/98, p.16A). **FIDEL CASTRO'S HEIR APPARENT RAUL CASTRO BECOMES MORE VISIBLE** -- Following Fidel Castro's unprecedented announcement at the October Communist Party Congress in Havana that his younger brother Raul would be his successor, the 66 year old defense minister and deputy general secretary of the Communist Party has taken on a more public role and extended military control of the economy with the appointment of Chief of Staff Ulises Rosales del Toro as head of the Sugar Ministry. In addition, Raul Castro traveled to China to familiarize himself with that country's economic reforms stopping over at the Vatican just prior to the Pope's visit. (NYT, "As the Heir to Fidel, Raul Castro Takes a Bigger Role in Cuba," 2/2/98, p.A6). **SPANISH HOTEL COMPANY SOL MELIA SIDESTEPS HELMS-BURTON VIOLATIONS** -- With the exception of the eight hotels Sol Melia operates in Cuba, the largest Spanish hotel management company has created a holding company for its Latin American hotels in a spin off called Melia Inversiones Americanas (MIA) whose three major shareholders are the Escarrer family of Spain, Inmotel Inversiones SA, and Sol Melia. Inclusion of the Cuban hotels managed by Sol Melia likely would have run afoul of the Helms-Burton Act. (WSJ, "Spain's Sol Melia Readies Listing of Latin Hotels for the Big Board," 2/4/98, p.A19). **ITT-STET DEAL AVOIDS SANCTIONS AND YIELDS BILLIONS OF DOLLARS FOR TELECOM ITALIA** -- The ITT-STET deal brokered by the U.S. State Department announced on July 23, 1997 has evidently cleared the way for the former state-owned Italian phone company now known as TELECOM ITALIA to avoid U.S. sanctions under Helms-Burton and to subsequently sell 1.73 billion shares in the form of American Depositary Receipts (ADRs) worth over \$10 billion. The sale of ADRs was completed in October 1997 at a time when Congressional leaders were seeking to fulfill their oversight authority. Both House and Senate foreign relations committee chairmen Ben Gilman (R-NY) and Jesse Helms (R-NC), who made it clear at the time that Congress would examine "the details of the deal," have thus far been denied such oversight by the State Department. International Economic Policy and Trade Subcommittee Chairman Ileana Ros-Lehtinen (R-FL), who in an August letter to Secretary of State Madeleine Albright declared the deal to be an "indirect investment," has also been denied review of the ITT-STET deal to ensure its conformity with U.S. sanctions against Cuba. This so-called "business deal" enabled TELECOM ITALIA to utilize U.S. financial markets to help fund its expansion and improvement of the domestic telecommunications network within Cuba. See USCPR Vol.4, Nos.8 & 10. (FT 2/6/98, p.17). **HAITI OPENS EMBASSY IN HAVANA** -- Cuban Foreign Minister Roberto Robaina's efforts continue to advance the Castro regime's acceptance in the Caribbean and Central America with the opening of Haiti's embassy in Havana. This follows the restoration of diplomatic relations in 1996 after more than 30 years of broken ties. (MH, "Haiti reopens embassy after three decades," 2/8/98, p.22A).

SHORT TAKES

UNIVERSITY OF FLORIDA AND UNIVERSITY OF HAVANA ANNOUNCE CONFERENCE -- The International Agricultural Trade and Development Center at the University of Florida in conjunction with the Center for Research on the International Economy (Centro de Investigaciones de Economia Internacional) at the University of Havana announced a joint conference to be held in Washington on March 31st. The conference is expected to summarize "4 years of collaborative research" regarding the Cuban agriculture industry with a focus on five commodity sub-sectors including: sugar, citrus, vegetables, tropical fruits, and fisheries. The conference, co-sponsored by The National Center for Food and Agricultural Policy, is based upon the premise that "Cuba has entered into a process of economic reform which, combined with other factors, may lead to the restoration of diplomatic and commercial relations with the United States. The research has been conducted with the support of the John D. and Catherine MacArthur Foundation. **THE NEW YORK TIMES CALLS FOR HELMS-BURTON AMENDMENT** -- In a February 4th editorial *The New York Times* called for Senator Helms to agree on "restoring the President's ability to adjust the embargo to future political developments in Cuba." Section 102(h) of the Helms-Burton Act of 1996 (110 Stat. 794) codified the economic embargo on Cuba requiring the president to submit to Congressional action. (NYT, "After Fidel Castro," 2/4/98, p.A26). **REGALADO TO HEAD MIAMI'S FREE CUBA COMMITTEE** -- Miami city commissioner Tomas Regalado was appointed chairman of a 34-member volunteer committee set up by Miami Mayor Xavier Suarez primarily to lobby in Washington and to communicate with the Cuban American community in the event of Fidel Castro's demise. Regalado is also a well known and highly respected Miami Spanish-language radio personality. Other committee members include: Armando Perez Roura of Radio Mambi, Ninoska Perez of WQBA and the Cuban American National Foundation, Jose Basulto of Brothers to the Rescue, and Manolo Reyes a spokesman for Mercy Hospital. Among the ex-officio members are: Agustin Roman the auxiliary bishop of the Archdiocese of Miami, Rear Adm. Norman Saunders of the U.S. Coast Guard, Crescencio Arcos VP for AT&T, and Roberto Rodriguez Aragon of the Junta Patriotica. (MH, "Suarez creates panel for post-Castro Cuba," 2/11/98, p.3B). **FARRAKHAN VISITS CUBA AND CONDEMNS EMBARGO** -- Frequent critic of capitalism and the United States, Nation of Islam leader Louis Farrakhan who included Cuba in the final stop of his recent 37-nation world tour condemned the U.S. embargo against Cuba while in Havana. According to Farrakhan, "There is not a member of the black masses in the United States who is not proud of the example set by Cuba and its revolution, with Comandante Fidel at its head." Farrakhan met with Fidel Castro for 3 1/2 hours. (TWT, "In Cuba, Farrakhan slams U.S. sanctions," 2/18/98, p.A14; WP, "Farrakhan Sees Big Economic Conspiracy," 2/23/98, p.A9). **STUDY CLAIMING CUBAN-AMERICANS RESPONSIBLE FOR \$800 MILLION IN ILLEGAL FAMILY REMITTANCES UNAVAILABLE** -- A study conducted by the UN Economic Commission for Latin America and the Caribbean (ECLAC) in conjunction with the Cuban government is so frequently cited that the original \$800 million figure attributed to illegal Cuban-American remittances to family members in Cuba has been inflated to \$1 billion by media reports. Authored by David Ibarra a former Mexican finance minister, the 300 page report which was announced last September for availability in October has not appeared and has yet to be made public. Octavio Martinez of the ECLAC office in Mexico City who promised the USCPR editor a copy upon availability recently denied ever having made the offer. There are no official U.S. government figures available on remittances.

NOTABLE QUOTES

"If Richard Nixon could go to China, and Anwar Sadat could go to Jerusalem to seek peace with Israel, why cannot President Bill Clinton follow in the Pope's footsteps and go to Havana? That bizarre but intriguing idea was suggested this month by Fidel Castro, the Cuban president, admittedly in an offhand manner, as he sought to shore up his propaganda defenses in advance of the papal visit." Commentary by Reginald Dale for the International Herald Tribune. (IHT, "How About a Clinton-Castro Meeting?" 1/23/98, p.11).

"Castro offers foreign investors a non-striking labor force whose members work gratefully for dirt-cheap wages and who feel privileged when they receive soap, toothpaste and deodorant on payday. Castro imposes *no* environmental regulations on businesses, offers lucrative tax benefits and free repatriation of all income. Many potential American investors are impatient, dreaming of such a business 'haven' so nearby. So they lobby to change U.S. policy." Emilio Adolfo Rivero is president of the New Cuba Coalition in Washington, D.C. (WSJ-Letters to the Editor, "Those Who Profit from Castro," 2/9/98, p.A19).

"Why shouldn't we say we are a centrally planned economy? Why should we be victimized? Why can't we be an efficient and viable centrally-planned economy? Francisco Soberon Cuba's central bank president in an interview with Pascal Fletcher of the *Financial Times*. (FT, "Centrally planned and proud of it," 2/19/98, p.5).

"The U.S. embargo against Cuba is unilateral, and Castro is free to do business with other countries. Canada, Italy, and other European and Latin American countries have been Castro's trading partners for a long time." Jorge E. Ponce is from Burke, Virginia. (WP-Letters to the Editor, "Cuba: Don't Lift the Embargo," 2/20/98, p.A22).

"Canada's Sherritt International, for instance, recently invested \$675 million in Cuba. For each Cuban worker that Sherritt hires, the Cuban government charges the company \$10,000 per year. Out of that, the Cuban government confiscates \$9,784 in this 'worker's paradise' and leaves the Cuban worker with an annual wage of \$216." Commentary by Ralph R. Reiland who is an associate professor of economics at Morris College in Pittsburgh. (TWT, "Bound for Havana's Plaza de la Revolucion," 1/11/98, p.B3).

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Ralph J. Galliano, Editor

SECRETARY OF STATE ALBRIGHT ANNOUNCES FOUR MEASURED CHANGES IN U.S. POLICY TOWARD CUBA APPROVED BY PRESIDENT CLINTON

WASHINGTON -- Following a series of meetings earlier this month with Cuban-Americans in Miami and with Pope John Paul II in Rome, Secretary of State Madeleine Albright on Friday afternoon March 20th announced four measured changes toward Cuba approved by President Clinton. As presented, they include: 1) developing "bipartisan legislation to meet humanitarian food needs on the island; 2) streamlining and expediting "the issuance of licenses for the sale of medical supplies to Cuba; 3) resuming the licensing of "direct humanitarian charter flights" to Cuba from the US; and, 4) restoring "arrangements to permit Cuban-American families to send remittances to their relatives in Cuba." Albright rejected the notion that this presidential shift constituted an actual change in policy toward the Cuban government. "Let me be very clear. They do not reflect a change in policy towards the Cuban Government. That policy has been, and remains, to seek a peaceful transition to democracy," insisted Albright. She went on to explain, "we will maintain economic pressure through the embargo and the Helms-Burton Act. We will seek to increase multilateral support, which has been building, to press for political openness in Cuba and respect for human rights." (The Clinton administration's lack of implementation of Titles III and IV ignores the principal intent of Helms-Burton to discourage foreign investment in Cuba particularly in illegally confiscated American property). However, the restriction on family remittances, instituted back in 1994 as a result of the rafter crisis, along with the restriction on direct flights, going back to 1996 following the February 24th shootdown of the two civilian planes in international airspace by the Cuban air force killing four Brothers-to-the-Rescue airmen, three of whom were American citizens and one a U.S. resident, are not considered by the Clinton administration to be in violation of the codification of the embargo contained in Section 102(h) of Helms-Burton let alone to require an executive order. According to James Dobbins, Special Assistant to the President and the National Security Council, "First of all, I don't believe that an executive order is necessary to implement this. What we're talking about is changes in licensing procedures, and I think the President's announcement today makes clear what he's done, which is ask relevant agencies of government -- State, Treasury, Commerce -- to develop new licensing procedures to permit each of these activities."

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Since the 1994 policy change involving remittances to Cuba and the 1996 direct travel restriction, even licensed trips to Cuba were taking place through third countries notably the Bahamas and Mexico while remittances, with the exception of permitted immigration fees, flowed to Cuba unabated in substantial amounts. Albright pointed out that "We will allow humanitarian, but not tourist or business flights. And we know that we will have a better chance of seeing that remittances go to the intended recipients if they are regularized in transparent and legal channels." By all accounts, the Clinton administration mishandled this move in not consulting with key members of Congress. If the administration's intent was to better track travel and remittances to Cuba for enforcement purposes then the announced measures may have been more acceptable had Congress been consulted rather than presented with a fait accompli. As it turned out, reactions were generally unfavorable.

CONGRESSIONAL REACTION -- Senator Jesse Helms, chairman of the Senate Foreign Relations Committee, responded to the announcement by expressing his concern over the administration's "decision to make significant, unilateral changes in U.S. policy on Cuba, without seeking the support of Congress." Reps. Diaz-Balart (R-FL) and Ros-Lehtinen (R-FL) voiced similar concerns. Rep. Bob Menendez (D-NJ) criticized the administration for its failure "to consult with Members of Congress on the issue." Menendez said, "It is my belief that the Administration does not have the authority under U.S. law to undertake the measures included in this proposal." Clearly, section 102(h) of Helms-Burton codifies the "economic embargo of Cuba, as in effect on March 1, 1996, including all restrictions" and section 112 of Helms-Burton addresses the *Reinstitution of Family Remittances and Travel to Cuba* although it is expressed as a "sense of the Congress that the President should" insist that prior to such reinstitution of general licenses Cuba "permit the unfettered operation of small businesses."

THINKING BEYOND CASTRO -- For the first time, Albright publicly used the phrase "think[ing] beyond Castro" when referring to the Cuban people as did James Dobbins of the NSC during the State Department press briefing. In this context, Rep. Menendez's comments regarding the administration's announcement take on added meaning: "U.S. policy is not inflexible. The future of Cuba and the lifting of U.S. sanctions are contingent upon change by Castro, not the United States. I support a prompt transition to democracy in Cuba and will advocate the immediate lifting of the trade sanctions upon re-establishment of democracy in Cuba. However, I am convinced that now -- while the aging dictator is known to be ill and his regime is in its final chapter -- is not the time to change course."

U.S.* CUBA POLICY REPORT (ISSN 1093-099X)

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**ROS-LEHTINEN CALLS FOR
ACCOUNTABILITY ON CLINTON REVERSAL**

In a matter of days after the Clinton administration's policy shift, Congresswoman Ileana Ros-Lehtinen, Chair of the Subcommittee on International Economic Policy and Trade, quickly issued a request to the Departments of State, Commerce, and the Treasury for all classified and non-classified documents and drafts relating to the licensing process since the enactment of Helms-Burton in March of 1996 and for documents relating to the new announced policy to be implemented. Ros-Lehtinen's request for executive branch documentation as of March 1, 1996 takes into consideration the *Codification of Economic Embargo* provision under Section 102(h) of the Helms-Burton Act. It states: "The economic embargo of Cuba, as in effect on March 1, 1996, including all restrictions under part 515 of title 31, Code of Federal Regulations, shall be in effect upon the enactment of this Act, and shall remain in effect, subject to section 204 of this Act." Ros-Lehtinen stated in her letter to Secretary of State Madeleine Albright that "[a]ccording to Congressional reading and interpretation of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, the new actions undertaken by the Administration do not appear to be allowed under the law." The letter to Albright follows.

**LETTER TO ALBRIGHT REQUESTS
DOCUMENTS ON LICENSING**

March 23, 1998
The Honorable Madeleine Albright
Secretary of State
Washington, D.C. 20520
Dear Madam Secretary:

I would greatly appreciate your helping our Subcommittee's efforts to ensure that U.S. laws designed and intended to put pressure on the Castro regime are enforced fully and vigorously.

On March 20, 1998, the President issued a statement which significantly altered U.S. policy toward the Castro regime. The new policy would "resume licensing direct humanitarian charter flights to Cuba"; would establish new licensing arrangements...to send humanitarian remittances to their families in Cuba...; and would "streamline and expedite the issuance of licenses for the sale of medicines and medical supplies and equipment to Cuba."

According to Congressional reading and interpretation of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, the new actions undertaken by the Administration do not appear to be allowed under the law. The LIBERTAD Act specifies that, before some of the changes you proposed can be implemented, the following conditions must be met by the Castro regime and they have not: "The Cuban Government [must] permit the unfettered operation of small businesses fully empowered with the right to hire others to whom they may pay wages and to buy materials necessary in the operation of the businesses and with such other authority and freedom as are required to foster the operation of small businesses throughout Cuba;" and "such actions by the Cuban Government as abrogation of the sanction for departure from Cuba by refugees, release of political prisoners, recognition of the right of association, and other fundamental freedoms" (Section 112 of the LIBERTAD Act).

The explicit mandates in the LIBERTAD Act provide a basis for strict congressional oversight of executive branch enforcement measures. In compliance with those mandated responsibilities and in fulfillment of its duties, this Subcommittee asks that the Department of State provide the Subcommittee on International Economic Policy and Trade with the following information (including classified documents) as soon as possible.

1. All memoranda, cables, minutes, electronic mail messages, telefaxes, or other documents, and drafts thereof, relating to all licenses granted as of 3/1/96.
2. Name and type of company/entity; date the license was granted; duration of license; nature and purpose of the license; variables and factors used to make determination in favor of granting the license; legal standing for determinations.
3. Detailed written explanation of new procedures to "streamline and expedite the issuance of licenses for the sale of medicines and medical supplies and equipment to Cuba."

The same request is being issued to the Department of Commerce and the Department of the Treasury. The Department of State may wish to coordinate its efforts with the other agencies to ensure full disclosure of all pertinent materials.

Sincerely,
Ileana Ros-Lehtinen, Chair
Subcommittee on International Economic Policy and Trade

TIME FOR US-EU NEGOTIATIONS ON CUBA POLICY HAS PASSED

The April deadline for the renewal by the European Union of its complaint against the United States' Cuba policy before the World Trade Organization is rapidly approaching with no consensus sufficient for Under Secretary of State Eizenstat to present a case to Congress requesting an amendment of the Helms-Burton Act to provide for a presidential waiver of Title IV. Based on the mutual *Understanding* reached last April between the EU and the U.S., the two sides are far apart on developing disciplines on investments in expropriated properties inclusive of U.S.- Cuba claims warranting a waiver of Title IV.

Rep. Diaz-Balart's (R-FL) letter to Eizenstat reprinted below emphatically states that the "time for negotiations with the EU on U.S. Cuba policy has passed without sufficient progress. We do not believe in open-ended, indefinite negotiation as a pretext for non-enforcement of U.S. law." Rep. Ileana Ros-Lehtinen's two-year anniversary Helms-Burton hearing on March 12th by her Subcommittee on International Economic Policy and Trade highlighted the non-enforcement of Titles III and IV. Chairman Ros-Lehtinen stated with clarity: "Congress will not grant this waiver to the President. We will not weaken Helms-Burton." Notably, Reps. Burton (R-IN) and Diaz-Balart reiterated this stand firmly and succinctly during the hearing.

DIAZ-BALART INITIATES LETTER TO EIZENSTAT OPPOSING TITLE IV WAIVER

March 5, 1998
The Honorable Stuart Eizenstat
Under Secretary of State
U.S. Department of State
2201 C Street, N.W.
Room 7256
Washington, D.C. 20520

Dear Ambassador Eizenstat:

We are writing to reiterate and make clear that we will not support legislation to weaken Title IV of the LIBERTAD Act.

We believe that despite your personal efforts, the European Union has not made any significant efforts to accelerate the liberation of Cuba. We are aware of the steps that you cite. However, we believe that the European Union (EU) is not serious about promoting an effective program to restore democracy to Cuba.

In recent months we have been informed from within Cuba that the EU is virtually ignoring the pro-democracy movement on the island. Numerous opportunities to meet and work with these brave opponents of the Castro dictatorship have been lost. The July 1997 Internal Dissidence Working Group meeting with the international diplomatic corps in Havana was a complete failure when the EU ambassadors and 19 other invited diplomatic representatives failed to attend. This total lack of European solidarity with the pro-democracy movement had the effect of emboldening the dictatorship to arrest the dissident leaders.

Furthermore, it is clear that the EU is moving away from commitments it made in its 1996 Common Position on Cuba.

For example, renewed European Commission efforts to promote business in partnership with the Castro dictatorship are cited in the January 1998 EU Journal.

Because of our firm belief that the EU is not serious on the issue of Cuban democratization, we hereby reiterate our call to end the de facto moratorium on applying Title IV to EU investments in Cuba. To date, Title IV has not been applied to any European investment in Cuba. We ask that the Clinton Administration move forward and vigorously enforce federal law against all investors known to be trafficking in stolen U.S. property in Cuba.

The time for negotiations with the EU on U.S. Cuba policy has passed without sufficient progress. We do not believe in open-ended, indefinite negotiation as a pretext for non-enforcement of U.S. law. If the EU — which has enjoyed the benefit of American assistance for the better part of this century including in two world wars — cannot bring itself to support our policy against tyranny in this hemisphere, then so be it. If, after 39 years of dictatorship in Cuba, the EU continues its abandonment of the people of Cuba, then that is something the Europeans will have to explain to future generations. We must move forward and enforce U.S. law.

Sincerely,

Rep. Lincoln Diaz-Balart (R-FL) Rep. Robert Livingston (R-LA)
Rep. Ileana Ros-Lehtinen (R-FL) Rep. Robert Menendez (D-NJ)
Rep. Tom Delay (R-TX) Rep. Dan Burton (R-IN)
Rep. Chris Smith (R-NJ)

CUBA COUNTRY REPORT

The following is the introduction to the State Department's Report on Human Rights Practices for 1997 released on January 30, 1998.

Cuba is a totalitarian state controlled by President Fidel Castro, who is Chief of State, Head of Government, First Secretary of the Communist Party, and commander in chief of the armed forces. President Castro exercises control over all aspects of Cuban life through the Communist Party and its affiliated mass organizations, the government bureaucracy, and the state security apparatus. The Communist Party is the only legal political entity, and President Castro personally approves the membership of the Politburo, the select group that heads the party. The party controls all government positions, including judicial offices.

The Ministry of Interior is the principal organ of state security and totalitarian control. Officers of the Revolutionary Armed Forces (FAR), which are led by President Castro's brother Raul, have been assigned to the majority of key positions in the Ministry of Interior in recent years. In addition to the routine law enforcement functions of regulating migration, controlling the Border Guard and the regular police forces, the Interior Ministry's Department of State Security investigates and actively suppresses organized opposition and dissent. It maintains a pervasive system of vigilance through undercover agents, informers, the rapid response brigades, and the Committees for the Defense of the Revolution (CDRs). While the Government traditionally used the CDRs to mobilize citizens against dissenters, impose ideological conformity, and root out "counter-revolutionary" behavior, severe economic problems have reduced the willingness of citizens to participate in the CDRs and thereby lessened their effectiveness. Other mass organizations also inject government and Communist Party control into citizens' daily activities at home, work, and school.

The Government continued to control all significant means of production and remained the predominant employer, despite permitting some carefully controlled foreign investment. Foreign employers continue to contract workers through state agencies, which pay the workers extremely low wages while receiving large hard currency payments. The Government has also legalized some minor categories of self-employment. The Government has also legalized some minor categories of self-employment. Although the Government forecast a modest economic growth rate of some 2.5 percent (down from a claimed 7.8 percent in 1996), the economy remained depressed due to the inefficiencies of the centrally controlled economic system; the deterioration of plant, equipment, and the transportation system; the collapse of trade relations with the former Soviet Bloc; the loss of billions of dollars of annual Soviet subsidies; and the poor performance of the important sugar harvest. For the seventh straight year, the Government continued its austerity measures known euphemistically as the "special period in peacetime." Agricultural markets, legalized in 1994, gave consumers wider access to meat and produce, although at prices beyond the reach of most Cubans living on peso-only incomes. The system of "tourist apartheid" continued, with foreign visitors who pay in hard currency receiving preference over citizens for food, consumer products, and medical services. Citizens remain barred from access to the tourism industry's hotels, beaches, and resorts.

The Government's human rights record remained poor. It continued systemically to violate fundamental civil and political rights of its citizens. Citizens do not have the right to change their government. There were several credible reports of death due to excessive use of force by the police. Members of the security forces and officials continued to beat and otherwise abuse detainees and prisoners. Prison conditions remained harsh. The authorities routinely continued to harass, threaten, arbitrarily arrest, detain, imprison, and defame human rights advocates and members of independent professional associations, including journalists, economists, and lawyers, often with the goal of goading them into leaving the country. The Government used internal and external exile against such persons, and political prisoners were offered the choice of exile or continued imprisonment. The Government denied political dissidents and human rights advocates due process and subjected them to unfair trials. The judiciary is completely subordinate to the Government and to the Communist Party. The Government infringed upon citizens' right to privacy. The Government denied citizens the freedoms of speech, press, assembly, and association. It limited the distribution of foreign publications and news to religious activities were restricted. The Government was sharply and publicly antagonistic to all criticism of its human rights practices and sought to thwart foreign contacts with human rights activists. Discrimination against women and racial discrimination often occur. The Government severely restricted worker rights, including the right to form independent unions.

In April the United Nations Human Rights Commission (UNHRC) again passed a resolution endorsing the report of the UNHRC Special Rapporteur, which detailed Cuba's human rights violations. For the fifth consecutive year, the Government refused the Special Rapporteur permission to visit Cuba.

GORE-CHERNOMYRDIN COMMISSION

Whether the recent upheaval in the Russian government prompted by President Boris Yeltsin's dismissal of his entire cabinet, which took the Clinton administration completely by surprise, will affect the so-called Gore-Chernomyrdin Commission (GCC) remains to be seen. Although there is no discernable evidence that the five-year old joint commission chaired by Vice President Al Gore and outgoing Russian Prime Minister Viktor Chernomyrdin has ever addressed U.S. concerns and interests over Russian policy toward Cuba, the recent tenth in a series of secret meetings prompted the chairman of the House Subcommittee on International Economic Policy and Trade, Ileana Ros-Lehtinen, to address letters to both Gore and Chernomyrdin on March 10th regarding the Soviet designed nuclear power plant at Juragua. Referring to the unfinished plant located near Cienfuegos on the southern coast of Cuba, Ros-Lehtinen cited The General Accounting Office report which states that "fallout from an accident or provoked incident at the plant would affect most of the Western Hemisphere, reaching as far north as Washington, DC." Other related issues pertinent to any future GCC agenda with respect to Cuba would, if raised by Gore, include the ongoing Russian oil-for-Cuban sugar subsidies as well as the Russian presence at the signal intelligence spy base in Lourdes, Cuba. According to a December 1995 NBC News report, "Russia and Cuba renegotiated a \$200 million annual lease for the eavesdropping post for American phone calls, faxes, and computer data, all delivered over dozens of communications satellites -- all of it vulnerable to interception and funneling through dishes to a secret Russian base known as Lourdes, 10 miles south of Havana." Among the goals of this U.S.- Russia "partnership" implied by State Department spokesman, James Foley, is Russian "cooperation with the West and integration in the global economic and political system." (WP, "U.S. Expects Moscow Shake-Up To Bring Little Change in Policy," 3/24/98, p.A16).

CUBA AT THE CROSSROADS - THE VISIT OF POPE JOHN PAUL II & U.S. POLICY

Senate Foreign Relations Committee staff members Roger Noriega and Marc Thiessen along with Caleb McCarry of the House International Relations Committee staff prepared a comprehensive analysis of their ten-day investigative trip to Cuba during the Papal visit (January 21-25) and through January 31st. The report which presents photographs, data, and observations entailing a detailed discussion of "the impact of the papal visit, and ensuing opportunities for the U.S. policy makers to help the Cuban people gain their freedom" also includes key findings and policy recommendations. It "addresses the performance of the U.S. Interests Section, and other foreign missions in Havana (particularly the European Union)." Based on interviews with government officials and ordinary citizens, the March 4th report observes that "Fidel Castro rules by fear, intimidation and deprivation." In witnessing the pilgrimage of Pope John Paul II, staffers noted that "the lasting effects" of the Pope's visit "may well be a breakdown in this culture of fear." Continuing, the report notes that, "The extent to which civil society -- social, political, cultural, and religious institutions -- is established in Cuba will determine whether the inevitable end of the Castro era is peaceful or violent." The report accuses foreign investors in Cuba of employing virtual "slave labor" conditions where workers can only be hired through the Ministry of Interior's government agency CUBALSE. The report's recommendations are reprinted below.

CONGRESSIONAL STAFF REPORT: POLICY RECOMMENDATIONS

1. The United States should maintain its policy of economic and political isolation of Castro.
2. We recommend a coordinated campaign to channel increased humanitarian assistance directly to needy Cubans.
 - Provide food and medicine to the Cubans most in need...
 - Strengthen those institutions delivering the aid...
 - Undermine the regime's policy of denying dissidents work and access to basic necessities; and,
 - Neutralize Castro's propaganda that blames the U.S. embargo for Cuba's hardships.
3. We recommend an information campaign in the United States and Cuba if Fidel Castro continues to refuse additional humanitarian aid to the Cuban people.
4. We recommend that the U.S. government do a better job explaining the facts behind the denial of food and medicine in Cuba.
5. The United States should press the Cuban government to provide us a list of the medicines that they seek to purchase from the United States.
6. We recommend that the U.S. government work with friends in the international community, and with private organizations, to increase communication with the Cuban people.
7. We strongly urge additional investigation into the policy of coerced abortions that is apparently practiced by the Cuban regime.
8. The U.S. Interest Section should take greater care in monitoring the cases of potential political refugees and pressing for "exit permits" for Cubans holding U.S. visas.
9. We recommend that Congress hold hearings on the Clinton Administration's failure to enforce U.S. law.
10. We recommend that Members of Congress announce that, in light of the woefully inadequate support for democratization in Cuba by the European diplomats in Havana, there is no good faith upon which to base continued E.U.-U.S. "Helms-Burton" talks.
11. Regarding Title IV enforcement, we believe the State Department should immediately notify suspected "traffickers" in stolen U.S. property in Cuba that they will forfeit their U.S. visas unless they prove that they are not using American property.

INTERNATIONAL BRIEFS

RUSSIAN TRADE DELEGATION MEETS IN HAVANA -- A Russian trade delegation meeting in Havana held talks to strengthen bilateral ties. The delegation of 70 government officials and businessmen was headed by Civil Defense Minister Serguey Shoygu and discussed projects ranging from agriculture to mining to nuclear power. (Reuters, "Cuba, Russia seek stronger trade, cooperation," 2/20/98). **RUSSIA CONFIRMS \$350 MILLION CREDIT TO CUBA** -- The Joint Inter-governmental Commission headed by Shoygu and Cuban Foreign Trade Minister Ricardo Cabrisas culminated in ratification of a 1997 trade protocol. Additionally, Russia has scheduled credit to Cuba over the 1997-2000 period of \$350 million for various projects. (Reuters, "Cuba, Russia agree to strengthen economic ties," 2/21/98). **JAPANESE CREDITORS RESCHEDULE CUBA DEBT** -- Cuban debt owed to Japanese companies totalling nearly \$750 million was rescheduled following two years of negotiations. The agreement was signed in a ceremony in Tokyo between Takehiko Tsuchiya head of the Japan-Cuba Economic Association representing over 180 companies and the governor of Cuba's central bank Francisco Soberon. The deal was arranged over a 20-year period at current exchange rates. Trade between Cuba and Japan was active in the 1960s and 1970s when imports consisted of sugar and rum in exchange for machinery and parts. Cuba's suspended payments have been attributed to the 1987 collapse of sugar prices. (FT, "Havana signs Japanese debt deal," 3/19/98, p.6; TWT, "Japanese creditors give Cuba big debt break," 3/19/98, p.A11). **CANADIAN FOREIGN MINISTER AXWORTHY CRITICIZES US-CUBA POLICY** -- Canadian foreign minister, Lloyd Axworthy, a staunch critic of U.S.-Cuba policy, said during a visit by Secretary of State Albright, "we share the end objective, which is to see a transition in Cuba into a democratic society." Axworthy described Canada's approach to Cuba as one of "engagement." Earlier in the month at the OAS in Washington, Axworthy called for Cuba's reintegration into the OAS provided Cuba was willing "to accept the norms and standards that have been applied" through the organization. (JOC, "US, Canadian officials face off on Cuba," 3/12/98, p.3A). **UN REPORT BLAMES EMBARGO FOR CUBA'S REPRESSION** -- A 31-page UN report issued on March 20th said the U.S. embargo provided a "ready pretext" for Cuba's repression of its people. (MH, "UN rips US Cuba relations," 3/21/98, p.19A). **AT&T EQUITY SWAP WITH STET/TELECOM ITALIA NEAR COLLAPSE** -- The equity swap deal between AT&T and STET/Telecom Italia worth \$390 million which was agreed to last July is near collapse following the AT&T representative's unexpected resignation from the STET/Telecom Italia board. Each company was to acquire 1.2 percent of the other as part of the formation of "two pan-American operating entities" providing global and local telephone service. AT&T's partnership with STET/Telecom Italia raised legal questions under the Helms-Burton Act concerning the issue of prohibited "commercial activity" with the Government of Cuba through its association with the Italian company. AT&T's joint-venture may have constituted "commercial activity" and "indirect investment" in the domestic telephone network within the island of Cuba in violation of the "economic embargo of Cuba" as defined under Section 4 of the Act. (FT, "AT&T link with Telecom Italia close to collapse," 3/23/98, p.1). **FIRST SUMMIT OF EUROPEAN UNION AND LATIN AMERICA SET FOR 1999** -- A French and Spanish initiative taking shape into the first summit of the European Union and Latin American presidents will be held in Rio de Janeiro, Brazil in March 1999 according to diplomatic sources. The summit will deal with political, trade, and cultural issues. Whether or not Cuba's Fidel Castro will be invited shall be decided by the governments of the countries in the region.

SHORT TAKES

TREASURY DEPARTMENT LICENSES PERMIT STEADY FLOW OF AMERICANS TO CUBA -- No sooner had Pope John Paul II completed his historic pastoral visit to Cuba (January 21 - 25) witnessing several thousand Americans on "pilgrimage" to the island for the occasion, than business consulting groups (March 4-6) such as Alamar Associates and non-profit groups (March 11-14) like the Center for International Policy continued to maintain a steady flow of largely anti-embargo activists, corporate attorneys, lobbyists, and businessmen looking for future opportunities in Cuba. **OVERVIEW OF CUBAN ASSETS CONTROL REGULATIONS** -- There are a few exceptions to the prohibitions against Americans spending money to travel to Cuba. Journalists, official government travellers, members of international organizations to which the U.S. is a member, and persons traveling once a year to visit relatives for humanitarian purposes may do so under a "general license." Specific licenses are considered for humanitarian travel and travel in connection with professional research. According to an Overview of the Cuban Assets Control Regulations (Title 31 Part 515 of the U.S. Code of Federal Regulations) issued by the Office of Foreign Assets Control (OFAC) at the Treasury Department, U.S. businessmen can travel to Cuba "fully hosted." Fully hosted means having all of an American's expenses in Cuba paid by "someone not subject to U.S. jurisdiction." But, if they "provide any service or enter into any binding contract with Cuba" they will lose their status and "be subject to criminal prosecution or a civil penalty up to \$50,000." (OFAC Washington, D.C. - 202/622-2520; OFAC Miami - 305/536-6769). **ALAMAR ASSOCIATES** -- The business consulting group, Alamar Associates from Washington, D.C., headed by Kirby Jones, a former aid to Senator George McGovern, sponsored the U.S. Cuba Business Summit flying executives from the U.S. to Cancun, Mexico then to Havana (March 6th) and back to Cancun for meetings with Cuban tourism, economic, and foreign trade officials including: Ricardo Alarcon, president of the Cuban parliament; Carlos Lage, vice president; and, Fidel Castro. Executives represented well known corporations such as: Caterpillar Inc., Texaco Inc., Mobil Corp, Continental Grain Co., Pharmacia & Upjohn Inc., Bristol-Myers Squibb Co., Wyeth-Ayerst International, the Lincoln Property Company, and, the Washington law firm of Manatt Phelps & Phillips. The Port of Houston Authority and the Tampa Port Authority were also represented. (TWT, "U.S. businessmen try to get foot in the door on Cuba trip," 3/7/98, p.A8; WP, "Havana Hosts American Businessmen," 3/7/98, p.A13; MH, "Cuba asks U.S. firms to oppose embargo," 3/7/98, p.1C). **CENTER FOR INTERNATIONAL POLICY** -- The Washington-based Center for International Policy headed by Robert White and Wayne Smith led a fact-finding delegation (March 11-14) to Cuba to assess the impact of the U.S. embargo on Cuba's health care system. The delegation included: Gen. John Sheehan (ret.), the former supreme allied commander for NATO and commander-in-chief of the U.S. Atlantic Command; former U.S. Senator Claiborne Pell (D-RI); Baltimore Mayor Kurt Schmoke; and Mario Baeza a Cuban-American lawyer. (JOC, "US group in Cuba to study embargo impact," 3/13/98, p.3A). **1997 CUBA HANDBOOK OF TRADE STATISTICS AVAILABLE** -- The Central Intelligence Agency's annual Cuba handbook of trade statistics is available by calling 703/487-4650. This edition covers statistics on Cuban trade for the period 1991 through August 1997 which are drawn primarily from data provided by Havana's trading partners. Export figures for sugar and nickel are those which Havana "has reported to commodity trade organizations." According to the publication, "Since stopping production of its Anuario Estadístico de Cuba in 1990, the Cuban Government has not released detailed statistics on exports and imports."

NOTABLE QUOTES

"The principal weakness of U.S. policy toward Cuba is the widespread notion that it is based on a desire for vengeance and is intended to punish ordinary people there. This is clearly not the case. But until our legislation becomes a bit more creative and our public diplomacy more assertive, Castro's friends here and abroad will occupy a moral high ground that they have not earned and do not deserve." Mark Falcoff, a resident scholar at the American Enterprise Institute comments on the "coalition for change" following the Pope's visit to Cuba. (AEI, "Is it Time to Rethink the Cuban Embargo?", 3/98, pp.3-4).

"The embargo has only begun to work since the collapse of the Soviet Union and the passing of the Torricelli Law in 1992 [The Cuban Democracy Act]. Without major internal reforms in Cuba, the Castro government, not the Cuban people, will be the main beneficiary of the lifting of the embargo. While some prosperity may trickle down to the Cuban people, state enterprises will benefit most." Jaime Suchlicki is a Professor of History and International Studies at the University of Miami. (UM-CSA, "The U.S. Embargo of Cuba: Important Considerations," 3/1/98, p.5).

"The facts are these: Mr. Castro has his own "embargo" on the Cuban economy disguised as a quasi-Stalinist economic system; this embargo is more constraining than the American embargo; and the Cuban economy is free to trade with the rest of the world, and, even when it enjoyed voluminous Soviet subsidies, it was always incapable of bringing self-sustained improvements to the standard of living of the average Cuban." Jorge A. Sanguinetti who was a high-ranking official at the Central Planning Board in Havana before he immigrated to the United States in 1967 is the U.S. representative of The Cuban Institute of Independent Economists in Washington, DC. (TWT, LTE, "Whether to lift the embargo on Cuba," 3/15/98, p.B2).

"Despite the so-called openness of the Cuban government for the Pope's trip, it refused visas to at least 60 reporters from *The Miami Herald*, *The St. Petersburg Times*, and several European and Latin American newspapers. Many denied entry were old Cuba hands who had written unflattering reports about the deterioration of the revolution in recent years." Tom Carter is a reporter for *The Washington Times* who covers foreign affairs. (MH, "Propaganda isn't news," 3/22/98, p.3L).

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Ralph J. Galliano, Editor

DEFENSE SECRETARY COHEN DELAYS RELEASE OF PENTAGON REPORT ASSESSING CUBAN THREAT TO U.S. NATIONAL SECURITY

WASHINGTON -- First denounced as "barbaric" in a November edition of the Cuban Communist Party newspaper *Granma*, the Pentagon's "Assessment of the Cuban Threat to United States National Security" as required under Senator Bob Graham's (D-FL) amendment (Sec. 1228) to the *National Defense Authorization Act for Fiscal Year 1998*, later received high praise from Cuban dictator Fidel Castro as "an objective report by serious people." This about-face in the opinion of the Cuban government followed a story in the *Miami Herald* of the yet to be released largely classified Pentagon report; the front page headline read: "Cuban military not a threat." Prior to the report's mandated March 31st release date, however, Marine General John Sheehan, Ret., made a week-long trip to Cuba meeting with both Fidel Castro and his brother Raul, the Defense Minister, no doubt assuaging their earlier fears over the impending release of the Pentagon's assessment. The Cuban government's propaganda retreat followed shortly thereafter. Sheehan, the former Commander in Chief (CINC) of the U.S. Atlantic Command with authority over the Caribbean including Cuba (before the biannual review of the Unified Command Plan transferred authority over Cuba back to the Southern Command), had in April of 1995 publicly voiced at a symposium in Miami the Cuban military's non-threatening status to the region. His recent restatement of that position, albeit in the context of the forthcoming Pentagon assessment, should not have come as any surprise. Both Sheehan and Gen. Charles Wilhelm, CINC Southern Command Miami, provided report input.

In a mid-1997 Defense Intelligence Agency (DIA) report, it was concluded that the Cuban Revolutionary Navy (MGR) had slipped from a deep-water force to a coastal defense force due primarily to economic circumstances resulting from the collapse of its patron the former Soviet Union (see USCPR, Vol.4, No.7). Apparently, the delayed Pentagon report reaches the same conclusion over the capabilities of the Cuban Revolutionary Armed Forces (FAR) for essentially the same reason. This would suggest that a lifting of the embargo, bringing with it substantial economic benefits, could conceivably lead to an upgrading of all areas of the Cuban military especially fuel, parts, and equipment unless a change leading to a democratically elected government of Cuba as called for in the Helms-Burton Act or a dramatic change in the attitude of the Cuban Communist Party were to take place.

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At its peak in the mid-1980s when Cuban military forces were on active duty abroad, particularly in Africa, DIA estimates placed the size of the FAR at 162,000 compared to approximately 50,000 today. As a result of severe economic necessity and concern over internal strife, the Cuban military has been largely integrated into the economic structure of the country especially in the areas of trade, agriculture, and tourism. Although Section 1228 of the Defense Authorization Act calls for an assessment of Cuba's conventional and unconventional threats to U.S. national security, media reports have focused on the assessment of the previously acknowledged yet diminished conventional military threat Cuba poses to the region.

REVIEW AND ASSESSMENT OF CUBAN THREAT --Senator Graham's defense authorization amendment (see USCPR Vol.4, No.11) called for a review and assessment of "Cuban military capabilities" and "such unconventional threats" as migration, attacks on U.S. citizens, chemical and biological weapons, and internal strife. Among the unspecified unconventional Cuban threats to U.S. national security are: Russia's Cuban spy base at Lourdes; Cuba's partially completed nuclear power complex of Soviet design at Cienfuegos; and, Cuban narco-trafficking. The State Department's annual report entitled "Patterns of Global Terrorism" refers to Cuba's ties to narco-terrorist groups in Colombia such as the ELN and FARC (see page 5 USCPR). Likely to be included in the classified section of the Pentagon report will be "the contingency plans developed by the Secretary [of Defense] to counter any threat posed by Cuba to the United States." Wilhelm's Southern Command, which was relocated from Panama to Miami, would be assigned to Cuba should future U.S. military action become necessary.

SPEAKER GINGRICH AND SENATOR MACK ASK COHEN FOR REVIEW -- In separate letters (reprinted below) to Secretary of Defense William Cohen dated March 31st, the originally scheduled release date for the report, both House Speaker Newt Gingrich and U.S. Senator Connie Mack urged Cohen to review the report and reconsider its conclusions. "Despite Cuba's current economic situation, Castro is a dangerous and unstable tyrant capable of many of the same things that we know Saddam Hussein is doing. Furthermore, the Castro dictatorship is the only rogue regime 90 miles from our coastline," Gingrich stated in his letter. In addition, Mack's press statement reflected the sentiments of many in the Cuban-American community, "It seems that every time the [Clinton] Administration says something about Cuba, it sends the signal that it is inching closer and closer to normalization. Last week, the Administration eased restrictions on air flights to Cuba, [see USCPR Vol.5, No.3] and now the Pentagon says Castro isn't dangerous." The Pentagon report is expected to be issued following DIA briefings.

U.S.* CUBA POLICY REPORT (ISSN 1093-099X)

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**HOUSE SPEAKER GINGRICH AND
SENATOR MACK SEND LETTERS TO
DEFENSE SECRETARY COHEN**

OFFICE OF THE SPEAKER
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

UNITED STATES SENATE
WASHINGTON, D.C. 20510

March 31, 1998

The Honorable William Cohen
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

I understand that you are completing a Department of Defense assessment that press reports indicate will minimize the security threat from the Castro dictatorship by concentrating on conventional military factors. If true, such a conclusion would be very misleading.

Despite Cuba's current economic situation, Castro is a dangerous and unstable tyrant capable of many of the same things that we know Saddam Hussein is doing. Furthermore, the Castro dictatorship is the only rogue regime 90 miles from our coastline.

Just two years ago, Castro ordered Cuban MIG-29 fighter aircraft to attack and kill unarmed American civilians flying in international airspace just miles from the United States. Today, Castro continues to support terrorists such as the Basque ETA, provide logistical support to guerilla groups such as the Colombian FARC, provide safehaven for international criminals such as more than 90 felony fugitives wanted by the Department of Justice, and profit from narco-trafficking. In the past month, the Castro Regime has also signed a new agreement with Russia to renew cooperation to complete a Russian-designed nuclear reactor. Furthermore, I am very concerned about recent reports indicating that Castro's secretive network of sophisticated biological and genetic research labs are being used by the military and Interior Ministry to develop chemical and biological weapons.

Any assessment by the Pentagon supporting the notion of a diminished U.S. national security threat from the Castro dictatorship will raise serious questions of credibility. Given Castro's proven instability, ongoing anti-Americanism, and proximity to the U.S., it would be an unacceptable mistake to underestimate his capabilities or his intentions.

Sincerely,

Newt Gingrich

March 31, 1998

William S. Cohen
Secretary of Defense
Washington, D.C. 20301

Dear Mr. Secretary:

I am pleased to learn through the press that you may be reconsidering the conclusions of a Defense Department report stating Cuba poses no threat to U.S. national interests. Two years ago the Cuban Air Force shot down two civilian American aircraft in the Florida Straits before U.S. air defense aircraft could get off the ground. How does this not constitute a threat?

So that I may evaluate Pentagon conclusions, I would appreciate your answers to the following questions. Do you have an expert dedicated to covering Cuba in the Inter-American division? What Policy-funded research has been conducted on the national security threat posed by Cuba within the past two years? In 1996, Cuban MIG aircraft approached U.S. airspace at high speed, and shot down two U.S. unarmed civilian aircraft before U.S. forces were launched. If the U.S. did launch sortie aircraft, could the U.S.-Cuban air conflict have escalated? How does Florida's defense capability measure up against Cuba's air order of battle? Does Cuba still receive a subsidy from Russia in exchange for a lease on the eavesdropping base in Lourdes? Have U.S. experts judged Cuba's ability to operate and maintain nuclear power plants at Juragua unsafe and therefore a possible threat to millions of Americans? Is Cuba a transshipment point for illegal drugs entering the United States? Did Castro threaten the U.S. with uncontrolled and unsafe waves of Cuban refugees into Florida in 1994?

I believe the Pentagon's conclusions as reported in the press are inaccurate. I hope that you will reconsider both the conclusions of the report as well as the approach to making announcements to Congress in the future.

Sincerely,

Connie Mack
United States Senator

**MEMBERS ASK PRESIDENT TO SUPPORT
U.S. POLICY AGAINST EU**

Rep. Ileana Ros-Lehtinen (R-FL), chairman of the International Economic Policy and Trade Subcommittee, initiated a letter to President Clinton signed by several Members of Congress including, Rep. Henry Hyde (R-IL), the chairman of the House Judiciary Committee. The letter which is reprinted below is highly critical of the European Union's engagement policy toward Cuba charging the EU with "expanding their investments and commercial relations with the oppressive Castro regime without conditionality or accountability." The letter came at a time when the EU challenge to U.S. Cuba policy at the World Trade Organization (WTO) was about to expire. With U.S. and EU negotiators unable to agree on a joint approach to the issue of confiscated American property in Cuba, the EU's complaint before the (WTO) was allowed to expire on April 21st one year after it was initially suspended. As the EU's Sir Leon Brittan sees it, this will permit ongoing bilateral negotiations on investment disciplines without the pressure of a deadline. The EU may file a new action should the Clinton administration sanction any EU companies under Title IV of Helms-Burton. The letter to the president states unequivocally that Members of Congress will "oppose any effort to grant a waiver on Title IV of Helms-Burton" and urges the president to oppose the "misguided policies of the EU."

**LETTER TO CLINTON
OPPOSES TITLE IV WAIVER LEGISLATION**

CONGRESS OF THE UNITED STATES
WASHINGTON, D.C. 20515

April 17, 1998
Hon. William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

As the deadline on the European Union complaint against the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act (Helms-Burton Law) approaches, we urge you to stand with the cause of freedom and liberty in Cuba and not with the misguided policies of the EU.

Although EU countries have issued a "Common Position" expressing support for human rights and democracy in Cuba, individually and collectively, they have failed to support pronouncements with concrete action. Their efforts have focused on expanding their investments and commercial relations with the oppressive Castro regime without conditionality or accountability. They have criticized U.S. policy against the Cuban dictatorship, but have not actively raised the issues of human rights, civil liberties, and fundamental freedoms which are so conspicuously absent from Cuba. They openly promote tourism to the island, but remain mute on the system of apartheid that prohibits Cuban citizens from enjoying the same health care, restaurants, hotels, and other benefits afforded to foreign visitors.

Specifically relating to the bilateral negotiations, the EU countries have shown minimal, if any, concern for the interests of the American people whose property was summarily stolen by the Castro regime. They have demonstrated a lack of respect for the global trading system and have undermined the World Trade Organization by challenging a U.S. national security and foreign policy tool in a venue established to resolve trade and commercial disputes. They have shown no regard for the United States by advocating a position favored by the Cuban dictator, rather than joining their ally to help bring Cuba into the fold of democratic nations.

For these and other reasons, we will not support legislation to weaken U.S. law. In particular, we will oppose any effort to grant a waiver on Title IV of Helms-Burton.

Mr. President, we ask you to do what is right and just. Do not allow the European Union to hold U.S. interests and the freedom of the Cuban people hostage any longer. The LIBERTAD Act not only abides by the rule of law and international legal standards, it is in concert with the spirit of those laws insofar as it upholds the fundamental rights of all human beings.

Sincerely,

Rep. Ileana Ros-Lehtinen (R-FL)
Rep. Robert Menendez (D-NJ)

Rep. Henry J. Hyde (R-IL)
Rep. Christopher H. Smith (R-NJ)

Rep. Dan Burton (R-IN)
Rep. Peter Deutsch (D-FL)

Rep. Lincoln Diaz-Balart (R-FL)

CUBA: STATE SPONSORED TERRORISM

In its 86 page annual report to Congress entitled, "Patterns of Global Terrorism," the State Department once again lists Cuba as a supporter of "international terrorism." The report specifies that "Although there is no evidence to indicate that Cuba sponsored any international terrorist activity in 1997, it continues to provide sanctuary to terrorists from several different terrorist organizations. Cuba also maintains strong links to other state sponsors of terrorism" including Iran, Iraq, and Libya. Among the Secretary of State's 30 formally designated "foreign terrorist organizations under the *Anti-terrorism and Effective Death Penalty Act of 1996*," Cuba is directly associated with three of these organizations; two of which are from Colombia the country responsible for one third (107 of 304) of the international terrorist incidents last year and "reportedly maintain representatives in Havana." The three foreign terrorist organizations with which Cuba is closely associated are: the ETA (Basque Fatherland and Liberty) located in the Basque region of northern Spain; the ELN (National Liberation Army) of Colombia; and, the FARC (Revolutionary Armed Forces of Colombia). The ETA, founded in 1959 and described as having a "muted commitment to Marxism," was "responsible for murdering 13 persons in 1997." The ELN, formed in 1963, is a "Maoist-Marxist-Leninist guerilla group" active in narcotics in Colombia and on the border region with Venezuela. Formed in 1966 as the military wing of the Colombian Communist Party, the FARC, according to the State Department report, is the "largest, best trained, and best equipped guerrilla organization in Colombia" heavily involved in narco-trafficking in Colombia and the border regions of Panama, Ecuador, and Venezuela. It was responsible for the death of one American in 1997. Each of these groups finance their activities through kidnappings (85 U.S. citizens since 1980), robberies, and extortion. In Colombia, their targets are corporate executives primarily from the petroleum and mining industries. Their terrorist activities have hit the oil sector the hardest, a resource Cuba desperately needs to meet even minimum energy requirements following the collapse of "its prime sponsor -- the Soviet Union -- in 1989." Cuba's association with these terrorist groups gives it extraordinary leverage within the Western Hemisphere and its "strong links to other state sponsors of terrorism" has the potential to extend Cuba's terrorist influence worldwide. This report reflects the consensus of U.S. intelligence.

The following is an excerpt of the State Department's Overview of Cuba from its Annual Report: Patterns of Global Terrorism

Cuba no longer actively supports armed struggle in Latin America and other parts of the world. In the past, the Castro regime provided significant levels of funding, military training, arms, and guidance to various revolutionary groups across the globe. However, with the collapse of its prime sponsor--the Soviet Union--in 1989, Cuba suffered a severe economic decline. Without ready cash, Havana was forced to scale back severely its already waning support to international terrorists. To make up for this economic shortfall, the Castro government's focus in recent years has been on generating revenue through tourism. Cuba's attempts to encourage foreign investment in the hospitality industry has forced the nation to seek upgraded diplomatic and trade relations with other nations.

Although Cuba is not known to have sponsored any international terrorist incidents in 1997, it continued to give safehaven to several terrorists during the year. A number of ETA terrorists who gained sanctuary in Cuba some years ago continue to live on the island. In addition, members of a few Latin American-based international terrorist organizations and US fugitives also reside in Cuba.

Cuba also maintains close ties to other state sponsors of terrorism and remains in contact with leftist insurgent groups in Latin America. For instance, Colombia's two main terrorist groups, the FARC and the ELN, reportedly maintain representatives in Havana.

Cuba suffered from a string of small bombings targeting the island's tourism industry in 1997. At least six bombs detonated at Havana hotels and restaurants in April, July, August, and September. An Italian tourist was killed in one blast in early September, the only fatality of the bombing campaign. On 10 September, Cuban security forces announced they had arrested a Salvadoran citizen who confessed to planting the bombs. Havana charged that US-based groups were responsible for directing the bombing campaign from the United States, but it has repeatedly ignored US requests for evidence to support these charges.

**AMERICAN PRIEST FORCED OUT
BY CUBAN COMMUNIST PARTY**

As Roman Catholic leaders work to build on Pope John Paul II's historic pastoral visit to Cuba last January, the Cuban Communist Party is quietly but firmly reasserting its authority in state-church relations while publicly appearing to offer the Cuban people a greater degree of religious freedom. Cardinal Jaime Ortega's Easter Sunday Mass in Havana caught the attention of the international news media presenting a softened image of the Party's stance toward the Church and religion. Yet, the Party's ouster of Father Patrick Sullivan, the only American out of 250 Catholic priests ministering on the island half of whom are foreigners, is a prime example of the Party's overt insecurity in the wake of the Papal visit as well as a stern warning to the Catholic Church in Cuba not to acquire too much space. Where 40-to-45 percent of priests are foreigners who require periodic visa renewals, the Party can show it is still in charge long after the Holy Father's departure. Ironically, it was in Santa Clara that Pope John Paul II celebrated his first Mass in Cuba and where Father Sullivan worked for nearly four years before coming to the attention of Party authorities. The 52-year old Capuchin priest of the Franciscan Order brought religious freedom to his Santa Clara parishioners and planted the seeds of democracy among its 220,000 inhabitants allowing the parish to elect its own members to its decision-making council by secret ballot and permitting a former political prisoner to edit the parish newspaper. The dedicated Catholic priest from New York soon ran afoul of the Party's control no doubt seen as competing with the notorious CDRs or block Committees for the Defense of the Revolution. It was an otherwise acceptable October 1996 interview Father Sullivan gave to *Boston Globe* reporter Steve Fainaru that caught the attention of Party officials. According to Father Sullivan, the Party objected to: his "mention of the 'Universal Declaration of Human Rights.' Cuba wishes to talk about the rights they do guarantee -- health, education, jobs [but] not about free speech, association, etc.; the Government's 'lack of respect for all political views'; the existence of political prisoners; secret ballot election of parish council; the parish's 'Justice & Peace Commission'; Government-led persecution of the Church (they deny it); Bishops' criticism of plane shutdown; suicide rate; etc. Any one of these topics is enough to set them off if mentioned to foreign press, and would be enough to prosecute a Cuban legally for 'assisting enemy propaganda'." Prior to arriving in Cuba in June of 1994, Father Sullivan spent two decades in the Central American countries of Honduras, Nicaragua, and El Salvador. He departed Cuba the latter part of April and is currently back in New York.

Statement to the editor by Father Patrick Sullivan, O.F.M. Cap. on 28 April 1998.

"I would like to re-state, on the record, what I have repeatedly explained when asked by the press: I was obliged to leave Cuba by decision of the Communist Party of Cuba, communicated to my Religious Superiors by the 'Office of Attention to Religious Matters of the Central Committee of the Communist Party of Cuba.' It was not my desire to leave Cuba, nor was it the desire of my Religious Superiors or of my Bishop. It was not due to any 'personal problems,' to problems with my Bishop, or to any reluctance to accept re-assignment within Cuba. It was entirely a Government decision. It is true that the original Government order that I leave the country by Easter Week was quickly replaced by the decision that I could, if I wished, remain (in Havana, not in my Parish) until the expiration of my residency permit in February 1999; but we were also clearly given to understand that my continued presence would provoke negative decisions by the Party concerning Church activities. I therefore decided, with the approval of my Superiors, to leave before the expiration of my residency. (We were told clearly that the residency would not be renewed). The only choice left to me by the Party was when to leave, not whether to leave or not. Statements that my departure from Cuba was an 'internal Church matter' are false. It was entirely a decision of the Party that the Church had no choice but to accept."

INTERNATIONAL BRIEFS

SPAIN APPOINTS NEW AMBASSADOR TO HAVANA -- The Cuban government has given its stamp of approval over Spanish Prime Minister Jose Maria Aznar's choice of career diplomat Eduardo Junco to become Spain's ambassador in Havana following nearly eighteen months of chilled relations. Cuba withdrew its accreditation of Aznar's first choice, Jose Coderch, when it disapproved of his comments to make the Spanish embassy available to Cuban dissidents. The move was welcomed by Spanish businessmen representing over 70 companies who promptly launched a trade initiative to boost the already \$100 million invested in Cuba and \$450 million in exports. (FT, "Spain heals its rift with Cuba," 4/3/98, p.3; FT, "Spain to boost Cuban trade," 4/20/98, p.3; WP, "Cuba visit leaves Spanish mission optimistic," 4/21/98, p.3A). **CANADIAN PRIME MINISTER CHRETIEN'S VISIT TO CUBA ENDS WITH ANOTHER CONFISCATED PROPERTY SETTLEMENT** -- Not since then-Prime Minister Pierre Trudeau's visit to Cuba in 1976 has a Canadian leader followed suit until Jean Chretien's trip to Havana on April 27-28 where both he and Cuba's Communist dictator Fidel Castro criticized the U.S. embargo. Chretien's visit culminated in the inauguration of a \$40 million airport terminal largely financed by Canadian taxpayers and another property compensation agreement benefiting insurance company Confederation Life for C\$12 million while four other insurance companies await additional compensation. In 1980, the Trudeau government signed a treaty for C\$850,000 as full payment for Canadian properties seized following the 1959 Castro Communist revolution. That treaty was to "discharge the Government of the Republic of Cuba" from any obligations. (MH, "Cuba to compensate Canadian firm for nationalization," 4/27/98, p.10A).

SHORT TAKES

U.S. BUSINESS WITH CUBA AT \$500 MILLION AND GROWING BY 20% ANNUALLY -- The U.S. embargo notwithstanding, Michael Braga of the *Daily Business Review* in Miami reports, U.S. companies are engaged in business dealings with Cuba amounting to \$500 million annually and growing at a 20% rate. According to the article, "some 100 U.S. companies" in the credit card, telecommunications, art, recording, and airline industries including: Visa, MasterCard, AT&T, MCI, Sprint, WorldCom, major airlines and recording labels are involved. Cuba's income from American companies that Braga cites is largely derived from \$250 million of credit card revenue by foreign customers, \$126 million in telecommunications fees, and \$20 million in revenues from airlines for flyover fees all of which require licensing through the Treasury Department's Office of Foreign Assets Control. Braga's source is the U.S.-Cuba Trade and Economic Council in New York. (DBR, "An uncertain road to Cuba," 3/27/98, p.6). **DAVIDOW NOMINATED TO BE U.S. AMBASSADOR TO MEXICO** -- Assistant Secretary of State for Inter-American Affairs, Jeffrey Davidow, a well-respected career diplomat who has served for 29 years in the foreign service, has been nominated by President Clinton to become U.S. ambassador to Mexico. Davidow who speaks fluent Spanish has served as U.S. ambassador to Venezuela and Zambia. Considered highly confirmable to fill the 10 month vacancy in Mexico City, Davidow is likely to be questioned intensely by Senate Foreign Relations Committee Chairman Jesse Helms on the lack of enforcement of the Helms-Burton Act of 1996 particularly Titles III and IV involving foreign investment and trafficking in confiscated U.S. owned property in Cuba. (NYT, "Clinton Picks Career Diplomat for Disputed Mexico Vacancy," 4/29/98, p.A10).

NOTABLE QUOTES

"For at least the past decade, U.S. policy toward Cuba has been driven primarily by the U.S. Congress. In an era when the President is seen as setting the foreign policy agenda, Cuba has been the exception, regardless of which party has controlled the White House or the Congress...It should be remembered that both the [Cuban Democracy Act of 1992] CDA and [Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996] LIBERTAD Acts were passed with bipartisan majorities. While there is always 'politics' at play in Washington, there were genuine policy frustrations in Congress with the executive's lack of attention to the Castro regime." Remarks by Daniel W. Fisk at the Center for a Free Cuba's Congressional Staff Seminar in the U.S. Capitol. Fisk is the former associate counsel responsible for Western Hemisphere and narcotics issues for the U.S. Senate Committee on Foreign Relations and now teaches at Arizona State University. (Fisk, "U.S. Cuba Policy: the Executive Branch and the Congress," 4/6/98, p.2).

"A growing expectation that trade soon may be open, and a strong desire by manufacturers on both sides of the Straits of Florida to corner markets and garner trademark protection, have sparked court battles and the biggest boom in intellectual property registration between the United States and Cuba since the trade embargo was imposed in 1963. Hundreds of U.S. companies have registered marks and copyrights in Cuba." Pamela Falk, teaches international trade law at the City University of New York Law School at Queens College. She is a former staff director of the House Western Hemisphere Subcommittee. (NLJ, "Visions of Embargo Falling Spark U.S.- Cuba IP Battles," 4/6/98).

"I think the problem with Cuba is not Fidel Castro; it is the Communist Party. The Communist Party will have control [of Cuba] for a long time to come." Cesar Gaviria former president of Colombia and the Secretary General of the Organization of American States. The Atlantic Council, Washington, D.C. 4/15/98).

"On the Cuban embargo, I think that it has been useful, but I also believe that we should do more to minimize the damage to the Cuban people. Which is why, after the Pope's visit, I relaxed a lot of the restrictions on the transfer of food and medicine and on travel there in an attempt not only to help and strengthen the Cuban people, but also to strengthen the church and other institutions of society, in the hope that there can be a transition to a more open, freer place. And I'm still hoping for that." President Clinton answers a reporter's question at a White House press conference. (The White House, Washington, D.C. 4/30/98).

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Ralph J. Galliano, Editor

EURO-CAPITALISM TRIUMPHS OVER AMERICAN PROPERTY RIGHTS IN CUBA AT EU-U.S. LONDON SUMMIT

WASHINGTON -- Euro-capitalism flexed its muscles and declared victory in a major trade dispute involving U.S. law on foreign investments in American confiscated properties in Cuba. The EU and U.S. announced agreements to settle their disputes over the sanctions in the Helms-Burton Act dealing with Cuba and the Iran Libya Sanctions Act (ILSA). The EU astutely had linked both laws in the EU-U.S. Understanding of April 1997 paving the way for 13 months of bilateral negotiations between Under Secretary of State Stuart Eizenstat and European Trade Commissioner Sir Leon Brittan that ultimately led to the May 18th Understanding at the sixth EU-U.S. summit held in London. The agreements also "launched a major new transatlantic trade initiative" called the Transatlantic Economic Partnership. According to standing EU President and British Prime Minister Tony Blair at a press conference attended by President Clinton and EC President Jacques Santer, the transatlantic trade initiative "will further add momentum to the process of developing what is already the most important bilateral trade relationship in the world." Santer bolstered Blair's position by saying the "deal today means that European companies and businessmen can conduct their business without the threat of U.S. sanctions hanging over their heads." He added that, "it is good for the transatlantic relationship which can now develop further, free of this longstanding dispute." President Clinton called the EU "America's largest trade and investment partner" attributing "more than 6 million jobs on both sides" to transatlantic trade. The Helms-Burton Act sanctions against "traffickers" in confiscated American properties in Cuba appear to have become an obstacle to the greater transatlantic trade relationship which was clearly accentuated by the members of the G8 economic partners whose meeting was held in Birmingham, England just prior to the EU-U.S. London summit. All of the G8 members - Britain, Canada, France, Germany, Italy, Japan, and Russia - have opposed U.S. policy toward Cuba while the U.S. has supported the EU's new currency under the European Monetary Union (EMU). As a result, President Clinton, whose opposition to Helms-Burton is well documented, opted for a weak multilateral approach to defending American confiscated property in Cuba rather than the strong U.S. approach of protecting property rights from traffickers under Titles III and IV of the Helms-Burton Act.

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PERMANENT WAIVERS OF TITLES III AND IV -- The May 18th EU-U.S. Understanding requires the Clinton administration to propose legislation to amend both Titles III and IV of Helms-Burton. According to the EU Unilateral Statement reprinted below, "until a waiver is granted to the EU under Title IV of the Helms-Burton Act, we will continue to abide by the Understanding of 11 April 1997." Title IV excludes from the U.S. aliens "who have confiscated property" of U.S. nationals or "who traffic in such property." No single European company has been sanctioned under Title IV; instead, the administration brokered the ITT-STET TelecomItalia deal. The EU has threatened to reinstitute its complaint at the WTO against the U.S. something that Members of Congress urged the administration to vigorously pursue in a February 18, 1997 letter in order to achieve "victory by the United States in any proceeding brought within the World Trade Organization (WTO) challenging U.S. policy toward Cuba." Instead, the Clinton administration pursued the less confrontational avenue of negotiation and compromise that led to the May 18th Understanding. Regarding Title III, which permits U.S. nationals to sue traffickers in federal courts, President Clinton has waived this provision every six months declaring his waiver to be continuous. For the first time, however, the EU is demanding a permanent waiver of Title III as specified in the language of their Unilateral Statement which calls for such a waiver "as envisaged in II.5 of the same Understanding." Asked at a press briefing when the amendment to Congress would be submitted, a senior administration official said on background that "we are going to work on an expedited basis to draw up the amendment." The Understanding only applies to future confiscation, scrutinizes certified U.S. claims, excludes non-certified claims and leaves enforcement of the investment disciplines to European government finance agencies. European companies which have invested prior to this agreement in property confiscated from U.S. nationals may be eligible for government financing. Privately financed European investment will not be precluded.

CONGRESSIONAL RESPONSE TO EU-U.S. UNDERSTANDING -- Expressing his disappointment, Senator Jesse Helms chairman of the Foreign Relations Committee, was critical of the agreement saying, "Far from achieving a globalization of the Helms-Burton principles, this proposed agreement would amount to nothing more than a dilution of Helms-Burton in exchange for a lot of hot air." House Speaker Gingrich's response (reprinted below) was adamant accusing the Europeans of agreeing "to nothing more than smoke and mirrors with regard to stopping investments in stolen American property." The Understanding is required to be approved unanimously by EU ministers.

U.S.* CUBA POLICY REPORT (ISSN 1093-099X)

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**SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN HELMS
AND HOUSE SPEAKER GINGRICH COMMENT ON EU-U.S. AGREEMENT**

UNITED STATES SENATE
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, D.C. 20510

HELMS TELLS EUROPEAN UNION: "NO DEAL"

WASHINGTON, D.C. — Senate Foreign Relations Committee Chairman Jesse Helms (R-NC) issued the following statement today on the proposed U.S.-E.U. deal:

"With this proposed agreement, the European Union is attempting to transform the 'Helms-Burton Law' into the 'Al Capone Law' (the Chicago gangster would have loved it). I am puzzled by reports that the administration expects me to react favorably to an agreement that lets the European Union off the hook, and legitimizes the E.U.'s theft of American property in Cuba. I wish they would tell me why.

"Here are the facts: After 13 months of negotiations, the Europeans have finally acknowledged that they took control of property in Cuba that did not belong to them; that they have been using and profiting from those stolen American properties; that they will continue to traffic in the stolen American properties Castro confiscated; and that they reserve the right to continue to make new investments in stolen American property in Cuba — just so long as those new investments do not receive government support.

"For me to accept this agreement offered by the European Union would be to condone thievery and dishonesty — and I am quite frankly surprised that the administration is willing to do so, and astonished that they assume that I myself agree with them. Far from achieving a globalization of the Helms-Burton principles, this proposed agreement would amount to nothing more than a dilution of Helms-Burton in exchange for a lot of hot air.

"Ambassador Eizenstat has done his very best to reason with the Europeans, but it appears there is no reasoning with those who apparently cannot tell the difference between right and wrong.

"To our European friends, I say this: no deal. It will be a cold day in you-know-where before the E.U. convinces me to trade the binding restrictions in the Helms-Burton Law for an agreement that legitimizes their theft of American property in Cuba."

EU UNILATERAL STATEMENT

The EU welcomes the decisions and statements made today relating to the Helms-Burton and Iran/Libya Sanctions Acts. The EU considers that these, including the US non-paper of 17 May, form a single package and, taken together, offer the prospect of a lasting resolution of our differences with the US over these Acts. The Understanding with Respect to Disciplines for the Strengthening of Investment Protection and the Declaration on the Transatlantic Partnership on Political Cooperation are important political commitments and are of equal weight and status.

The EU recalls previous statements made in the General Affairs Council which made clear our strong opposition based both in law and in principle to the imposition of secondary boycotts and legislation with extraterritorial effect and retroactivity. Today's announcements reflect no change in our position, which is hereby confirmed.

Until the Disciplines for Strengthening Investment Protection are implemented, and a waiver is granted to the EU under Title IV of the Helms-Burton Act, we will continue to abide by the Understanding of 11 April 1997.

Thereafter, the EU will implement the disciplines for the strengthening of investment protection, and will not establish

SPEAKER'S PRESS OFFICE
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

**SPEAKER'S STATEMENT ON CLINTON CUBA, IRAN,
LIBYA SANCTION WAIVER**

WASHINGTON, D.C. — House Speaker Newt Gingrich released the following statement on President Clinton's decision this week to waive Cuban, Iranian, and Libyan sanctions.

"I am deeply concerned by President Clinton's decision to issue waivers to European firms that have violated the Helms-Burton Act and the Iran-Libya Sanctions Act.

"The Clinton Administration must be made to understand that giving up everything in exchange for nothing in international negotiations is an unacceptable practice. The proposed Helms-Burton and Iran-Libya Sanctions agreement with the European Union once again confirms President Clinton's propensity to get nothing for everything.

"After more than thirteen months of negotiations, the Europeans have agreed to nothing more than smoke and mirrors with regard to stopping investments in stolen American property, but President Clinton, nevertheless, has agreed to give-up the most serious deterrent to such investment in U.S. law.

"By giving in to the Europeans on Iran-Libya, the administration has essentially thrown in the towel and retreated in the war against state sponsored terrorism. By explicitly indicating that the waiver will be used in the case of future investments in Iran, the President is inviting foreign companies to enrich Iran and fund terrorism and weapons of mass destruction programs. How anyone can characterize this capitulation as success defies understanding as well as the facts.

"It is time for the Clinton Administration to go back to the drawing board with the European Union in order to seek the internationalization of sanctions against the Cuban tyranny and Iranian and Libyan sponsored terrorism."

House Speaker Newt Gingrich

a WTO Panel against the US in respect of the Helms-Burton or Iran/Libya Sanctions Acts, in the following circumstances:

- as long as the waiver of Title III of Helms-Burton remains in effect;
- if the waiver authority for Title IV described in II.4 of the Understanding with Respect to Strengthening of Investment Disciplines has been exercised;
- provided no action is taken against EU companies or individuals under the Iran/Libya Sanctions Act, and provided waivers under that Act are granted.

For the EU, it is axiomatic that infrastructural investment in the transport of oil and gas through Iran be carried out without impediment.

However, this commitment on the part of the EU will not apply if one of the above conditions is not fulfilled or, by the time of the expiry of the President's term of office, no waiver without specific time limit in respect of Title III has been granted, as envisaged in II.5 of the same Understanding.

18 May 1998

THE CUBAN THREAT TO U.S. NATIONAL SECURITY

In a May 6th transmittal letter to the chairman of the Senate Armed Services Committee, Strom Thurmond, Secretary of Defense William Cohen released to Congress the Pentagon's "review and assessment of the Cuban threat to United States national security" pursuant to Section 1228 of PL 105-85, November 18, 1997. The Defense Intelligence Agency (DIA) prepared the report in coordination with the civilian and military intelligence agencies, the Joint Chiefs of Staff, the Southern Command and the State Department's bureaus of Intelligence and Research, and Inter-American Affairs. Only the brief unclassified version was released with the longer classified report containing "the contingency plans developed by the Secretary [of Defense] to counter any threat posed by Cuba to the United States." Attributing its present condition to the "end of Soviet economic and military subsidies," the report describes the Cuban Revolutionary Armed Forces (FAR) as "significantly weakened" calling it a "stay-at-home force that has minimal conventional fighting ability." While the report downgrades Cuba's army, navy, and air force capabilities due to low readiness levels and equipment and spare parts shortages, Cuba's special operations forces are downsized but considered able to "perform selected military and internal security missions" because of continued training; the FAR "retains a battalion-size airborne unit" and the military leadership is "combat-experienced and disciplined." The report cites the FAR's residual combat strength as "essentially defensive in nature" with its heavy military equipment in storage. Although, the FAR's military "intelligence and counterintelligence systems" directed at the U.S. "appear to have suffered little degradation." The report reflects the Clinton administration's belief that the same economic forces that have downgraded Cuba's conventional military threat, if allowed to resume a "downward spiral," would create another rafter crisis; something the administration fears more than the dangers posed by any number of other non-conventional military threats.

Cohen delayed the Pentagon report at the behest of Senator Connie Mack (R-FL) and House Speaker Newt Gingrich (see US CPR, Vol.5, No.4) when press stories raised concerns that the review and assessment would "minimize the security threat from the Castro dictatorship by concentrating on conventional military factors." Delayed for just over a month, Cohen's transmittal letter (reprinted below) appeared to assuage critics of the report's conclusion when he expressed his own concerns: "about the use of Cuba as a base for intelligence activities directed against the United States;" as well as "Cuba's potential to develop and produce biological agents, given its biotechnology infrastructure;" and, "the environmental health risks posed to the United States by potential accidents at the Juragua nuclear power facility."

The conclusion reached in the Pentagon's report, which relies upon the premise that Cuba's diminished military threat is due to the end of the former Soviet Union's economic and military subsidies rather than its sustained ideology, is flawed for not taking into account the state of present-day Russian subsidies. NBC Nightly News reported in December 1995 that "Russia and Cuba renegotiated a \$200 million annual lease for the eavesdropping post for American phone calls, faxes, and computer data, all delivered over dozens of communications satellites -- all of it vulnerable to interception and funneling through dishes to a secret Russian base known as Lourdes, 10 miles south of Havana." In June of 1997, the *U.S.* Cuba Policy Report* found Moscow's oil-for-sugar exchange with Cuba to yield a half-billion dollar subsidy and the implementation of critical provisions of both the Helms-Burton and Freedom Support Acts sorely lacking.

TEXT OF TRANSMITTAL LETTER

UNITED STATES DEPARTMENT OF DEFENSE

The Pentagon

WASHINGTON, D.C. 20301

May 6, 1998

The Honorable Strom Thurmond
Chairman, Armed Services Committee
United States Senate
Washington, D.C. 20510-4001

Dear Mr. Chairman:

Pursuant to the requirement set out in the National Defense Authorization Act for Fiscal Year 1998 (section 1228), I directed the Defense Intelligence Agency (DIA) to prepare a review and assessment of the Cuban threat to United States national security. In preparing this assessment, DIA coordinated with the National Intelligence Council, the Central Intelligence Agency, the National Security Agency and the Intelligence and Research Bureau at the State Department. My office coordinated with the Joint Staff, the United States Southern Command, the National Security Council, and the Bureau of Inter-American Affairs at the Department of State.

The assessment looks specifically at Cuban military capabilities and the threat to national security that may be posed by Cuba. In reviewing the threat, the assessment addresses unconventional threats, such as the potential for the encouragement of mass migration and attacks on citizens or residents of the United States while engaged in peaceful protests in international waters or airspace. The intelligence community also looked into the potential for Cuban development of chemical and biological weapons and reviewed possible internal strife in Cuba that could involve citizens or residents of the United States or the armed services of the United States.

While the assessment notes that the direct conventional threat by the Cuban military has decreased, I remain concerned about the use of Cuba as a base for intelligence activities directed against the United States, the potential threat that Cuba may pose to neighboring islands, Castro's continued dictatorship that represses the Cuban people's desire for political and economic freedom, and the potential instability that could accompany the end of his regime depending on the circumstances under which Castro departs. Although the report assesses as unlikely the near-term risk of attacks on United States citizens or residents engaged in peaceful protests in international waters or airspace, Cuban authorities have miscalculated in the past and have not expressed remorse at their killing of four peaceful protesters in February 1996. Finally, I remain concerned about Cuba's potential to develop and produce biological agents, given its biotechnology infrastructure, as well as the environmental health risks posed to the United States by potential accidents at the Juragua nuclear power facility.

The Department of Defense remains vigilant to the concerns posed by Castro's Cuba. I have reviewed our contingency plans and they are appropriate for the level and nature of the Cuban threat to U.S. national security. We will continue to monitor developments in all these areas and will continue to update our intelligence and threat assessments in response to developing situations.

Sincerely,

William S. Cohen

cc: Honorable Carl Levin, Ranking Democrat

**NEW RULES AND REGULATIONS FOR
AID, TRAVEL, AND REMITTANCES**

Effective May 13th, the Clinton administration issued new rules and regulations (31 CFR Part 515) published in the *Federal Register* (pp.27347-27351) on May 18th to implement the March 20th policy changes announced by Secretary of State Madeleine Albright (see US CPR, Vol.5, No.3) following Pope John Paul II's pastoral visit to Cuba. Three of the four changes announced on March 20th have now been carried out through the regulatory process including the resumption of licensing direct humanitarian charter flights, restoring family remittances, and the overall streamlining and expediting of the issuance of licenses for the sale of medical supplies to Cuba. Only the development of bipartisan legislation to meet humanitarian food needs on the island has yet to be fulfilled. Specifically, the State Department issued factsheets on implementing procedures for: 1) Direct Humanitarian Cargo Flights; 2) Direct Passenger Charter Flights; 3) Family Remittances to Cuba; 4) Facilitating the Licensing of the Export of Commercially Sold and Donated Medicines, Medical Supplies and Equipment to Cuba; and, 5) Cuba Travel Violations - New Procedures for Fully Hosted Travelers. Highlights of the new rules and regulations: subjects all humanitarian cargo to Department of Commerce licensing procedures (EAR 746.2) and accompanying individuals to Office of Foreign Assets Control (OFAC) licensing at the Department of Treasury; a general or specific license is required of

U.S. citizens or residents for the spending of money in Cuba; only direct passenger charter flights departing from Miami destined to Havana are permitted while fully hosted travelers must fly from a third country; family remittances as defined by OFAC regulations of up to \$300 per quarter to any one household in Cuba are permitted as long as they are forwarded to Cuba through a licensed family remittance forwarder or U.S. banks - those not meeting the guidelines are subject to seizure; and, according to the factsheet on fully hosted travelers, "a new OFAC regulation creates a rebuttable presumption that travelers subject to U.S. jurisdiction who travelled to Cuba without a general or specific license have engaged in prohibited transactions." Additional details on licensing procedures may be obtained from the Treasury's OFAC (202/622-2480 or 305/530-7177) or the Department of Commerce (202/482-4252).

CUBAN SOLIDARITY ACT INTRODUCED

In a bipartisan effort to alleviate the suffering of the Cuban people under the dictatorship of Fidel Castro, Senators Jesse Helms (R-NC) and Bob Graham (D-FL) stood at a press conference in the Capitol on Thursday, May 14th to announce the introduction of the *Cuban Solidarity (SOLIDARIDAD) Act of 1998* (S.2080). Among the 21 cosponsors are: Senators Mack (R-FL), Torricelli (D-NJ), Coverdell (R-GA), Lieberman (D-CT), Inhofe (R-OK), Hollings (D-SC), and DeWine (R-OH). Cosponsors also include Senate Majority Leader Lott and four committee chairmen: D'Amato (R-NY) Banking; Hatch (R-UT) Judiciary; Thurmond (R-SC) Armed Services; and Roth (R-DE) Finance. Helms said the Solidarity Act will "mandate measures for increased U.S. support for Cuba's internal opposition, just as the U.S. supported the *Solidarity* opposition movement in communist Poland during the 1980s." Senator Graham added that, "The Pope's visit has provided the United States and other freedom-loving nations with a unique opportunity to weaken Castro's stranglehold. We must seize this chance to strengthen the religious and democratic institutions that oppose his brutal rule." In a press statement, Senator Mack described the Cuban Solidarity Act as leaving "the U.S. embargo on the Castro regime while seeking to break the embargo Castro has placed on his people by allowing food, medicine and medical supplies to be delivered directly to the Cuban people by U.S. humanitarian groups."

The key provision of the bill, which is referred to Helms' Senate Foreign Relations Committee, is the authorization of \$100 million over four years in food, medicine, and medical supplies to be donated by the U.S. government for delivery directly to oppressed people in Cuba through the Catholic Church and other independent groups such as Caritas. In addition, it directs the president to instruct the heads of relevant U.S. agencies to increase support for the democratic opposition groups in Cuba and to initiate broadcasting of Radio and TV Marti from the U.S. Naval Base at Guantanamo Bay, Cuba and to provide no less than \$5 million in voluntary funds to the OAS for deployment of human rights observers, election support, and election observation in Cuba.

Although no companion bill has yet been introduced in the House, International Relations Committee Chairman Ben Gilman (R-NY) said the Solidarity Act "provides forceful and constructive congressional mandates to the President to undertake urgent pro-democracy measures and international diplomatic initiatives, as well as providing for important periodic reports to the U.S. Congress." Among these reports required every 6 months are: labor conditions, narcotics trafficking and money laundering, Russian intelligence facilities, and the bilateral sugar-for-oil agreement between Russia and Cuba.

**PRESIDENT REPORTS TO CONGRESS ON
AMERICAN TELECOM PAYMENTS TO CUBA**

President Clinton submitted the fourth semiannual report to Congress reprinted below detailing the telecommunications payments made to the government of Cuba for the period July 1, 1997 through December 31, 1997. Section 102(g)(6) of the Helms-Burton Act of 1996 requires the president to report to Congress "on a semiannual basis" those telecommunications "payments made to Cuba by any United States person" as authorized by Section 1705(e) of the Cuban Democracy Act of 1992. House Document 105-221 issued on March 4th shows \$33,095,870 paid to the government of Cuba by eight OFAC licensed U.S. telecommunications companies. This transfer calculated on a 50/50 split is nearly identical to the previous report to Congress contained in House Document 105-127 (See USCPR Vol.4, No.9, 9/30/97) which totaled \$31,143,432. Combined telecommunications revenue generated for this reporting period totalled \$66,191,740 for all the American companies involved with one half of the revenues transferred to the government of Cuba. Overall, AT&T's revenues declined nearly \$4 million and Global One's revenue dropped nearly \$3 million. IDB WorldCom Services became the major beneficiary in U.S.-Cuba telecommunications traffic revenues increasing nearly \$5 million. Since reports were first issued, "shared revenue" transferred to Cuba is averaging \$32,280,243 semiannually based on the last three full reporting periods at: \$32,601,427 (7/1/96-12/31/96); \$31,143,432 (1/1/97-6/30/97); and, \$32,095,870 (7/1/97-12/31/97). Thus far, the Castro regime has received \$173,668,424 in telecommunications related revenues from U.S. authorized companies. With the European telecommunications engineers hard at work upgrading the dilapidated Cuban phone system, particularly after the ITT-STET TelecomItalia deal, it remains to be seen if future revenue share for American telecom companies will shrink or grow.

TELECOM PAYMENTS TO CUBA

The following is a listing of OFAC licensed American telecommunications companies' payments to Cuba:

AT&T Corporation (formerly American Telephone and Telegraph Company).....	\$ 11,991,715.00
AT&T de Puerto Rico.....	298,916.00
Global One (formerly, Sprint Incorporated).....	3,180,886.00
IDB WorldCom Services, Inc. (formerly, IDB Communications, Inc.	4,128,371.00
MCI International, Inc. (formerly, MCI Communications Corporation).....	4,893,699.00
Telephonica Larga Distancia de Puerto Rico, Inc.....	105,848.00
WilTel, Inc. (formerly, WilTel Undersea Cable, Inc.).....	5,608,751.00
WorldCom, Inc. (formerly, LDDS Communications, Inc.).....	2,887,684.00
Total.....	\$ 33,095,870.00

INTERNATIONAL BRIEFS

UK EXTENDS MEDIUM-TERM FINANCING FOR INVESTMENT IN CUBA -- Britain's international development finance agency, the Commonwealth Development Corporation (CDC), has extended medium-term financing in the amount of \$30 million for the purchase of vehicles and heavy equipment for businesses involved in the tourism, construction, and mining industries in Cuba. (FT, "UK \$30m financing facility for Cuba," 5/8/98, p.5).

BANKS IN U.S. ACT AS DEPOSITORY FOR TELECOM ITALIA ADRS -- Four banks located in New York including one American bank are acting as depositories for Telecom Italia American Depository Receipts. The sale of more than \$10 billion in ADRs was completed in October (see USCPR Vol.5, No.2) while Congress was attempting to review the details of the unprecedented ITT-STET telecommunications deal crafted by the State Department to help Telecom Italia then known as STET, avoid Title IV sanctions for trafficking under the Helms-Burton Act. U.S. financial markets were instrumental in helping to finance Telecom Italia's effort to improve Cuba's domestic telecommunications network. Three Italian banks with offices in New York, Banca Commercial Italiana, Credito Italiano, and Banca di Roma, and one American bank, Morgan Guaranty Trust Company, act as depositories for Telecom Italia ADRs. (FT, "Notice of Special Meeting for the Holders of Savings Shares," 5/12/98, p.42).

POPE SUMMONS CUBAN BISHOPS TO ROME FOR CONCLAVE -- Nearly four months after his historic pastoral visit to Cuba in late January, Pope John Paul II has summoned the Cuban bishops to the Vatican for what has been described as an "extraordinary" meeting on June 8-14 to evaluate Cuba's compliance with agreements reached in January granting the Catholic Church in Cuba more space, a benchmark in the U.S. policy equation. Cardinal Jaime Ortega, archbishop of Havana and chairman of the Cuban Bishops Conference has expressed frustration with the Cuban government's slow pace of change following the Pope's visit. Since the Pope's visit, Father Patrick Sullivan, the only American priest in Cuba, was forced out by the Cuban Communist Party, a signal to the international community that what little space granted under the spotlight of worldwide broadcasts, was closing once again. Cardinal Ortega will head the delegation to Rome. (WP, "Cardinal Calls for Swifter Change in Cuba," 5/14/98, p.A26; MH, "Pope, Cuban bishops to evaluate island's progress," 5/27/98, p.16A).

CUBAN SUGAR HARVEST FOR 1997-98 CROP YEAR LOWEST SINCE 1959 -- Cuban Vice President Carlos Lage reported the worst sugar crop figures since the beginning of the 1959 Castro Communist revolution. In recent years, immature cane had been cut to meet production targets sacrificing future harvests. This practice coupled with a serious lack of financing has resulted in a reported yield of 3 million metric tons (mt) for the 1997-98 crop year, less than the 3.3 million mt yield during the disastrous 1994-95 crop year. The harvest figure made public by Cuba last year for the 1996-97 crop year was 4.2 million mt. Reliable sources monitoring the yield of the Cuban sugar crops indicate far lower harvest figures for the 1996-97 and 1997-98 crop years at 1.9 million mt and 1.75 million mt respectively. To compound the problem for the Cuban government, the worldwide price of sugar has fallen from 12.79 cents/lb on January 10, 1996 to approximately 8.5 cents/lb by May 29, 1998 according to the International Sugar Organization's review of the market situation. (BG, "Cubans expect sugar output between 3.3 and 4 million metric tons," 1/28/98; MH, "Cuba," 5/27/98, p.14A; BN, "Cuba sugar haul seen worst since '59," 5/2/98).

BRAZIL BOOSTS TIES WITH CUBA -- Brazilian foreign minister Luiz Felipe Lamprea boosted ties by traveling to Cuba announcing bilateral agreements including \$15 million in credits. Brazil is the world leader in sugar cane production. (MH, 5/28/98, p.12A).

SHORT TAKES

PORT OF PALM BEACH PREPARING FOR POST-CASTRO CUBA -- The Port of Palm Beach, which was the busiest Florida port facility in trade, particularly in sugar, with pre-Castro Cuba, has been looking to the future. Port officials are studying the development of a truck-rail corridor to link the waterfront with I-95 and the rail line operated by CSX and the Florida East Coast Railway. According to deputy port director, Louis Perez, it would "enhance any Cuba business" when it opens up. (JOC, "Palm Beach port weighs truck-rail corridor," 5/8/98, p.13A).

FRANKS CALLS ON CUBA TO EXTRADITE CONVICTED MURDERER CHESIMARD

-- Rep. Bob Franks (R-NJ) introduced a Concurrent Resolution (H.Con.Res.254) calling on "Cuba to extradite to the United States convicted felon Joanne Chesimard and other individuals who have fled the United States to avoid prosecution or confinement for criminal offenses and who are currently living freely in Cuba." Chesimard, a leader of the Black Panthers and the Black Liberation Army in the early 1970s, was convicted of the 1973 murder of state trooper Werner Foester on the New Jersey Turnpike. Chesimard is one of 90 other U.S. fugitives living in Cuba. The resolution has 17 cosponsors including Reps. Diaz-Balart (R-FL), Ros-Lehtinen (R-FL), Lantos (D-CA), Gutierrez (D-IL), Burton (R-IN), and Smith (R-NJ). New Jersey Governor Christine Whitman has requested assistance from Attorney General Reno for the return of Chesimard. (NYP, "Playing Chesimard with Cuba," 5/9/98).

ORDER FOR APPEAL IN CONSOLIDATED V. SHERRITT CASE GRANTED

-- The U.S. Court of Appeals for the Eleventh Circuit Atlanta granted plaintiffs their motion to consolidate case numbers 97-5726 and 97-5953 on May 21st. The appellants were further granted a motion to supplement the record on appeal including: the Certificate of Service to the Republic of Cuba under the Foreign Sovereign Immunities Act by the Embassy of Switzerland in Havana, Cuba and the letter from the State Department's Assistant Legal Advisor for Diplomatic Law and Litigation with copies to the Court and the Canadian Embassy. Alberto Diaz-Masvidal of Consolidated Development Corporation and Consolidated Cuban Oil and Gas Rights Corporation contends in its case for "conversion and conspiracy to defraud" that Canadian resource company Sherritt's oil production involved use of confiscated property swapped by Sherritt for nickel processed and sold in the United States. Consolidated is represented by Gutierrez & Sanchez-Aballi, P.A. while Sherritt is represented by Aragon, Burlington, Weil & Crockett, P.A. and Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A. law firms all of Miami. **1998 HAVANA CUP REGATTA** - The third annual Havana Cup offshore sailing race took place on Friday, May 22nd with more than 500 Americans participating and about 130 boats compared to 121 boats last year. The Havana Cup race was suspended in 1959 immediately following the Castro communist revolution. Today, the 276.1 nautical mile race from Tampa to Havana sponsored by Ocean Racing Ventures of Tampa is licensed by the Office of Foreign Assets Control (OFAC) and "fully hosted" by the Cuban government through Club Nautico International Hemingway Yacht Club located at Marina Hemingway in Havana which provides free dockage to comply with the U.S. embargo. Compliance requires registration with designated government agencies. Americans are permitted to spend up to \$100 per day while in Cuba. The U.S. Coast Guard and U.S. Customs requires a list of crew members along with passport numbers for entry into Cuba and Marina Hemingway. Boats need to fly the Cuban flag and a Q (quarantine) flag to enter the country. According to the Havana Cup's mission statement, "the race was founded to promote goodwill, communication and social awareness between the peoples of the United States and Cuba." (MH, "U.S. yachts headed to Havana," 5/24/98, p.3A).

NOTABLE QUOTES

"A change in U.S. policy toward Cuba may have different and unintended results. The lifting of the embargo and the travel ban without meaningful changes in Cuba will: Send the wrong message to the enemies of the U.S. that a foreign leader can seize U.S. properties without compensation; allow the use of his territory for the introduction of nuclear missiles aimed at the U.S.; espouse terrorism and anti-U.S. causes throughout the world; and that eventually the U.S. will 'forget and forgive' and reward him with tourism, investments and economic aid." Jaime Suchlicki is a professor of history and international studies at the University of Miami. (MH, "Lifting Cuba ban is a risky idea," 5/3/98, p.6L).

"After my retirement, I devoted myself to addressing the central questions facing the United States in its dealings with Cuba: What are the new realities of this relationship and what policy options does the United States have? I learned the World Health Organization, the British aid agency Oxfam and other relief agencies had become concerned about conditions in Cuba. It soon became clear to me that the *Cuban Liberty and Democratic Solidarity Act*, commonly known as Helms-Burton, was causing economic and health problems for the average Cuban citizen." U.S. Marine Gen. John Sheehan (ret.) is the former Commander in Chief of the U.S. Atlantic Command with authority over the Caribbean including Cuba. (WP, "Across the U.S.-Cuba Divide, A Retired General Takes a Step," 5/3/98, p.C2).

"Foreign investors cannot own property, they hire workers through state agencies, and since the bulk of their wage payments go to the state, they effectively pay high labor taxes. Small businesses lack a wholesale supply system, most cannot hire employees, and they face inspections that can result in heavy fines, sometimes arbitrarily imposed." Philip Peters is a senior fellow at the Alexis de Tocqueville Institution based in Arlington, Virginia. (CSM, "US Must Adjust Cuba Policy To Island's New Realities," 5/4/98, p.B1).

"Dissident and human-rights groups in Cuba need the international community's moral support in their struggle to achieve a peaceful transition to democracy and respect for human rights in their homeland." Maria Dominguez was a member of the 1998 U.S. delegation to the UN Commission on Human Rights in Geneva. (MH, "Condemn Cuba, a flagrant human-rights abuser," 5/7/98, p.31A).

"We are not going to change the embargo unilaterally unless there are democratic changes in Cuba." Michael Ranneberger is coordinator for Cuban Affairs at the U.S. Department of State. (FT, "US stands firm on Cuba embargo," 5/14/98, p.4).

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Ralph J. Galliano, Editor

HELMS AND GILMAN CALL FOR CHANGES IN EU - U.S. AGREEMENT TO PROTECT AMERICAN PROPERTY RIGHTS IN CUBA

WASHINGTON -- In a letter to Secretary of State Madeleine Albright, Senate Foreign Relations Committee Chairman Jesse Helms (R-NC) and House International Relations Committee Chairman Ben Gilman (R-NY) called for specific changes to the EU-U.S. agreement before recommending a presidential waiver to Title IV of the Helms-Burton Act of 1996 (LIBERTAD). The Clinton administration negotiated a waiver with the EU in the May 18th *Understanding with Respect to Disciplines for the Strengthening of Investment Protection*. Title IV denies U.S. entry visas to foreign corporate executives whose companies invest in American owned confiscated property in Cuba. Helms and Gilman declared, "Unless we are satisfied that all of the above issues are addressed satisfactorily, we cannot in good conscience recommend to the Congress that we swap Title IV of the LIBERTAD Act for this Understanding with the EU. If the Europeans choose to continue using stolen property in Cuba and elsewhere, they will have to do so without U.S. complicity -- and they should be made to feel the full weight of U.S. law." The committee chairmen expressed similar resolve with respect to the agreement's call for a "permanent waiver" of Title III of the LIBERTAD Act which allows U.S. nationals to sue traffickers of unlawfully confiscated property in federal court. Helms and Gilman emphasized, "The Europeans should not expect us [to] cede protections for our citizens under Title III in exchange for their doing their utmost to help the Cuban people. We trust that you will convey that message to make clear that Title III is not on the table." Among the seven points outlined in their letter to Albright, Helms and Gilman are highly critical of the agreement's scrutiny and lack of clarity as to the 5,911 U.S.-Cuba claims certified by the Foreign Claims Settlement Commission (FCSC) on July 6, 1972 saying that the "parties to the Understanding should not have the right to second-guess the validity of such certified claims in a manner that would place the burden of proof on the certified U.S. claimants." The property rights of naturalized Cuban-Americans, which are protected against trafficking by foreign investors in Cuba under Titles III and IV of the LIBERTAD Act, are excluded from the Understanding. Helms and Gilman defend those rights saying, "In our view, the claims of Cuban-Americans whose property was forcibly confiscated by the Castro government in violation of Cuban law should be accorded full protection under the EU-U.S. property accord."

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EUROPEANS HAVE ACCEPTED KEY RATIONAL OF LIBERTAD ACT -- The Helms-Gilman letter to Secretary Albright states that the Europeans have grudgingly admitted, "their companies should not use property expropriated by the Castro regime in violation of international law. The EU's overdue admission represents an extraordinary vindication of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act." Accordingly, the two chairmen characterize the EU's recently withdrawn complaint against the codification of the U.S. embargo at the World Trade Organization (WTO) as "baseless." The letter contends the EU's admission strengthens America's "case before U.S. courts and the WTO." Under Secretary of State Stuart Eizenstat's testimony before Gilman's International Relations Committee on June 3rd seems to substantiate the Helms-Gilman view. In his statement to the committee Eizenstat calls the Understanding "an effective multilateral endorsement of some of the core principles underlying Helms-Burton." Eizenstat says, "the Europeans now acknowledge in writing that one of the primary tools that the Castro regime used in its mass expropriation of property from U.S. citizens 'appears to be contrary to international law'." Upon close examination, however, the Understanding does not reject Cuban Law 851 as contrary to international law; it only states that it contains "discriminatory provisions." Former member of the Republican senior professional staff and associate counsel at the Senate Foreign Relations Committee, Daniel Fisk, in his prepared statement before Gilman's committee said, "The fact that the EU was willing to discuss property 'disciplines' confirmed one of the underlying assumptions of the LIBERTAD Act that current international property standards were inadequate." Fisk raised a critical question: Is this the "best deal we can get?" In part, he argues that the EU disciplines deter investment into the future beginning at the time the Understanding was signed at the London EU-U.S. Summit on May 18, 1998; whereas, with LIBERTAD, trafficking begins at the time the Act was signed into law on March 12, 1996. Fisk points out that the U.S. "put all investors on notice of potential penalties, under Titles III and IV." He cites August 1, 1996, as the date President Clinton "did not exercise his authority to suspend liability accruing for 'trafficking'." The April 11, 1997 EU-U.S. Understanding, upon which the May 18th Understanding relies, specifies "disciplines to inhibit and deter future acquisition from the expropriating state."

AMENDMENT TO CONGRESS -- On May 18th, senior White House officials said an amendment for a presidential waiver of Title IV would be drawn up on an "expedited basis." With few legislative days remaining in the Second Session of the 105th Congress, the targeted date of adjournment is October 9th. The Helms-Gilman letter to Albright is reprinted below.

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*Congress of the United States
Washington, D.C. 20515*

June 17, 1998

The Honorable Madeleine Albright
Secretary of State
2201 C Street, N.W.
Washington, D.C. 20520

Dear Madam Secretary:

We have prepared this letter and submit it to you regarding the May 18 "Understanding with Respect to Disciplines for the Strengthening of Investment Protection" reached between the European (EU) and the State Department.

After 13 months of negotiations the Europeans have admitted grudgingly that their companies should not use property expropriated by the Castro regime in violation of international law. The EU's overdue admission represents an extraordinary vindication of the Cuban Liberty and Democratic Solidarity (*LIBERTAD*) Act. After criticizing that U.S. law bitterly for two years -- and filing a baseless complaint at the World Trade Organization (WTO) -- the Europeans have accepted the key rationale of the *LIBERTAD* Act. In doing so, they have left current and potential foreign investors in Cuba clearly exposed to the existing sanctions under the *LIBERTAD* Act and further strengthened our case before U.S. courts and the WTO.

In short, the *LIBERTAD* Act represents a historic advancement in the protection of property rights in Cuba and around the world. We are concerned that the EU-U.S. "Understanding," in fact, could squander an important victory for the U.S. law and for property rights in general unless it is improved as outlined below.

First, we understand that the EU wants the United States to agree that their companies that are currently trafficking in stolen American property can continue to do so without liability under either Title IV of the *LIBERTAD* Act or the new EU-U.S. "Understanding." In fact, under the final text of the "Understanding," a current investor would even retain the right to pass this property to another EU investor who, in turn, could continue to use this stolen property in perpetuity -- all with the blessing of the U.S. government and the continued financial support of the EU governments.

If the U.S. government were to accept an agreement excusing intentional trafficking in stolen U.S. property, it would be consciously abetting an act harmful to U.S. property owners -- a harm that the President recognized when he allowed Title III of the *LIBERTAD* Act [to] take effect. Any agreement that acknowledges that property has been unlawfully confiscated, but nonetheless allows such property to continue to be exploited without requiring compensation to the rightful owner, would represent a step backward in the protection of property rights.

Second, the Understanding proposes only a very weak sanction (denial of government support, such as financing, political risk insurance, etc.) solely on new investments involving illegally confiscated property that is not already in the hands of EU investors. This weak sanction may cause some businesses to restructure their financing, but we are far from convinced that it will inhibit and deter the unscrupulous companies that are willing to do business with the likes of Fidel Castro.

In fact, a company could, (1) violate these disciplines, and even forego government support in Cuba, but continue to receive such support for similar ventures in other countries; (2) make changes in investments before this agreement enters into force in order to evade this sanction; and/or (3) seek joint financing for new investments from non-European sources.

Third, the Understanding contains no meaningful requirement of heightened scrutiny for investment in countries like Cuba that have a history of massive property confiscations in violation of international law. Last fall, U.S. negotiators proposed an agreement to prohibit investment in illegally confiscated property and to deny government support for any investment in Cuba or other pariah states. A provision that uses such a formula as its starting point, and thereby sanctions all activity of this kind, would be minimally acceptable.

Fourth, even the weak sanction proposed in the Understanding will be almost impossible to enforce because European companies will have no incentive to disclose -- to their governments, let alone ours -- the terms of their current Cuban ventures. (In fact, they are barred under EU "blocking statutes" from cooperating with our enforcement of the *LIBERTAD* Act.) As a result, the United States has no way to confirm current ventures, and we would therefore be unable to determine whether or not a company is seeking government support for a new venture that is subject to the new "disciplines."

Fifth, the Understanding is not clear that parties must accept that all of the 5,911 U.S. Cuba claims -- which were certified by the Foreign Claims Settlement Commission (FCSC) -- are valid cases of illegal confiscations. In order for the Understanding to be minimally acceptable, parties to the Understanding should not have the right to second-guess the validity of such certified claims in a manner that would place the burden of proof on the certified U.S. claimants.

Sixth, the claims of naturalized Cuban-Americans (who did not have access to the FCSC process) would be treated as second-class cases under this agreement. In our view, the claims of Cuban-Americans whose property was forcibly confiscated by the Castro government in violation of Cuban law should be accorded full protection under the EU-U.S. property accord. The European argument that such confiscations were not illegal under international law should not circumscribe a purely voluntary Understanding aimed at enhancing protections for private property. Particularly in the absence of any meaningful requirement of heightened scrutiny for investments in "problem" countries like Cuba, the Understanding affords no protection at all to naturalized Cuban-American claimants. Any agreement that does not provide even-handed treatment to property stolen from Cuban-Americans falls far short of our expectations for a first-rate accord.

Seventh, we are disgusted that the Europeans would offer to increase their pro-democracy efforts in Cuba on the condition that we provide a "permanent waiver" of Title III of the *LIBERTAD* Act. The President has justified his repeated suspensions of the right to sue under Title III on the rather unconvincing contention that the EU is providing unprecedented support for democracy and human rights in Cuba. The Europeans should not expect us [to] cede protections for our citizens under Title III in exchange for their doing their utmost to help the Cuban people. We trust that you will convey that message to make clear that Title III is not on the table.

Unless we are satisfied that all of the above issues are addressed satisfactorily, we cannot in good conscience recommend to the Congress that we swap Title IV of the *LIBERTAD* Act for this Understanding with the EU. If the Europeans choose to continue using stolen property in Cuba and elsewhere, they will have to do so without U.S. complicity -- and they should be made to feel the full weight of U.S. law.

Sincerely,
Jesse Helms, Chairman
Committee on Foreign Relations

Benjamin A. Gilman, Chairman
Committee on International Relations

<p style="text-align: center;">CUBAN CATHOLIC BISHOPS MEET WITH POPE AT THE VATICAN</p>
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Having summoned Cuba's Catholic hierarchy to Rome for an analysis of the results of the Papal visit to Cuba in January (USCPR, Vol.5, No.2), the thirteen Cuban bishops were received by Pope John Paul II at noon on June 9th at the Vatican. In his statement, the Pope made reference to the apparent unkept promises by Cuban authorities saying, "I would like to see therein the pledge and the fruits of their willingness to create legal and social spaces so that Cuban civil society might grow in autonomy and participation, and that the country might occupy its rightful place in the region and in the partnership of nations." Five months after the Pope's pastoral visit to the island, the Church's access to state newspapers and the airwaves including radio and television for religious programming has thus far been denied. Castro and the Communist Party have yet to allow the conduct of religious education while permits for larger Church facilities have been bureaucratically tied up in knots. At stake is a zero-sum game and an inherent yet justifiable fear by the Cuban Communist Party that granting space to the Church by definition translates into diminished authority and control for the Party over the daily lives of the Cuban people. In an interview in Miami following their Papal meeting, Alfredo V. Petit Vergel, auxiliary bishop of the Archdiocese of Havana said, "It is not power we are after. It is service in the name of Jesus Christ." At the bishops' meeting with the heads of the Roman Curia, Cardinal Angelo Sodano, Vatican secretary of state, reported that "the current situation of the Church in the eleven Cuban dioceses was analyzed, together with the most suitable way of responding to pastoral needs today and the aspirations of believers and people of good will who live in Cuba." A hint of how that pastoral goal might be achieved came to light later in the month when papal envoy Cardinal Pio Laghi said at a meeting of teachers held in a Havana church, "While you still do not have access to schools and universities, choose other paths." At the end of their week long Vatican visit, Cuban Bishop Aranguren read a communique stating in part, "there is a hope that the Church might have greater access to the media; and that priests and religious might continue to come from abroad to attend to the faithful." Increasing the ranks of foreign priests, who comprise 40-to-45 percent of Cuba's Catholic priesthood and require periodic visa renewals, has been hindered by the Cuban Communist Party which was responsible for the ouster of the sole American priest ministering in Santa Clara, the site of the inaugural Papal Mass. Following Pope John Paul II's visit to Cuba, Father Patrick Sullivan issued a statement (USCPR, Vol.5, No.4) from the United States on April 28th saying, "I was obliged to leave Cuba by decision of the Communist Party of Cuba, communicated to my Religious Superiors by the 'Office of Attention to Religious Matters of the Central Committee of the Communist Party of Cuba'." The Pope's suggestion that the world should open up to Cuba and that Cuba should open up to the world has fallen far short of worldwide expectations; Cuba has yet to open up to the Cuban people let alone the world. Since Pope John Paul II's historic visit in January, U.S. policy toward the Castro regime has been predicated upon this ephemeral search for "space" sought by the Catholic Church under a watchful eye of international scrutiny. (VIS, "When the Church is Recognized, the Whole Society Benefits," 6/9/98; VIS, "Cuban Bishops Meet in the Vatican," 6/10/98; VIS, "The Holy Father's Trip to Cuba was Extraordinary," 6/12/98; WP, "Papal Envoy Encourages Cuban Teachers," 6/28/98, p.A21; MH, "Bishop: Castro 'is not the devil'," 6/16/98, p.24A; MH, "Pope's visit changed little in Cuba," 6/26/98, p.17A).

REPORT ON CIVIC RESISTANCE

Rep. Lincoln Diaz-Balart (R-FL) released a report on Capitol Hill on June 9th describing the growing civic resistance in Cuba entitled *Steps to Freedom: A Comparative Analysis of Civic Resistance Actions in Cuba Between January/1997 and January/1998*. The report was issued by an exile pro-democracy group called the Cuban Democratic Revolutionary Directorate (Directorio) based in Hialeah, Florida. The authors of the report, Orlando Gutierrez and Omar Lopez Montenegro, contend the dissident movement in Cuba has expanded from its core in Havana in 1988 to five "major opposition activity zones" in 1998 throughout the island including: Villa Clara, Camaguey, Santiago de Cuba, and Guantanamo. The study was conducted using news reports and telephone interviews. Diaz-Balart characterized the pro-democracy movement in Cuba "to a great degree led today by young people and women" who were born after the 1959 revolution. According to Gutierrez, "These are the people who have suffered under the effects of 40 years of communism. Many important leaders are women, and there is a much greater proportion of black and mulattos than represented in the Cuban regime." The report concludes that "the main challenge to the Cuban regime is taking place inside of Cuba, and those who are challenging the system have chosen civic resistance as their philosophy and strategy of struggle." The discussion following the presentation of the report was moderated by Lorne Craner of the International Republican Institute (IRI) and Dr. Constantine Menges of the George Washington University. (TWT, 6/9/98; MH, 6/10/98, p.10A).

CAMCO WRITES OPEN LETTER TO GENERAL SHEEHAN

CAMCO, the Cuban-American Military Council, has written an open letter to retired U.S. Marine General John Sheehan expressing their dismay over his recent trip to Cuba. Sheehan who served three years as Commander in Chief of the U.S. Atlantic Command held extensive meetings with both Fidel and Raul Castro during his March week-long visit. In an opinion article which appeared in the May 3rd *Washington Post*, Sheehan said he has devoted himself "to addressing the central questions facing the United States in its dealings with Cuba" and recognizes the "new realities" of the relationship. On May 6th, Secretary of Defense William Cohen released to Congress the Pentagon's review and assessment downgrading Cuba's conventional military capabilities and concluding the Revolutionary Armed Forces (FAR) no longer posed a threat to U.S. national security. Sheehan's trip and outlook toward Cuba, particularly in his retirement years, have raised to a heightened level ongoing suspicions of the Clinton administration's softened policy toward Cuba. CAMCO, formed in November of 1996 (see USCPR, Vol.4, No.3), is led by retired U.S. Major General Erneido Oliva a veteran military officer and member of the Bay of Pigs Assault Brigade 2506. The purpose of CAMCO is to encourage and support active and inactive members of the FAR "in their attempts to begin a peaceful transition towards democracy without the Castro brothers." CAMCO believes Sheehan's visit will be interpreted by FAR members as a symbol of "impending change in American policy" favoring stability with the Castro brothers remaining in power. The letter describes Sheehan's visit and statements as damaging "to one of Cuba's best hopes for a peaceful transition" and injurious to the "process of sincere reconciliation now developing between CAMCO" and the FAR. CAMCO's open letter to General Sheehan is reprinted below.

CUBAN-AMERICAN MILITARY COUNCIL

Open Letter to General John Sheehan U.S.M.C., Retired

June 12, 1998

Dear General Sheehan:

Although it is not the policy of the Cuban American Military Council (CAMCO) to enter into debates or public disagreements with organizations or citizens in the United States or other countries, CAMCO wishes to express our strong objection against your public statements to El Nuevo Herald on April 26, 1998 that "...I had a very good time in my discussions with him (Fidel Castro)..." and that Castro is a "...charming man." With those statements you joined the dismal company of innumerable leftist "political pilgrims" who have traveled to communist countries since 1917 and returned praising communist leaders. History has judged those pilgrims harshly, as it will judge Fidel Castro's admirers when the full story of his brutality finally is told after his inevitable fall.

Your statements tacitly support the communist tyrant and thereby betray the men and women who gave their lives to stop international communism, especially those who wore the uniform of the United States. Castro was the spearhead of the Soviet Union's attack in Central America when, in June of 1985, communist terrorists, fully supported and guided by Castro, murdered American Marines and civilians in the Zona Rosa of San Salvador. Did you think of those Marines as you shook Castro's hand? Or have you forgotten them and the many thousands of other fine men and women of many nations who have died in this hemisphere resisting Castro's aggression?

As a senior Flag Officer, you know well of the tens of thousands of Cubans that have been executed in Cuba, of the hundreds of thousands who have suffered imprisonment in the island, of the tens of thousands that take to the Caribbean Sea in search of freedom, of the more than one million Cubans who managed to escape. This is not ancient history to be put aside for the sake of establishing a new relationship with a new government. This is ongoing oppression, and not only in Cuba; Fidel Castro is involved in terrorism and narco-trafficking throughout Latin America. Consider, for example, the grave problems in Colombia. And consider where most of those Colombian drugs are consumed - in American neighborhoods. Now consider that you "had a very good time in your discussions" with the man who has made these and other atrocities possible.

Though you may have forgotten all of these when you met with Fidel Castro, you at least remembered to confront him with the shootdown of two unarmed civilian American aircraft and the murder of American citizens in international airspace. What charming explanation did he give for that recent atrocity?

The fact you reached the highest rank of General in the U.S.M.C. aggravates the damage caused by your actions. Ill-advised praise from such a senior officer of the U.S. Marines will be interpreted widely as signaling an impending change in American policy. Inside Cuba, and especially within the Revolutionary Armed Forces, those perceptions promote doubt about the seriousness of the official policy of President Clinton's Administration and the U.S. Congress toward Cuba. They cause bitter disappointment among the oppressed Cuban people.

We write this letter not only because your statements after meeting with the oldest and staunchest tyrant in the world and with his closest accomplices repel us. Far more important than our sensitivities is the damage to one of Cuba's best hopes for a peaceful transition from tyranny to freedom. Your statements seriously injure the process of sincere reconciliation now developing between CAMCO and the Revolutionary Armed Forces in Cuba. Worse yet, you knew the harm you would do. Long before you praised the "Comandante en Jefe" of the enslaved Republic of Cuba, you knew our organization and its objective to achieve freedom and democracy for the Cuban people through peaceful means. As you know, CAMCO shares the vision of the Cuban people enjoying the blessings of a system of liberty and self determination "...within the framework of democratic institutions, a regime of individual freedoms founded upon the essential rights of man," as stated in the Preamble of the Charter of the Organization of American States.

Someday soon, the Cuban people will demand those rights. When they do, the behavior of Cuba's armed forces will determine whether they achieve them peacefully. As you well know, CAMCO reaches out to Cuban officers to encourage them not to act as Castro's centurions when his tyranny crumbles but to protect and defend the nation -- that is the people of Cuba, not the Castro regime. Which way do you think your endorsement of Castro encourages them to move -- to stand aside and let Castro fall, or to prop up a dictator who seems to have gained acceptance in the West?

You, General, know better than most how few true heroes there are. Most men look around for clues from others, they look to see how the wind is blowing, before they commit to action. God forbid that Cuban officers should think of your visit when their crisis comes!

General, you were conned. Of course, Castro was charming and impressive! A man who begins with a small band and by force of will, cunning, and ruthlessness comes to dominate an entire nation is bound to be impressive. Lenin, Stalin, Hitler, Mao, Ho Chi Minh, all were impressive. Their impressive personal skills led to wars that killed hundreds of thousands of Americans and millions of other people worldwide. What does charm have to do with such men? By the standards that Americans hold dear, they were monsters. Castro is another such man, General, and all Americans are belittled by your admiration for him. All Cubans, unfortunately, may suffer for it. CAMCO looks forward to your response.

Courteously,

Erneido A. Oliva
Chairman
Maj. General
DC-Retired

Rafael del Pino
Vice Chairman for
Revolutionary Armed
Forces
Brigadier General
FARC

Dr. Jose Miro Torras
Vice Chairman for
Assault Brigade 2506

Nestor G. Pino-Marina
Vice Chairman for
U.S. Armed Forces
Colonel USA
Retired

Reinaldo Lazo
Vice Chairman
for Cuban
Constitutional
Armed Forces
Capt. USN
Retired

CUBANA AIRLINES TO OVERFLY U.S.

The Clinton administration has once again submitted the United States to the purview of international organizations by agreeing to the mediation at the United Nations' International Civil Aviation Organization (ICAO) over a complaint filed by Cuba against the U.S. prohibition of Cuban commercial overflights of its territory. ICAO announced the complaint in Montreal on November 21, 1996 just nine months after Cuban Air Force MIGs shot down two civilian aircraft on February 24, 1996 and five months after ICAO's investigation and report of the shootdown simply reaffirmed "the principle of the non-use of weapons against civil aircraft in flight." Four Cuban-Americans in the Brothers to the Rescue planes were killed in the attack while flying in international airspace. Under international rules, a country cannot deny another country overflight except for reasons of national security. The Clinton administration similarly neglected to invoke the national security provision at the World Trade Organization in the case of the European Union's complaint against U.S. laws pertaining to Cuba. On two occasions in early March of 1983, Cubana Airlines intentionally deviated from its Havana-to-Montreal route to fly over Griffiss Air Force Base in New York State. As a result of such security concerns the State Department takes the position that "the inland routes we are providing the Cubans are better from a national security perspective than the routes they are now flying which brings them closer to and often over much of the East Coast of the United States." The ICAO decision permits Cubana Airlines to overfly U.S. territory to and from Montreal and Toronto, Canada. According to the State Department: "The agreement calls for Cuba to withdraw its complaint before the ICAO and to make certain commitments on principles relating to the safety of civil aviation, including those contained in ICAO resolutions. The U.S. is agreeing to authorize Cubana Airlines to use two specified Cuba-Canada overland routes and to provide normal air navigation services on those routes." For over a decade, U.S. airlines have paid Cuba \$6 million annually to overfly the island enroute to destinations in Latin America claiming to save \$150 million in fuel and other costs. The amount Cuba will be required to pay for its overflight of American territory is under review while the Federal Aviation Administration will charge the state-run Cubana Airlines to recover the costs of providing the navigation services. Criticizing the June 19th decision as a Clinton administration surrender of U.S. sovereignty to an international body, Jose Cardenas of the Cuban-American National Foundation said in Washington, "The United States has every sovereign right to deny Cuba normal aviation privileges because Cuba has obviously demonstrated that it cannot abide by the most normal standards and procedures." Ironically, ICAO takes the position "that every State has complete and exclusive sovereignty over the airspace above its territory."

Rep. Bob Menendez (D-NJ) Criticizes Policy to Allow Cuban Flights Over U.S.

"The Administration's decision to allow Cuban overflights of the United States by entering into an agreement with the Castro regime which refuses to accept responsibility for the death of four Americans, apologize and make compensation to their families, is a travesty of justice and desecrates the memories of Pablo Morales, Carlos Costa, Mario de la Pena and Armando Alegandre. Cuba never apologized for or even acknowledged the illegality of their actions on [February 24, 1996]. On that Saturday, Fidel Castro expanded his reign of terror to the United States by shooting down and killing four Americans over international waters. Nothing can replace the lives of these four patriots and their unwavering commitment to the lives of their brothers and sisters fleeing Cuba. They will never be forgotten. Cuba demonstrated its blatant disregard for international civil aviation law; it is unconscionable for the United States to allow Cuban civilian aircraft to overfly this great democracy in light of Cuba's unrepentant actions."

INTERNATIONAL BRIEFS

MEXICO LEADS EFFORT FOR CUBA'S READMISSION TO OAS -- In a June 1st three day meeting in Caracas, Venezuela, the Organization of American States (OAS) rejected Mexico's effort to place Cuba on the agenda. Although Mexican Foreign Minister Rosario Green called Cuba "part of an unofficial agenda at the OAS," Mexico's proposal of the "group of friends" of OAS Secretary General Cesar Gaviria found no support among the 34 member organization. Gaviria's opening remarks set out conditions in order for Cuba's readmission to be acceptable including "more civic and economic liberties as well as more protection of human rights." (FT, "Move to admit Cuba as US efforts snubbed," 6/3/98, p.5; MH, "Bid to return Cuba to OAS is shelved," 6/3/98, p.12A; LAA, "U.S. Excludes Cuba Issue From OAS Meeting," 6/3/98). **CUBA REJECTS CONDITIONS FOR OAS REENTRY** -- An unnamed Cuban foreign ministry official was quoted as saying "We do not accept any political conditions...we are not making any effort at the moment to return to the OAS," according to a report in the *Financial Times*. Cuba's membership was suspended in February 1962 at the Punta del Este, Uruguay meeting for having a government that "is incompatible with the principles and objectives of the InterAmerican system." In 1964, all OAS members except Mexico voted to break diplomatic and trade relations with Cuba. (FT, "Hopes fade for Cuban return to OAS fold," 6/25/98, p.5). **RUSSIAN LEADERS PAST AND PRESENT SUPPORTIVE OF CASTRO REGIME** -- Mikhail Gorbachev, General Secretary of the Communist Party of the former Soviet Union (1985-1991), promoter of economic, social, and political reform known as glasnost and perestroika, called for a lifting of the U.S. embargo of Cuba while in San Juan, Puerto Rico... Russian Communist Party leader Gennady Zyuganov met with top Communist officials including Cuban foreign minister Roberto Robaina and National Assembly president Ricardo Alarcon during his first trip to Havana...While in Buenos Aires, Argentina, Russian President Boris Yeltsin said the United States should normalize relations with Cuba to strengthen both regional and international stability. (MH, "Gorbachev calls for end to embargo of Cuba," 6/16/98, p.10A; MH, "In the Americas - Cuba," 6/9/98, p.13A; MH, "Yeltsin says U.S. should lift embargo," 6/22/98, p.6A). **FRENCH, SPANISH, SWISS, AND MEXICAN MISSIONS TRAVEL TO CUBA** -- Since Pope John Paul II's trip to Cuba in late January where the Pontiff called for the world to open up to Cuba and for Cuba to open up to the world, a steady stream of foreign visitors continues to flow into Cuba. French transport minister, Jean-Claude Gayssot, inaugurated Air France's new Paris-to-Havana route...Spanish industry minister Josep Pique led a delegation of 50 businessmen to the island...Swiss national council president Ernst Leuenberger, led a delegation to Havana to discuss investment opportunities in Cuba as well as Switzerland's continuing opposition to the Helms-Burton Act...Mexican foreign minister Rosario Green and a trade delegation arrived in Havana on Monday, June 22nd for a two-day visit which included a six hour meeting with Cuban dictator Fidel Castro. Green, who became foreign minister in January is considered an admirer of Castro often lavishing him with praise (See USCPR Vol.5, No.1). (MH, 6/24/98, p.13A). **CHILE NEGOTIATING FREE-TRADE PACT WITH CUBA** -- The Washington bureau of *The Journal of Commerce* reports that Chile's negotiations with Cuba for a free-trade pact should be completed in July although U.S. trade officials claim to know nothing of the plan. Chile's hopes for joining NAFTA were dampened earlier this year when Congress failed to grant President Clinton fast-track negotiating authority. In part this was due to the president's desire for open-ended authority instead of the traditional country specific authority. (JOC, "Chile embraces Castro," 6/8/98, p.4A).

SHORT TAKES

SECRETARY OF STATE ALBRIGHT ANNOUNCES CREATION OF BUREAU OF WESTERN HEMISPHERIC AFFAIRS TO EMPHASIZE MULTILATERAL ACTION AND COORDINATION -- Secretary of State Madeleine Albright announced her intention to create a Bureau of Western Hemispheric Affairs combining "the Office of Canadian Affairs with the existing offices of the Bureau of Inter-American Affairs." According to department press spokesman, James Rubin, the move "reflects our intention to continue and deepen political and economic integration in our hemisphere from Tierra del Fuego to the Canadian Arctic." Rubin says the "creation of the new bureau reflects the emphasis the United States is putting on multilateral hemispheric action and coordination." Canada is scheduled to host the 1999 summit of the Organization of American States (OAS). The initiative requires consultations with Congress prior to implementation. (FR, "Announcement of the Secretary's Intention to Create a Bureau of Western Hemispheric Affairs," 6/15/98).

TEN WITNESSES INVOKE FIFTH AMENDMENT PROTECTION IN FOREIGN MONEY PROBE ALLEGEDLY LINKED TO CUBA -- Government Reform and Oversight Committee Chairman Dan Burton received notice from ten new witnesses of their refusal to testify in response to a committee subpoena in the ongoing investigation over possible illegal campaign contributions during a September 13, 1995 Clinton-Gore fundraiser held in Bal Harbour, Florida. The ten who at the time were "employees of Florida businessman Mark Jimenez" of Future Tech International include: Richard Esparragoza; Manuel G. Garcia; Reynaldo B. Crespo; Raymund Dos Remedios; David Fried; Louis C. Leonardo; Juan L. Ruiz; Marcelino V. Brotonel; Enrique Sanchez; and, Ruth Ramirez. Twenty-one employees of Jimenez' company made donations to the Clinton-Gore campaign according to a Committee spokesman. Jimenez is reported have given \$450,000 in so-called soft money donations to the Democratic National Committee "either personally or through Future Tech." Jimenez previously invoked his Fifth Amendment protection not to be "compelled in any criminal case to be a witness against himself." The "examination of an alleged Cuba connection in White House fundraising" during the 1996 Democratic presidential campaign will be led by Rep. Ileana Ros-Lehtinen (R-FL) who was appointed last year by Burton (See USCPR, Vol.4, No.4). (NR, "10 New Witnesses Take the Fifth Total Now at 104," 6/24/98).

ACTOR JACK NICHOLSON CHALLENGED BY REP. DIAZ-BALART TO VISIT CUBAN POLITICAL PRISONERS -- Rep. Lincoln Diaz-Balart (R-FL) criticized actor Jack Nicholson's fully hosted trip to Cuba as "shameful and disgraceful." Diaz-Balart challenged Nicholson to visit any of hundreds of prisons "where thousands of political prisoners languish in dungeons" or to meet with "any of the thousands of political prisoners or their families." Reportedly, Nicholson visited cigar factories, night clubs and other tourist sites that are off limits to ordinary Cubans as well as American tourists. The Neptune, New Jersey born Nicholson has appeared in 53 Hollywood movies including: *Terms of Endearment* (1983), *One Flew Over the Cuckoo's Nest* (1975), *A Few Good Men* (1992), *Batman* (1989), and *As Good as it Gets* (1997) for which he won an academy award for best actor. Nicholson's trip to Cuba may fly in the face of U.S. law and the newly issued rules and regulations published in the *Federal Register* on May 18th which create "a rebuttable presumption that travelers subject to U.S. jurisdiction who travelled to Cuba without a general or specific license have engaged in prohibited transactions." (See USCPR, Vol.5, No.5). (NR, "Diaz-Balart Challenges Actor Jack Nicholson to Visit Cuban Political Prisoners," 6/26/98).

NOTABLE QUOTES

"The European Union's offer to deter EU firms from investing in Cuban-expropriated U.S. property, in exchange for the presidential waiver, might clamp down too hard on firms investing in Cuba, according to some in Congress." Op-ed by Richard Lawrence who is former senior correspondent for *The Journal of Commerce* in Washington. (JOC, "Sanctions fever," 6/3/98, p.7A).

"You're right, there have been incidents as grievous as Tiananmen Square in the history of Cuba. If you look back over time, you don't have to look far to find instances of repression, suppression of political liberties, violence of a very gross and repressive nature." White House Press Spokesman, Mike McCurry, answers a reporter's question comparing U.S. policy toward Communist China and Communist Cuba drawing the distinction over Cuba's failure to move toward market economics and political liberalization. (WHPB by Mike McCurry, 6/11/98).

"When they looked at the Filipino dictatorship, America's foreign-policy elites said: 'Marcos must go.' When they looked at the Chilean dictatorship, they said: 'Pinochet must go.' When they looked at the Haitian dictatorship, they said: 'Cedras must go.' Of South Africa they said: 'Apartheid must go.' But of Cuba, which bleeds under one of the bitterest and most implacable tyrannies on the planet, they say: 'The U.S. embargo must go.'" Jeff Jacoby is a reporter for *The Boston Globe*. (MH, "No, Castro must go," 6/15/98, p.13A).

"The foreign-policy initiatives of a President can be decisive. President Nixon went to China. President Carter brought Menachem Begin and Anwar Sadat to Camp David. President Reagan met Mikhail Gorbachev in Iceland to ease nuclear tensions, and President Bush followed up by reducing our nuclear weapons. President Clinton has the possibility of charting a new relationship between the United States and Cuba." Excerpt of Harvard speech by Bernard Cardinal Law Archbishop of Boston. (MH, "The embargo must go," 6/15/98, p.13A).

"We are ready to meet a possible request by Cubans that Castro's body be preserved if they contact us." Yuri Denisov-Nikolsky, embalmer at the Lenin Mausoleum Laboratory in Moscow, responding to recent reports that Cuban officials were considering . (MH, "Embalmers ready if Cuba calls," 6/18/98, p.21A).

"I think Clinton has learned something; he's intelligent, and he defends U.S. interests and those of the multinationals, but from a perspective different from that of the extreme right in the United States." Cuban dictator Fidel Castro comments to the press in Mexico City about President Clinton. (WP, "Castro Has Kind Words for Clinton," 6/25/98, p.A26).

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STATE DEPARTMENT AND CERTIFIED CLAIMANTS FAR APART OVER CUBA PROVISIONS OF EU-U.S. AGREEMENT

WASHINGTON -- As representatives of the United States government, the European Union, the U.S. Congress, and the American certified claimants came together on Thursday, July 23rd at the Capitol Building for a Policy Forum sponsored by the Institute for U.S.- Cuba Relations to discuss the EU-U.S. agreement, it became increasingly clear just how far apart the two sides actually are over the issue of protection of American property rights in Cuba. Speaking at the forum were: Assistant Secretary of State for Economic and Business Affairs, Alan Larson; Deputy Head of Delegation for the European Commission, John Richardson; Chief Counsel for the House International Relations Committee, Steve Rademaker; and, David Wallace, Chairman and CEO of Lone Star Industries representing the Joint Corporate Committee on Cuban Claims. Forum moderator, Dan Fisk, formerly a member of the Senior Professional Staff and Associate Counsel of the Senate Committee on Foreign Relations, initially raised the question of "whether the United States should trade current U.S. sanctions against those exploiting American properties taken by Cuba in contravention of international law in return for the EU-U.S." agreement? The Clinton administration, which is seeking Congressional approval for the May 18th agreement, formally known as the "Understanding with Respect to Disciplines for the Strengthening of Investment Protection," must offer legislation to amend Title IV of the Helms-Burton Act to grant the president waiver authority over the sanction provisions aimed at foreign traffickers. Larson praised the agreement as "historic" saying it would "enhance protection for all U.S. citizens whose property has been illegally expropriated." Commenting on the Understanding, Richardson said its objective is "to inhibit and deter future investment in property illegally expropriated by a third state." Raising a key point concerning the onset of the negotiations on April 11, 1997 intended to set aside the EU's WTO complaint against U.S. policy towards Cuba, Rademaker said "there was never any doubt that Congress's test of any agreement would be how it applied to Cuba, and in particular how well it advanced the two objectives of the Helms-Burton legislation." Those objectives were to "expedite the demise of the Castro regime" by drying up foreign investment in Cuba and to protect American property rights from traffickers in illegally confiscated property. The distance between the two sides lies in the inherent nature of the May 18th agreement with respect to "future investment."

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EU-U.S. AGREEMENT CALLED UNFAIR TO CERTIFIED CLAIMANTS --

"Under the guise of 'strengthening international protection of property rights'," Lone Star Industries Chairman David Wallace said, the May 18th agreement "appears to do so at great and unfair cost to U.S. certified claim holders." A "fundamental flaw" in the agreement, while denying EU governmental commercial assistance to foreign investors in illegally confiscated American owned property in Cuba, is that private investment is not prohibited and there are no "enforcement mechanisms" against such trafficking. Criticizing the agreement for "not affecting existing investments," Wallace charged the State Department with "a marked retreat from the strongly worded cables issued" since 1991 "underscoring the fact that transfer of these expropriated properties to third parties would seriously complicate any restitutionary remedies."

MAY 18TH AGREEMENT UNSATISFACTORY AND DEFICIENT -- Calling the May 18th agreement unsatisfactory, Rademaker described it as "deficient in at least seven areas." First, Cuba was not designated as a "problem country" whereby the agreement "does not prohibit all investment in problem countries, nor does it prohibit all government support to investment in such countries." Second, the agreement does not "accept the validity of the 5,911 certified U.S. claims." A third major problem is that the agreement provides "no protection to the claims of persons who were Cuban nationals at the time of expropriation, many of whom are U.S. citizens today." Fourth, the agreement sets up a "registry" which only obligates EU members to "assess and take appropriate account of information that appears in the registry." Fifth, the agreement grandfathers "investments made before May 18, 1998, in expropriated properties." A sixth problem is the "right of EU members to provide official support to future investments in expropriated properties that have already been invested in by EU investors." Rademaker's seventh and final point was that the EU requires the "U.S. provide a Title IV waiver 'without a specific time limit'."

EU UNWILLING TO REOPEN NEGOTIATIONS -- At a National Press Club *Afternoon Newsmaker* on July 7th, Sir Leon Brittan, Vice President of the European Commission, responded to the question of reopening negotiations: "No, we are not agreeable to modifying the agreement." The State Department's Alan Larson confirmed the EU's position at the Capitol Hill forum and John Richardson concluded his remarks saying, "The EU and its Member States stand by the agreement which we think is balanced and fair and stand ready to implement the agreement when the Title IV waiver is in place." Failure of Congress to do so "would certainly result in a relaunch of our panel in the WTO." The two sides remain far apart.

U.S.* CUBA POLICY REPORT (ISSN 1093-099X)

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PRESIDENTIAL TITLE III WAIVER

As of July 16, 1998, President Clinton used his legislative authority under Title III of the *Helms-Burton Act of 1996* to suspend for an additional six months the right of a U.S. national to file a claim in U.S. federal court against a foreign investor for trafficking in their confiscated property in Cuba. This is the fifth time the president has deprived American citizens of the right to use this civil remedy. The four previous occasions were: July 16, 1996 (USCPR, Vol.3, No.7, 7/29/96); January 3, 1997 (USCPR, Vol.4, No.1, 1/31/97); July 16, 1997 (USCPR, Vol.4, No.7, 7/30/97); and, January 16, 1998 (USCPR, Vol.5, No.1, 1/31/98). It was on the occasion of the president's second right of action waiver when he declared an indefinite suspension "so long as America's friends and allies continue their stepped-up efforts to promote a transition to democracy in Cuba." As was reported at the time, such a decision predetermined conditions in Cuba unassociated with the criteria contained in Section 306(b) which requires a presidential "determination and report" that the "suspension is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba." In his July 16, 1998 statement to Congress Clinton said, "I made this decision to take advantage of the growing realization throughout the world, in Europe and Latin America especially, that Cuba must change." Making reference to the May 18th EU-U.S. agreement, he called it "a major advance in our efforts to protect property rights worldwide, including in Cuba." Congressional reaction was pointed and cynical with House International Relations Committee Chairman, Benjamin A. Gilman calling the waiver "an act of supine appeasement that gives a green light to exploitative foreign investors to squat on stolen American property."

THE WHITE HOUSE Washington

July 16, 1998

Dear Mr. Chairman:

Pursuant to subsection 306(c)(2) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (Public Law 104-114), (the "Act"), I hereby determine and report to the Congress that suspension for 6 months beyond August 1, 1998, of the right to bring an action under title III of the Act is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba.

Sincerely,

William J. Clinton

The Honorable Jesse Helms
Chairman
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510

CONGRESSIONAL REACTION

"On June 17th, Chairman Jesse Helms of the Senate Foreign Relations Committee and I, in a joint letter to the Secretary of State underscored the shortcomings of this Understanding to the Administration. This waiver announced today by the President only serves to confirm my views." Rep. Benjamin A. Gilman (R-NY), Chairman House International Relations Committee.

"The President can justify his decision with the legalisms that have now made the White House spin doctors famous, but these false justifications will not help the suffering people of Cuba rid themselves of the totalitarian regime that oppresses them." Rep. Ileana Ros-Lehtinen (R-FL).

"Congress will do all that is necessary to make certain that the Clinton Administration fully executes Title IV and we will continue to reject the Administration's deal with the European Union to further weaken Helms-Burton." Rep. Lincoln Diaz-Balart (R-FL).

"The Administration's contention that the EU-U.S. Agreement constitutes progress is ludicrous. While the Administration has been attempting to sell the Agreement to Congress as improvement to Title III, various European governments have simultaneously praised the Agreement for its ability to nullify the Helms-Burton Act. I'm not sure how that can be construed as progress. The Administration has exhausted its legislative authority to waive Title III." Rep. Robert Menendez (D-NJ).

**CLINTON'S POLICY OF
CONSTRUCTIVE ENGAGEMENT**

On the last leg of his recent trip to the Peoples Republic of China, a journalist's final question to President Clinton at the Hong Kong press conference compared U.S.- Cuba policy to U.S.- China policy. Asked if "constructive engagement" is the right policy "for dealing with China, why isn't it an appropriate policy for dealing with" Cuba? The president responded in part by saying that in the case of Cuba "we have tried in good faith on more than one occasion to engage Cuba in a way that would develop the kind of reciprocal movement that we see in China." Notwithstanding the codification of the U.S. embargo on Cuba under the *Helms-Burton Act of 1996*, this presidential statement gives credence to Rep. Ileana Ros-Lehtinen's criticism of Clinton's most recent Title III waiver calling his decision "another sad example of the Administration's slippery slide toward further relaxation of sanctions on the brutal dictatorship of Fidel Castro." While the Clinton administration has paid lip service to Cuba sanctions, it has been far from aggressive in its implementation of Titles III and IV of the *Helms-Burton Act* relying largely on the "carefully calibrated steps" provision of the *Cuban Democracy Act of 1992*. Clinton's answer expressed his sentiments saying, "nothing would please me more than to see some rapprochement between the people of our two countries." Perhaps it was fitting for anti-embargo Rep. Jose Serrano (D-NY) to issue an "Open Statement to the President," on July 1st making "a special request that on your way back to the United States you stop in Cuba."

THE WHITE HOUSE

Office of the Press Secretary
(Hong Kong Special Administrative Region)

For Immediate Release

July 3, 1998

PRESS CONFERENCE BY THE PRESIDENT

5:23 P.M.(L)

THE PRESIDENT: Good afternoon. I know most of the American journalists here are looking forward, as I am, to returning home for the 4th of July. But I didn't want to leave China without first reflecting on the trip and giving you a chance to ask some questions...

Q. Mr. President, if constructive engagement is the right policy in your view for dealing with China, why isn't it an appropriate policy for dealing with other countries -- say, Cuba?

THE PRESIDENT: That's not the question I thought you were going to ask -- I mean, the example I thought you were going to give. I think each of these has to be taken on its own facts. In the case of Cuba, we actually have tried -- I would remind you -- we have tried in good faith on more than one occasion to engage Cuba in a way that would develop the kind of reciprocal movement that we see in China.

Under the Cuban Democracy Act, which was passed by the Congress in 1992 and signed by President Bush, but which I strongly supported during the election season, we were given a clear road map of balanced actions that we could take and that Cuba could take. And we were, I thought, making progress with that map until the people, including American citizens, were unlawfully shot out of the sky and killed. That led to the passage of the Helms-Burton law.

And even after that, after the Pope went to Cuba, I took some further actions, just about everything I'm empowered to take under the Helms-Burton law, to again increase people-to-people contacts in Cuba, to empower the church more with our support as an instrument of civil society, and to send a signal that I did not want the United States to be estranged from the people of Cuba forever.

I do believe that we have some more options and I think Cuba is a case where, because it's close to home and because of the position we occupy in the region, our policy has a greater chance of success. But even there, you see, whatever policy you pursue you have to be prepared to have a little patience and work with it and hope that it will work out in the long run.

But nothing would please me more than to get some clear signal that Cuba was willing to be more open and more free and more democratic and work toward a common future, and join the whole rest of the hemisphere. You know, in our hemisphere every country but Cuba is a democracy, and I would like [to] see -- nothing would please me more than to see some rapprochement between the people of our two countries, especially because of the strong Cuban-American population in our nation. Thank you very much.

**ROMERO NAMED ACTING ASSISTANT
SECRETARY FOR INTER-AMERICAN AFFAIRS**

Following the recent confirmation of his predecessor, Jeffrey Davidow, who is now U.S. ambassador to Mexico, Peter F. Romero was named Acting Secretary of State for Inter-American Affairs on July 7th. A career Foreign Service officer since 1977, Romero has served as: State Department desk officer for El Salvador in 1982; deputy director for Central American Affairs and U.S. observer to peace talks between the government of El Salvador and the FMLN guerrillas in 1988; deputy chief of mission at the U.S. embassy in San Salvador in mid-1992; U.S. ambassador to Ecuador from November 1993-96; and, principal deputy assistant secretary since August 1996. Romero is likely to face strong pressure and severe scrutiny over the lack of Helms-Burton Title IV implementation prior to his Senate confirmation. This could prove more than interesting in the wake of the EU-U.S. agreement reached on May 18, 1998.

**U.S. TREASURY APPROVES RESUMPTION
OF DIRECT CHARTER FLIGHTS TO CUBA**

The Treasury Department's Office of Foreign Assets Control (OFAC) has issued licenses to nine air charter companies to provide direct passenger flights from Miami International Airport to Havana's Jose Marti Airport effective July 2nd. Those companies are: Airline Brokers Company, Inc. (ABC Charters), American Airlines, Cuba Paquetes, Gulfstream International Airlines, Inc., Island Air Charters, Marazul Charter, Inc., Live A Legend, Inc., National Jets, Inc., and Personal Jet Charters, Inc. ABC charts United Airlines planes (Boeing 767-300) and pilots to make the 40 minute trip. American Airlines has no immediate plans to fly to Havana. Two airlines, C&T Charters and Wilson International, which have been making the Miami to Havana flights through third countries, were not among the nine companies to be granted licenses for direct flights. Under strict rules, OFAC issued guidelines (reprinted below) in order to monitor licensed travel and family remittances to Cuba. The air charter applicants were required to submit a "letter of intent" seeking to recommence the provision of "Carrier Service Providers" (CSPs). Authorization was granted based upon "statements and representations made" in their original application requiring compliance with all rules, regulations, orders and instructions "issued by the Secretary of the Treasury." Such authority is considered "provisional authority" which "may be revoked or modified at any time at the discretion of the Secretary of the Treasury" and declared "void from the date of its issuance, or from any other date." According to the guidelines, direct flights between the United States and Cuba are restricted from Miami to Havana airports "during Customs business hours of 9:00AM to 10:00PM." CSPs are required to provide OFAC with a "copy of their schedule of flights as submitted to the Department of Transportation." Companies must provide detailed "information about each traveler." A specific announcement (reprinted below) must be made in both English and Spanish at the departure gate at "approximately 45 minutes and again 25 minutes before boarding." Passengers are required to complete Customs Form 4790 and Travel Declaration Form 90-22.39 (05/89). Passengers fully hosted by the Cuban government may not board a direct flight to Cuba but must travel via a third country such as the Bahamas or Mexico. Although this marks a reversal in Clinton administration policy following the February 24, 1996 shutdown of two Brothers to the Rescue planes by Cuban MIGs, the practical side of this shift is to better monitor travel and remittance restrictions.

GUIDELINES TO CARRIER SERVICE PROVIDERS

FLIGHTS

1. Direct flights between Cuba and the United States must operate on a non-stop basis between Havana Airport and Miami International Airport only.

2. OFAC-authorized regular charter operators ("Charter Service Providers -- CSPs") must provide OFAC with a copy of their schedule of flights as submitted to the Department of Transportation as soon as possible prior to the month of operation, using the fax number listed below. For occasional charter flights to Cuba, CSPs must notify the U.S. Customs Service at least 24 hours in advance via fax: Miami, CET Operations Branch, (305) 876-6697.

3. Travel Service Providers must provide the following information about each traveler to the CSPs prior to CSPs accepting a reservation or selling a seat on a CSP flight:

- A. Full name (including mother's maiden name)
- B. Address
- C. Date of birth
- D. Passport Country of Issuance and number, and
- E. Category of travel (specifically licensed, family, official government, official international organization, or journalist fully employed by a news reporting organization).

4. CSPs must provide the following information about each traveler to OFAC in Washington 48 to 72 hours prior to departure of the flight:

- A. All the information listed above in #2A-E, above
- B. U.S. departure and return dates, and
- C. Name of TSP who arranged for the travel.

5. CSPs must file the data described in paragraphs 2 and 3 above by means of file transfer by modem using internet connection. OFAC will make the necessary software available and will install such software on your computers if you wish. It also will instruct you in the details of accomplishing this filing. Please contact the OFAC-Miami office to schedule a date for installation and instruction. This electronic filing requirement replaces and supersedes OFAC's previous instruction that you fax passenger manifests directly to the OFAC Miami office.

6. CSPs operating regularly scheduled charter flights must make the attached OFAC flight announcement in English and Spanish in such a way that it can be clearly heard and understood by those at the departure gate approximately 45 minutes and again 25 minutes before boarding. For charter flights not operation on a regular basis to Cuba, CSPs need not read the announcement.

A. All CSPs must distribute copies of the flight announcement to every traveler.

7. Customs Form 4790: Have available Customs Form 4790 for use by travelers carrying more than \$10,000 in authorized currency or monetary instruments. Consistent with applicable Customs laws and regulations, blank copies of Customs Form 4790 are available from Customs. Completed forms are to be made available to Customs at the gate, if appropriate, or otherwise delivered to Customs consistent with Customs rules and procedures.

8. Travel Declaration Form: Have available as well U.S. Treasury

Department Travel Declaration Form [TDF 90-22.39(05/89)], bearing OMB number 1505-0118. It is entitled English and Spanish "Travel to Cuba/Viajes a Cuba."

A. CSPs are to ensure that every passenger receives a Travel Declaration Form as part of the check-in procedure at the ticket counter assigned to the charter.

B. CSPs must collect completed, signed Travel Declaration Forms from each adult traveler before the traveler passes into the jetway for the outbound aircraft. You may allow no adult passenger to board any aircraft bound for Cuba without first collecting a completed, signed Travel Declaration Form.

9. CSPs must make available to the U.S. Customs Inspector at the departure gate the completed Travel Declaration Forms. The Customs inspector may return the forms to you after reviewing them. If forms have been returned to you, or if no Customs inspector is present at the departure gate, then all of the completed Travel Declaration Forms must be forwarded no later than the fifth of the month following the month in which the flight took place to:

Office of Foreign Assets Control
U.S. Department of the Treasury
909 S.E. First Ave. #736
Miami, FL 33131
Phone: (305) 530-7177
Fax: (305) 530-7026

10. After initial installation, technical assistance concerning the internet linkage is available by calling Alexander Manfull, OFAC Compliance Division, at (202)622-2490. As always, feel free to contact the OFAC-Miami office for blank Travel Declaration Forms or if you have questions.

OTHER CSP OPERATIONS

1. CSPs must not carry "fully hosted" travelers on flights to Cuba.

2. CSPs using the travel services of other business (for example: travel services booking seats on behalf of passengers) to assist in the licensable service they provide, must ensure that transactions are conducted only with another OFAC authorized business.

3. CSPs must keep on file with OFAC an address for their current place or places of operation.

4. CSPs may ticket passengers only on flights which depart from Miami International Airport during Customs business hours of 9:00 AM to 10:00 PM.

5. Booking of seats on flights which fly between a third country and Cuba may only be made with a travel agency located in the third country, unless all agencies involved in the transaction are authorized by OFAC.

6. CSPs must ensure that every passenger qualifies under an OFAC general license or possesses an OFAC specific license in compliance with the Regulations, and must keep records of such data for five years.

7. CSPs must engage in record keeping for each authorized transaction as described in Section 515.601 of the Regulations and

may use OFAC-suggested formats. Records must be made available for occasional OFAC audits and information must be furnished upon request.

8. Annual reports must also be filed with the OFAC-Miami Office on business activities with Cuba covering the preceding calendar year. These reports must be filed no later than January 20 of each year. If you prefer not to use the OFAC suggested forms for filing your reports, please make sure that your report contains all the same information as is requested in the OFAC forms. Reports must be filed timely and must be filed even if there has been no business activity.

9. A CSP's failure to comply with the Regulations and these operating guidelines may subject them to civil penalties and/or the revocation of operating authority.

10. CSPs must use their best effort to (1) honor reservations of U.S. Government Personnel and (2) guarantee cargo/diplomatic pouch space as requested on any flight by the U.S. Government.

Attachment: Airport announcement in Spanish and English

ANNOUNCEMENT

Ladies and Gentlemen, there is a U.S. economic embargo against Cuba. As a result of this, there is strict regulation of travel-related transactions to and in Cuba. Under the terms of the U.S. Treasury Department regulations, only transactions related to certain categories of travel are permitted. For your transaction to be authorized, you must fit into one of those categories. The brochure available at the departure counter explains those categories. Carrying currency or other monetary instruments is also restricted under the embargo program. These include cash, drafts, notes, travelers checks, or other negotiable instruments. Most travelers are permitted to carry up to \$100 per day for authorized travel-related expenses, and up to \$100 to buy goods in Cuba which they intend to bring back as accompanied baggage. Travelers above age 18 may also carry family remittances totaling not more than \$300 per trip, regardless of the number of close relatives in Cuba to receive the funds. They may also carry up to \$1,000 as a one-time emigration remittance for a close relative if they have proof that a visa or travel authorization has been issued. Residents of Cuba returning to Cuba may carry family remittances received by them while in the United States of up to \$300. No one is authorized to carry remittances on behalf of anyone else, other than one's spouse, but not more than a total of \$300. Penalties can be severe and any funds above authorized amounts may be seized.

You may purchase in Cuba, and import into the United States, publications, films, posters, phonograph records, photographs, microfilms, microfiches, tapes compact disks, CD Roms, artwork or other informational material. Travelers may take money needed specifically for this purpose.

Federal regulations require that all passengers traveling to Cuba fill out and sign an outbound declaration form that will be collected along with your boarding pass prior to boarding the airplane. This form is available at the counter of your departure gate.

It is also a Federal requirement that you fill out, sign, and return a separate Customs form if you are traveling with an amount of \$10,000 or more in currency or monetary instruments, including money not regulated under the embargo against Cuba. This form is also available at the counter.

MERRILL LYNCH BUYS CANADIAN FIRM INVOLVED WITH SHERRITT

In a leveraged buyout reported to be worth \$855 million, Merrill Lynch & Company, the largest U.S. brokerage firm, has agreed to buy Midland Walwyn which is considered the biggest independent brokerage firm in Canada. The new entity is expected to be called Merrill Lynch Canada. According to Peter Morton in an article for *The Financial Post*, the Toronto-based Midland Walwyn, "handled a US\$486 million bond offering in 1996 by Sherritt." Sherritt International is a self-described independent public company in the business of "nickel and cobalt mining, oil exploration and production, tourism and agriculture" in Cuba. Through a joint venture project called Energas, Sherritt and Cuban state oil company Cupet along with Cuban state electric company Union Electrica, have agreed to build and operate a plant at Varadero Beach to convert sulphurous gases produced from local oil wells into electricity for use in the island grid. Sherritt executives have been sanctioned under Title IV of the *Helms-Burton Act of 1996* denying them U.S. entry visas. Although Midland Walwyn has acted for Sherritt in the past through its U.S. subsidiary, Midland Walwyn Capital Corporation, a company spokesman indicated it is not currently dealing with the Canadian mining and investment company. Sherritt International is operating on U.S. owned property confiscated in Cuba by the Castro regime without compensation in violation of international law. (WSJ, "Merrill Is in Talks About Acquiring Midland Walwyn," 6/22/98, p.A10; NYT, "Merrill Lynch To Expand In Canada," 6/23/98, p.D4; FP, "Merrill looks into Midland's Cuba ties," 6/24/98).

INTERNATIONAL BRIEFS

WTO MEMBER CUBA ATTACKS U.S. POLICY AND THREATENS U.S. OVER HELMS-BURTON -- In a so-called "Communication from Cuba," to the World Trade Organization (WTO) Working Group on the Relationship between Trade and Investment, dated June 16, 1998, Cuba vigorously attacks the U.S. economic embargo specifically citing the *Helms-Burton Act of 1996* and the May 18th agreement reached at the EU-U.S. Summit in London. The statement claims Cuba has the right to "nationalize, expropriate or transfer the property of foreign assets" under a December 1974 UN General Assembly resolution and that it has "negotiated and signed several Global Compensation Agreements" with all affected countries except the United States. The Cuban communication to the WTO Working Group states that the result of the "intention to internationalize the Helms-Burton Act could be new boomerangs, as it the last forty years happened with the hijacking of airplanes and the promotion of massive illegal emigration. Please remember those experiences." The communication was obtained from the office of the U.S. Trade Representative in Geneva.

COMMUNICATION FROM CUBA TO WTO WORKING GROUP FALSELY CLAIMS ALL PROPERTY CASES SETTLED -- With the exception of the United States, the Cuban communication of June 16th to the WTO Working Group falsely states its government has negotiated all outstanding expropriated property claims with affected countries including: France, Switzerland, England, Canada, and Spain. In most cases, the compensation was cents on the dollar. In the case of Spain, for example, settlement took nearly 30 years and amounted to \$41.6 million compared to \$350 million in claims. Cuba agreed to repay Spain over a 20 year period in cash and goods after the Spanish government agreed to compensate its citizens directly. Although a 1980 treaty between Canada and Cuba apparently had settled confiscated property claims for C\$850,000, Prime Minister Jean Chretien negotiated a separate compensation agreement during his recent April 27-28th visit to Havana (see USCPR Vol.5, No.4, p.7). Canadian insurance company Confederation Life received C\$12 million as a result of the new agreement while four other insurance companies are waiting in the wings for similar arrangements. Additionally, the German government is presently insisting on full settlement in the amount of \$1.5 million on behalf of one German citizen before signing a German-Cuban economic cooperation treaty which already has been held up for two years. Originally, there were six Germans whose claims the Cuban government refused to recognize.

CUBA QUESTIONS VALIDITY OF U.S. CERTIFIED CLAIMS -- In the context of the May 18th EU-U.S. agreement, the Cuban communication refers to "alleged US claims whose validity has not been thoroughly checked by anyone, and absolutely no one can do so without Cuba's presence." The U.S. Foreign Claims Settlement Commission determined validity and certified 5,911 of 8,816 property confiscation cases in 1972. The EU examined ten of these claims and called into question the validity of two of the cases. This action remains a serious point of contention over the EU-U.S. agreement.

CUBA SAYS IT IS WILLING TO NEGOTIATE U.S. CLAIMS -- In its communication to the WTO, Cuba states it has repeatedly suggested "that the US Government sit down with it to discuss the compensation issue along with other matters." Although the Castro government says it is willing to negotiate U.S. confiscated property cases, it claims \$40 billion in damages as a result of the economic and financial embargo against the island and refuses to accept the U.S. certified claims process resulting in \$1.8 billion and valued today at approximately \$12 billion. At a time in the not too distant future, the U.S. government will espouse the certified claims and negotiate a compensation/restitution settlement agreement with a post-Castro government.

SHORT TAKES

CUBA AND THE SUGAR TARIFF RATE QUOTA (TRQ) -- In a speech before the U.S. Cane Sugar Refiners and Sweeteners User Association on Thursday, July 23rd, Nicholas Kominus, president of the association said at the meeting in Washington, D.C. that "it is fair to assume that at some point in the future, Cuba will once again be permitted to ship sugar to the United States." Making a further assumption he said, "that once the embargo is lifted, the United States will want to grant access to Cuban sugar." **GRANTING CUBAN SUGAR ACCESS TO THE U.S. MARKET** -- According to Kominus, before Castro, Cuba's portion of the U.S. import quota "was over 3 million tons" compared to this year's entire U.S. sugar import quota of 1.7 million tons. The total U.S. foreign import quota in 1959 amounted to 4,474,302 tons of sugar of which Cuba's equaled 3,215,457 tons. In pre-Castro days, "Cuba provided one-third of the sugar needs of the United States, and over half the raw sugar refined." He says, under present circumstances, it is difficult to come up with "a good mathematical" formula that "would be useful in determining a quota for Cuba." For its last allocation under the Sugar Act of 1971, Cuba was granted 23.74 percent of the total foreign quota. "Applied to today's TRQ, that allocation would result in a quota of around 450,000 tons," says Kominus.

FUTURE U.S. TRADE AGREEMENTS MAY AFFECT CUBAN ACCESS -- The U.S. Cane Sugar Refiners' Association president made it clear at the outset of his presentation that the issue of allocating Cuban sugar to the U.S. market after the embargo is lifted may depend on "upcoming WTO agricultural negotiations, and the much discussed Free Trade Area of the Americas" (FTAA) agreement. At present, the U.S. has a GATT obligation of permitting a minimum foreign quota of 1.25 million tons of sugar. The U.S. has a choice of administering its quota based on a "global" allocation or based on "historical shares of U.S. imports." Under a free trade agreement, GATT permits the U.S. to give a country "more than its historical share."

UNDER NAFTA MEXICO SURPASSES CUBAN SUGAR PRODUCTION -- Cuba produced 5.5 million tons of raw sugar for crop year 1959-60, the first full harvest of the Castro regime while Mexico produced 1.375 million tons of raw sugar for the same period. Kominus says, that at present, Mexico's production is 5.4 million tons, an increase of 1.6 million tons of sugar over a 5 year period since NAFTA. This compares to Cuba's reported 3 million tons for its last crop. Under NAFTA, Mexico has an import quota of 25,000 tons of sugar which will expand to 250,000 tons in crop year 2000-01 to "an unlimited quantity of sugar to the United States" by 2007-08.

U.S. CANE SUGAR REFINERS' ASSOCIATION PRESIDENT PREDICTS LOW CUBAN SUGAR PRODUCTION FOR COMING CROP YEAR -- Kominus believes Cuba will be lucky to have a total production of 3 million tons of sugar for the 1998-99 crop year. Cuba's last sugar harvest for crop year 1997-98 was officially listed at 3 million tons, less than the 3.3 million tons yield during the disastrous 1994-95 crop year; although reliable sources place production figures at 1.9 million tons of raw sugar. Referring to the post-embargo period, Kominus says that "Whether or not Cuba's production recovers, it will still have an exportable surplus of several million tons because its domestic sugar consumption is small."

PAPER ON THE RETURN OF CUBA TO THE U.S. SUGAR MARKET AVAILABLE -- Nicholas Kominus' 5-page paper entitled "Challenges to the TRQ: Thoughts on the Return of Cuba and the Arrival of Mexico to the U.S. Sugar Market," is available by calling Trade - Docs (a document service of Trade Reports International Group) at 301/946-0817 and referring to document #7867. Documents can be faxed at a nominal cost of 25 cents per page. Long distance charges may apply.

NOTABLE QUOTES

"From a policy standpoint, in the post-Soviet subsidy era for Cuba, the principal motivation for LIBERTAD was a strong U.S. concern over Castro's newfound financial reliance on the current foreign joint ventures with Cuban state companies, many of which are knowingly operated on stolen U.S. properties. These empresas mixtas are not subject to any labor minimum wage, environmental, anti-discrimination, antitrust or capital repatriation laws. LIBERTAD, therefore, constitutes historic, sweeping, bipartisan and controversial legislation, which although strongly opposed by the Castro regime and several of our European and Latin-American friends and allies, has nonetheless elevated the issue of the democratization and restoration of property rights in Cuba to a heretofore unprecedented international level." Nicolas J. Gutierrez, Jr. is a member of the Miami law firm of Rafferty, Gutierrez & Sanchez-Aballi, PA. (Cuban-American Bar Association Briefs, "LIBERTAD: Drying up Castro's Foreign Financing," Issue No.2 1998, p.5).

"While the foreign-investment law does not completely exclude private enterprise, Castro and his ministers repeatedly denounce capitalism and say they do not want to establish a market economy. Castro is looking for partners in order to support -- not replace -- communism. as a general policy, foreign investors are welcome only if they enter into joint ventures with the government." Carlos Alberto Montaner heads the Cuban Liberal Union, a Spanish-based Cuban exile organization, and is a syndicated columnist in Madrid, Spain. (WSJ, "Castro Seeks Capital. Hold On to Your Wallet." 7/24/98, p.A15).

"To escape the choice between words and war, governments for centuries have used economic pressure. Even when sanctions are mostly symbolic, they are still important, for they show that we take seriously what the regime in question is doing. More commonly, economic sanctions do have an economic effect on the targeted regime. And the proof is the fierce struggle by so many target governments to have the sanctions removed. They pay fortunes to lobbyists in Washington, and they denounce and revile the sanctions and the members of Congress who promote them -- all the while insisting that the sanctions do not effect them in the least or that sanctions only starve children and do not hurt the regime. But with rare exceptions, American economic sanctions have a moral and an economic impact -- and the target regimes deeply resent and are hurt by both." Elliott Abrams, who served as Assistant Secretary of State for Inter-American Affairs from 1985-88, is president of the Ethics & Public Policy Center in Washington. (Weekly Standard, "Words or War: Why Sanctions Are Necessary," 7/27/98, p.17).

The Institute for U.S. Cuba Relations was established in 1993 as a non-partisan, tax-exempt, public policy research and education foundation whose purpose is to study U.S. Cuba relations past, present and future. In addition to its newsletter, the U.S. * CUBA Policy Report, the Institute publishes books under its imprint U.S. * CUBA INSTITUTE PRESS. The Institute is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954, and is recognized as a publicly supported organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of the Institute for U.S. Cuba Relations through tax-deductible gifts. The Institute neither seeks nor receives federal taxpayer funding. The Institute's mailing address is: 1730 M Street, N.W., Suite 400, Washington, D.C. 20036, USA. Telephone #: 202/675-6344.

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August 31, 1998

SECRETARY OF STATE ALBRIGHT RESPONDS TO CONGRESSIONAL COMMITTEE CHAIRMEN HELMS AND GILMAN OVER EU-U.S. AGREEMENT

WASHINGTON -- In response to the June 17th letter from Senate Foreign Relations Committee Chairman, Jesse Helms, and House International Relations Committee Chairman, Benjamin Gilman (see USCPR, Vol. 5, No. 6), Secretary of State Madeleine Albright attempted to offer assurances that the EU-U.S. global agreement (Understanding) indeed provided protection for American property rights in Cuba although not "to past investments made by European companies." Albright's August 3rd letter states, by way of the May 18th effective date of the agreement, the EU now joins the Congress and the Clinton administration "to take concrete measures to discourage" foreign investments in property confiscated by the Castro regime in violation of international law. Suggesting the EU agreement falls within the framework of the LIBERTAD Act of 1996 (Helms-Burton), Albright's letter asserts, "that for the first time in Castro's long rein, the EU has officially recognized the illegality of his expropriation of U.S. property." Along with the U.S. negotiators of the EU-U.S. agreement, Albright relies upon the May 18th side letter written to her by European Commission Vice President Leon Brittan to ensure the EU's acceptance of U.S. certified claims. In this side letter, Brittan explains, "we were able to identify a number of cases where, having regard to the *discriminatory provisions* of Cuban Law 851, it *appears* that the expropriations were contrary to international law." (Emphasis added). Rather than full and unequivocal acceptance of the illegality of Cuban Law 851, under which U.S. properties were expropriated, Brittan qualifies his statement by making reference to the Cuban law's "discriminatory provisions." In fact, the U.S. Foreign Claims Settlement Commission (FCSC) adjudicated 8,816 corporate and individual claims under the Cuban Claims Program in 1972 finding 5,911 claims to be valid and certifying them to the office of the Secretary of State. Notwithstanding, the EU "sent a team to Washington to review the work of the FCSC" and examined the top ten certified claims rejecting two of the claims. Albright believes the EU "will back this policy against investment in illegally expropriated property in Cuba through the denial of government commercial assistance and support." Subjecting certified claims to EU scrutiny, Albright acknowledges the EU must satisfy itself that the property has not been illegally expropriated before such assistance will be denied; she further asserts the agreement "in no way detracts" from the claimants "existing rights."

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INTERNATIONAL CLAIMS REGISTRY -- "Open to all U.S. citizens who allege that their properties have been expropriated in contravention of international law," Albright's letter points out the EU-U.S. agreement creates an International Claims Registry whereby certified claimants are required to participate in the process by annually updating and renewing their claims listed on the Registry. According to Annex A1 of the May 18th agreement, submission of required information includes: claimant's nationality past and present, property identification and location, proof of ownership, expropriation date, property value, and "any efforts by the claimant to exhaust local remedies or otherwise to resolve the claim and whether the allegedly expropriating state has agreed to compulsory and binding dispute settlement, such as pursuant to a contractual arbitration clause, ad hoc agreement or bilateral investment agreement." This section would appear to encourage claimants to negotiate independent settlement agreements directly with the Cuban government. Part II(b)6 of the EU-U.S. agreement states: "neither participant will prevent the making of settlements with respect to property as to which there is a claim of expropriation." Annex A2 states that "a property would be removed from the Registry if the claimant failed to provide annually updated information." Albright includes "naturalized Cuban-American claimants" under the International Claims Registry.

LEGISLATION FOR TITLE IV WAIVER -- Aside from a global agreement for the protection of property rights, the EU-U.S. agreement will not be implemented until the U.S. Congress agrees to legislation amending the Helms-Burton Act by granting the president Title IV waiver authority. Title IV excludes from the United States "aliens who have confiscated property of United States nationals or who traffic in such property." The EU-U.S. agreement calls for the Clinton administration to "propose legislation providing authority to implement this provision. Such legislation would also address any other matters in this Understanding as to which the U.S. Administration determines that additional authority is appropriate."

ALBRIGHT'S COMMITMENT -- Albright extends a personal commitment in the event the EU does not abide by the agreement promising "if the EU does not meet its commitments, the Libertad Act will remain a powerful tool for advancing our policy goals. You have my commitment that if the Understanding is not honored, I will not hesitate to revoke a Title IV waiver." Albright urges a meeting with Under Secretary of State Stuart Eizenstat to discuss the EU-U.S. agreement further and to provide "our preliminary thoughts on how a Title IV waiver provision might be structured." The 105th Congress is set to adjourn October 9th. Secretary Albright's letter is reprinted below.

U.S.* CUBA POLICY REPORT (ISSN 1093-099X)

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THE SECRETARY OF STATE WASHINGTON

August 3, 1998

Dear Mr. Chairman:

I am writing in response to your June 17 letter regarding the May 18 "Understanding with Respect to Disciplines for the Strengthening of Investment Protection" concluded between the European Union and the United States. I want to work with you to seize the opportunity that the Understanding offers to enhance the protection of property rights globally and to advance the objectives of the Libertad Act with respect to Cuba.

The Understanding is an important step forward in our ongoing efforts to encourage greater respect for property rights of U.S. citizens abroad. For the first time, it establishes a multilateral policy of opposition to investment in properties expropriated in contravention of international law anywhere in the world. This policy is given effect through a commitment to concerted action to inhibit and deter such investment. The disciplines it establishes will be a powerful incentive for all countries to respect the requirements of international law governing expropriation.

This Understanding will have a global impact, but it will have particular significance in relation to property confiscated from U.S. citizens by the Castro government. In addition, the Understanding will be a significant contribution to our broader Cuba policy by signaling that a country, like Cuba, which has a record of repeated expropriations in contravention of international law does not deserve a normal economic relationship.

My immediate predecessors, Democratic and Republican, sought to convince other governments to discourage investment in properties illegally expropriated from U.S. citizens by the Castro regime. With the passage of the Libertad Act, the Congress and the Administration joined together to take concrete measures to discourage such investments. Through the US-EU Understanding, the European Union has joined us in telling investors to keep "hands off" property that is illegally expropriated. The EU has acknowledged that this policy should apply to properties illegally expropriated by the Cuban government. This means that for the first time in Castro's long reign, the EU has officially recognized the illegality of his expropriation of U.S. property. Their acknowledgement is part and parcel of the Understanding. This is an extraordinary vindication of the principles underlying the Libertad Act.

U.S. and European collaboration in establishing a multilateral regime in support of a unified policy of opposition to investment in illegally expropriated property is an important complement to the Libertad Act. By establishing international support for the basic premise of the Libertad Act -- that it is wrong to invest in illegally expropriated property -- it will do more to advance the objectives of the Libertad Act than the U.S. can do acting alone. Castro sees this, rightly, as an internationalization of the core principles of the Libertad Act. Because of this, and because he recognizes the impact the Understanding can have on investment in Cuba, he continues to campaign relentlessly against the Understanding.

The Europeans have pledged to promote our shared policy through public statements and demarches to expropriating states. They will back this policy against investment in illegally expropriated property in Cuba through the denial of government commercial assistance and support. This means:

- no loans;
- no grants;
- no subsidies;

- no fiscal advantages;
- no guarantees;
- no political risk insurance;
- no equity participation;
- no commercial advocacy; and
- no diplomatic support.

Any investor who defies this policy by investing in illegally expropriated property will stand alone and unprotected when difficulties inevitably arise in countries like Cuba.

You raise a number of important questions in your letter to which I would like to respond.

Our policy of opposition to investment in illegally expropriated property is clear: we oppose such investment, including investments made in the past. The Understanding fully covers investments made after May 18, 1998. It was evident from the beginning of our negotiations, however, that the EU would not agree to stringent disciplines if they extended to past investments made by European companies.

However, differential treatment of past investments does not mean that they are free of restraint. We have severely limited the scope of action for these past investors. For example, acquisition of additional expropriated property (e.g., for expansion), the acquisition of new rights (e.g., through renewal of leases or management contracts), and transactions involving a property reacquired by the expropriating state will all be subject to the same restrictions as new investments. In addition, an acquisition of an existing EU investment by a non-EU investor would subject the non-EU investor to the application of Title IV of the Libertad Act.

Like you, we have considered the risk of circumvention of the disciplines, for example, through investment via a non-European subsidiary. Our intention, accordingly, is that any Title IV waiver authority granted by the Congress would not apply to such companies, because they would not be subject to the disciplines. There will be no safe haven.

In states like Cuba which have a record of repeated expropriations in contravention of international law, the Understanding establishes a special filter to ensure that no commercial assistance or support is provided for investment in property that may have been illegally expropriated. Once we inform the EU that such a record exists, as we already have in the case of Cuba, they will apply this special filter and must consult closely with us. When they receive a request for support or assistance for any project in Cuba, we will have an opportunity to provide additional information relevant to the issue of whether the property in question was illegally expropriated. The EU must take full account of this information before deciding whether to provide assistance or support. Unless they satisfy themselves that the property has not been illegally expropriated, the assistance or support should not be provided. Since the Europeans have acknowledged that the primary legislative vehicle Castro used to expropriate the property of U.S. citizens appears to be illegal, we are confident that European governments will deny requests for assistance and support for investment in such properties.

European commitments to maintain close contact and to inform us of the results of their decisions will ensure full transparency. Once the Understanding is in operation, European blocking statutes will no longer operate to constrain European companies from providing information on their Cuba operations, as that information would be provided to implement the Understanding.

If only for lack of time, the EU was not in a position to formally endorse ex anti the conclusions of the Foreign Claim Settlement Commission (FCSC). However, the EU sent a team to Washington to review the work of the FCSC, including review of representative claims. On the basis of this review, the Vice President of the European Commission acknowledged in writing that one of the principal legislative vehicles used to expropriate U.S. citizens' property appeared to violate international law, and that it was reasonable to assume that the restrictions of the Understanding would apply to the claims that they reviewed and to any similar claims. This conclusion is an integral part of the US-EU Understanding.

We view this acknowledgement as a clear signal that the EU is willing to accept the legitimacy of the FCSC certified claims. If requests for assistance or support for investments in Cuba are made, we believe the Europeans will not provide it unless they satisfy themselves that the investment does not involve property expropriated in contravention of international law. Moreover, the Understanding in no way detracts from the existing rights of the certified claimants under international and U.S. law.

The US-EU Understanding will enhance protection for all U.S. citizens whose property has been illegally expropriated, including naturalized Cuban-American claimants. The Understanding establishes an International Claims Registry and commits the Europeans to consult it before providing commercial assistance or other support to any investment. The Registry will be open to all U.S. citizens who allege that their properties have been expropriated in contravention of international law. Since commercial assistance agencies have more requests for support than their resources can meet, we expect that requests with respect to properties with a demonstrated troubled past are likely to be passed over in favor of other investments. In addition, the special filter and heightened scrutiny for any investment in Cuba will make assistance agencies even more cautious with respect to registered properties there.

Viewed in its entirety, the Understanding will have a profound impact on the decisions of potential investors. Boards of directors and CEOs will exercise extreme caution in assessing any investment that would be made in defiance of their government's policy. If the investment were made, they would know they would

not get help from their government when disputes subsequently arise. Similar considerations are likely to discourage private sources of financing for such investments.

Regarding Title III of the Libertad Act, the Understanding calls on the Administration to take soundings of Congressional opinion and to consult Congress on the possibility of a new Title III waiver provision without a specific time limitation. We have done so. You and others have clearly expressed strong resistance to the idea of modifying Title III to provide greater flexibility, and we have conveyed your views to the European Union.

We expect the full cooperation of the Europeans in carrying out the Understanding. EU Foreign Ministers, meeting in the General Affairs Council, have committed their countries to implement the Understanding. The seriousness of the EU in implementing the disciplines was clearly illustrated to your staff by senior officials of the Government of Italy during their recent visit to Rome. However, if the EU does not meet its commitments, the Libertad Act will remain a powerful tool for advancing our policy goals. You have my commitment that if the Understanding is not honored, I will not hesitate to revoke a Title IV waiver.

It should also be remembered that these new disciplines will ban investments in property that is illegally expropriated in the future anywhere in the world. This is precisely the kind of protection for U.S. property rights that you have sought for so long. It would be a unique protection of U.S. property rights worldwide.

I hope that these explanations resolve the issues raised in your letter. I understand you have agreed to meet with Under Secretary Eizenstat to discuss the Understanding further. I strongly encourage you to do so. It will not only provide an opportunity to address any remaining questions you may have, but also for us to provide you with our preliminary thoughts on how a Title IV waiver provision might be structured.

It is important that we not miss this unique, historic opportunity to advance the goals of the Libertad Act and to establish broad new protections for the property rights of U.S. citizens in Cuba and throughout the world.

Sincerely,
Madeleine K. Albright

DEBATE OVER TV MARTI CONTINUES

Ever since their creation within the U.S. Information Agency (USIA), Radio and TV Marti, under the Radio and TV Broadcasting to Cuba Acts of 1983 and 1990 respectively, have withstood efforts to reduce or eliminate their funding. On August 4th, TV Marti survived a perennial attempt to kill its funding for fiscal year 1999 led by Reps. David Skaggs (D-CO) and Jim Moran (D-VA) as the House considered the State Department appropriations bill. By a vote of 251 to 172 with 56 Democrats against, supporters led by Cuban-American Members of Congress, Reps. Lincoln Diaz-Balart (R-FL), Robert Menendez (D-NJ), and Ileana Ros-Lehtinen (R-FL), fought back an attempt to eliminate the \$9.4 million funding. The retiring Skaggs has a history of opposition to the Marti program; he was principal author of the conference agreement that established the advisory panel culminating in the March 1994 report which concluded "that despite the obstacles, interference and shortcomings which have hampered both Radio and TV Marti, the U.S. interest is served by their continuing to air." Although the report recommended a broadcast shift from VHF to UHF (channels 14-69), to date only three UHF channels (18, 50, 64) and reduced air time to one hour from 5AM to 6AM have been approved. The technician's report of July 7th makes five specific recommendations. These are reprinted below along with two "Dear Colleague" letters which help to set the tone for this ongoing debate.

DEAR COLLEAGUE LETTERS

April 22, 1998

Dear Colleague:

TV Marti is supposed to be an antidote to Castro's propaganda. But it's a failure because the broadcasts have been jammed since they began in 1990.

After a 1994 report verified the lack of any significant audience, TV Marti's supporters insisted on converting broadcasts from VHF to UHF, and spent \$1.7 million doing so, despite the advice of experts that UHF signals are easier to jam than VHF.

Now the results of UHF audience surveys are in. And what a surprise! In an April 15 report required by the Appropriations Committee, the Broadcasting Board of Governors concluded that "...the evidence to date suggests that the Cuban government is able to block UHF transmissions just as effectively as it had VHF transmissions."

Since the conversion to UHF has failed, supporters are now proposing to broadcast TV Marti from several different locations, with no greater chance of success.

Unlike radio signals, which can be sent on many different frequencies if jamming occurs, television signals are direct, line-of-sight signals. That's why TV Marti will never be received in Cuba until the jamming stops. (And that's why there is a significant Cuban audience for Radio Marti, despite the fact that Cuba jams it, too.)

How much more of the taxpayers' money will we waste on yet another pretext to keep funding TV Marti? The next set of contrived arguments will be just as fraudulent as the ones that led us to waste more than \$30 million on continuing TV Marti through the UHF conversion. Congress has now spent \$110 million on this failed experiment. Enough is enough. This flagrant violation of common sense is much more an insult to the taxpayer than an effective challenge to Castro.

I hope you will join me in the effort to eliminate TV Marti this year. If you are interested in seeing the Broadcasting Board of Governors' report, please contact Sue Hardesty in my office at x52161.

Sincerely yours,
David E. Skaggs

June 23, 1998

Dear Colleague:

You recently received a Dear Colleague from Rep. Skaggs alleging that TV Marti (TVM) is a waste because it is not seen in Cuba. This is patently false -- even according to documents cited by Rep. Skaggs himself!

TV Marti is seen in Cuba. Recent studies show that TVM is seen in Havana by significant numbers of people. Furthermore, anyone with a satellite antenna can see TVM, including thousands of members of the Cuban military -- a very critical audience we are seeking to influence.

Rep. Skaggs himself cited an interim Broadcast Board of Governors (BBG) report. The BBG report confirms a 1.5% audience share despite Castro's jamming. That is equivalent to more than 40,000 Cubans in the target area, and is comparable to ratings enjoyed by commercial broadcasts here in the United States. Comparable audience shares by USIA broadcasts into Eastern Europe have always been considered a huge success!

Even after confirming significant viewership, the BBG report strongly cautions that "accurate social science research (polls) cannot be conducted in closed societies such as Cuba" and that "normal public surveys are not possible in Cuba." Obviously, the Cuban government does not allow, let alone encourage, Cubans to discuss their viewership of TV Marti.

Despite what Rep. Skaggs would have you believe, it is impossible to completely jam the TVM signal. Castro expends considerable resources to operate 20 jammers in the Havana area. Castro would have to put an estimated 350 jammers, 1750 antennas and 630 barrels of oil per hour to deny TVM to most of Cuba.

Rep. Skaggs' effort to cut funding for broadcasts to Cuba comes at a time when much of the international press is prevented from covering stories inside Cuba, U.S. news organizations are prohibited by Castro from opening bureaus in Cuba, independent press and opposition groups inside Cuba are being increasingly oppressed, and, as "The Economist" reported just a few weeks ago, Cuba is fast approaching a critically unstable period. Just 2 days ago Castro expelled all foreign media from his sham "Parliament".

The Castro dictatorship is in its final years. Now is not the time to end important USIA broadcasts to Communist Cuba. It is time to make TV Marti work as effectively as possible, not to hand Castro the ultimate victory for his propaganda machine.

Please support TV Marti and defeat the Skaggs Amendment.

Sincerely, Lincoln Diaz-Balart, Robert Menendez, Ileana Ros-Lehtinen

International Broadcasting Bureau
United States Information Agency

INFORMATION MEMO

UHF Monitoring Report for TV Marti
July 7, 1998

Recommendations

1. Send UHF antenna kits to all DOS/USIS officers for use at their residences. Request post provide weekly reception reports.
2. Consider changing the TV Marti broadcast hours and request feedback from the audience on reception. Utilize the IBB/TV-Radio Marti web page for feedback.
3. Collect data in the area outside the Interest Section to determine the effectiveness of the jamming signal(s). It is possible it is localized.
4. Initiate the development of a remotely switchable transmitter to provide the capability to select different UHF channels without inhauling the aerostat (estimate \$350,000).
5. Consider moving the transmit beam to other parts of Havana Province so a schedule basis, i.e. morning program in the East, afternoon in the West and prime time in Havana.

INTERNATIONAL BRIEFS

CASTRO TOURS CARIBBEAN CONSOLIDATING HIS INFLUENCE -- On a six day tour of the English speaking Caribbean, Fidel Castro visited Jamaica, Barbados, and Grenada where 19 American soldiers were killed in 1983 liberating Grenada from the grip of Castro's communism; a time when "the Castro empire began to crumble" according to Jay Mallin journalist and author of *Covering Castro: Rise and Decline of Cuba's Communist Dictator*. Castro landed at Port Salines Airport which once provided a vital air link to Africa and a military foothold in the eastern Caribbean for the Soviet Union at the height of the Cold War. It was Port Salines Airport where U.S. troops engaged a "militarized Cuban construction brigade" in October 1983. Castro also attended a trade summit of regional leaders from August 20-22 in the Dominican Republic. Cuba's newfound support among Caribbean leaders involves trade consideration for the granting of observer status under the Lome IV Convention of 71 former European colonies in Africa, the Caribbean and the Pacific and CARICOM the 15-member Caribbean trading bloc. Castro continued to attack U.S. economic policies in the region as U.S. aid to the islands has declined substantially in recent years. (MH, "Castro will stress Caribbean ties on trip," 7/27/98; NYT, "Guns Bellow Again on Grenada, Giving Warm Welcome to Castro," 8/3/98, p.A1).

SOUTH AFRICAN TRUTH AND RECONCILIATION COMMISSION (TRC) REVEALS CUBA'S USE OF CHEMICAL WEAPONS -- Dr. Wouter Basson of the South African Defense Force's (SADF) Seventh Medical Battalion testified before the TRC that the SADF developed its chemical and biological weapons program in response to their use by Cuban troops in Angola against the SADF in the 1980s. (ENH, "Cuba Used Chemical Weapons against South Africa," 7/28/98).

TELECOM ITALIA EXPANDS INTO BRAZIL -- Telecom Italia, formerly known as STET, has expanded into Brazil's telecommunications industry. Taking part in the \$19 billion privatization (51.79%) of Brazil's Telebras system, Telecom Italia participated in the investment of three of the twelve new companies created spending a total of nearly \$3 billion for Telecentro-Sul Par. SA (\$1.8 billion), Telesul Celular Par. SA (\$.6 billion), and Telenordeste Celular Par. SA (\$.574 billion). The former state-owned Italian phone company raised over \$10 billion in the sale of 1.73 billion American Depository Receipts (ADRs) in October 1997 after the State Department brokered the ITT-STET deal in July 1997 permitting STET to escape Helms-Burton Title IV sanctions and enabling it to fund its expansion and improvement of Cuba's domestic telecommunications network. See US CPR, Vol.5, No.2, p.8. (WP, "Brazil Sells Phone Giant," 7/30/98, p.A1; NYT, "Telebras US\$19 billion the largest privatization in Latin American history," 8/4/98, p.D3).

CASTRO TRAVELS TO NON-ALIGNED SUMMIT IN SOUTH AFRICA VIA BRAZIL -- Cuban dictator Fidel Castro will make a stopover in Salvador, Brazil en route to a summit of the 113-member Non-Aligned Movement to be held in Durban, South Africa where he is expected to meet with Presidents Nelson Mandela, Jose Eduardo dos Santos of Angola, Sam Nujoma of Namibia, Robert Mugabe of Zimbabwe, Laurent Kabila of the Democratic Republic of Congo, and UN Secretary General Kofi Annan. Kabila received desperately needed military support from the Angolan, Namibian, and Zimbabwean armies driving back Congolese rebel forces believed backed by Rwandan and Ugandan forces in the eastern Congo. Photographed in the internationally popular cross-table handshake with Castro, Kabila made a surprise visit to Havana on July 23rd and is believed to have requested Castro's intercession in obtaining regional military support. (BBC News, "Kabila in surprise visit to Cuba," 7/24/98; AP, "Nonaligned Summit Opens in S. Africa," 8/29/98;

SHORT TAKES

OFAC REVIEWS U.S. CUBA BUSINESS SUMMIT -- The second U.S. Cuba Business Summit to be held this year by the Washington-based Alamar Associates has come under intense scrutiny by Treasury's Office of Foreign Assets Control (OFAC). The conference scheduled for September 9-12 is slated to begin in Cancun, Mexico at the Hotel Melia with speakers from the Cuban ministries. A charter flight to Havana and an evening at the Melia Cohiba Hotel is followed by meetings with Cuban foreign investment officials. Sponsors include USA ENGAGE, the National Foreign Trade Council, Havana Club International, Grupo BM, Habanos, and the Medical Device Manufacturers Association. Questions as to whether the conference is "fully hosted" have been raised. Given the new travel guidelines and corrections to the regulations published in the Federal Register (Vol.63, No.126 p.35808) on July 1st, the businessmen expected to attend will likely come under additional scrutiny due to a rebuttable presumption that they have engaged in prohibited travel to Cuba. At press time, Alamar's Kirby Jones could not be reached for comment.

DALLAS MORNING NEWS TO HOLD CUBA CONFERENCE -- *The Dallas Morning News*, in addition to planning a series of articles in September on bilateral relations with Cuba, is also planning a two-day conference to be held in Dallas scheduled for September 28-29. The Texas based newspaper's meeting, called "Cuba in Evolution," will feature prominent speakers from the United States and Cuba who will "discuss their unique outlooks for bilateral relations." Among those invited to participate are: Michael Kozak, Chief of Mission at the U.S. Interests Section in Havana; Fernando Ramirez, head of the Cuban Interests Section in Washington; Carlos Fernandez de Cosio, head of the North American Department of the Cuban Foreign Ministry in Havana; Wayne Smith, with the Cuba Exchange Program at Johns Hopkins University School of Advanced International Studies; Alfredo Duran, President of the Cuban American Committee for Democracy in Miami; Eloy Gutierrez Menoyo, head of Cambio Cubano in Miami; Daniel W. Fisk, formerly with the Senate Committee on Foreign Relations and a member of the board of directors of the Institute for U.S. Cuba Relations; and, Cresencio Arcos, regional vice president of AT&T in Miami. For more information call Elizabeth Lenart at 214/977-7185.

OPPOSITION IN U.S. TO FOREIGN INVESTMENT IN CUBA GROWING -- Dr. Emilio-Adolfo Rivero, a former political prisoner of the Castro regime, is leading an effort by a group of Cuban exiles to have Congress pass a joint resolution to oppose investment in Cuba's economy "until such time as the Cuban people are free, democratic and supervised elections" are held. In the meantime, Rivero calls for best business practices to be applied by foreign investors, particularly in the tourism industry, to benefit employees directly. According to a February 1995 report of the InterAmerican Institute for Free Labor Development, "The growing number of partnerships between foreign investors and Cuban government agencies has not improved the lot of workers or provided them with greater autonomy." Foreign companies can only contract with government agencies in dollars; in turn, workers are paid in nearly worthless Cuban pesos, thereby, substantially subsidizing the repressive Castro regime. Rivero is president of the Washington based Partido Republicano Popular, Ltd.

CENTER FOR A FREE CUBA LEADS CAMPAIGN FOR PRISONER RELEASE -- Frank Calzon, executive director of the Washington based Center for a Free Cuba, is leading a letter writing campaign for the release of Dr. Desi Mendoza, a Cuban physician, who is serving an eight year sentence for issuing a warning of the dengue fever outbreak. Mendoza, imprisoned for over a year, attracted international coverage with his warning that tourists beware. *USA Today* reported on Dr. Mendoza in an article on July 16th.

NOTABLE QUOTES

"Human rights continue systematically to be violated, and fear and repression permeate the island. Castro maintains total control. There is little legal protection, and laws, even the Constitution, can be modified overnight. Surely, no significant easing of U.S. sanctions is warranted in the face of Castro's hard line. How would the United States engage a tyrant who clearly has shown that he does not wish to be engaged? Not until the Castro regime demonstrates a respect for the rule of law and the will to permit democratic change should the United States consider a major policy change." Chris Weld is the former program director at the Washington, D.C. based Center for a Free Cuba. (MH, "Apologists for Castro conveniently ignore his ruthlessness," 7/29/98, p.15A).

"But in Washington and Miami people have many practical policy excuses for maintaining, and in 1992 and 1996 even tightening an embargo that has become contrary to U.S. interests." William Ratliff is a senior research fellow at the Hoover Institution at Stanford University and is editor of *Inside the Cuban Interior Ministry*. (TWT, "Which is the greater threat to security?" 7/31/98, p.A19).

"The U.S. commercial embargo does not prevent Cuba from buying whatever it can afford from other countries, the key word being *afford* given Cuba's mismanaged economy. Ending the embargo without countervailing concessions in human rights and political freedom would be perceived as a victory for Castro. If foreign companies trade with Cuba, that is *their* business. *Our* business as a free nation is to decide whom we do and don't welcome into our country and to protect the interests of U.S. citizens whose properties in Cuba were confiscated without compensation. In truth, foreign companies are setting up in Cuba in anticipation of the inflow of American tourists when the Cuban situation is resolved." Antonio Navarro is a former Director of the Office of Cuba Broadcasting (Radio and TV Marti) at the U.S. Information Agency (USIA). (MH, "Comparison of Mas with Castro is 'ludicrous'," 8/1/98, p.26A).

"The debate on U.S. policy toward Cuba misses the point. Rather than argue over whether the economic embargo should be lifted, emphasis should be placed on empowerment of pro-democracy activists and potential change agents and promoting civil society on these grounds: Fidel Castro and his revolution have failed, the regime is precarious, and political change in Cuba while Castro lives is unlikely, if not impossible." Rafael Sanchez-Aballi is the executive director of the Institute for Democracy in Cuba and a member of the Miami law firm of Rafferty, Gutierrez & Sanchez-Aballi. (MH, "Support Cuban activists," 8/12/98, p 9A).

The Institute for U.S. Cuba Relations was established in 1993 as a non-partisan, tax-exempt, public policy research and education foundation whose purpose is to study U.S. Cuba relations past, present and future. In addition to its newsletter, the U.S. * CUBA Policy Report, the Institute publishes books under its imprint U.S. * CUBA INSTITUTE PRESS. The Institute is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954, and is recognized as a publicly supported organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of the Institute for U.S. Cuba Relations through tax-deductible gifts. The Institute neither seeks nor receives federal taxpayer funding. The Institute's mailing address is: 1730 M Street, N.W., Suite 400, Washington, D.C. 20036, USA. Telephone #: 202/675-6344.

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Ralph J. Galliano, Editor

THE CUBAN SOLIDARITY (SOLIDARIDAD) ACT OF 1998: SUPPORT FOR VICTIMS OF POLITICAL REPRESSION AS PROVIDED UNDER SECTION 109 OF HELMS-BURTON

WASHINGTON -- In the last remaining days of the 105th Congress before adjourning *sine die*, Senate Foreign Relations Committee Chairman Jesse Helms (R-NC) is expected to push for passage of the *Cuban Solidarity (SOLIDARIDAD) Act of 1998*, legislation (S.2080) that he and 20 Senators introduced in May (see USCPR Vol.5, No.5). The bipartisan group of Senate leaders includes: Majority Leader Trent Lott (MS), Connie Mack (R-FL), Western Hemisphere Subcommittee Chairman Paul Coverdell (R-GA), Bob Graham (D-FL), Robert Torricelli (D-NJ), Joseph Lieberman (D-CT), Fritz Hollings (D-SC), Minority Whip Wendell Ford (KY), and Democratic Policy Committee Chairman Harry Reed (NV). Both Senators Helms and Graham have likened "The Cuban Solidarity Act" to U.S. support for "the Solidarity opposition movement in Communist Poland during the 1980s." Graham reminds us that "U.S. support for the democracy movements of Eastern Europe helped millions of people there win the freedom to express their ideas, live without fear, and create better lives for their children." Warns Graham, "We should not turn our backs on the Cuban people now, when they need our help more than ever." Noting that the Act does not "appropriate additional sums," a discussion document provided by the Senate Foreign Relations Committee specifies that Subsection (a)(1) of SOLIDARIDAD "sets aside up to \$25 million of funds otherwise appropriated for development assistance and economic support funds either for activities under Section 109(a) of the LIBERTAD Act or for humanitarian assistance to victims of political repression as defined in this Act." SOLIDARIDAD also permits the delivery of such assistance to the Cuban people.

SECTION 109 OF HELMS-BURTON ACT (LIBERTAD) -- Section 109 of the Helms-Burton Act of 1996 authorizes support for "democracy-building efforts for Cuba, including the following: (1) Published and informational matter, such as books, videos, and cassettes, on transitions to democracy, human rights, and market economies, to be made available to independent democratic groups in Cuba. (2) Humanitarian assistance to victims of political repression, and their families. (3) Support for democratic and human rights groups in Cuba. (4) Support for visits and permanent deployment of independent international human rights monitors in Cuba." LIBERTAD was signed into law by President Clinton on March 12, 1996.

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PRESIDENTIAL AUTHORITY - President Clinton's wistful public statements over the past year that his hands are largely tied on Cuba policy, because he lacks the flexibility offered by the *Cuban Democracy Act of 1992* (CDA), defy comparison of his authorities in both the CDA and the *Helms-Burton Act of 1996* revealing that, for all practical purposes, the exercise of Presidential authorities granted under the CDA have been less constrained by the Helms-Burton Act than by the administration itself. When Bill Clinton began his first term as president in January 1993, U.S.- Cuba policy was effectively framed by the CDA, legislation that Clinton had pointedly endorsed as a presidential candidate. Cuba policy as reflected in the CDA involved "Sanctions" (Track I) and "Support for the Cuban People" (Track II) which authorized the administration to undertake assistance or license private activities aimed at encouraging the development of civil society and promotion of peaceful democratic change in Cuba. These activities consisted primarily of facilitating telecommunications and travel of a religious, academic, journalistic or humanitarian nature, and licensing humanitarian assistance. With Helms-Burton gathering steam in mid-1995, the administration began to more aggressively promote Track II as a viable means to stimulate democratic change in Cuba. Despite candidate Clinton's endorsement of the CDA in 1992, there was no Clinton administration policy decision to utilize the Track II assistance authority until the Fall of 1995. In October 1995, with versions of Helms-Burton having passed both Houses of Congress, President Clinton announced that the U.S. would provide official overt assistance to promote democratic change in Cuba, with the first grant to be awarded to Freedom House. By choosing Freedom House, with its unambiguously anti-engagement Cuba program director Frank Calzon, the administration sought to emphasize the pro-human rights nature of Track II. In December 1995, the administration invited over 200 NGOs and journalists to a promotional event in Washington to outline its more proactive Track II policy in accordance with Section 1705(g) of the CDA "Support for the Cuban People." Section 1705(g) states: "The United States Government may provide assistance, through appropriate nongovernmental organizations, for the support of individuals and organizations to promote nonviolent democratic change in Cuba." In an election year, President Clinton was compelled to sign Helms-Burton into law on March 12, 1996, following the Cuban government's shutdown of two U.S. civilian planes over international waters killing four Americans. As a result of the Helms-Burton law, the president could no longer unilaterally alter U.S. sanctions on Cuba in the unlikely event that Fidel Castro were to commit to and follow through on free elections and respect for human rights. It is this lack of authority that President Clinton has lamented as a constraint to Cuba policy.

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CONGRESSIONAL OVERSIGHT - President Clinton's authority to implement Track II was fully reaffirmed by Helms-Burton. In particular, Section 109 provided a further elaboration of the president's authority to provide democracy building assistance to Cuba. The Freedom House grant announced by Clinton in October 1995 was finally awarded in July 1996, following prompting from interested Members of Congress. A further year passed before any of the other grant proposals submitted in response to the Section 109 authority were acted upon. Consequently, assistance funding set aside for the Cuba program was transferred to activities in other countries. Frustrated applicants eventually sought and received support from the offices of Rep. Bob Menendez (D-NJ) and Senator Jesse Helms (R-NC) to pressure the Clinton administration to award additional Cuba grants. Prior to Helms-Burton, it was the Clinton administration that was promoting Track II policy in the face of skepticism from conservative anti-Castro sectors. To a significant extent, the roles are now reversed. It is the conservative anti-Castro sectors that are now drawing attention to this neglected policy track and the need to provide greater support for the Cuban people in their struggle for change. With the passage of Helms-Burton, the perceived slippery slope of normalization with the Castro regime was effectively blocked, causing Track II to be seen in a new post-Helms-Burton light - by former skeptics and by the administration. In addition, there is an important difference between the Clinton administration's Track II licensing authority and its authority to provide U.S. assistance funds for Section 109 purposes. Exercise of the former authority does not require Congressional concurrence; whereas, every U.S. grant provided under Helms-Burton Section 109 authority does. This Congressional oversight, of the USAID-administered assistance program, provides a measure of comfort for those who would not be ready to support an assistance program unilaterally shaped by the Clinton administration.

SOLIDARIDAD - For the fiscal year beginning October 1998, the Clinton administration has included \$3 million in the foreign assistance budget for its Cuba program - roughly 1% of its bilateral assistance funds for Latin America. However, if some Members of Congress have their way, additional funds could be made available during the upcoming fiscal year. Senator Helms continues to gain co-sponsors for the Cuban Solidarity (SOLIDARIDAD) Act of 1998 that calls for \$25 million annually in humanitarian assistance to be distributed through non-governmental channels along with a more proactive policy of supporting democracy and human rights initiatives in Cuba. At various times, the Clinton administration has signaled its interest in working with Congress on at least humanitarian assistance for Cuba. Whether it will oppose a bill (S.2080) that appears to be consistent with the Clinton administration's Track II rhetoric prior to the passage of Helms-Burton is an open question. What is clear is that the Clinton administration's principal legislative priority regarding Cuba is not "Support for the Cuban People" but rather to obtain waiver authority for Title IV of Helms-Burton resulting from the May 18th EU-U.S. Agreement signed in London (see USCPR, Vol.5, Nos.5,6,7,8). (Peter Orr, formerly the senior advisor for the Latin American and Caribbean Bureau of the U.S. Agency for International Development (USAID), contributed to this article.)

In addition to telephone interviews and publicly available information, USAID assisted the USCPR report by providing the general background information necessary to complete the grant recipient profiles as well as the grant amounts, duration, and dates of grant approval.

USAID CUBA PROGRAM

"USAID grants and cooperative agreements with U.S. non-governmental organizations [NGOs] are authorized under the Cuban Democracy Act of 1992 Section 1705(g) and the Cuban Liberty and Solidarity (LIBERTAD) Act of 1996 Section 109(a)...Since September 1997, USAID has awarded \$2.5 million to" the following 12 non-governmental organizations.

SECTION 109 GRANT RECIPIENTS

1. **PARTNERS OF THE AMERICAS** - \$ 172,139 (18 months); approved September 29, 1997.
2. **INTERNATIONAL REPUBLICAN INSTITUTE** - \$ 335,469; approved November 19, 1997.
3. **AMERICAN CENTER FOR INTERNATIONAL LABOR SOLIDARITY/AFL-CIO** - \$ 168,000; approved December 3, 1997.
4. **U.S.-CUBA BUSINESS COUNCIL** - \$ 267,380; approved February 3, 1998.
5. **SABRE FOUNDATION** - \$ 85,000; approved February 27, 1998.
6. **INSTITUTE FOR DEMOCRACY IN CUBA** - \$ 400,000; approved March 11, 1998.
7. **UNIVERSITY OF FLORIDA** - \$ 110,167; approved April 3, 1998.
8. **CENTER FOR A FREE CUBA** - \$ 400,000; approved April 21, 1998.
9. **CUBA FREE PRESS** - \$ 120,000; approved April 22, 1998.
10. **INTERNATIONAL FOUNDATION FOR ELECTION SYSTEMS** - \$ 136,000 (5 months); approved April 30, 1998.
11. **PAN AMERICAN DEVELOPMENT FOUNDATION** - \$ 236,000; approved September 1, 1998.
12. **RUTGERS UNIVERSITY** - \$ 99,000; approved September 1, 1998.

Note: all grants are for a period of one year unless otherwise indicated.

PROFILES OF GRANT RECIPIENTS

1. **PARTNERS OF THE AMERICAS** - A non-profit volunteer organization, Partners of the Americas was founded in 1964 "as a people-to-people component of the Alliance for Progress." Their Cuba project is intended to "establish professional and institutional linkages between emerging Cuban community grassroots and professional organizations, cooperatives and other counterpart organizations around the world" not including U.S. NGOs. Eleanor Jones of Jamaica serves as chairman and the president elect is Norm Brown formerly of the Kellogg Foundation. Don Finberg is the senior advisor responsible for the Cuban exchange program.
2. **INTERNATIONAL REPUBLICAN INSTITUTE (IRI)** - The IRI is a non-profit Washington-based organization affiliated with the Republican Party and dedicated to advancing democracy worldwide. IRI began its work in the Western Hemisphere which it considers its "cornerstone countries." IRI has been involved in projects that have included Chile, Haiti, the Dominican Republic, and Nicaragua. It is "crafting specific programs for particular needs" in Mexico and Cuba. Among its projects is support for the Cuban Democratic Revolutionary Directorate, a non-profit organization based in Hialeah, Florida that promotes "solidarity with the civic opposition in Cuba." IRI's chairman is U.S. Senator John McCain (R-AZ) and Lorne Craner is IRI's president.
3. **AMERICAN CENTER FOR INTERNATIONAL LABOR SOLIDARITY (ACILS)** - The ACILS' Cuba project operates on behalf of independent Cuban workers. Affiliated with the AFL-CIO, it identifies foreign investors in Cuba and works to persuade them to observe worker rights, trade union rights, to adopt direct hiring practices, and to observe best business practices. ACILS independently monitors the foreign firm's performance and seeks to train leaders of emerging independent Cuban worker groups although the Cuban government recognizes one single government-controlled union called the CDC. Harry Kamberis is the Executive Director of the Solidarity

Center and Lourdes Kistler is the program officer for the Cuba project.

4. U.S.-CUBA BUSINESS COUNCIL (USCBC) - The USCBC, established in 1994, is a Washington area-based non-profit trade association "comprised of corporations which uphold the principles of free enterprise, due process, contract sanctity and private property rights, including legitimate business claims, as necessary conditions for U.S. commercial activity and economic development in Cuba." The purpose of their grant is to survey private sector resources and to conduct a conference series on Cuba's democratic, free-market future. USCBC's president is Otto J. Reich a former U.S. ambassador to Venezuela.

5. SABRE FOUNDATION - Founded in 1969, the Cambridge, Massachusetts-based Sabre Foundation, "specializes in providing college, secondary and elementary level educational materials to institutions and individuals in Eastern Europe, the former Soviet Union, and selected countries in other regions of the world." Sabre's Cuba project is intended to donate books and other informational materials about a democratic transition and free-market economics to Caritas Cubana. Kenneth Bartels of New York is president, treasurer, and director of the foundation.

6. INSTITUTE FOR DEMOCRACY IN CUBA - The Institute for Democracy in Cuba, established in 1996 by numerous Cuban exile organizations, is a non-profit Miami-based organization whose "central objective" is to "assist in the peaceful transition to democracy in Cuba." According to organization documents, following such a transition, the Institute "intends to engage in the development of democratic-building initiatives." Rafael Sanchez-Aballi, a member of the Miami law firm of Rafferty, Gutierrez & Sanchez-Aballi, is the executive director of the Institute for Democracy in Cuba.

7. UNIVERSITY OF FLORIDA - A Cuban public opinion poll is being conducted through the University of Florida (UF) to "measure public awareness in Cuba through interviews." Since the project cannot be conducted in Cuba, it will be conducted via telephone and personal interviews of newly arrived emigres. The project will sample 1,200 Cubans using 50 survey questions. The project manager is Churchill Roberts; Dick Scheaffer, Ernesto Betancourt, and Guillermo Grenier are consultants. Scheaffer, the former head of statistics at UF, is handling the statistical methodology which according to Betancourt, a former head of Radio Marti, "was developed by MIT for Radio Free Europe and Radio Liberty to interview people outside and to extrapolate from the sample to the universe population." Grenier is director FIU's Center for Labor Studies. Roberts is known for his 1992 PBS documentary narrated by Daniel Schorr entitled the "Influence of the Cuban American National Foundation on U.S. Foreign Policy."

8. CENTER FOR A FREE CUBA - Dedicated to the promotion of human rights and democracy in Cuba, the Center for a Free Cuba is a Washington, D.C.-based non-profit organization established in 1997. The purpose of its grant is to "assist democratic activists in Cuba, inform the Cuban people, and gather and disseminate information from inside Cuba on human rights." Frank Calzon is the Center's executive director. Members of the board include: Manuel J. Cutillas, Elena Diaz-Verson Amos, Carlos Manuel de la Cruz, Jean Kirkpatrick, Susan Kaufman Purcell, and Otto J. Reich.

9. CUBA FREE PRESS - The Cuba Free Press was created as a non-profit Florida-based organization operating out of Miami "to support the professional and independent writers and journalists inside Cuba." Distributing twice a month in Spanish and once each month in English, the tabloid publication issued 14,000 copies in August. As a beneficiary of a Treasury Department Office of Foreign Assets Control license, the Cuba Free Press is authorized to compensate journalists in Cuba. No USAID funds are used to compensate the 25 writers they currently support in Cuba. The organization is headed by Juan Granados, president and publisher, Lourdes Arriete, director, and, Margarita G. del Valle, director. All are volunteers.

10. INTERNATIONAL FOUNDATION FOR ELECTION SYSTEMS (IFES) - IFES is a non-profit Washington, D.C. based organization established in 1987 "to support electoral and other democratic institutions in emerging, evolving, and experienced democracies" in 90 countries including Central (Panama, Nicaragua, El Salvador) and South America (Paraguay), the Caribbean (Haiti), Central and Eastern Europe, and the former Soviet Union. IFES will determine and identify the steps to be taken in order to hold a free and fair election in Cuba. Once the report is submitted, according to information made available by USAID, its findings will be disseminated "to the Cuban people." Richard Soudriette is IFES president and George Jones is the director of programs for the Americas.

11. PAN AMERICAN DEVELOPMENT FOUNDATION (PADF) - The PADF was established in 1962 by a joint private sector and Organization of American States (OAS) initiative at the time of the Alliance for Progress. Project funding for PADF is intended to establish an "environmental alliance between Cuban NGOs and counterpart NGOs in El Salvador." Jack Heller is PADF president and Sarah Horsey-Barr is executive director. The Secretary General and Assistant Secretary General of the OAS serve as ex officio chairman and vice chairman respectively.

12. RUTGERS UNIVERSITY - "Preparing for Change," this transition and democracy project is being conducted through Rutgers University by Irving Louis Horowitz. A professor of sociology and political science at Rutgers University in New Jersey, Horowitz is editor of the perennial editions of *Cuban Communism* published by Transaction. Once the Cuba report is submitted, according to information made available by USAID, its findings will be disseminated "to the Cuban people."

CLINTON ADMINISTRATION STATEMENTS

"In our own hemisphere, one country -- Cuba -- continues to resist the trend toward democracy. Today, my administration is announcing new steps to encourage its peaceful transition to a free and open society. We will tighten the enforcement of our embargo to keep the pressure on Cuba to reform. But we will also promote democracy and the free flow of ideas more actively. That is why I have authorized our news media to open bureaus in Cuba...why we will allow more people to travel to and from Cuba for educational, religious or human rights purposes...and why we will now permit American Non-Governmental Organizations to engage in a fuller range of activity in Cuba. And today, it gives me great pleasure to announce that our first grant to fund NGO work in Cuba will be awarded to Freedom House to promote peaceful change and protect human rights." **President Clinton in Washington, D.C. on October 1995.**

"If confirmed, I will see that the Administration also continues exploring other programs and projects to provide help, including concrete assistance where appropriate, to the brave men and women seeking peaceful democratic change in Cuba, and the families that suffer because of that commitment. U.S. NGOs can also play an important role in providing support to dissidents on the island with appropriate licensing from the Department of the Treasury under the President's 1995 'Support for the Cuban People' measures." **Secretary of State Designate Madeleine Albright answers question for the Senate Foreign Relations Committee confirmation hearing of January 8, 1997.**

"While we believe that tough economic sanctions are necessary to promote peaceful democratic change in Cuba, the Administration also believes that they alone are not enough. Change in Cuba must come from within, led by Cubans on the island who recognize the problems and injustices of the current system and challenge them. Increasing the flow of information to, from and within Cuba is essential to fostering this dynamic, as is outside support and advice to independent groups trying to carve out space for their activities. President Clinton has made this a priority, initiating measures in October 1995 to permit groups in the U.S. to begin developing new kinds of contacts on the island. He also approved a \$500,000 grant to Freedom House to increase the flow of books and other information to the Cuban people. These steps complemented earlier efforts to improve telecommunications service between the U.S. and Cuba, and to encourage private humanitarian donations to NGOs in Cuba." **Michael Ranneberger, State Department Coordinator for Cuban Affairs makes remarks in Miami, Florida on February 28, 1997.**

UN WORLD FOOD PROGRAM

The Cuban government has appealed to the United Nations Office for the Coordination of Humanitarian Affairs for emergency food aid, water-pumping equipment, and farming supplies. The need for emergency aid is ostensibly due to a drought in five eastern provinces of Cuba caused by the weather phenomenon El Nino. The UN relief agency called the World Food Program has appealed for \$20.5 million in emergency food aid, one-third of which would come directly from the United States under Section 202 of PL 480 (7 U.S.C. 1722). In a joint letter to Secretary of State Madeleine Albright, key House and Senate Members of Congress cite "Fidel Castro's history of deceit" and call for the strict monitoring of food distribution to ensure it reaches the neediest of Cubans if the Clinton administration proceeds with its intention to comply with the UN's request for emergency food aid. An earlier letter signed by Reps. Lincoln Diaz-Balart and Ileana Ros-Lehtinen voiced strong opposition to the UN request stating we "oppose, in the strongest possible terms, all forms of aid, including food assistance, to the Castro dictatorship." The two Cuban-American Members of Congress stated emphatically that they "reject[ed] unilateral political concessions and gestures which only serve to prolong the Cuban dictatorship." In the belief that the Clinton administration by authorization of USAID administrator, Brian Atwood, will go forward in meeting the UN request for U.S. assistance, a Congressional staffer said that it was the "expectation the State Department will seek to satisfy requirements set forth in the letter."

MEMBER'S LETTER

Congress of the United States
Washington, D.C.

September 9, 1998
The Honorable Madeleine Albright
Secretary of State
2201 C Street, N.W.
Washington, D.C. 20520

Dear Madam Secretary:

This joint letter to you is prompted by the United Nations World Food Program's (WFP) appeal on September 1 for emergency food aid to be distributed in five eastern provinces of Cuba to counter reported effects of recent drought conditions there. However, we believe, based upon credible information received independently of the Cuban government, and Fidel Castro's history of deceit, that the difficulties occasioned by the shortfall of rain have been exaggerated by the Cuban government.

In any event, the point is this: If, for the first time, the Administration should decide to provide one-time, emergency support in response to a UN World Food Program appeal, there are a number of issues which should be addressed.

Based on Administration briefings to Congressional staff, we anticipate that U.S. Agency for International Development (USAID) Administrator Brian Atwood will act to authorize only emergency food aid under Sec. 202 of P.L. 480 (7 U.S.C. 1722) on "such terms and conditions as the Administrator determines appropriate to respond to the emergency." (We also note the Administration's explicit commitments to provide only food aid to the most vulnerable, needy Cubans: to insist on the deployment of U.S. government officials to Cuba to monitor food distribution and conditions on the island related to the emergency appeal; and to suspend all U.S. food assistance should any aid be diverted).

Furthermore, we are absolutely persuaded that any U.S. contribution to the WFP appeal for Cuba should be distributed within reasonable guidelines -- similar to those that the Administration has confirmed were preconditions to U.S. participation in the WFP program in North Korea. Specifically, we believe that most of the U.S. food assistance should be consigned to, delivered through, and managed by international private voluntary organizations. These international PVOs would also reinforce the WFP's efforts to monitor the distribution of food aid in Cuba, including unsupervised, surprise inspections.

In addition, we anticipate that the international PVOs would work with independent Cuban non-governmental organizations (NGOs) to operate feeding programs for vulnerable, needy Cubans and to monitor food deliveries.

We assume that there will be detailed, independently audited mid-term and final reports by the UN World Food Program on the results of the program and any efforts by the Cuban government to divert food aid. We further request that these reports be provided to Congress on a timely basis.

In order to insure the effectiveness of the PVO-based portion of the program, U.S. food assistance should be suspended if the Cuban government blocks food distribution or monitoring by the international PVOs. We also firmly believe that the total amount of any one-time U.S. donation should not exceed our usual response to such appeals (about one-third) and that any U.S. donation should be provided in three-month portions to reinforce program accountability.

Madam Secretary, we urge that you take steps to insure that the foregoing minimum safeguards are in place before making any U.S. donation of taxpayers' assistance to Cuba.

Sincerely,

Benjamin A. Gilman
Member of Congress

Jeane Helms
U.S. Senator

Robert Menendez
Member of Congress

Robert Torricelli
U.S. Senator

Bob Graham
U.S. Senator

Connie Mack
U.S. Senator

INTERNATIONAL BRIEFS

LIBYA AWARDS CASTRO HUMAN RIGHTS PRIZE -- JANA, the Libyan news agency, reported that Cuban dictator Fidel Castro was awarded the Moamar Gadaffi Human Rights Prize for his "resistance to imperialism and defence of democratic values." The prize is valued at a quarter of a million dollars. Previous recipients include President Nelson Mandela of South Africa. (BBC, "Libyan human rights prize awarded to Fidel Castro of Cuba," 8/11/98). **CUBA PREPARES FOR ENTRY IN POST-LOME CONVENTION TRADE PACT** -- Preparations are under way to fulfill Cuba's request for participation in a new trade treaty expected to replace the Fourth Lome Convention which expires on December 31, 1999. Caribbean leaders support Cuba's request to become a member of ACP or the African, Caribbean and Pacific group of 71 countries. These former European colonies receive preferential trade treatment from the EU as a result of their affiliation. Products originating from ACP countries receive special consideration in the EU market particularly with regard to commodities and financial development aid. (JOC, "Cuba to get role in talks for Caribbean-EU accord," 8/28/98, p.3A). **DISSIDENT ON POPE'S AMNESTY LIST SENTENCED TO THREE YEARS IN PRISON** -- Reynaldo Alfaro Garcia, 37 years old, was sentenced to prison for three years for "spreading false information." Alfaro is the leader of the Association for Struggle Against Injustice (ALFIN). Reportedly, a spontaneous demonstration erupted outside the courthouse in support of Alfaro. This is reported as the "first high-profile case against a dissident opposed to the Castro regime since the visit of Pope John Paul II's visit to Cuba January 21-25 earlier this year. (WP, "Cuban Dissident Given Three-Year Sentence," 8/29/98, p.A14). **SPANISH HOTEL CHAIN GRUPO SOL MELIA THRIVES IN CUBA** -- Spanish Hotel chain Grupo Sol Melia has added a five-star hotel in Havana. The new 409-room Hotel Melia Confort is Sol Melia's eleventh in Cuba. Sol Melia is currently under investigation by the State Department's Helms-Burton Implementation Unit for possible violations of trafficking under Title IV of the Helms-Burton law. On June 12, 1996, the State Department was advised of trafficking in Cuba by Sol Melia. Evidence of trafficking was provided on behalf of a U.S. national who identified the Sol Rio de Luna and the Sol Rio de Mares located in Holguin, Cuba at Bahia Naranjo currently referred to as Playa Esmeralda. Post-March 12, 1996 acts of trafficking include a third as yet un-named Sol Melia hotel currently under construction nearby. The Hotel Melia Confort, in Havana's Miramar neighborhood, was constructed by Cubanacan the state-owned construction company. Information submitted to the State Department indicates "Grupo Sol Melia operates the Sol Miami Beach and the Melia Orlando, through Florida, Delaware and Netherlands Antilles subsidiaries." (MH, "Sol Melia chain adds 11th tourist hotel," 9/2/98). **CASTRO SPEAKS AT NON-ALIGNED MOVEMENT SUMMIT IN SOUTH AFRICA** -- On Wednesday, September 2nd Castro spoke at the meeting of the 113 non-aligned nations founded in 1961. The 12th meeting of the Non-Aligned Movement Summit was convened in Durban, South Africa on Saturday, August 29th by Alfred Nzo South Africa's foreign minister. Castro blasted the United States for its missile attack of Sudan and Afghanistan in the wake of terrorist bombings of U.S. embassies in Tanzania and Kenya. General meeting topics included the global economy, the UN Security Counsel, and the war in the Congo (see US CPR, Vol.5, No.8). **CASTRO MAKES STATE VISIT TO SOUTH AFRICA** -- Following the week long Non-Aligned meeting, Castro remained in South Africa for a two-day state visit where Mandela awarded him the Order of Good Hope the highest civilian order for foreigners. (TWT, "Mandela rips U.S. for Cuba sanctions, gives Castro medal," 9/5/98, p.A6).

SHORT TAKES

SEVEN CUBAN EXILES INDICTED IN PLOT TO KILL CASTRO -- A federal grand jury in San Juan, Puerto Rico handed down an indictment in an alleged plot to assassinate Cuban dictator Fidel Castro during the 7th Ibero-American Summit held at Venezuela's Margarita Island on November 8, 1997. The U.S. Coast Guard's interception and boarding of the yacht La Esperanza on October 27, 1997 off the coast of Puerto Rico in the Caribbean Sea led to an FBI investigation culminating in the seven count indictment (Criminal No. 97-257) naming: Jose Antonio Llama, Jose Rodriguez, Alfredo Domingo Otero, Angel Manuel Alfonso, Angel Hernandez Rojo, Juan Bautista Marquez, and Francisco Secundino-Cordova. They pleaded innocent in federal court to all charges before U.S. Magistrate Jesus Castellanos in San Juan on September 2nd. The seven have been charged with attempted murder of a foreign official under Title 18 Section 1116 of the Criminal Code instead of the Neutrality Act.

CONSOLIDATED V. SHERRITT CASE ADVANCES IN U.S. COURT OF APPEALS -- In response to a jointly filed motion by appellants in this case, the U.S. Court of Appeals in Atlanta, on September 3rd, granted a stay in the briefing schedule for 30 days as requested by appellants Consolidated Development Corporation, Consolidated Cuban Oil and Gas Rights Corporation, and appellant Dr. Alberto Diaz-Masvidal, *pro se*. The Eleventh Circuit ordered a stay in the briefing schedule to allow the appellants to "file a district court motion to expedite ruling on [the] pending District Court Motion to Supplement the Record on Appeal." The appellants are requesting that the District Court provide "transcripts of hearings, reports and other vital requested documents, which are relevant to the above pending consolidated appeal." The Consolidated v. Sherritt case involves the alleged use of oil from Consolidated Development's Cuban oil concessions by Sherritt, a Canadian mining company, and the Government of Cuba operating in a joint venture. The case for "conversion and conspiracy to defraud" contends that Sherritt swapped oil for nickel processed and sold in the United States. Alberto Diaz-Masvidal, president of the Moore-Masvidal Group (MMG), which owns related oil concessions, is arguing that he be considered an interested party. The Court of Appeals has yet to rule on this question. With a trial date set for October 14, 1997 (see US CPR Vol.4, No.8), the U.S. District Court in Miami dismissed the Consolidated Development case against Sherritt in September of last year (see US CPR Vol.4, No.9). Appellants' goal is for the Court of Appeals to remand the case to the lower court for trial. Nicolas J. Gutierrez, a member of the Miami law firm of Rafferty, Gutierrez & Sanchez-Aballi, is representing Consolidated Development and Consolidated Cuban Oil and Gas Rights Corporation. (RE: 97-5726 & 97-5953 9/3/98).

CASTRO SPY NETWORK CHARGED IN CRIMINAL COMPLAINT -- In United States of America v. Manuel Viramontes, Luis Medina, Rene Gonzalez-Sehweret, Antonio Guerrero, Ruben Campa, Alejandro Alonso, Nilo Hernandez, Linda Hernandez, Joseph Santos, and Amarylis Silverio, filed in United States District Court in Miami on September 14th, eight men and two women were charged with spying for the Cuban government of Fidel Castro. FBI Special Agent Raul Fernandez filed an affidavit "establishing probable cause in support of an arrest warrant" under Title 18 U.S.C. Section 951(a) for operating "as clandestine agents of the Government of Cuba" and for "conspir[ing] to gather and deliver defense information to aid a foreign government." The criminal complaint (98-3493) identifies Viramontes as "a Cuban national and captain in the Cuban military" who led an effort to penetrate U.S. military bases and Cuban exile organizations. In June 19th letter, Rep. Ileana Ros-Lehtinen asked FBI director Louis Freeh for a briefing regarding the "increase in travel of Cuban officials to and within the United States."

NOTABLE QUOTES

"We have taken that very important step in admitting Cuba as a participant in the pre-discussions and having Cuba admitted as an observer in the discussions between the ACP [African, Caribbean and Pacific Group] and the EU. We want to go further with Cuba as a full participant as a part of the Caribbean in new trade arrangements with the EU." Sir Shridath Ramphal is the chief trade negotiator for CARICOM. (JOC, "Cuba to get role in talks for Caribbean-EU accord," 8/28/98, p.3A).

"This [indictment] is very plainly a favor to a terrorist who kills American citizens. This shows the Clinton administration is more determined to appease terrorists than to develop a firm and consistent policy against terrorism." Rep. Lincoln Diaz-Balart (R-FL) comments on the criminal indictment against seven Cuban exiles for allegedly plotting to kill Fidel Castro in 1997. (TWT, "7 charged in try to murder Castro," 8/26/98, p.A20).

"We are Cuban mothers responding to a conscientious call from Cuban mothers inside Cuba. We ask all leaders of all faiths to join in prayer and partake in the mothers' campaign to ask the Cuban government to eliminate the penal code for political prisoners." Miriam de la Pena is a member of "The Group in Support of Mothers for a General Amnesty for Political Prisoners in Cuba" and the mother of Mario de la Pena who was killed when his Brothers to the Rescue plane was shot down by Cuban MIGS over international waters. (MH, "Miami exiles support moms' pleas in Cuba," 9/3/98, p.3B).

"Religious people in general are feeling a greater sense of freedom than they did before the Pope came. It is obvious that there is still a lack of understanding by the authorities of the role that the church should have in society. There are still limitations that are unnecessary." Orlando Marquez is a spokesman for Jaime Cardinal Ortega the Archbishop of Havana. (NYT, "After a Lift, Cuban Church has a Letdown," 9/13/98, p.1).

"The climate of church-state relations is better. But what good is the climate if other things don't happen? You can't just celebrate climate forever." Bernard Cardinal Law of Boston commenting on the excruciatingly slow pace at which the Cuban Communist Party permits the Catholic Church to gain space including access to official media, accreditation of foreign priests and refusal to permit the establishment of Catholic schools. (NYT, "After a Lift, Cuban Church Has a Letdown," 9/13/98, p.1).

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Ralph J. Galliano, Editor

SENATOR WARNER CALLS ON PRESIDENT TO ESTABLISH NATIONAL BIPARTISAN COMMISSION TO REVIEW U.S.-CUBA POLICY

WASHINGTON -- Senator John Warner (R-VA), a member of the Armed Services Committee, has called on President Clinton to establish a "National Bipartisan Commission," similar to the Kissinger Commission on Central America in the 1980s, to review U.S.- Cuba policy. Six of the 15 signatures appearing on the October 13th letter to the president, including Warner's, were listed as having voted for the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* (Helms-Burton) which defines U.S. policy and the conditions necessary for U.S. support of a democratic transition in Cuba. Four of the LIBERTAD supporters whose signatures appear on the Warner letter also serve on the Foreign Relations Committee. The Warner proposal, which presents a new strategy for opponents of LIBERTAD, suggests this course of action is necessary "because there has not been a comprehensive review of U.S.-Cuba policy, or a measurement of its effectiveness in achieving its stated goals, in over 38 years." According to Warner's letter, "[t]he Commission's tasks" should include the "delineation of the policy's specific achievements and evaluation" of: Cuba's national security risk and role in international terrorism and illegal drugs; U.S. certified claims; and the domestic and international impact of the embargo. Lawmakers opposed to the Warner proposal contend that "[c]urrent law, established just two years ago, exhaustively outlines U.S. policy toward a transition government and a democratically elected government in Cuba." In their letter to the president, Representatives Lincoln Diaz-Balart (R-FL), Robert Menendez (D-NJ), and Ileana Ros-Lehtinen (R-FL) state the conditions under the Helms-Burton Act by which the U.S. economic embargo on Cuba can be lifted including: "the liberation of all political prisoners, the legalization of all political activity and the scheduling of free and fair, internationally supervised democratic elections." Maintaining there "is no legitimate reason to second-guess the will of the American people and their Congress or to alter U.S. policy toward the Castro dictatorship until those key conditions are met," the three Cuban-American stalwarts in Congress argue against the formation of a "National Bipartisan Commission to review U.S.-Cuba policy." The Warner letter recommends "that the members of this Commission be selected, like the 'Kissinger Commission', from a bipartisan list of distinguished Americans who are experienced in the field of international relations." President Clinton will likely establish such a commission.

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COUNCIL ON FOREIGN RELATIONS -- Five of the seven supporters of the September 30th letter from former Secretary of State Eagleburger to Senator Warner (respective letters reprinted below) calling for the establishment of a National Bipartisan Commission on Cuba are members of the Council on Foreign Relations (CFR): Lawrence S. Eagleburger, Howard H. Baker, Jr., Frank Carlucci, Henry Kissinger, and William D. Rogers. Although he is not listed as a member in the CFR 1998 Annual Report, Harry W. Shalaudeman, a career foreign service officer and former U.S. ambassador to Argentina in the early 1980s, has been associated with the CFR over the years having assessed U.S.-Argentina relations in the aftermath of the war in the Falkland Islands for Council members interested in Latin American affairs. Rogers, co-chair of an independent CFR Task Force on Cuba policy, was the State Department official assigned to secretly meet with Cuban government officials under then-Secretary of State Henry Kissinger in the 1970s. Referring to the Warner initiative, Walter Russell Mead, staff director of the Council on Foreign Relations task force, says "There is a growing concern in the internationalist wing of the Republican Party over the proliferation of unilateral sanctions. Given the political situation, this president would need the strong support of Republicans to change U.S. policy on Cuba." CFR member Elliott Abrams, former Assistant Secretary of State for Inter-American Affairs in the Reagan administration, participating in a Council debate on Cuba in February of this year rhetorically asked, "Is it time for a change?" Abrams answered, "Yes, it's time for a change. It is time for a change in Cuba's policies, not ours." Opposed to a lifting of the embargo, Abrams stated emphatically that "[t]o provide resources to that dictatorship now, absent fundamental political and economic reform, is to give it a lease on life that will probably last beyond Fidel's life and is helpful to retaining a communist system in Cuba under Raul Castro. The problem is not just Fidel; it is whether we will give them the resources to stay in power permanently by manufacturing artificial prosperity in Cuba through foreign credits and investment." Founded in 1921 to counter isolationism, the sometimes controversial CFR is a non-partisan, private, New York City based think tank which publishes *Foreign Affairs* magazine. As such, the Council claims to take "no institutional position on policy issues and has no affiliation with the U.S. government." Current prominent CFR members include: President Clinton, Secretary of State Madeleine Albright, Treasury Secretary Robert E. Rubin, and Defense Secretary William S. Cohen. On the occasion of its 75th anniversary, Honorary Chairman David Rockefeller described the CFR as "America's premier school for statesmen."

(TWT, "Review of policy on Cuba on way?" 10/14/98, p.A13; JOC, "Policy shift toward Cuba floated," 10/15/98, p.1A; MH, "Will anyone listen now?" 10/19/98, p.10A; WSJ, "A New 'Kissinger Commission' on Cuba," 10/23/98, p.A15; www.foreignrelations.org).

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**LETTERS CALLING FOR THE FORMATION OF
NATIONAL BIPARTISAN COMMISSION ON CUBA**

Law Offices
Baker, Donelson, Bearman & Caldwell
Washington, D.C. 20004

September 30, 1998

The Honorable John Warner
United States Senate
Washington, D.C. 20510
Dear Senator Warner:

As Americans who have been engaged in the conduct of foreign relations in various positions over the past three decades, we believe that it is timely to conduct a review of United States policy toward Cuba. We therefore encourage you and your colleagues to support the establishment of a National Bipartisan Commission on Cuba.

I am privileged to be joined in this request by:

Howard H. Baker, Jr.
Former Majority Leader, U.S. Senate
Frank Carlucci
Former Secretary of Defense
Henry A. Kissinger
Former Secretary of State

William D. Rogers
Former Under Secretary of State
Harry W. Shalaudeman
Former Assistant Secretary of State
Malcolm Wallop
Former Member, U.S. Senate

We recommend that the President consider the precedent and the procedures of the National Bipartisan Commission on Central America chaired by former Secretary of State Henry A. Kissinger, which President Reagan established in 1983. As you know, the Kissinger Commission helped significantly to clarify the difficult issues inherent in U.S. Policy in Central America and to forge a new consensus on many of them.

We believe that such a Commission would serve the national interest in this instance as well. It could provide the Administration, the Congress, and the American people with objective analysis and useful policy recommendations for dealing with the complexities of our relationship with Cuba, and in doing so advance the cause of freedom and democracy in the Hemisphere.

Sincerely,
Lawrence S. Eagleburger

UNITED STATES SENATE
WASHINGTON, D.C. 20510

October 13, 1998

The Honorable William Jefferson Clinton
President of the United States
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Mr. President:

We, the undersigned, recommend that you authorize the establishment of a National Bipartisan Commission to review our current U.S.-Cuba policy. This commission would follow the precedent and work program of the National Bipartisan Commission on Central America, (the "Kissinger Commission"), established by President Reagan in 1983, which made such a positive contribution to our foreign policy in that troubled region over 15 years ago.

We recommend this action because there has not been a comprehensive review of U.S.-Cuba policy, or a measurement of its effectiveness in achieving its stated goals, in over 38 years since President Eisenhower first canceled the sugar quota on July 6, 1960 and President Kennedy imposed the first total embargo on Cuba on February 7, 1962. Most recently, Congress passed the Cuban Democracy Act in 1992 and the Helms-Burton Act in 1996. Since the passage of both of these bills there have been significant changes in the world situation that warrant a review of our U.S.-Cuba policy including the termination, in 1991, of billions of dollars of annual Soviet economic assistance to Cuba, and the

historic visit of Pope John Paul II to Cuba in 1998.

In addition, during the past 24 months numerous delegations from the United States have visited Cuba, including current and former Members of Congress, representatives from the American Association of World Health, and former U.S. military leaders. These authoritative groups have analyzed the conditions and capabilities on the island and have presented their findings in the areas of health, the economy, religious freedom, human rights, and military capacity. Also, in May 1998, the Pentagon completed a study on the security risk of Cuba to the United States.

However, the findings and reports of these delegations, including the study by the Pentagon, and the call by Pope John Paul II for the opening of Cuba by the world, have not been broadly reviewed by all U.S. policy makers. As Members of the U.S. Senate, we believe it is in the best interests of the United States, our allies, and the Cuban people to review these issues.

We therefore recommend that a "National Bipartisan Commission on Cuba" be created to conduct a thoughtful, rational, and objective analysis of our current U.S. policy toward Cuba and its overall effect on this hemisphere. This analysis would in turn help us shape and strengthen our future relationship with Cuba.

We recommend that the members of this Commission be selected, like the "Kissinger Commission," from a bipartisan list of distinguished Americans who are experienced in the field of international relations. These individuals should include representatives from a cross section of U.S. interests including public health, military, religion, human rights, business, and the Cuban American community. A bipartisan group of eight Members of Congress would be appointed by the Congressional Leadership to serve as counselors to the Commission.

The Commission's tasks should include the delineation

of the policy's specific achievements and the evaluation of 1) what national security risk Cuba poses to the United States and an assessment of any role the Cuban government may play in the international terrorism and illegal drugs, 2) the indemnification of losses incurred by U.S.-certified claimants with confiscated property in Cuba, and 3) the domestic and international impacts of the 36-year-old U.S.-Cuba economic, trade and travel embargo on: a) U.S. international relations with our foreign allies; b) the political strength of Cuba's leader; c) the condition of human rights, religious freedom, freedom of the press in Cuba; d) the health and welfare of the Cuban people; e) the Cuban economy; f) the U.S. economy, business, and jobs.

More and more Americans from all sectors of our nation are becoming concerned about the far-reaching effects of

our present U.S.-Cuba policy on United States interests and the Cuban people. Your establishment of this National Bipartisan Commission would demonstrate your leadership and responsiveness to the American people.

We have enclosed a letter from former Secretary of State Lawrence Eagleburger outlining his and other former top officials support for the creation of such a commission. Thank you in advance for your thoughtful consideration.

Sincerely,

John Warner (R-VA) Rod Grams (R-MN) Chuck Hagel (R-NE)
James Jeffords (R-VT) Michael Enzi (R-WY) John Chafee (R-RI)
Gordon Smith (R-OR) Craig Thomas (R-WY) Bob Kerrey (D-NE)
Dale Bumpers (D-AR) Rick Santorum (R-PA) Chris Dodd (D-CT)
Dirk Kempthorne (R-ID) Pat Roberts (R-KS) Kit Bond (R-MO)

LETTER REJECTING NATIONAL BIPARTISAN COMMISSION AS UNNECESSARY

CONGRESS OF THE UNITED STATES

Washington, D.C. 20515

October 13, 1998

The Honorable William Jefferson Clinton

President of the United States

The White House

Washington, D.C. 20006

Dear Mr. President:

We are writing to request that you reject the recent proposal by Senator John Warner and others to establish a so-called "National Bipartisan Commission to review U.S.-Cuba policy." As noted in Senator Warner's letter, the idea for this commission came from a group of former Members of Congress and high government officials who are now businessmen apparently seeking to subvert the will of the American people and the intent of Congress because of these businessmen's personal pecuniary interests. One such proponent of this idea, former Senator Malcolm Wallop, has been paid (as perhaps others have been) by Sherritt, the Canadian mining company that is exploiting Cuban workers on stolen U.S. property and has been cited by the State Department as a violator of Title IV of the Cuban Liberty and Democratic Solidarity Act of 1996 (PL 104-114).

The American people have consistently been the best ally of the Cuban people, who have been enslaved for 40 years by a brutal tyranny. One hundred years ago, against numerous colonial and annexationist interests, the United States Congress adopted a Concurrent Resolution declaring that "Cuba is and of right ought to be free and independent." The United States stood alone with the Cuban people in their War of Independence against Spain, and today, 100 years later, we support the Cuban people in their struggle against the Castro dictatorship. Congress' support for Cuba's freedom has never wavered.

The Congress has clearly and in a bipartisan way established its policy toward Cuba and its support for a peaceful transition to democracy. Current law, established just two years ago, exhaustively outlines U.S. policy toward a transition government and a democratically elected government in Cuba. The law also sets three fundamental conditions that must be met before the U.S. embargo can be lifted: the liberation of all political prisoners, the legalization of all political activity and the scheduling of free and fair, internationally supervised democratic elections. There is no legitimate reason to second-guess the will of the American people and their Congress or to alter U.S. policy toward the Castro dictatorship until those key conditions are met.

Mr. President, you signed the Cuban Liberty and Democratic Solidarity Act of 1996, which outlines our policy, and we ask that you firmly enforce and defend the law, in principle, in letter and in spirit.

You also are aware of the campaign by powerful commercial interests to lift not only the Cuba embargo, but inhibit the use of sanctions as a policy option worldwide. We are concerned that some people in the business community care nothing at all about the absolute lack of political freedom, human rights, or independent, organized labor in Cuba. We believe that those commercial interests seek to take advantage of the enslaved Cuban people for their personal financial gain; what they intend is nothing less than collaboration with the Castro dictatorship.

The proposed so-called "National Bipartisan Commission" is unnecessary. There have been no close votes in Congress or profound national divisions regarding U.S. policy toward the Castro dictatorship, as there were in the 1980s with regard to U.S. Central America policy, when the so-called "Kissinger Commission" was formed.

There is an American national consensus on Cuba, and Congress has forcefully reiterated its overwhelming support for current U.S. policy toward the Castro dictatorship. The idea of a "National Bipartisan Commission on Cuba" constitutes a blatant attempt by some elitist business interests to do what they have been unable to do in Congress: circumvent the will of the American people. The idea is clearly a subterfuge intended to create pressure to lift the embargo without securing freedom and democracy for the Cuban people.

We hereby reject the creation of a so-called "National Bipartisan Commission on Cuba" in the strongest possible terms. We further reject the offensive insinuation that the Congress is unable to objectively and thoughtfully consider Cuba policy. The creation of this so-called "National Bipartisan Commission on Cuba" would constitute an affront to the will of the Congress and the American people with regard to the right of the Cuban people to live in freedom and democracy.

Sincerely,

Lincoln Diaz-Balart Robert Menendez Ileana Ros-Lehtinen

<p align="center">PRESIDENT REPORTS TO CONGRESS ON AMERICAN TELECOM PAYMENTS TO CUBA</p>

President Clinton submitted the fifth semiannual report to Congress reprinted below detailing the telecommunications payments made to the government of Cuba for the period January 1, 1998 through June 30, 1998. Section 102(g)(6) of the Helms-Burton Act of 1996 requires the president to report to Congress "on a semiannual basis" those telecommunications "payments made to Cuba by any United States person" as authorized by Section 1705(e) of the Cuban Democracy Act of 1992. Issued on October 8th, the presidential report to Congress shows \$39,519,648 paid to the government of Cuba by the original eight OFAC licensed telecommunications companies now consolidated into six through mergers and acquisitions. This transfer calculated on a 50/50 basis increased by nearly \$6.5 million over the previous report to Congress (See USCPR Vol.5, No.5, 5/31/98) which totaled \$33,095,870. Telecommunications revenues generated for the current reporting period total just under \$80 million for all the American companies involved with one half of the revenues transferred to the government of Cuba as required by law. Overall, AT&T's and Global One's share of the revenues remained stable hovering at around \$12 million and \$3 million respectively. MCI International and WorldCom Services became the major beneficiaries in U.S.-Cuba telecommunications traffic at nearly \$4 million and \$2 million respectively. If calculations were based on the recent WorldCom MCI merger, then MCI WorldCom's retained revenues for this period would total \$18,242,908 exceeding AT&T's retained revenues of \$12,795,658 by nearly \$5.5 million. Since reports were first issued, [\$76,827,695 (1994-6/30/96); \$32,601,427 (7/1/96-12/31/96); \$31,143,432 (1/1/97-6/30/97); \$33,095,870 (7/1/97-12/31/97); and, \$39,519,648] "shared revenue" transferred to Cuba has totaled nearly a quarter-of-a-billion dollars or \$213,188,072 and averaged \$42,637,614 semiannually.

<p align="center">TELECOM PAYMENTS TO CUBA</p>

The following is a listing of OFAC licensed American telecommunications companies' payments to Cuba:

AT&T Corporation (formerly American Telephone and Telegraph Company).....	\$ 12,795,658.00
AT&T de Puerto Rico.....	292,229.00
Global One (formerly, Sprint Incorporated).....	3,075,733.00
IDB WorldCom Services, Inc. (formerly, IDB Communications, Inc.	4,402,634.00
MCI International, Inc. (formerly, MCI Communications Corporation).....	8,468,743.00
Telephonica Larga Distancia de Puerto Rico, Inc.....	129,752.00
WilTel, Inc. (formerly, WilTel Undersea Cable, Inc.).....	4,983,368.00
WorldCom, Inc. (formerly, LDDS Communications, Inc.).....	5,371,531.00
Total.....	\$ 39,519,648.00

CASTRO ADMITS SPIES SENT TO U.S.

Lucia Newman, CNN's chief correspondent based in Havana, in an interview with Fidel Castro, at the eighth Ibero-American summit in Oporto, Portugal broadcast on Tuesday, October 20th, revealed Castro's admission that he sent spies to the United States. Said Castro, "Yes, we have sometimes dispatched Cuban citizens to the United States to infiltrate counter-revolutionary organizations." Castro's admission follows an earlier denial when on September 14th the FBI in Miami, Florida arrested eight women and two men charging them with spying for the Castro government (see US CPR, Vol.5, No.9). The Cuban spies allegedly led by Manuel Viramontes "a Cuban national and captain in the Cuban military" targeted U.S. military installations including: MacDill Air Force Base in Tampa, Florida; the U.S. Naval Air Station near Key West, Florida; and the U.S. Southern Command (SouthCom) located in Miami which directs U.S. military operations in the Caribbean and Latin America. Five of the ten Cuban spies have entered into a plea bargain with prosecutors in order to testify against Manuel Viramontes, Luis Medina, and Ruben Campa.

Following the arrest of the Cuban spy ring in Miami, Senate Foreign Relations Chairman Jesse Helms presented a statement to the U.S. Senate on September 24th congratulating the FBI and asked unanimous consent that their September 14th affidavit be printed in the Congressional Record "so that Senators may study the extent of this hostile operation." Helms called on President Clinton to detain, prosecute, and/or expel without delay "[a]ny and all Cuban personnel working in any diplomatic posts in Washington, D.C., and at the United Nations, who had contact with this spy ring."

CUBA REJECTS US EMERGENCY FOOD AID

The United States was willing to provide assistance for the emergency food appeal issued by the UN World Food Program (WFP) according to State Department spokesman James Rubin in a statement release following Cuba's rejection of food assistance for the drought stricken eastern portion of the island (see US CPR, Vol.5, No.9, 9/15/98). The drought, in the provinces of Las Tunas, Holguin, Granma, Santiago de Cuba and Guantanamo or what was known as Oriente Province before the Castro Communist revolution in 1959, is said to be the worst in half a century. The Rome based WFP appeal was for \$20.5 million in food assistance. In a statement issued on October 1st, Rubin said the U.S. was prepared to provide up to one third of the UN's request for Cuba "provided that standard requirements were met concerning distribution of emergency food worldwide. Those include ensuring effective international monitoring of distribution to the needy, standard U.S. AID handclasp markings on donated foodstuffs, and efforts to involve nongovernmental humanitarian organizations in the distribution process." Cuban foreign ministry spokesman, Alejandro Gonzalez, said that, "[h]umanitarian aid from the U.S. government is humiliating, hypocritical and unacceptable while they maintain the economic, commercial and financial blockade." When Cuban government representatives refer to the embargo, they insist on characterizing it as a blockade without citing the fact that Cuba is free to trade with the rest of the world. (Reuters Ltd, "Drought-hit Cuba to receive U.N. food aid in weeks," 9/16/98; MH, "Emergency donation from U.S. rejected," 10/2/98, p.30A).

EU-U.S. AGREEMENT UPDATE

The EU-U.S. Agreement, which was negotiated last May, is intended to invoke strict disciplines to inhibit and deter investment in confiscated property worldwide. Congressional approval of the agreement requires an amendment to Title IV of the Helms-Burton Act granting the president waiver authority over the enforcement of foreign trafficking in confiscated property in Cuba the claim to which is owned by a U.S. national.

CUBA TO JOIN FIRST EU-LATIN AMERICAN SUMMIT -- Austria, which holds the current EU presidency, announced on September 23rd through its UN mission in New York that Cuba will become a summit participant and will join the group for its first meeting next year to be held in Rio de Janeiro June 28-29. The summit is structured to provide a "new impetus to the further development and diversification of trade, taking into account ongoing or future multilateral and bilateral negotiations for the liberalization of trade." Meanwhile, in Paris, the Socialist-led government of French Prime Minister Lionel Jospin announced approval of a \$200 million line of credit for Cuba in 1999. **EU'S LEON BRITTAN ON CAPITOL HILL** --The EU's Trade Commissioner, Leon Brittan, came to Capitol Hill on September 24th to meet with Congressman Ben Gilman (R-NY), the chairman of the House International Relations Committee and Senator Bob Graham (D-FL), to discuss concerns over the EU-U.S. Agreement (see USCPR, Vol.5, No.6, 6/30/98). Informed sources revealed that Brittan avoided endorsing Secretary of State Albright's letter of August 3rd to Senate Foreign Relations Committee Chairman Jesse Helms (see USCPR, Vol.5, No.8, 8/31/98) which offered assurances that the agreement provides protection for American property rights in Cuba. In fact, the EU is strenuously objecting to the Albright letter but will not publicly comment on it calling it an internal U.S. matter between the Congress and the State Department. Brittan said the best we could do with regard to the EU-U.S. Agreement is for neither side to get a total victory. Gilman is expected to communicate further with Brittan on the matter. **EUROPEAN AND AMERICAN LEFT JOIN TO OPPOSE EU-U.S. AGREEMENT** -- At a meeting to discuss the EU-U.S. Agreement sponsored by Wayne S. Smith and The Center for International Policy on October 7th, it became clear how the Left's transatlantic opposition to the agreement has coalesced. According to Madrid lawyer Hermenegildo Altozano Garcia-Figueras, the European and the American negotiators have different interpretations of the agreement which he described as not legitimate since it has never been formally approved by the EU. Xavier de Clercq, director of policy for Oxfam Belgium, revealed the antipathy with which Sir Leon Brittan is held by the European Left and has called for his removal although that is highly unlikely. Washington lawyer Robert Muse said that Brittan has continuously made empty promises and that under the agreement European foreign policy will be subjected to Congressional oversight. In general, opposition arose with regard to the open ended registry of illegally expropriated properties to be created by the agreement's implementation. **STATE DEPARTMENT HOLDS MEETING OVER EU-U.S. AGREEMENT** -- Al Larson, Assistant Secretary of State for Economic and Business Affairs, in a continuing effort to generate support for the EU-U.S. Agreement, albeit after the fact, convened a private two-hour meeting at the State Department on October 14th in an attempt to persuade U.S. certified claimants to support the EU-U.S. Agreement signed by President Clinton in London on May 18, 1998 (see USCPR Vol.5, No.5, 5/31/98). Informed sources indicated that Larson was subjected to a severe line of questioning by many of the estimated 40 participants. However, Larson was adamant that the agreement could not be renegotiated to satisfy claimants concerns (see USCPR, Vol.5, No.7, 7/31/98).

INTERNATIONAL BRIEFS

SCHROEDER ELECTION IN GERMANY MOVES EU FURTHER LEFT -- The September 27th election of Gerhard Schroeder to become German chancellor following Helmut Kohl's 16 years in power marks a significant turning point in European politics at a crucial time for EU-U.S. relations particularly as Germany prepares to assume the EU presidency next year. Schroeder's Social Democrats and Joschka Fischer's Green Party have created a left-of-center alliance, not to be confused with a center-left coalition government, placing the European Left in a position of "undisputed mastery" at the EU. The leftist-anti-American Green Party's Fischer becomes foreign minister and vice chancellor of Germany while Oskar Lafontaine, Social Democratic Party chairman, takes over as finance minister at a time when the European Central Bank in Frankfurt is to usher in the new euro-currency. With the exception of Ireland and President Jose Aznar's center-right coalition government in Spain, thirteen of the 15 EU member states now have socialist governments at a time when Germany will preside over a major round of EU decision-making including: launching of the new European currency; conferring on a Western European (Military) Union Conference; and conducting the Group of Eight Meeting. **GERMANY ASSUMES EU PRESIDENCY JANUARY 1ST** -- Schroeder's election, in light of Germany's assumption of the rotating EU presidency on January 1, 1999, provides the backdrop for the yet to be implemented EU-U.S. Agreement. Foreign Minister Fischer is likely to be more sympathetic to the objections of the European Left and the Castro regime to the agreement thwarting the already shaky basis upon which the Clinton administration and the EU negotiated the controversial agreement (see USCPR, Vol.5, No.5, 5/31/98). **UNITED NATIONS GENERAL ASSEMBLY VOTES AGAINST EMBARGO** -- In a resolution introduced by Cuban Foreign Minister Roberto Robaina, the United Nations General Assembly on October 14th voted 157-to-2 against the U.S. embargo on Cuba with the United States and Israel supporting it. Twelve countries abstained. This was the seventh consecutive year since 1992 that the issue has been brought to a vote at the UN. Last year 143 countries supported the resolution opposing the embargo. The non-binding resolution criticized the Helms-Burton Act as extraterritorial. U.S. representative, Peter Burleigh, defended the sanctions saying they are an important foreign policy tool. Intense debate preceded the vote on the resolution during which time Robaina assailed U.S. policy. On September 25th, Burleigh countered Robaina's remarks of the previous day asking, "When will the Cuban government allow the people of Cuba to determine their own future through free and fair elections?" **1999 IBERO-AMERICAN SUMMIT TO BE HELD IN HAVANA** -- While it may come as no surprise, the great expectations accompanying the signing of the Vina del Mar Declaration by the 21 participating presidents following the 1996 Ibero-American summit in Chile have not been met. The declaration entitled: "Toward an Efficient and Participative Democracy" calling for free and democratic elections was signed by Cuban dictator Fidel Castro and has yet to be realized. Nonetheless, it was announced at the end of the eighth summit held in Oporto, Portugal on October 16th that the ninth Ibero-American summit will be held as scheduled in Havana, Cuba. **IBERO-AMERICAN SUMMIT HEADQUARTERS TO BE LOCATED IN SPAIN** -- The Ibero-American summit, meetings of the leaders of Spain, Portugal, and the Latin American countries, will create its own headquarters to be located in Madrid, Spain. The agreement emanating from the previous summit in Oporto, Portugal will be formalized at the Havana summit next year. The decision means that Spain will have greater opportunity for influence in Latin American affairs particularly involving trade matters.

SHORT TAKES

CONGRESSIONAL BLACK CAUCUS CHAIRMAN APOLOGIZES TO CASTRO -- In a September 29th letter addressed to President Fidel Castro, Congressional Black Caucus chairman Maxine Waters (D-CA) of Los Angeles (35-CD) apologized to the Cuban dictator for "mistakenly vot[ing] for House Concurrent Resolution 254" which called on the Government of Cuba to extradite to the United States Joanne Chesimard convicted of the 1973 murder of New Jersey state trooper Werner Foester (see US CPR, Vol.5, No.5). Waters describes Chesimard as a "member of the Black Panther Party" which was "the primary target" of the FBI.

OMNIBUS APPROPRIATIONS BILL PROTECTS TRADEMARKS -- A provision in the Omnibus Appropriations Bill (Conference Report for H.R. 4328 as printed in the Congressional Record of October 19, 1998) offers intellectual property protection (31CFR§515.527) to owners of assets that were confiscated "unless the original owner" of the mark, trade name, or commercial name, or the bona fide successor-in-interest has expressly consented." Contained in the General Provisions for the Department of Commerce §211(a)(1) the provision would prohibit the Patent and Trademark Office and the Copyright Office from issuing patents, trademarks, or copyrights involving confiscated property in Cuba.

STATE DEPARTMENT HOLDS U.S.-CUBA POLICY BRIEFING -- Deputy Assistant Secretary of State for Public Affairs, Lula Rodriguez, coordinated a Washington policy briefing on October 22nd for representatives of the Cuban American community involving discussions on the Clinton administration's policy of seeking a peaceful transition to democracy in Cuba. Among administration officials attending were: Assistant Secretary for Inter-American Affairs, Peter Romero; Office of Cuban Affairs Director Michael Ranneberger; OFAC Director, Richard Newcomb; USAID Cuba Coordinator, David Muchler; and, Senior Director for Inter-American Affairs National Security Council.

NOTABLE QUOTES

In a departure from the publication of the selected quotations by various individuals that normally fill this section of the U.S. Cuba Policy Report, the editor has chosen instead specific excerpts of an important speech given by a U.S. government official whose remarks offer an extraordinarily clear insight both to the social, economic, and political conditions prevailing in Cuba today as well as an inside view of the Clinton administration's policy toward Cuba. The following excerpts are taken from the remarks made by Michael Kozak, Principal Officer, U.S. Interests Section, Havana, at the Dallas Morning News Conference on "Cuba in Evolution" in Dallas, Texas on September 28, 1998.*

STABILITY - "When I first began dealing with Cuba issues some twenty years ago, we always identified three key concerns that the United States had about the Castro Government: First, Cuba presented a military threat to the United States itself...Second, Cuba presented a military threat to our allies throughout the Inter-American region...Third, we were concerned about Cuba's treatment of its own people...Today, United States concerns - but not United States interests - have substantially changed: Cuba no longer presents a serious military threat to the United States...Cuba's treatment of its own citizens remains as much a concern as it was twenty years ago...Today, however, our primary concern is the one that did not exist twenty years ago. That is the issue of stability. If there is instability in Cuba, United States interests are directly implicated...So it is critical to the United States that Cuba evolve peacefully into a stable, prosperous, democratic country."

THE CUBAN ECONOMY - "By legalizing the use of dollars, allowing the partial and limited introduction of market mechanisms in agriculture, and authorizing some forms of self-employment, the regime was able to stop the free fall of the economy and avert famine. By permitting foreign investment in joint ventures with the government, it was able to attract much needed capital. Many observers and foreign governments, including the United States, hoped and expected that these measures were the beginning, not the end, of a serious effort at reform leading towards our free open economic system. But it now appears that the Cuban leadership had not made such a decision."

FOREIGN INVESTMENT - "Foreigners are allowed to invest in joint ventures with the government, but not Cubans. The foreigners are not potential political rivals and can always be eased out when the time comes, government leaders have explained. And eased out they can be, despite many promises, legal protections for foreign investors are almost nonexistent...Of course, what the regime is really afraid of is the creation of anything or anyone independent of the system...The implications of this mind-set for outsiders who wish to do business with and inside Cuba are profound."

SUGAR - "Cuba's vital sugar industry, where incentives and private enterprise are most vitally needed, the government will tolerate little of the former and none of the latter. Cuba's sugar production this year will set an all time low for the second half of this century, but the government's solution has been to call for more "discipline," not to open the sector up so that it can attract essential new capital investment."

THE MILITARY - "Many analysts look for the military to take over and lead Cuba in a post-Castro transition. But the reality is that outsiders know very little about the internal workings of the Cuban military. Even the military attaches of countries with which Cuba is on good terms are extremely restricted in their access. So some analysts make an assumption. Because we don't know that the military is just as dependent on Fidel Castro for its internal coherence and the legitimacy of its hierarchy as are the civilian institutions, it is assumed that it must be different and possess the institutional integrity needed to lead a transition. But the unhappy fact is that it is just as likely that the military is in political terms just as dependent on Castro as the other institutions."

CUBANS ON THE ISLAND - "Like it or not, at the end of the day the international community cannot by itself assure a peaceful transition within Cuba. Cubans on the Island -- within and outside the regime -- will need to take the risks necessary to overcome the natural resistance to reform of the Party bureaucrats and above all the State Security apparatus, as well as of Fidel Castro and his colleagues..."

THE PAPAL VISIT -- "The January 21-25 visit of Pope John Paul II to Cuba brought a new dynamic to the Cuban picture. In the months leading up to the visit, the Catholic Church of Cuba succeeded in further expanding the space available to it...It is also clear that the regime does not intend to expand the religious freedom it permitted in connection with the Papal visit, if it can help it...This factor provides some hope that Cuba's religious institutions will gain strength. This is important because if there is to be a realistic prospect of a stable, peaceful transition in Cuba, Cuba needs to have institutions apart from the regime that can provide a societal anchor in the event of governmental chaos."

INTERNAL DIALOGUE -- "To change Cuba, it needs to dialogue with Cubans who are not enemies of the regime, but are not of the regime. The religious institutions of Cuba could play an important role in this respect if the regime were to become serious about assuring peaceful change. The Papal visit was important not because it brought irreversible change, but because it has brought all Cubans the opportunity to break out of the stagnant situation in which they have so long found themselves. It is up to the Cubans in Cuba - within the regime and outside of it - to decide whether to seize this unique opportunity."

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U.S. * CUBA Policy Report

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Ralph J. Galliano, Editor

PRESIDENT CLINTON WAIVES PROVISION FOR FAMILIES OF SHOOTDOWN VICTIMS TO COLLECT JUDGEMENT UNDER ANTI-TERRORISM ACT

WASHINGTON -- As the 105th Congress neared its final legislative days in September and October, Congresswoman Ileana Ros-Lehtinen (R-FL) was championing the cause of the families of the Brothers to the Rescue (BTTR) victims shot down and killed in international airspace by Cuban Air Force MIGs on Saturday, February 24, 1996. BTTR planes routinely searched for rafters fleeing the communist-ruled island of Cuba through the treacherous Florida Straits bound for the United States. While each of the four families of Carlos Costa, Armando Alejandro, Mario de la Pena, and Pablo Morales received \$300,000 in compensation in late 1996 from frozen Cuban fund accounts as authorized by President Clinton, three of the victim's families (with the exception of Pablo Morales) representing American citizens were not prohibited from filing suit (Case No. 96-10126-CIV-King) in Miami federal court on December 12, 1997. Under the statute, lawyers for the three families sought punitive and compensatory damages. The cause of action was created under the *Anti-Terrorism and Effective Death Penalty Act of 1996* (28 USC 1605 §(a)(7)) which amended the *Foreign Sovereign Immunities Act (FSIA) of 1976* (28 USC 1602-11) "to permit suits against foreign governments and their political subdivisions which engage in acts of extrajudicial killing, aircraft sabotage or other prohibited acts against a United States citizen, when such states are designated by the United States as a state sponsor of terrorism." As long as Cuba remains on the State Department list of state sponsored terrorist countries, the Treasury Department's annual terrorist assets report will list Cuba's assets frozen in the United States; the 1997 report lists those assets at \$178.2 million. In her letter reprinted below to then-House Appropriations Committee Chairman, Robert Livingston (R-LA), Ros-Lehtinen urges the passage of Section 117 of the Treasury Department Appropriations Act of 1999 contained in the Omnibus bill and describes the Anti-Terrorism Act as creating "Federal jurisdiction for American victims of terrorism to sue foreign states in court for damages." Ros-Lehtinen explains that "this key anti-terrorism statute would have no deterrent effect and would lack a means of implementing its punitive aspect, unless Sec. 117 is passed." As passed, Section 117 - *Exception To Immunity From Attachment Or Execution* allows for the "execution of judgements against terrorist states" but also contains presidential waiver language invoking "national security."

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PRESIDENTIAL WAIVER OF SECTION 117 -- In Presidential Determination No. 99-1 reprinted below dated October 21st, President Clinton invoked section 117(d) of the *Exception To Immunity From Attachment Or Execution* and "waive[d] the requirements of section 117 in the interest of national security", in effect, preventing the families of the shutdown victims from collecting, out of the Cuban funds frozen in the United States, the \$187.6 million in compensatory (\$49,927,911) and punitive (\$137.7 million) damages awarded by the court on December 17, 1997. Although the White House opened the way for the attachment of "commercial assets," which the Cuban funds clearly qualify as, the press secretary stated (reprinted below) the president's rationale for the waiver by saying that "[i]t would permit individuals who win court judgements against nations on the State Department's terrorist list to attach embassies and certain other properties of foreign nations, despite U.S. laws and treaty obligations barring such attachment...If the U.S. permitted attachment of diplomatic properties, then other countries could retaliate, placing our embassies and citizens overseas at grave risk."

BLOCKED CUBAN ASSETS -- Historically, blocked foreign assets held in the United States have been used to settle expropriated property claims between governments on behalf of American citizens through the espousal of those claims by the U.S. government. The Foreign Claims Settlement Commission (FCSC) has certified U.S. claims for property confiscated in Cuba since 1959 at \$1.8 billion. The Office of Foreign Assets Control (OFAC) at the U.S. Department of Treasury in its 1997 Terrorist Assets Report states, "Blocked assets, however, may not be attached by any claimant unless authorized by OFAC consistent with U.S. policy. Authorization to attach assets is unlikely until such time as the sanctions against the target state are lifted." In the case of the \$187.6 million judgement awarded the three families of the BTTR shutdown victims, the award exceeds the amount of net blocked Cuban assets reported by OFAC of \$178.2 as of December 31, 1997. The source of the existing frozen assets derives from the telecommunications revenues earned by the Cuban government prior to the passage of *The Cuban Democracy Act of 1992* whereby the president is authorized under Section 1705 to provide "licenses for the full or partial payment to Cuba of amounts due Cuba as a result of the provision of telecommunications services." Telecommunications revenues paid to Cuba average \$42,637,614 semiannually. Prior to the passage of Section 117 and without Congressional authority, President Clinton, for the first time on October 2, 1996, directed the Secretary of the Treasury under the Trading With the Enemy Act (TWEA) to vest Cuban assets maintained in blocked accounts for the purpose of compensating the shutdown victims' families.

U.S.* CUBA POLICY REPORT (ISSN 1093-099X)

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 21, 1998

Presidential Determination
No. 99-1

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY

SUBJECT: Determination to Waive Requirements Relating to Blocked Property of Terrorist-List States

By the authority vested in me as President by the Constitution and laws of the United States of America, including section 117 of the Treasury and General Government Appropriations Act, 1999, as contained in the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (approved October 21, 1998), I hereby determine that the requirements of section 117, including the requirement that any property with respect to which financial transactions are prohibited or regulated pursuant to section 5(b) of the Trading with the Enemy Act (50 U.S.C. App. 5(b)), section 620(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2370(a)), sections 202 and 203 of the International Emergency Economic Powers Act (50 U.S.C. 1701-1702), and proclamations, orders, regulations, and licenses issued pursuant thereto, be subject to execution or attachment in aid of foreign state claiming such property is not immune from the jurisdiction of courts of the United States or of the States under section 1605(a)(7) of title 28, United States Code, would impede the ability of the President to conduct foreign policy in the interest of national security and would, in particular, impede the effectiveness of such prohibitions and regulations upon financial transactions, and, therefore, pursuant to section 117(d), I hereby waive the requirements of section 117 in the interest of national security.

The Secretary of State is authorized and directed to publish this determination in the Federal Register.

William J. Clinton

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 21, 1998

STATEMENT BY THE PRESS SECRETARY

The United States has been unrelenting in the fight against terrorism. We have taken strong measures against nations, including Iran, that have sponsored terrorist efforts. We have also supported efforts to obtain justice on behalf of victims of terrorism, including Alisa Flatow, an American student killed by a 1995 terrorist attack in Israel.

However, the struggle to defeat terrorism would be weakened, not strengthened, by putting into effect a provision of the Omnibus Appropriations Act for FY 1999. It would permit individuals who win court judgments against nations on the State Department's terrorist list to attach embassies and certain other properties of foreign nations, despite U.S. laws and treaty obligations barring such attachment.

The new law allows the President to waive the provision in the national security interest of the United States. President Clinton has signed the bill and, in the interests of protecting America's security, has exercised the waiver authority. If the U.S. permitted attachment of diplomatic properties, then other countries could retaliate, placing our embassies and citizens overseas at grave risk. Our ability to use foreign properties as leverage in foreign policy disputes would also be undermined.

The Administration stands ready to work with the Flatow family, which won a U.S. court judgement against Iran, in identifying Iranian commercial assets that may be available for attachment. We will work to achieve justice for Alisa Flatow and other victims without undermining our ability to protect our interests and conduct foreign relations, including the fight against terrorism, around the world.

LETTERS TO EIZENSTAT AND BERGER

CONGRESS OF THE UNITED STATES HOUSE OF REPRESENTATIVES

October 26, 1998

Honorable Stuart Eizenstat

Under Secretary for Economic,

Business and Agricultural Affairs

Department of State

Washington, D.C. 20547

Dear Under Secretary Eizenstat:

Last week, President Clinton waived Section 117 of the Treasury and General Government Appropriations Act, a provision contained in the Omnibus bill which would allow the execution of judgements against terrorist states. The Statement by the Press Secretary cited that: "in the interests of protecting America's security, [the President] has exercised the waiver authority."

In Congress' view, the President implemented a broad, far-reaching waiver over the entire provision of law, although the language specifically states that "the President may waive the requirements." In their oral and written remarks, Members of the House and Senate elaborated upon and clarified that the scope and purpose of this waiver is limited to the letter of the law. As you know, this waiver was included as a result of the conference process, was voted on and approved by both chambers.

Nevertheless, while the issue of "scope" remains to be settled through the legal system, the issue of national security interests furthered by the waiver are matters requiring immediate discussion and consultation.

Because you and National Security Advisor Sandy Berger were the pivotal forces for the Administration on this issue, I would appreciate your assistance in providing further elaboration on, specifically what U.S. national security interests are being protected and promoted by the implementation of the waiver. Given that Section 117 strikes a blow at terrorists by not only holding them accountable for their actions, but by forcing them to pay for their crimes, I anticipate that the national security interests cited by the President in his announcement must be of such a grave nature as to necessitate a waiver of a terrorism provision.

As a Member of Congress, such threats are of great concern to me. As a Member who represents the families of the victims of the February 24, 1996 terrorist attack by the Castro regime, I would appreciate further details on the data prompting the President's decision to waive Section 117.

I thank you in advance for your assistance and cooperation.

Sincerely,

Ileana Ros-Lehtinen

Member of Congress

TITLE IV IMPLEMENTATION

Numerous certified claimants have received letters (see sample reprinted below) signed by Michael Ranneberger, Coordinator for the Office of Cuban Affairs at the State Department, requesting information regarding location of their claim and information related to possible trafficking in confiscated property. Ranneberger, who writes, "[i]n connection with our work implementing Title IV (sec. 401) of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act*, also known as the Helms-Burton Act," requests "information regarding the precise location" and "any documentary evidence or other information you may be able to provide indicating whether a foreign person or entity may be involved with the property subject to this claim." Of the two foreign companies, one Mexican and one Canadian, cited for trafficking under Title IV of Helms-Burton since its passage on March 12, 1996, only Canada's Sherritt remains on the list which has the effect of excluding its "corporate officers, principals and controlling shareholders" from receiving U.S. entry visas. No European Union countries have been cited. While foreign investment in Cuba continues despite the passage of the Helms-Burton Act, many companies are practicing due diligence with respect to U.S. claims certified by the Foreign Claims Settlement Commission. It is, therefore, not unusual for companies to print disclaimers on their promotions. In a deal, for example, involving Canadian and British companies planning resort developments in Cuba, Leisure Canada Inc. states, "The Company has further taken into consideration U.S. building codes and fire and safety standards. LCI has further taken great care to determine that the properties being developed are free of Helms-Burton claims."

STATE DEPARTMENT LETTER

United States Department of State
Bureau of Inter-American Affairs
Washington, D.C. 20520-6258

Date _____

RE: Decision Number _____ with the
Foreign Claims Settlement Commission

Dear _____:

The Department of State understands that _____ has a claim to expropriated property in Cuba certified by the Foreign Claims Settlement Commission (FCSC). In connection with our work implementing Title IV (sec. 401) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, also known as the Helms-Burton Act, P.L. 104-114; 22 USC 6021, 6091, we would be interested in information regarding the precise location of _____ claimed property in Cuba and in any documentary evidence or other information you may be able to provide indicating whether a foreign person or entity may be involved with the property subject to this claim. Title IV provides for the denial of visas to or exclusion from the United States of any foreign national who the Secretary of State determines is a person who, after March 12, 1996, confiscates or "traffics" in confiscated property in Cuba, a claim to which is owned by a U.S. national. This includes the corporate officers, principals and controlling shareholders of any entity involved in such confiscation or "trafficking."

For your information, "trafficking" is defined in the statute at 22 USC 6091(b)(2) and generally involves using, acquiring, investing in or profiting from confiscated property. The Congressional Conference Committee report on the legislation stated that "the sale or abandonment of confiscated property in Cuba for purposes of disengaging from Cuba is excluded from the definition of trafficking."

You may send any information you wish to provide to the Helms-Burton Implementation Unit, Office of Cuban Affairs, Room 3234, U.S. Department of State, Washington, D.C. 20520-6258 or by fax to 202/647-7095. Please feel free to contact us at 202/647-7505.

Sincerely,
Michael Ranneberger
Coordinator
Office of Cuban Affairs

VENEZUELAN CHAVEZ TIED TO CUBA

Watching crude oil prices plummet to a 12-year low, the United States, as the world's largest oil consumer, is also keeping an eye on its largest oil supplier, Venezuela, and the upcoming presidential election, particularly front-runner Hugo Chavez a jailed former army coup leader. The February 1992 coup attempt against then-president Carlos Andres Perez branded Chavez a terrorist under U.S. law and prevents him from receiving an entry visa. With the opposition divided, the election will be decided between the pro-business Yale-educated former state governor Henrique Salas Romer and Chavez. As the December 6th election nears, concerns are heightened over the affect a Chavez victory will have on U.S. trade and investment given the former lieutenant colonel's campaign pledges and ties to Cuba's Fidel Castro along with Colombian and Venezuelan Marxist rebel groups. Excluded as the only non-democratic country in the Hemisphere from the 1994 Summit of the Americas held in Miami, Cuba sponsored a parallel summit of revolutionaries honoring Chavez also known as *El Comandante*! Politically, Chavez has vowed to dissolve Congress, rewrite the constitution, expropriate private property, create block committees similar to Castro's Committees for the Defense of the Revolution (CDRs), and supply subsidized oil to Cuba. As a founding member of OPEC and the fifth largest oil producer in the world in 1997, Venezuela provided 15 percent of U.S. oil imports during that year and remained the largest U.S. supplier (16.6%) next to Canada and Saudi Arabia. Although a cut-off of Venezuelan oil imports would not threaten U.S. supplies, hundreds of millions of dollars of oil-related equipment and products transit the Port of Houston annually. (HL, "Venezuelan candidate had Marxist rebel links, reports allege," 10/5/98; JOC, "Venezuelan candidate poses threat to trade," 10/22/98, p.1A; HL, "Chavez makes U.S. uneasy," 11/16/98; IHT, "Venezuelan Populist Worries Oil Industry," 11/17/98, p.21; FT, "Chavez wants poll on new constitution," 11/24/98, p.6).

INTERNATIONAL BRIEFS

CUBA TO INTRODUCE EURO FOR FOREIGN FINANCIAL TRANSACTIONS -- Cuba's central bank will make the Euro its official currency for foreign financial transactions beginning July 1999. The Euro, which will be introduced for the first time by the European Union on January 1, 1999, will be the currency of choice for 11 of the 15 EU countries including: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Only Denmark, Greece, Sweden, and the UK are not prepared to participate. By January 2000, Cuba plans to use the Euro for commercial purposes with China, Vietnam and North Korea. Cuba claims 44 percent of its trade is with the EU. The Euro, expected to be worth \$1.10 in January, will be used in tandem with EU member country currencies for the first three years and will become the single currency in 2002. Cuba, which legalized the U.S. dollar in 1993, presently maintains three currencies: the dollar, the convertible peso (on par with the dollar), and the Cuban peso worth about five cents. (RL,"Cuba backs euro currency as balance to U.S. dollar," 11/8/98; BLP,"Cuba Will Trade in Euros, Not Dollars, Starting in July 1999," 11/8/98).

CANADIAN AND BRITISH COMPANIES PLAN RESORTS FOR CUBA -- Leisure Canada Inc. and Forte Le Meridien Hotels and Resorts announced they have entered into a "Letter of Intent" to develop hotels, marinas, and championship golf courses with Gleneagles Golf Developments of Scotland. A final agreement is set for December 31st. Plans include major developments in Havana, Cayo Largo, and Jibacoa. (FT,"Groups link in Cuba golf course venture," 11/11/98, p.7).

BRAZILIAN STATE OIL COMPANY PETROBRAS SIGNS \$23 MILLION JOINT VENTURE AGREEMENT WITH CUBA PETROLEO (CUPET) -- Brazil's Petrobras, the state oil company with deep-water expertise signed a six-year \$23 million agreement to drill for oil off-shore in Block 50 situated 185 miles east of Havana. Block 50 is estimated to hold 500 million barrels of potential oil reserves. Cuba's current daily production is 35,000 barrels mostly of high-sulphur crude. Cuban oil production meets only one-third of the island's energy needs. Cuban joint ventures with Canada, France, the UK, Sweden, and Spain involve the exploration of 22 of 32 blocks designated. (RL,"Brazil's Petrobras sees potential in offshore Cuba," 11/19/98; AP-NY,"Cuba Signs Oil Exploration Contract," 11/20/98).

ARGENTINA COSPONSORS CUBA FOR ADMISSION TO URUGUAY BASED TRADE GROUP -- Along with Brazil, Uruguay and Paraguay, Argentina's cosponsorship helped Cuba to gain membership in the Latin American Integration Association (ALADI), which helps to facilitate trade among member nations. ALADI's 11 other members are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Mexico, Uruguay and Venezuela. Created in 1980, ALADI was eclipsed in the 1990s by regional trade blocs Mercosur (Argentina, Brazil, Paraguay, and Uruguay; Bolivia and Chile are associates) and the Andean Community (Bolivia, Colombia, Ecuador, Peru, and Venezuela). Cuba had been an observer of ALADI since 1986. (CNN,"Cuba let into LatAm integration body ALADI," 11/7/98; MH,"Argentina clarifies stance on Cuba," 11/21/98, p.21A).

CARICOM EXPECTS TO OPEN TRADE OFFICE IN HAVANA -- Caricom, the Caribbean community of 13 former British colonies, largely dependent on trade with the United States for its export earnings, announced at its Caricom-Cuba Joint Commission meeting in Georgetown, Guyana that it will open a trade office in Havana in 1999. Although Caricom has in the past denounced the U.S. trade embargo, improved relations with Caricom have not led to improved human rights or democratic changes on the communist-ruled island. (JOC,"Caricom to open Havana trade office," 11/25/98, p.2A).

SHORT TAKES

ASSOCIATED PRESS (AP) TO REOPEN NEWS BUREAU IN HAVANA -- For the first time since 1969 when the Castro regime expelled the last remaining AP correspondent, Associated Press will be reopening its Havana bureau in Cuba. Permission for television, photo and text coverage from Cuba was granted. AP, the oldest and largest news-gathering organization in the world, will be headed by Anita Snow. The 39 year old Snow, AP's news editor for Mexico and Central America has been named Havana bureau chief. Snow was among the AP correspondents who covered the Papal visit to Cuba in January. AP joins CNN (November 7, 1996) as only the second American-based news organization to be granted permission by the Cuban government (see USCPR, Vol.3, No.12) to set up a bureau on the communist-ruled island. AP is among ten news organizations which were granted licenses by the Treasury Department's Office of Foreign Assets Control (OFAC) immediately following Senate Foreign Relations Committee Chairman Jesse Helms' February 6, 1997 letter to President Clinton urging him to approve pending applications (see USCPR Vol.4, No.2). (RL, "Cuba allows U.S. news agency to open Havana office," 11/13/98; AP, "Snow Named Bureau Chief in Havana," 11/18/98).

INS BREAKS UP MOSCOW TO CUBA ALIEN SMUGGLING RING -- The organization based in India was described by Attorney General Janet Reno as the "largest alien smuggling organization ever dismantled in U.S. history." As many as 300 aliens per month were entering the United States by land, air, and sea over the last three years. The aliens from India, Pakistan, Afghanistan, and Syria were allegedly smuggled into the U.S. for the purpose of cheap labor costing businessmen \$20,000 each. Although it was not revealed the extent to which there was Cuban government involvement, the State Department and INS identified specific Indian nationals on the island. The smuggling activity could also pose a long term threat to both the United States government and American businesses in the areas of industrial and economic espionage. A 1996 CIA report cited Cuba among the countries names as "extensively engaged in economic espionage against the United States." (BLP, "Eight Nations, Including Allies, Target U.S. Firms, Report Says," 11/10/98; RL, "U.S. busts ring smuggling Indians via Moscow, Cuba," 11/20/98; MH, "U.S. cracks immigrant smuggling rings," 11/21/98, p.1A).

SERRANO DEFENDS "THE CUBAN BASEBALL DIPLOMACY ACT" - Rep. Jose Serrano (D-NY), Congressman from the Bronx home of the New York Yankees, was placed on the defensive by criticism lodged in an editorial ("Close, Jose, But no Cigar") published in *The New York Post* (11/9/98) for his bill (H.R.9), "The Cuban Baseball Diplomacy Act," that he introduced in 1995 and then again in 1997 at the start of the recently ended 105th Congress. Serrano, likening it to U.S.- China relations in an earlier era during the Cold War commonly known as "Ping Pong Diplomacy," saying in his own defense that "opponents of President Fidel Castro have resisted a similar opening in Cuba arguing that it would enrich the Castro government." Serrano cites New York Yankee pitcher Orlando "El Duque" Hernandez and his brother, Florida Marlins pitcher Livan Hernandez the 1997 World Series MVP who defected from Cuba, as examples of would-be beneficiaries of his bill. Critics believe players' paychecks would be confiscated by the Castro regime if allowed to obtain an annual visa to play baseball in the United States as permitted under Serrano's bill. Cuban sports minister Humberto Rodriguez has said he would consider allowing players to work in U.S. major league baseball "as long as it respects the principles of Cuban socialist sports." Cuban dictator, Fidel Castro is said to favor Cuban baseball teams competing in the United States. (AP, "U.S. lawmaker proposes law allowing Cubans to play in Major Leagues," 11/01/98).

NOTABLE QUOTES

"Under Title III, the President...retained the authority to delay or suspend [the] right-of-action, if he can certify to Congress that it is in the national interest of the U.S. and in the interest of promoting a democratic transition in Cuba...Motivated primarily by pressure from the U.S.'s European trading partners, the President has invoked this suspension authority, without articulating to the relevant Congressional committees how such suspensions will promote a transition to democracy in Cuba...This phenomena has created a potential opportunity for a U.S. claimant, perhaps backed by Congressional amicus curiae briefs, to pursue a declaratory action against the Executive Branch, or even sue the federal government under Fifth Amendment "takings" grounds. Remarks presented by Nicolas J. Gutierrez, Jr. at the Meeting of the New York State Bar Association's International Law and Practice Section on October 22, 1998 in Coral Gables, Florida. Gutierrez is a member of the Miami law firm Rafferty, Gutierrez & Sanchez-Aballi. ("LIBERTAD: Drying Up Fidel's Foreign Financing," Trade and Relations With Cuba Panel, 10/22/98, p.2).

"We will never accept any terms or conditions from the United States. The blockade [U.S. embargo] must end unconditionally, or it can last forever." Fidel Castro, president of the Council of State in Cuba, as quoted by David Lawrence, Jr., chairman of the Miami Herald, leading a delegation from the American Society of Newspaper Editors to Cuba. (MH, "Cuba and Castro - six hours of 'showmanship'," 11/1/98, p.3L).

"Cuba needs to have an internal dialogue now about how to develop a process to carry it into the post-Castro future. Delaying that process or rewarding Cuban Government intransigence with unilateral, unconditional gestures will too easily work against the achievement of a peaceful democratic transition. Those who have "engaged" with Fidel Castro on fundamental political reform have all come away empty-handed." Remarks by Michael E. Ranneberger at Tulane University in New Orleans, Louisiana. Ranneberger is the Coordinator of the State Department's Office of Cuban Affairs. ("U.S. Policy Toward Cuba: Pursuing Peaceful Democratic Transition," 11/9/98, p.1).

"The truth is that the [Warner bipartisan] commission proposal [to review U.S. Cuba policy] is only the latest ploy of an anti-sanctions business lobby that has initiated an unprecedented and well-financed campaign to remove economic sanctions from the U.S. foreign policy arsenal." Op-ed by Jorge Mas Santos, vice chairman of the Cuban American National Foundation. (HL, "Aim at Cuba's freedom, not money," 11/30/98).

The Institute for U.S. Cuba Relations was established in 1993 as a non-partisan, tax-exempt, public policy research and education foundation whose purpose is to study U.S. Cuba relations past, present and future. In addition to its newsletter, the U.S. * CUBA Policy Report, the Institute publishes books under its imprint U.S. * CUBA INSTITUTE PRESS. The Institute is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954, and is recognized as a publicly supported organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of the Institute for U.S. Cuba Relations through tax-deductible gifts. The Institute neither seeks nor receives federal taxpayer funding. The Institute's mailing address is: 1730 M Street, N.W., Suite 400, Washington, D.C. 20036, USA. Telephone #: 202/675-6344.

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Ralph J. Galliano, Editor

COUNCIL ON FOREIGN RELATIONS TASK FORCE REPORT LIKELY TO PAVE WAY FOR PRESIDENTIAL ANNOUNCEMENT OF BIPARTISAN COMMISSION

WASHINGTON -- Bernard W. Aronson and William D. Rogers, co-chairs of the Council on Foreign Relations' (CFR) Independent Task Force for U.S.-Cuban Relations are "both Democrats who made their marks in Republican administrations" according to Associated Press (AP) journalist George Gedda who broke the story of the forth-coming Cuba task force report for AP on December 24th, a story that was also carried by *The Miami Herald* the following day. Gedda says, "Aronson served as the top Latin American aide in the State Department for President Bush, and Rogers held senior State Department posts under President Ford." Both Aronson and Rogers are members of the Council on Foreign Relations (see US CPR, Vol.5, No.10) the sponsor of the Cuba task force report currently in draft form and expected to be released in early January at a press conference in Washington. Founded in 1921 to counter isolationism, the Council on Foreign Relations, a prestigious New York City based think tank which publishes *Foreign Affairs* magazine, claims to take "no institutional position on policy issues and has no affiliation with the U.S. government." Although not members of the CFR's Cuba task force, Clinton administration appointees including Morton Halperin (Director, Policy Planning Staff at the State Department), Fulton Armstrong (Director, Inter-American Affairs at the National Security Council), and James Dobbins (Special Assistant to the President and Senior Director for Inter-American Affairs at the National Security Council) have been kept abreast of specific task force activities, the latter two serving as observers. Rogers endorsed the "establishment of a National Bipartisan Commission on Cuba" in a letter written to Senator John Warner (R-VA) by Lawrence Eagleburger on September 30th. In turn, Warner's October 13th letter to President Clinton has set off a vigorous public debate on the necessity of such a commission. Asked whether the president had "reached a decision about his recommendation to create a national committee to review U.S. policy with Cuba," White House Press Secretary Joe Lockhart responded to the question at his November 30th press briefing by saying, "We are continuing to review the letter." Although the final task force report is not likely to recommend the outright endorsement of a bipartisan commission to review U.S.-Cuba policy, there are expectations in Washington that the White House will use the final CFR task force report as a springboard to an announcement for the creation of a presidential commission.

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SENATOR CHRISTOPHER DODD -- A member of the Council on Foreign Relations, Senator Christopher Dodd (D-CT), ranking on the Senate Foreign Relations Western Hemisphere Subcommittee, spent five days (December 4-8) in Cuba earlier this month including a six hour meeting with Cuban dictator Fidel Castro. In a December 7th press release, Jose Cardenas of the Cuban American National Foundation's (CANF) Washington office, described Dodd as the "most vociferous advocate of unilaterally lifting U.S. trade sanctions" against Cuba. In addition to meeting with top Cuban officials, Alarcon of the National Assembly and Foreign Minister Robaina, Dodd proposed five steps to improve relations with the Communist ruled island: 1) end the restrictions on the sale of food and medicine; 2) lift travel restrictions and increase direct flights; 3) permit greater contact between U.S. and Cuban diplomats at all levels; 4) explore opportunities to cooperate on environmental protection and efforts to fight drug trafficking and terrorism; and, 5) establish a bipartisan commission to review U.S.-Cuba policy as proposed by Senator Warner. Short of recommending the formation of a bipartisan commission and with the exception of his suggestion that the U.S. cooperate with Cuba to fight terrorism, every other step put forward by Dodd at his press conference in Havana is included in the draft copy of the task force recommendations described by AP journalist George Gedda. Janice O'Connell, professional staff member for the Connecticut Senator, is also a CFR task force observer and Dodd said he would brief President Clinton upon his return from his Cuba trip. On December 10th, Cuban foreign ministry spokesman Alejandro Gonzalez told reporters the regime was closely monitoring the progress of the proposal. Saying he didn't "think that in the short term the lifting of the embargo is likely," Dodd insisted on a new approach.

BIPARTISAN COMMISSION PROPOSAL GAINING MOMENTUM -- Senator John Warner, who furthered the recommendation initiated by Lawrence Eagleburger to create a national bipartisan commission to review Cuba policy, circulated another copy of his October 13th letter (see USCPR, Vol.5, No.10) generating an additional nine (four Republicans and five Democrats) signatures. The December 11th copy of his letter brings the total number of Senate supporters to 24 including: Jack Reed (D-RI), Barbara Boxer (D-CA), Richard Lugar (R-IN), Patrick Leahy (D-VT), Daniel Patrick Moynihan (D-NY), Arlen Specter (R-PA), Thad Cochran (R-MS), Patty Murray (D-WA), and Pete Dominici (R-NM). The CFR's final report of their Independent Task Force for U.S. Cuba Relations in its recommendations would erode sanctions and strengthen the case for the creation of a national bipartisan commission on Cuba.

U.S.* CUBA POLICY REPORT (ISSN 1093-099X)

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**SOLIDARIDAD: FOOD, FARMERS, AND
SUPPORT FOR THE CUBAN PEOPLE**

SOLIDARIDAD -- The most likely way to offer direct support to the Cuban people, as provided for in the Cuban Democracy Act's Track II approach, and to placate American agriculture over the next two years will be the reintroduction in some form of the *Cuban Solidarity (SOLIDARIDAD) Act of 1998* (see USCPR, Vol.5, Nos. 5 & 9) among whose original bipartisan Senate sponsors were: Jesse Helms (R-NC), Trent Lott (R-MS), Bob Graham (D-FL), Robert Torricelli (D-NJ), Paul Coverdell (R-GA), Don Nickles (R-OK), Charles Grassley (R-IA), and Fritz Hollings (D-SC). **SOLIDARIDAD** called for up to \$100 million of U.S. government food aid to be made available to Cuba over four years "not to exceed" \$25 million for each fiscal year. The bill (S.2080) did not appropriate additional sums for humanitarian assistance to victims of political repression and was likened by Senators Graham and Helms to "the Solidarity opposition movement in Communist Poland during the 1980s." In September, however, the Castro regime rejected outright any food aid if the assistance was identified as coming from the United States government calling it "humiliating, hypocritical and unacceptable." The UN, which appealed for food aid to Cuba ostensibly due to drought conditions and hurricane damage (see USCPR, Vol.5, No.9), has renewed its appeal. Although **SOLIDARIDAD** had the support and backing of the Cuban American National Foundation, the Miami-based Cuban exile organization, the three Cuban-American Members of Congress looked upon the proposal with suspicion and received it unenthusiastically. The Congressmen understood the impact the commercial sale of food to the Cuban government would have even if on a "cash and carry" basis. Since the repressive Castro regime clearly cannot afford to pay, it would attempt to pry open "credits" from the international financial institutions it has been successfully deprived of by the United States. One section of **SOLIDARIDAD** was specifically intended to prevent the program from being misconstrued to authorize the commercial sale or export of food to Cuba "not otherwise authorized under law." U.S. policy makers are faced with the dilemma of satisfying anxious farm interests with an eye on the Cuban market and the fact that credits would prop up the Castro regime to the detriment of the Cuban people.

CARIBBEAN MILLERS' ASSOCIATION MEETING IN HAVANA -- Company representatives "affiliated with major U.S. agro-business corporations attended a meeting" in Havana on December 1-2 generating greater interest among farm groups particularly U.S. wheat producers who believe the obstacle to more sales is trade sanctions against Cuba that deprive them of increased market share. American attendees included representatives from the U.S. Wheat Associates, the American Bakers Association, Archer Daniels Midland (ADM), and Continental Grain who oppose unilateral sanctions and who along with USA-ENGAGE have lobbied strenuously against trade restrictions. Senator Chuck Hagel (R-NE), who supported legislation (S.1413 and H.R.2708) sponsored by Senator Richard Lugar (R-IN) and Rep. Lee Hamilton (D-IN), in a November 9th letter to Republican senators identified sanctions reform as a top priority in the upcoming 106th Congress. The junior Senator from Nebraska, Chuck Hagel, sits on the Foreign Relations Committee and chairs the International Economic Policy, Export & Trade Promotion Subcommittee. Paul Dickerson, vice president of the U.S. Wheat Associates, who attended the Havana meeting, estimates that 10 percent of the annual global wheat market totalling 98 million tons was "off-limits" to the U.S. because of sanctions against countries like Iran, Iraq, Libya, North Korea, and Cuba." ADM is also a corporate benefactor of the Council on Foreign Relations. (IUST, "Hagel, Industry Groups Press For Sanctions Reform Effort in 1999," 11/13/98; RL, "U.S. farm producers eye forbidden Cuban market," 12/03/98; AP, "Farmers Say Trade Sanctions Hurt," 12/17/98).

U.S. EXPELS CUBAN SPIES BASED AT UN

The affidavit, filed by FBI Special Agent Raul Fernandez before U.S. Magistrate Judge Garber in Miami on September 14th that led to the arrest of 10 Castro agents for spying for the government of Communist Cuba (see US CPR, Vol.5, No.9), in turn, has led to the expulsion of three diplomats stationed at the Cuban Mission to the United Nations in New York. The December 23rd announcement (reprinted below), released in a statement by State Department Spokesman James Rubin, cited the U.S. action against Cuba's diplomatic personnel for "activities incompatible with their status as members of a UN mission," a diplomatic euphemism for espionage. In a letter dated December 21st, the U.S. Mission informed the UN Secretary-General that the U.S. had informed the Permanent Mission of Cuba it must provide information within 24 hours as to why three of its diplomats should not be required to leave the United States. The letter indicated that based on investigations conducted by its competent authorities, the Cuban diplomats had engaged in conduct outside their official capacity. The Cuban government did not respond and the United States "with regret" requested that arrangements be made for the three to depart the country by 5 p.m. on Monday, December 28th. According to the State Department, "The FBI investigation also implicated two other members of the Cuban UN Mission who have already departed the country." The three men holding diplomatic passports granting them immunity from U.S. prosecutions as spies are identified as Eduardo Martinez Borbonet (first secretary), Roberto Azanza Paez (third secretary), and Gonzalo Fernandez Garay (attache). Although the "Miami 10" is the largest Castro controlled spy ring broken up by the United States, it is believed that hundreds operate in this country who are connected to Cuba's spy service, the Direccion General de Inteligencia (DGI), with agents based at the Cuban Mission to the UN in New York and at the Cuban Interests Section in Washington.

**U.S. Department of State
Office of the Spokesman
Press Statement**

Press Statement by James P. Rubin, Spokesman

December 23, 1998

Expulsions from Cuban UN Mission

On December 23, 1998, the U.S. Mission to the United Nations in New York advised the Cuban Mission to the United Nations that three of its diplomatic personnel must depart the United States for activities incompatible with their status as members of a UN mission. In accord with normal practice, we are requiring these officials to make arrangements expeditiously to depart.

This action was taken as a result of evidence developed during an exhaustive investigation by the FBI. The FBI investigation also implicated two other members of the Cuban UN Mission who have already departed the country.

The United States takes its host country responsibilities for the United Nations seriously. We cannot accept violations of US laws and endangerment of our national security interests. Under the UN Headquarters Agreement the U.S. has the right to require the departure of individuals who have engaged in activities constituting an abuse of the privilege of residence in the United States.

**WHITE HOUSE CALLS ON CUBA TO TAKE
EFFECTIVE MEASURES ON DRUG TRAFFICKING**

On December 4th, the day Gen. Rosso Jose Serrano, commander of Colombia's National Police, announced at a press conference the seizure of over seven tons (7,000kg) of cocaine bound for Cuba, the White House sent a letter to Congress (excerpt of letter reprinted below) calling on the Cuban government "to take effective measures to stem the flow and to cooperate with others in doing so." Falling just short of including Cuba on the so-called "majors list" of illicit drug-producing or drug-transit countries, President Clinton described Cuba as a "logical candidate for consideration" irritating the Cuban government and placing the NSC in an extraordinary position of having unprecedented leverage in matters of policy. Not coincidentally, *Granma*, the Communist Party newspaper reported on December 5th that Cuba had broken up a drug smuggling ring. The cocaine seized in the Caribbean port city of Cartagena was stored in containers marked polyester resins that were to be loaded onto a cargo ship whose destination was Cuba. One of the traffickers arrested by Colombian police had arrived from Havana. Although the seizure brought to a record 52 tons the amount of cocaine confiscated this year, Colombia, which is said to supply 80 percent of the world's cocaine, produces an estimated 700 tons annually. The drug bust followed a three-day meeting in Cartagena, Colombia of defense ministers from across the Americas including U.S. Secretary of Defense William Cohen. During the meeting, a plan was formulated by Cohen and his Colombian counterpart, Rodrigo Lloreda, to form a new bilateral military task force and counter-narcotics brigade expected to be ready for action in mid-1999.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 7, 1998

**TEXT OF A LETTER FROM THE PRESIDENT
TO THE CHAIRMAN AND RANKING MEMBERS
OF THE HOUSE COMMITTEES ON APPROPRIATIONS
AND INTERNATIONAL RELATIONS AND THE SENATE
COMMITTEES ON APPROPRIATIONS AND FOREIGN RELATIONS**

December 4, 1998

In accordance with the provisions of section 490(h) of the Foreign Assistance Act of 1961, as amended, I have determined that the following countries are major illicit drug-producing or drug-transit countries: Afghanistan, Aruba, The Bahamas, Belize, Bolivia, Brazil, Burma, Cambodia, China, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, Hong Kong, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, Taiwan, Thailand, Venezuela, and Vietnam.

This year I have ...

Cuba. Cuba's geographical position astride one of the principal Caribbean trafficking routes to the United States makes the country a logical candidate for consideration for the majors list. Interdiction operations elsewhere in the region are driving drug smugglers increasingly to fly over Cuba to drop cocaine into Cuban and Bahamian waters. This trend makes it important for Cuba to take effective measures to stem the flow and to cooperate with others in doing so.

Sincerely,
William J. Clinton

EU-US AGREEMENT UPDATE

EUROPEAN UNION (EU) LARGEST WHEAT AND FLOUR SUPPLIER TO CUBA -- The EU is the largest wheat and flour supplier to Cuba followed only by Canada. While the worldwide market is 98 million tonnes per year, Cuba consumes one million tonnes annually or 5,000 tonnes each day. Compared to estimated freight costs from U.S. Gulf ports, Cuba is said to pay double to ship cargos from Europe. Any change in U.S. policy that would increase humanitarian food aid or permit the sale of food to Cuba would be likely to undercut the EU's market in Cuba. (RL,"U.S. farm producers eye forbidden Cuban market," 12/03/98).

EUROPEAN UNION CALLS ON CUBA TO IMPROVE HUMAN RIGHTS -- The 15 European Union foreign ministers in Brussels issued a statement regarding EU relations with Cuba that has been described as aimed as much at Washington as it is directed at Havana. While the EU ministers expressed their desire "to become a partner with Cuba with a view to progressively and irreversibly opening up the Cuban economy," they pointed out that "[i]t will only be possible to cooperate fully with Cuba if the situation improves as far as human rights and fundamental freedoms are concerned." The statement is part of a twice-annual report by the EU. (AP,"EU Says Cuba Must Improve on Rights," 12/07/98).

SEMIANNUAL EU-US SUMMIT PASSES VIRTUALLY UNNOTICED -- In the midst of the vote to impeach a president (December 19, 1998) for only the second time in American history, the bilateral meeting held at the end of each six-month presidency of the European Union passed virtually unnoticed in the eyes of the American public as Austria ended its rotating presidency of the EU. The EU-US dispute over Cuba, buried among other problems dealing with bananas, steel, the aircraft industry, and hormone treated beef, arose only in the context of promoting democracy, a market economy, and human rights. (JOC,"Business as usual at EU-US summit," 12/18/98, p.1A).

EUROPEAN COMMISSION ISSUES ANNUAL REPORT ON U.S. BARRIERS TO TRADE AND INVESTMENT -- The European Commission issued its 14th annual report entitled, *Report on United States Barriers to Trade and Investment* 1998 on October 28th in Brussels and is available from the Washington office of the European Delegation. The report makes clear the overriding importance of the EU-US bilateral trade and investment relationship (\$380 billion annually) over any problems arising that may "hinder the flow of goods, services and capital between the EU and the US." Accordingly, the 52-page report states that the dispute over Cuba "needs to be placed in the context of a Transatlantic economic relationship" which was boosted by the "joint statement on the Transatlantic Economic Partnership (TEP)" adopted at the EU-US Summit in London on May 18, 1998. It was at this summit that the EU and the U.S. reached a controversial agreement "on a package of measures to resolve a dispute regarding the Helms-Burton Act." This is an issue that is expected to carry well into the 106th Congress since the agreement calls for an amendment to the Helms-Burton Act providing a presidential waiver of visa restrictions under Title IV and a continuing waiver preventing litigation by an owner of confiscated property for trafficking under Title III. The report emphasizes an issue that perhaps hasn't stood out quite so obviously before and that is the EU's reference to the illegality and the illegitimacy of U.S. laws specifically the Helms-Burton Act of 1996. The report states emphatically that "[t]he agreements are of a political nature and do not in any way lend any sort of validity to the illegal provisions of the US laws in question."

NOTE: The EU-US Agreement is thoroughly covered by the U.S.* Cuba Policy Report in its 1998 issues: Vol.5, Nos.5,6,7, and 8. In addition, a paper written by Daniel W. Fisk entitled, "The EU-U.S. Agreement and Protection of American Property Rights in Cuba" was published by the Institute for U.S. Cuba Relations through its *Occasional Paper Series*. Also on this topic, the Institute's *Policy Forum Remarks* have been published containing the remarks by the participants to the Policy Forum held on July 23, 1998 at the Capitol Building in Washington, DC.

Excerpts from the European Commission's annual Report on United States Barriers to Trade and Investment 1998 dealing with the Helms-Burton Act of 1996 and the EU-U.S. Agreement in particular are reprinted below from: 2. General Features of US Trade Policy, pages 8-10.

1998 EU REPORT ON U.S. BARRIERS TO TRADE AND INVESTMENT

The US Administration has stressed that its trade policy is based on the values of openness, transparency and the respect for the rule of law. These are principles to which the EU firmly subscribes. Both regard the WTO [World Trade Organization] as a fundamental element in achieving a world of open markets. Bilaterally, this shared commitment has contributed to the adoption of the NTA [New Transatlantic Agenda] and has fostered the development of a healthy economic relationship. But despite this reinforced cooperation, there remain two particular tendencies in US trade policy which are sources of concern to the EU.

The first is extraterritoriality...In particular, the EU opposes the extraterritorial provisions of certain US legislation that hampers international trade and investment by seeking to regulate EU trade with third countries conducted by companies outside the US.

On 12 March 1996 President Clinton signed into law the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (formerly the "Helms Bill", S 381 and its companion HR 927, the "Burton Bill") (referred to as the "Helms-Burton Act"). This is the latest in a series of legislative initiatives since the US proclaimed a trade embargo against Cuba in 1962 (Section 620(a) of the Foreign Assistance Act of 1961; further reinforced by the Food Security Act of 1985 and the Cuban Democracy Act of 1992).

The Commission is of the view that these measures are in part, actually or potentially, contrary to US obligations under the WTO Agreements, in particular the GATT (General Agreements on Tariffs and Trade) and GATS (General Agreements on Trade in Services)...

As a consequence, since the original bills were passed, the EU has forcefully expressed through a number of representations and demarches, its opposition to this kind of legislation - or any secondary boycott and sanction legislation having extraterritorial effects. In particular, with regard to the Helms-Burton Act, the EU and its Member States initiated a WTO dispute settlement procedure on 3 May 1996...

On 11 April 1997 an Understanding was reached with the US concerning the Helms-Burton Act, the ILSA [Iran Libya Sanctions Act] and the EU's WTO case regarding the former. The Understanding charted a path towards a longer-term solution through the negotiation of international disciplines and principles for greater protection of foreign investment, combined with the amendment of the Helms-Burton Act...The EU agreed to suspend its WTO case, but reserved the right to restart or to re-establish the panel if action is taken against EU companies or individuals under Helms-Burton or ILSA, or waivers as described in the Understanding were not granted, or were withdrawn.

At the 18 May 1998 EU/US Summit in London, the EU and the US reached an agreement on a package of measures to resolve a dispute regarding the Helms-Burton Act and ILSA. The Summit deal offers the real prospect for a permanent solution - but still depends on the acceptance by the US Congress before full implementation may take place. The three main elements of the Summit deal are: first, an agreement on disciplines for investments into illegally expropriated property; second, a US commitment to self-restraint on future extraterritorial legislation expressed in an agreement on Transatlantic Partnership on Political Cooperation; and, third, an assurance for waivers for the EU and for EU companies under both Acts.

The agreement on investment disciplines addresses the issue of whether or not investment assistance agencies of the parties should give assistance to investment projects in illegally expropriated property. This agreement is a valuable step forward in investment protection policy, which goes far beyond addressing the issue of possible illegal expropriations in Cuba.

The Understanding on Disciplines contains a clear commitment on the part of the US Administration that it will seek from Congress the authority to grant a waiver from Title IV of the Helms-Burton Act (visa restrictions) without delay. It is important to note that the EU will not apply the agreed disciplines until this waiver authority is exercised. In addition, with respect to Title III (submission of law suits against "trafficking in expropriated property") of the Helms-Burton Act, not only does the Understanding provide for a US commitment to continue to waive the right to file law-suits until the end of this President's term; the Understanding also contains a clear reference to the possibility of obtaining such a waiver on a permanent basis in the light of the EU's developing efforts to promote democracy and human rights in Cuba...

The agreement reached at the Summit in no way softens the EU's position that the Helms-Burton and ILSA Acts are contrary to international law. At no point in time did the EU acknowledge the legitimacy of these Acts. We have fully reserved our right to resume the WTO case against the Helms-Burton Act in the event of action being taken against EU persons or companies under either this Act or ILSA or the waivers would not materialise. The agreements are of a political nature and do not in any way lend any sort of validity to the illegal provisions of the US laws in question.

Full implementation depends on Congressional support, which the Administration has undertaken to do all it can to deliver. But the EU and its Member States can only fulfil the European side of the deal once the presidential waiver authority under Title IV of the Helms-Burton Act has been adopted and exercised.

Sir Leon Brittan has stated that "I welcome the agreements and the constructive, intensive efforts of the United States Administration to reach them. The European Union stands ready to implement these agreements, including the disciplines on future investment in property which has been illegally expropriated, when Congress authorises the President to grant a waiver to the European Union under Title IV of the Helms-Burton Act, and when that waiver is granted."

INTERNATIONAL BRIEFS

RUSSIAN DEPUTY FOREIGN MINISTER VISITS CUBA -- With Russian-Cuban relations described as more pragmatic and less ideological these days, Russian Deputy Foreign Minister Georgy Mamedov paid the first official visit in early November to the Communist-controlled island since then-Foreign Minister Yevgeny Primakov's visit to Cuba over two-and-a-half years ago. Primakov, now prime minister, defied the passage of the Helms-Burton Act passed into law on March 12, 1996, and pledged stronger support for the Castro regime during his May 1996 visit to Cuba (USCPR, Vol.3, No.5). In June of 1995, senior officials at the Russian foreign economic relations ministry wanted to expand the number of joint Russian-Cuban enterprises. At the time, Cuba was Russia's most important strategic partner in Latin America through which Russia sought to gain a foothold in other countries in the region. Mamedov visited with Ricardo Alarcon, head of the National Assembly, and Roberto Robaina, Cuba's foreign minister. Cuba sought to renegotiate its economic arrangement with regard to Russia's use of Lourdes, the signals intelligence facility just outside Havana. (FT, "Russia vows to defy US on links with Havana," 5/24/96; TWT, "Russian visits OAS," 11/13/98, p.A15).

RUSSIAN ARMED FORCES CHIEF VISITS CUBA -- Following a trip to Japan and the United States, Gen. Anatoly Kvashnin, head of the Russian military's general staff, visited Cuba on December 11-12. In February of 1995, Cuban deputy defense minister General Julio Casas and Russian army chief of staff signed an agreement in Moscow continuing Russia's operation of Lourdes. It is this agreement the Cubans expressed their desire to renegotiate during Mamedov's recent visit. (CI, "Russian Listening Post to Remain in Cuba," 2/23/95, p.3; KNS, "Russian military chief leaves for 1st Japan visit," 12/03/98).

CASTRO CONGRATULATES CHAVEZ OF VENEZUELA -- Cuban dictator Fidel Castro wasted no time on Sunday evening congratulating 44 year old Hugo Chavez for his landslide victory in Venezuela's December 6th presidential election (see USCPR, Vol.5, No.11). Voters swept the former imprisoned coup leader into office with 56.2 percent of the vote against Henrique Salas Romer who garnered 39.7 percent. In an election night press conference, Chavez criticized PDVSA (Petroleos de Venezuela S.A.) the state-owned oil monopoly for being elitist and for squandering money. Oil company executives fear Chavez will divert PDVSA profits to social spending and destroy the country's largest export earner by appointing inexperienced managers. Among Chavez's campaign vows is to supply subsidized oil to Cuba. In his congratulatory message, Castro lauded Chavez for overcoming campaign criticism for his 1994 visit to Havana and ties to the Cuban dictator. (RL, "Castro congratulates Venezuelan poll winner Chavez," 12/07/98; TWT, "President, oil firm clash in Venezuela," 12/24/98, p.A13).

COLOMBIAN PRESIDENT TO VISIT HAVANA - - When he visits Havana on January 14th, Colombian President Andres Pastrana will invite Cuba's Fidel Castro to act as a "facilitator" in the upcoming peace talks between the leaders of two narco-terrorist groups and Pastrana's government. The Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) will begin talks on January 7th when both Mexico and Cuba will send delegates to the opening ceremonies. FARC, the largest rebel group, has been fighting the Colombian government for 40 years and is dedicated to the establishment of a Marxist state. U.S. and Colombian intelligence believe FARC earns \$500 million annually offering protection to the cocaine and heroin cartels. Experts warn that unless the U.S. commits military advisors to the anti-drug campaign, FARC could overthrow the Colombian government within a year. (WP, "U.S. to Aid Colombian Military," 12/27/98; HL, "Fidel Castro may 'facilitate' Colombia's peace talks," 12/30/98).

SHORT TAKES

TORRICELLI TO SIT ON SENATE FOREIGN RELATIONS COMMITTEE -- Robert Torricelli (D-NJ), the junior Senator from New Jersey who served seven terms in the House of Representatives having been elected in 1982 to the ninth congressional district encompassing Hackensack, the Bergen County seat just north of the heart of New Jersey's Cuban-American population in Union City, will sit on the Committee on Foreign Relations in the 106th Congress. As chairman of the Western Hemisphere Subcommittee, Torricelli made his mark by shepherding the passage of the *Cuban Democracy Act of 1992* tightening the embargo loopholes, expanding telecommunications (USCPR, Vol.3, No.10), and shifting policy toward support for the Cuban people in what became known as "Track II." Elected to the U.S. Senate in 1996, Torricelli spent his two freshman years in the foreign policy wilderness. Now, as bipartisan pressure mounts to change Cuba policy, he will take his place with seven other Democrats and ten Republicans on the Foreign Relations Committee chaired by Senator Jesse Helms (R-NC) author of the *Helms-Burton Act of 1996* for which Torricelli voted and was a strong advocate. **U.S.-CUBA MIGRATION AGREEMENT TALKS CONTINUE** -- The U.S. and Cuban governments held their tenth in a series of so-called "migration talks" on December 4th in Havana. The continuing series of talks stems from the September 9, 1994 and May 2, 1995 migration accords (see USCPR, Vol.2, No.3 and Vol.3, No.12) reached to halt the flow of Cubans crossing the Florida Straits in what became known at the time as the rafter crisis. The talks are intended to ensure the smooth implementation of the accords including the legal emigration of 20,000 Cuban refugees annually for which Cuba receives substantial fees. Deputy Assistant Secretary of State John Hamilton led the U.S. delegation to Havana. (SD, Press Release, 12/03/98). **U.S. COAST GUARD ENFORCES PRESIDENTIAL ORDER** -- Testing U.S. resolve to enforce a presidential order (USCPR, Vol.4, No.6) requiring boat captains to obtain a permit before departing most Florida ports destined for Cuban waters, Cuban exile Ramon Saul Sanchez, the leader of the Miami-based Democracia Movement, refused to say whether he was bound for Cuba when asked by officials in Marathon Key. The Coast Guard seized the Democracia boat named "Human Rights" which was headed for Cuban waters to join a dissident demonstration to celebrate the 50th anniversary of the signing of the UN Universal Declaration of Human Rights. The Coast Guard, which intercepted and seized the boat on Thursday, December 10th at 12:40 pm, returned to the Keys with the Human Rights in tow where Sanchez and six others were released. The Clinton administration defends the policy in order to prevent exile confrontations with the Cuban government which is hostile to such demonstrations. (RL, "Coast Guard seizes Cuban exiles' protest boat," 12/10/98; HL, "U.S. seizes Cuba-bound exiles' boat," 12/11/98). **MEDICAL COMPANY RECEIVES LICENSES FOR CLINICAL TESTING** -- Genesis Medical Technologies, Inc. of Denver, Colorado has received three separate licenses over the past year from the U.S. government to field test a needle-free vaccine injector. The privately held Colorado corporation received licenses from the Treasury (Office of Foreign Assets Control) and Commerce departments (Bureau of Export Administration) to conduct clinical field trials in cooperation with Cuban Ministry of Public Health. Tests of the needle-free jet injector was scheduled to begin on December 21st in conjunction with Cuba's Pedro Lourie Institute of Tropical Medicine in Havana. U.S. law permits the licensed sale and humanitarian donation of food and medicines to Cuba. (RL, "Cuba tests U.S. vaccine device in rare cooperation," 12/16/98; PRNW, "Genesis Medical Technologies Receives U.S. Government Permission to Conduct Clinical Field Trials in Cuba," 12/22/98).

NOTABLE QUOTES

"A series of limited economics reforms since 1993 have injected doses of capitalism throughout the Cuban economy. The results are modest when measured in national accounts, but for many thousands of Cubans and their families, the reforms have brought higher incomes and a measure of security. The greatest significance may be ideological: even though socialism still reigns, Cuba is slowly deviating from old principles." Senior Fellow Philip Peters of the Tocqueville Institution in Virginia. (WSJ, "Against All Odds, Cuban Small Business Finds a Way," 11/20/98, p. A19).

"There is one part of the hemisphere which sounds a dissonant note in the general harmony, and that is Cuba. Our goal continues to be to achieve a peaceful democratic transition. There is, I believe, broad consensus within the United States and in the hemisphere on some key points: that the human rights situation in Cuba remains deplorable, and that the Cuban government has taken no significant steps towards political or economic change." Remarks by Peter F. Romero the Acting Assistant Secretary of State for Inter-American Affairs before the Caribbean/Latin American Action Conference in Miami on December 9, 1998.

"Although Chavez was harassed intensely and slandered for the brave act of visiting Cuba, thinking that this would cost his candidacy strength and votes, the crushing victory shows that the peoples have learned a lot. Cubans, who have followed closely and silently your epic campaign, share with Venezuelans their noble and inspiring jubilation." Statement by Cuban dictator Fidel Castro released in Havana on Sunday evening following the December 6th election of Hugo Chavez as president. (RL, "Castro congratulates Venezuelan poll winner Chavez," 12/07/98).

"I met Colonel Gaddafi and we discussed the situation in the world and particularly in the Arab world as well as [the] means to boost the Libyan-Russian ties. We are working to lift the sanctions imposed on Iraq, Libya and Cuba. It is against morality that an entire population be kept under blockade." Comments by Gennady Zyuganov the Russian Communist Party leader as reported by Libyan television. (RL, "Gaddafi holds talks with Russia's Communist leader," 12/14/98).

"Cuba rejects, denounces and condemns this unilateral exercise of force by the United States, as on previous occasions Cuba has expressed its total repudiation of these illegitimate practices which should stop immediately. Today Iraq is the victim of imperialist abuse. Tomorrow someone else could be the target of such dangerous behaviour." Statement by the Cuban Foreign Ministry printed in the Communist Party's daily newspaper *Granma* condemning President Clinton's decision to bomb Iraq at the onset of debate in the House of Representatives on articles of impeachment. (RL, "Cuba condemns 'imperialist' strikes against Iraq," 12/17/98).

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