

U.S. ★ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 1

January 31, 2001

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

Ralph J. Galliano, Editor

HELMS CALLS FOR COMPASSIONATE CONSERVATIVE FOREIGN POLICY AS HIS FIRST PRIORITY IN 107TH CONGRESS

WASHINGTON – Senate Foreign Relations Committee Chairman Jesse Helms declared his first priority in the 107th Congress will be to "assist President Bush in implementing his vision of 'compassionate conservatism.'" In a major foreign policy speech to the American Enterprise Institute on January 11th which touched on Taiwan-China relations, Iraq, Russia, and Cuba, Helms said he believes with Republicans controlling the House, Senate, and White House that they can set the agenda especially in foreign policy to assist President George W. Bush. "We meet at an important moment in the history of America. As we prepare for the inauguration of the new president, one of the *most* important tasks America faces is restoring this nation's foreign policy back to the right course," declared Helms before a crowd of several hundred in attendance. In quoting Bush during his campaign, Helms cited his "philosophy of empowering private charities and faith-based institutions to help the neediest of Americans" and applied that approach to foreign policy development. "I submit to you, my friends, that the wisdom of this 'compassionate conservative' vision must not stop at the water's edge," Helms proposed. As an example, Helms mentioned a faith-based organization in his home state of North Carolina called Samaritan's Purse led by the Reverend Franklin Graham, the son of well known evangelist Billy Graham. "I believe that Franklin and his folks at Samaritan's Purse do more good, with less money, for more people around the world than the entire U.S. foreign aid bureaucracy combined," exclaimed the committee chairman. Father Angelo D'Agostino, a Jesuit priest in Kenya who runs an orphanage, was turned down for help because the U.S. Agency for International Development (USAID) determined his orphanage's assistance to babies with AIDS did not constitute "sustainable development" since they were going to die anyway. Helms criticized the "U.S. foreign aid bureaucracy" for too often dismissing faith-based charities. He pointed to the principle behind the Christian doctrine of "subsidiarity" and quoted Pope John Paul II for helping those in need where the "primary responsibility...belongs not to the State, but to individuals and to the various groups and associations which make up society." Harking back to the Reagan years, Helms said not since then "have a Pope and a President been right on target on such an important issue." The foreign relations committee chairman proposed replacing the USAID with "something new." He proposes working with the "Bush administration to replace [US]AID with a *new* International Development Foundation whose mandate will be to deliver 'block grants' to support the work of private relief agencies and faith-based institutions such as Samaritan's Purse, Catholic Relief Services and countless others like them."

▪ Helms Calls for Compassionate Conservative Foreign Policy.....	1
▪ Hyde Takes Charge of International Relations Committee.....	5
▪ Moscow Views Cuba as Economic Partner and Stepping Stone to Latin America.....	7
▪ U.S. Chamber of Commerce Launches Cuba Working Group.....	8
▪ Maisto Appointed Latin American Adviser to President at NSC.....	9

IMPLEMENTING A NEW CUBA POLICY – In his address highlighting faith-based organizations, Helms recommended a new Cuba policy based on the approach the Reagan-Bush administration used to topple Communism in Poland in the 1980s. He predicted, "Come January 20th, I intend to work with the Bush administration to do for the people of Cuba what the United States did for the people of Poland twenty years ago...Before his term is up, President Bush will visit Havana – to attend the inauguration of the new democratically-elected President of Cuba." Drawing on his theme of compassionate conservative foreign policy, Helms referred back to the legislation he introduced in 1998, along with a bipartisan group of Senate leaders (USCPR, Vol.5,No.9), called the 'Cuban Solidarity Act' (S.2080) to provide, among other measures, \$100 million in "U.S. government humanitarian aid to the Cuban people (to be delivered, *not through the Cuban government*, but through private charitable institutions functioning on the island)." At the time, Senator Bob Graham (D-FL) reminded Americans that such support for Eastern European democracy movements "helped millions of people there win the freedom to express their ideas, live without fear, and create better lives for their children." Attributing the survival of the Castro regime during the last eight years on the fact that "embargo opponents correctly sensed" the Clinton administration was never committed to Castro's isolation and "never made Castro's removal from power a goal of its foreign policy," Helms exhibited a renewed sense of confidence stressing that policy formulation would be coordinated with the White House and a president who saw eye-to-eye with the chairman of the Senate Foreign Relations Committee. In his speech, Helms pledged to cut back America's "bloated foreign aid bureaucracy" and use "every penny" of that money to "empower the armies of compassion to help the worlds neediest people." Assuring his audience, especially those who know him well, of his opposition to foreign aid programs "that have lined the pockets of corrupt dictators, while funding the salaries of a growing, bloated bureaucracy," Helms said he continued to be opposed to "waste, fraud and abuse in foreign aid" and promised to "reform the way in which we deliver aid to the needy, based on President Bush's 'compassionate conservative vision' which he intended to apply to U.S. foreign policy. Coupled with Section 109 (USCPR, Vol.5,No.9) of the Helms-Burton Act of 1996, the creation of an International Development Foundation would alter the dynamic of "democracy building" in Cuba.

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U.S. CUBA POLICY REPORT (ISSN1093-099X)

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V8N1

THE FOLLOWING EXCERPTS ARE TAKEN FROM SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN JESSE HELMS' ADDRESS DEALING WITH U.S. CUBA POLICY BEFORE THE AMERICAN ENTERPRISE INSTITUTE IN WASHINGTON D.C. ON JANUARY 11, 2001.

President Clinton threatened to veto the LIBERTAD Act – he backed down only after Fidel Castro sent Cuban MiG fighters into the Florida Straits to shoot down two unarmed civilian planes (murdering three American citizens in cold blood)...

And while democracy has finally taken root across the border in Mexico, just ninety miles from our shores the hemisphere's last totalitarian dictatorship still sputters on. Like a cat with nine lives, Fidel Castro is about to survive his ninth U.S. president. Well I have a message for Mr. Castro: the last of the cat's nine lives has begun.

Fidel Castro survived the Clinton years for one reason: the Clinton Administration never made Castro's removal from power a goal of its foreign policy. Embargo opponents correctly sensed that the Clinton people were never really committed to Castro's isolation and removal, and the Administration did nothing to dissuade them of that notion. So they pushed on, dominating the debate. As a result, instead of focusing on developing strategies to *undermine* Castro and hasten his demise, the last several years in Washington were spent wasting precious time and energy on a senseless debate over whether to lift the Cuban embargo unilaterally.

With the Bush election, the opponents of the Cuban embargo are about to run into a brick wall on the other end of Pennsylvania Avenue. President Bush is a committed supporter of the embargo. Cuban-Americans recognized the real thing when they saw it, and they turned out in record numbers to support him in Florida – giving Mr. Bush the margin that secured Florida's 25 electoral votes *and the White House*.

What this means is that, with the embargo finally off the table, the new Bush Administration has a golden opportunity to develop a new Cuba policy. The model for such a new Cuba policy should be the successful policies that the Reagan-Bush Administration used in the 1980s to undermine Communism in Poland.

In the 1980s, the U.S. hastened Poland's democratic transformation by isolating the communist regime in Warsaw, while at the same time actively lifting the isolation of the Polish people – supporting the democratic opposition and cultivating an emerging civil society with financial and other means of support.

We must now do the same thing in Cuba. In 1998, I introduced legislation – the "Cuban Solidarity Act" – which proposed, among other measures, giving \$100 million in U.S. government humanitarian aid to the Cuban people (to be delivered, *not through the Cuban government*, but through private charitable institutions functioning on the island). Such private assistance will help give Cubans independence from the State, which now controls their lives by controlling their access to food, medicine and other daily necessities.

Come January 20th, I intend to work with the Bush Administration to do for the people of Cuba what the United States did for the people of Poland twenty years ago. And I will make a prediction here today: Before his term is up, President Bush will visit Havana – to attend the inauguration of the new democratically-elected President of Cuba.

CZECH CITIZENS ARRESTED BY CASTRO

Once himself an anti-Communist dissident, Czech President Vaclav Havel, in the midst of a diplomatic crisis, must now contend with the January 12th arrest and detention of two prominent Czech citizens by the Cuban government. Ivan Pilip and Jan Bubenik are accused of conspiring with the United States, committing counter revolutionary activities, and of making subversive contacts after meeting with a dissident journalist and a human rights activist. The two Czech citizens are both "extremely well-known figures in Czech politics. Mr. Pilip is a member of the Czech legislature, a former minister and the founder of his political party. Mr. Bubenik is a representative of a well-known non-governmental organization," the State Department said in its January 19th statement calling for their release. While the Czech government called their detention "groundless and in defiance of the principles that all democratic nations stand for." United States Helsinki Commission Chairman Rep. Christopher Smith (R-NJ) called on the Cuban government to release the two Czech citizens suggesting, "I don't know whether this is a payback for the Czech Government's leadership in spearheading a U.N Human Rights Commission resolution last year regarding human rights concerns in Cuba, or whether this is simply part of the repression of Cuba's own citizens." Democratic Senators Max Baucus (MT) and Daniel Akaka (HI), in a joint letter, called on Castro to "release these two men immediately." Cuba's actions have been widely condemned by the governments of Germany, Hungary, Poland, Slovakia, and the United States. There is speculation Castro is increasingly fearful over dissident contacts with former student leaders of Czechoslovakia's historic "Velvet Revolution" headed by Vaclav Havel. A wide array of statements opposing the arrests are reprinted below.

STATE DEPARTMENT POSITION

U.S. DEPARTMENT OF STATE
Office of the Spokesman
January 18, 2001

Statement by Richard Boucher, Spokesman

CZECH ACTIVISTS DETAINED IN CUBA

The United States condemns the arrest and detention January 12 of Czech citizens Ivan Pilip, and Jan Bubenik, by the government of Cuba. They are being charged with "counter-revolutionary" activities. Mr. Pilip and Mr. Bubenik's only "offense" was to meet with Cuban activists who seek peaceful change of Cuba's totalitarian government. Both are extremely well-known figures in Czech politics. Mr. Pilip is a member of the Czech legislature, a former minister and the founder of his political party. Mr. Bubenik is a representative of a well-known non-governmental organization. We fully agree with the Czech Republic's statement calling their detention "groundless and in defiance of the principles that all democratic nations stand for." We call upon the Cuban government to release the two men immediately.

HELSINKI COMMISSION NEWS
Commission on Security and Cooperation in Europe
Washington, D.C. 20515-6460
January 19, 2001
www.csce.gov

Rep. Christopher H. Smith, Chairman
Sen. Ben Nighthorse Campbell, Co-Chairman

HELSINKI COMMISSION CHAIRMAN CALLS ON CUBA TO RELEASE CZECH CITIZENS (Washington) - United States Helsinki Commission Chairman Rep. Christopher H. Smith (R-NJ) today called on the Cuban regime to release two Czech citizens who were reportedly arrested after they met with Cuban democracy and human rights activists. "On January 12, two Czech citizens - one of whom is a member of the Czech parliament - were arrested in Cuba," Chairman Smith said. "They are being held incommunicado, denied access to Czech consular officials and without being informed of the charges against them. Cuban officials have now announced they plan to try the men, Ivan Pilip and Jan Bubenik, before a 'revolutionary tribunal.'" "I don't know whether this is payback for the Czech Government's leadership in spearheading a U.N. Human Rights Commission resolution last year regarding human rights concerns in Cuba, or whether this is simply part of the repression of Cuba's own citizens - denying them the right of freedom of association and the right to know and act upon their human rights," Smith continued. "What is clear is that the human rights of these two Czech citizens are being violated and that the charges against them are nonsense. Keeping them in prison serves no purpose: it will not deflect scrutiny of Cuba's deplorable human rights record at the forthcoming March meeting of the U.N. Human Rights Commission nor will it stop Cubans from dreaming of freedom. I urge Cuban authorities to immediately release Ivan Pilip and Jan Bubenik," said Chairman Smith. Contact: Ben Anderson (202) 225-1901.

DEMOCRATIC SENATORS' LETTER TO CASTRO

*United States Senate
Washington, D.C.*

January 23, 2001
The Honorable Fidel Castro Ruz
President Republic of Cuba
Havana, Cuba
Dear Mr. President,

We are writing to urge the immediate release of two Czech citizens, Ivan Pilip, a member of Parliament and former Minister of Finance and Education of the Czech Republic, and Jan Bubenik, a former member of Parliament. We understand that these two men were arrested in the city of Ciego de Avila on January 12 after meeting with several dissidents. It appears that their only offense was to meet with Cuban activists who seek peaceful change in Cuba. When we visited Cuba last year, we spent an important three hours meeting with a group of dissidents. This type of discussion, along with people-to-people interaction, is vital in moving toward a normalization of relations between our two countries.

We believe that the arrest of these men, who were leaders in the successful movement to bring democracy to their home country, is contrary to the norms of behavior among nations. We are particularly distressed to learn that these men may be tried by revolutionary tribunals.

We call on you to release these two men immediately.

Sincerely,
Max Baucus (D-MT) Daniel Akaka (D-HI)

SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN'S STATEMENT

*UNITED STATES SENATE
WASHINGTON, D.C. 20510*

For Immediately Release
January 24, 2001

Contact: Marc Thiessen
Phone: (202) 224-4651

HELMS STATEMENT ON CZECH CITIZENS ARRESTED BY CASTRO

The entire free world should be outraged by Fidel Castro's arrest of two Czech citizens - Ivan Pilip, a Member of Parliament (and former Czech Finance Minister), and Jan Bubenik, a student leader from the Velvet Revolution that overthrew Czech communism.

Their 'crime,' according to Castro, was meeting with Cuban dissidents and an independent Cuban journalist, for which Castro intends to put these men on 'trial' in Cuba. Castro may think that he is showing the Cuban people and the world how tough he is; in fact, this is an act of cowardice by Castro.

Castro is afraid of these two men - who were in Cuba legally, armed with nothing more than the power of their experience and ideas. That experience is precisely why Castro is frightened: he does not want the Cuban people to find out that, in the Czech Republic, the people threw off the shackles of communist tyranny and embraced their God-given right to freedom. Castro certainly does not want the Cuban people to learn how the Czech people went about gaining their freedom.

Castro's arrest of these two men, and threatened show trial of them, makes clear once again what Castro thinks of the world's 'engagement' policy toward his brutal regime. Every self-respecting, civilized government not only should condemn Castro for this thuggish act; they should make clear to Castro that there will be consequences for whatever relations he has with Europe and Latin America if he does not release these men immediately. We will see if and how these nations who have "relations" with Castro respond. The whole world is watching.

HYDE TAKES CHARGE OF INTERNATIONAL RELATIONS COMMITTEE

Following promises made by then-Speaker Newt Gingrich in 1995 when Republicans regained control of the House for the first time in 40 years, the newly elected 2001 Republican Conference made good on its promise to term-limit (6 years) committee chairmanships when 13 were replaced by the party leadership including such stalwarts as Judiciary Committee Chairman Henry Hyde. The revered Hyde, who handled the impeachment of President Clinton and whose preference was to remain as head of Judiciary, instead was chosen over Doug Bereuter (NE) by the leadership to head the House International Relations Committee (HIRC) following six years at the helm by Rep. Benjamin Gilman who will head the HIRC's Middle East Subcommittee. In a take charge move, Hyde chose the subcommittee chairs rather than allowing a round-robin seniority process to prevail. Among the new chairs is Ileana Ros-Lehtinen (FL) who was offered and accepted the Subcommittee on International Operations and Human Rights previously chaired by Rep. Chris Smith (NJ), who moves over to head the Veterans Affairs Committee. Ros-Lehtinen steps down from International Economic Policy and Trade Subcommittee which Hyde abolished. "There is nobody better qualified to lead the Committee's initiatives on human rights than my colleague, Ileana Ros-Lehtinen," declared Chairman Hyde. "Ileana has an impressive record of accomplishments in this arena and has proven her commitment and dedication in defense of the rights of men, women, and children throughout the world." Rep. Cass Ballenger (NC) will head the Western Hemisphere Subcommittee taking over from Rep. Gallegly (CA).

REPUBLICAN COMMITTEE BREAKDOWN

House International Relations Committee Chairman, Henry Hyde has chosen his subcommittee chairmen for the 107th Congress. The full committee roster is listed below. In addition, the roster for the two subcommittees most likely to affect U.S. Cuba policy are also listed below. Democrats are expected to choose their committee and subcommittee members shortly.

INTERNATIONAL RELATIONS COMMITTEE

(26/23)

Hyde, Henry (IL) – Chairman

Gilman, Benjamin A. (NY)

Leach, James A. (IA)

Bereuter, Doug (NE)

Smith, Christopher (NJ)

Burton, Dan (IN)

Gallegly, Elton (CA)

Ros-Lehtinen, Ileana (FL)

Ballenger, Cass (NC)

Rohrabacher, Dana (CA)

Royce, Edward R. (CA)

King, Peter T. (NY)

Chabot, Steve (OH)

Houghton, Amo (NY)

McHugh, John (NY)

Burr, Richard (NC)

Cooksey, John (LA)

Tancredo, Thomas G. (CO)

Paul, Ron (TX)

Smith, Nick (MI)

Pitts, Joseph R. (PA)

Issa, Darrell E. (CA)

Cantor, Eric (VA)

Flake, Jeff (AZ)

Kerns, Brian D. (IN)

Davis, Jo Ann (VA)

WESTERN HEMISPHERE

SUBCOMMITTEE (6/5)

Ballenger, Cass – Chairman

Gallegly, Elton

Ros-Lehtinen, Ileana

Paul, Ron

Smith, Nick

Davis, Jo Ann

INTERNATIONAL OPERATIONS AND HUMAN RIGHTS

SUBCOMMITTEE (6/4)

Ros-Lehtinen, Ileana, Chair

Smith, Christopher

Paul, Ron

Ballenger, Cass

Tancredo, Thomas G.

Pitts, Joseph R.

THOMAS ELECTED CHAIRMAN OF HOUSE WAYS & MEANS COMMITTEE

Congress took a quiet but decisive turn on January 4th with the Republican leadership's selection of the 12-term Bill Thomas (CA) over the more senior Phil Crane (IL) to chair the influential House Ways & Means Committee, which oversees tax policy and trade. In one of the toughest fights for the gavel, the moderate-to-conservative Thomas bested the staunchly conservative Crane to head the most powerful committee in Congress. Both Thomas and Crane would likely have advanced with equal vigor President Bush's tax and trade agenda including fast track authority to negotiate free trade agreements worldwide, especially with Latin America. The major difference between the two Congressmen would arise on Cuba policy where Crane has sought to lift the embargo on trade with Cuba while Thomas has been a strong supporter of sanctions policy. Crane, who following three consecutive terms received a special waiver, will retain the Trade Subcommittee chairmanship making presidential fast track trade authority a priority.

TRADE SUBCOMMITTEE (9/6)

Republicans

Crane, Philip M. (IL) Chairman
Shaw, Clay E. (FL)
Houghton, Amo (NY)
Camp, Dave (MI)
Ramstad, Jim (MN)
Dunn, Jennifer (WA)
Herger, Wally (CA)
English, Philip S. (PA)
Nussle, Jim (IW)

Democrats

Levin, Sander (MI)
Rangel, Charles (NY)
Neal, Richard E. (MA)
Jefferson, William J. (LA)
Becerra, Xavier (CA)
Tanner, John S. (TN)

SENATE FOREIGN RELATIONS COMMITTEE ORGANIZES

"Of course, we will continue to work in a bipartisan manner wherever possible, and I must say that Joe Biden and I have built an excellent working relationship. I believe that the spirit of bipartisan cooperation that Joe and I have established will continue and grow. And while the margin in the Senate has certainly narrowed, let's be honest: Unless either party has 60 votes (enough to invoke cloture and stop debate) then very little can be accomplished in the U.S. Senate without some measure of bipartisan support - no matter who is in control or by how narrow a margin." Senate Foreign Relations Committee Chairman, Jesse Helms in comments before the American Enterprise Institute (January 11, 2001).

In a compromise resolution passed by voice vote decided upon by Republican leader Trent Lott (MS) and Democratic leader Tom Daschle (SD), the United States Senate on January 5th agreed to organize on a 50/50 basis splitting evenly both the number of committee seats as well as the share of funds for staff and operations while having Republicans remain as chairmen. Accordingly, the Senate Foreign Relations Committee will be divided 9-to-9 during the 107th Congress. The breakdown in the 106th Congress was 10 Republicans and 8 Democrats. Changes on the Republican side include Rod Grams (MN) and John Ashcroft (MO), each of whom were defeated. New committee members are George Allen and Bill Nelson. Lincoln Chafee is expected to continue to chair the Western Hemisphere subcommittee. The full committee breakdown follows.

Republicans

Helms, Jesse (NC) Chairman
Lugar, Richard G. (IN)
Hagel, Chuck (NE)
Smith, Gordon H. (OR)
Thomas, Craig (WY)
Frist, Bill (TN)
Chafee, Lincoln (RI)
Brownback, Sam (KS)
Allen, George F. (VA)

Democrats

Biden, Joseph R. (DE)
Sarbanes, Paul S. (MD)
Dodd, Christopher J. (CT)
Kerry, John (MA)
Feingold, Russell D. (WI)
Wellstone, Paul (MN)
Boxer, Barbara (CA)
Torricelli, Robert G. (NJ)
Nelson, Bill (FL)

MOSCOW VIEWS CUBA AS ECONOMIC PARTNER AND STEPPING STONE TO LATIN AMERICA

"I repeat, Cuba is our traditional partner in the world and first of all, of course, in Latin America," said Russian President Vladimir Putin in an interview with Cuban television prior to his recent visit (December 13-16) to the Communist-controlled island (USCPR, Vol.7, No.12). "Russia pays more and more attention, and this is good, to the Latin American dimension of our foreign policy. In this sense, Cuba's role is very important to us," Itar-Tass quoted Putin as saying on December 11th. Lamenting the cooling of relations between their two countries as a mistake following the collapse of the Soviet Union leading to the halt of 500 indelible economic projects, the Russian president made clear he intends to make "full use" of the billions of dollars of economic investment in Cuba during the Soviet years.

Picking up where the Soviet Union left off, Putin seeks to capitalize on that considerable assistance to the Cuban government by using the Cuban marketplace as an air and sea transit center to Latin America. New investment would cover the gamut of key Cuban industries such as sugar, oil, metals, telecommunications, air and sea ports including a national air traffic control system, and tourism; thereby, creating a solid economic base in the Caribbean with Cuba serving as Russia's gateway to Latin America.

In an attempt to improve its own as well as Cuba's credit worthiness during Putin's visit, Russia offered to reopen a \$50 million loan and extend it beyond the original term from 1993-1996 through to December 31, 2001. According to reports, Cuba could start using the loan after repaying a \$19.4 million due in 1999-2001, in addition to \$20 billion in Soviet-era debt. Under the accord, Russia is expected to supply raw materials, chemicals, machinery, equipment, railway transport and the joint manufacture of diesels for Cuba's ailing sugar industry.

Russian companies are negotiating joint ventures in the field of oil refining in Cienfuegos and Santiago de Cuba. "Our task is to ensure that our share in the joint enterprises be commensurate with the contribution made to the building of these refineries by the USSR," said Sergei Shoigu, the minister for Emergency Situations, who accompanied Putin. Shoigu said that in the area of oil exploration Russia still has the opportunity to capture drilling concessions among the 90 percent remaining to be distributed by the Cuban government.

While the Cuban government prefers to have Russian support to enhance two operational nickel plants, Norilsk Nickel would rather complete the nickel plant at Las Camariocas in order to fully realize its investment in the 70% completed plant.

"Who else if not we should take part in the modernization and restoration of these enterprises and jointly think about their future. I am absolutely convinced that we can achieve considerable results in this area," concluded Putin in his interview on Cuban television.

CURRENCIES & COMMODITIES

1 Euro = 0.9374 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 19.686 Cuban Peso

Rates as of January 31, 2001.
Source: Bloomberg.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 10.39
Year ago nearby = 5.42
Future (Mar. '01) = 9.95
High = 11.40
Low = 5.95

Cash/Spot price as of January 31, 2001.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 28.65-28.70
Year ago (Jan. 31) = 27.64
Future (Mar. '01) = 28.66

Cash/Spot price as of January 31, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,110
Year ago (Jan. 31) = 8,710

(\$ per metric ton)
Official Price: January 31, 2001.
Source: London Metal Exchange.

Cobalt = 12.95 - 13.75
Year ago (Jan. 31) = 14.50 - 15.20

(\$ per pound for 99.8%)
Price: January 29, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

U.S. CHAMBER OF COMMERCE LAUNCHES CUBA WORKING GROUP -- The U.S. Chamber of Commerce's L. Craig Johnstone, Senior Vice President for International Economic and National Security Affairs, has organized the "Cuba Working Group" under the auspices of the Chamber's Western Hemisphere Task Force. Johnstone's creation is a continuation of his ongoing efforts and those begun by the Chamber in January 1998 (USCPR, Vol.5, No.1). That coalition was called "Americans for Humanitarian Trade with Cuba, of which USAEngage was an integral part. The Chamber has since disassociated itself with USAEngage's activities involving the Cuban embargo. Johnstone's Cuba Working Group differs from the Chamber's most successful foray into the Cuba sanctions debate in recent years launched by the Chamber's president and CEO, Thomas Donohue, with an initial trip to Cuba fully approved by the Clinton White House (USCPR, Vol.6, No.7). The Cuba Working Group is meant to be financially self-sustaining and includes member companies favoring the embargo as well as companies staunchly opposed. The Chamber's plan for the working group states, "the time has come to reexamine U.S. policy towards Cuba." Still intent on lifting the sanctions on the Castro regime, the Chamber believes such measures "deny the business community in the United States significant economic opportunities." Johnstone's basic strategy is to: 1) build support for change in Cuba and the United States; 2) coordinate with local and state governments; 3) lobby Congress; and, 4) utilize print media. The budget for the program is \$200,000 annually with membership fees set at \$10,000 per company.

ZOELICK NOMINATED TO BE U.S. TRADE REPRESENTATIVE (USTR) -- President-elect George W. Bush announced on January 11th the nomination of Robert B. Zoellick, a former Under Secretary of State with years of experience in trade negotiations, as United States Trade Representative (USTR). When confirmed, Zoellick, a staunch free trader, will serve as a member of Bush's Cabinet and as principal trade policy advisor to the president. Zoellick served in Treasury, State, and the White House at the time of Reagan's presidency and, while at the State Department during President George H.W. Bush's administration, he led the negotiations on NAFTA and the Uruguay Round. Among Zoellick's trade goals upon assuming office will be to negotiate a Free Trade Area of the Americas (FTAA) agreement likely to include Chile. In addition, Zoellick will seek fast track negotiating authority for the president in order to conclude free trade agreements. On April 20 to 22, Zoellick, as USTR, is expected to represent the U.S. in Quebec City, Canada for the Third Summit of the Americas. Heads of 34 countries will attend except that of Communist Cuba. As proposed by Canada, Western Hemisphere leaders are expected to issue a declaration on democracy at the April summit. Of Castro's Cuba, AP reported Zoellick as saying, "Sadly, economic ties to Cuba will not benefit the people. Today, they will just empower Castro's secret police, his army, and his chokehold on the country." As the chief enforcer of U.S. trade laws, Zoellick may be required to defend the confiscated trade mark statute, Section 211, at the WTO where the EU has set up a settlement dispute panel to challenge the U.S. law (USCPR, Vol.7, No.10). Zoellick, with close ties to the EU, is the U.S. official most likely to conclude a deal with the EU seeking a Helms-Burton Title IV waiver than at any other time should a dispute arise over a Title IV violation. The 13th trade representative since the post was created in 1962, Zoellick will, upon confirmation, replace Charlene Barshefsky, the USTR for the Clinton administration.

INTERNATIONAL TRADE COMMISSION TO TRANSMIT CUBA REPORT TO CONGRESS -- The International Trade Commission, which held hearings last September (USCPR, Vol.7, No.9) to investigate "The Economic Impact of U.S. Sanctions with Respect to Cuba," is due to issue its report to Congress on February 15, 2001. The report, which will be made publicly available, was requested by the past House Ways & Means Committee chairman, Bill Archer (R-TX) on behalf of Rep. Charles Rangel (NY), the ranking Democrat on Ways & Means. Had the Democrats won the majority in the House in the November elections, the anti-embargo Rangel stood to become Ways & Means chairman.

DOMESTIC BRIEFS

CLINTON REISSUES TITLE III WAIVER BEFORE LEAVING OFFICE – Not unexpectedly, President Clinton issued his tenth and final waiver of Title III before leaving office. As required, Clinton issued his letter to Congress perfunctorily stating, "I hereby determine and report to the Congress that suspension for 6 months beyond February 1, 2001, 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." Title III of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, also referred to as the Helms-Burton Act, grants U.S. nationals who are owners of confiscated property in Cuba the right to sue in American federal courts traffickers of such properties. Foreign investors with business interests in the U.S. are particularly vulnerable. The Clinton White House issued the waiver letter dated January 16, 2001. Incoming President George W. Bush has the discretion to rescind "any suspension" or to determine whether to waive Title III in six months (USCPR, Vol.7, No.12) or "at least" 15 days prior to the expiration of the current waiver on August 1, 2001.

MAISTO APPOINTED LATIN AMERICAN ADVISER TO THE PRESIDENT AT NSC -- Mary Ellen Countryman, National Security Council (NSC) spokeswoman, announced on Monday, January 22nd the appointment of John F. Maisto as Special Assistant to the President and Senior Director for Latin American Affairs. Outside of the high profile Cabinet appointments, this was the first appointment announced by the incoming Bush administration following the president's inauguration on Saturday, January 20th. The 62 year old Maisto, a career foreign service officer since 1963, has extensive experience in East Asian/Pacific affairs and Latin American affairs. Maisto was deputy office director for the Philippines in the Bureau of East Asian and Pacific Affairs from 1982-1984 and in political affairs until 1986, at the time Ferdinand Marcos was deposed. Maisto also served as deputy chief of mission in Panama from August 1986 until November 1989 leading up to the U.S. invasion that December to oust dictator Manuel Noriega who Washington had urged to step down in early 1988. Operation Just Cause in Panama occurred under the tenure of Joint Chiefs Chairman (1989-1993), General Colin Powell, who was appointed by President George H.W. Bush (1989-1992). Maisto then served as Deputy U.S. Representative to the Organization of American States from 1989-1992. As ambassador to Nicaragua (1993-1996), Maisto attempted to deal with the resolution of some 450 U.S. citizen property claims, the confiscations having occurred during the earlier Sandanista years but which remained unresolved at the time of his departure. Most recently, Maisto served as U.S. ambassador to Venezuela (1997-2000) during the rise to power of the staunchly pro-Castro former army colonel, Hugo Chavez, then moved to an advisory capacity at the U.S. Southern Command responsible for overseeing the anti-drug drive, Plan Colombia, involving Marxist narco-guerrillas. Informed sources point to Bernard Aronson, former Assistant Secretary of State for Inter-American Affairs (1989-1993), as having influenced the Bush administration's appointment of Maisto.

SENATE CONFIRMS COLIN POWELL AS SECRETARY OF STATE – President-elect George W. Bush nominated former Chairman of the Joint Chiefs of Staff, retired General Colin Powell, 63, to become Secretary of State on December 16, 2000 just four days after the U.S. Supreme Court decided in a 5-4 decision to reverse a Florida state court allowing hand recounts to proceed, effectively making Bush the certified winner of Florida's 25 electoral votes and the 270 necessary to capture the presidency. Thus, Powell became Bush's first Cabinet nomination. At his Senate confirmation hearing on Wednesday, January 17th, Powell declared a non-democratic Cuba an economic "relic" of the Western Hemisphere. In response to Senator Helms' questioning about Cuba, Powell said that President-elect Bush intended "to keep sanctions in place" although Powell has proposed a thorough review of all other sanctions. The Senate Foreign Relations Committee moved quickly on Thursday, January 18 voting unanimously to send Powell's nomination before the full Senate for approval. Within hours of President Bush taking the oath of office on Saturday, January 20th, the Senate approved by voice vote seven members of the Cabinet including Colin Powell. President Bush proceeded to swear in Powell as the 65th Secretary of State of the United States.

NOTABLE QUOTES

"President Clinton is reported to have said that Castro needs the embargo more than the United States, since he can use it to justify the misery he has imposed on his people. Mr. Clinton must be listening to those clamoring for change, not to Castro, who never has wavered from demanding that we end what he has consistently mislabeled our 'blockade' of Cuba. Why? Not because he needs a scapegoat, but because he desperately needs American money to survive." **Everett E. Briggs** served as U.S. ambassador to Panama from 1982 to 1986. (HC,"Cuba: Not the Time to Change U.S. Policy," 1/16/01).

"People ask me what I'm really disappointed in. The Middle East is one. The other is that I didn't see a change in Cuba." **Madeleine Albright** speaks out on her tenure as Secretary of State. (AP,"No Easing of Cuba Policy Seen," 1/17/01).

"Two World Wars and a Cold War have distracted and distanced America from our brothers in this hemisphere. Bush, for many reasons, is the right president to commit America to their cause. Eliminating tariff and non-tariff barriers will create jobs and opportunities for all Americans – North, South and Central – and increased trade will bring us together on a personal as well as economic level. Cuba should be promised complete economic integration as soon as the Castro dictatorship is ended." **Grover Norquist** is the president of Americans for Tax Reform and a political columnist for the *American Spectator*. (WP,"Mr. President, You Might Want to take this Route," 1/21/01, p.2).

"I don't think that there is any prospect certainly for lifting those sanctions as long as Fidel Castro is there...The fact of the matter is the problem in Cuba has been and continues to be his presence; a lack of freedom, a lack of free elections. As soon as he is gone from the scene there is no reason in the world why we can't have a really first-class, normalized set of relationships with Cuba." Comments by Vice President **Richard Cheney** appearing on NBC's Meet the Press program on Sunday, January 28th. (RL,"U.S. Cuba sanctions to continue with Castro – Cheney, 1/28/01).

"It's disappointing but not surprising. I think it shows the Cuban government's insecurity... For all their bluster and triumphalism, they are pretty isolated. They have a big problem...how do you open up, while maintaining rigid internal control?" **Bernard Aronson**, a former Assistant Secretary of State for Inter-American Affairs and a co-chair of the Council on Foreign Relations (CFR) task force on Cuba, comments while in Cuba on the government's reaction to the CFR report issued in November (USCPR, Vol.7,No.11). (FT,"Cuba attacks call for U.S. ties," 1/31/01, p.4).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA *Policy Report*

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Institute for U.S. Cuba Relations ♦ Washington, D.C. USA
Ralph J. Galliano, Editor

February 23, 2001

Special Edition

SECRETARY OF STATE COLIN POWELL: FROM CLINTON'S POLICY OF CONSTRUCTIVE ENGAGEMENT TO BUSH'S CONTAINMENT OF THE CASTRO REGIME

WASHINGTON – As seen through the eyes of the Castro regime, the life and death struggle between Cuban communism and American capitalism will likely continue under a George W. Bush administration whose State Department is now led by a retired Army general who was sworn in as the country's 65th Secretary of State; it means the difference between whether the Cuban government under Fidel Castro will survive another American presidency, the tenth since 1959, or like its Eastern bloc cousins after the fall of the Berlin Wall and the collapse of Soviet Communism, to paraphrase former President Ronald Reagan, will end up in the "dust bin of history." Can Castro's Cuba, endangered by a militaristic America and a newly elected conservative president with the support of a politically influential right-wing Cuban-American lobby, survive another four years? Colin Powell, in response to questioning about the embargo during his Senate confirmation hearing, referred to Castro as an "aging starlet who is not going to change in his lifetime." Assuring the Senate Foreign Relations Committee Chairman, Jesse Helms, that President-elect George Bush intends "to keep sanctions in place," Powell stated clearly, "we will have to keep *containing* him," in a direct reference to Cuban dictator Fidel Castro. In practice, a policy of containment, as applied at the height of the Cold War against Cuba's former benefactor, the Soviet Union, means the Bush administration, under Colin Powell's leadership, will have to confront the Castro regime at critical points unlike the Clinton administration where Castro seized every opportunity to test Clinton's resolve on several occasions during his presidency including: the 1994 rafter crisis, the 1996 Brothers-to-the-Rescue shootdown, and the Elian Gonzalez affair of 1999-2000. But unlike the Hungarian people who were abandoned during their hour of need, Powell appears ready, willing, and able to support the Cuban people on their journey to freedom, beginning with a vigorous defense of human rights. Following up on a conversation he had with Senator Sarbanes (D-MD), "these rights are universal and they belong to the Cuban people," explained Powell at his hearing. For the record, Powell said he would "weigh in personally" with other governments to help pass this year's human rights resolution at the upcoming annual meeting of the UNCHR in Geneva.

▪ Colin Powell: From Constructive Engagement to Containment of the Castro Regime.....	1
▪ Excerpts from Powell's Senate Confirmation Hearing.....	3
▪ Powell on Cuba Policy: Key Issues of Concern.....	4
▪ Cuba and the Mexico-U.S. Agenda: Bush Ushers in a New Era.....	7
▪ Powell's Remarks with Mexican Foreign Secretary.....	8

CONTAINMENT APPLIED – Historically, the policy of containment as originated by its chief architect, George Kennan, has evolved to encompass six major foreign policy activities: foreign aid – both military and financial, international economic policy, alliances, military power, covert operations, and propaganda. Remembering that prior to the Clinton administration, a Cuban rafters crisis had not occurred since the so-called Mariel boat lift at the end of the Carter administration; twelve years of the Reagan and Bush administrations were free of such hostile actions by the Castro regime, but not free of its consequences – the refusal by the Cuban government to accept the return of the excludables who remain a problem in U.S. prisons to this day and which played a pivotal role in the Elian debacle. At its core would be the successful management of Cuba policy, whereby anything defined as antithetical to U.S. national interests would be confronted. At the same time, it would have at its disposal an array of foreign policy tools already available in existing U.S. law. Both the *Cuban Democracy Act of 1992* (Torricelli Act) and the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* (Helms-Burton Act) call for the support of the Cuban people. While the CDA allowed for telecommunications and humanitarian food aid, LIBERTAD permits, through Section 109, support for democratic and human rights groups. Having testified that economic and foreign policies are no longer separable, Powell said he intends to work closely with Treasury Secretary Paul O'Neill, Commerce Secretary Donald Evans, White House economic adviser Lawrence Lindsey and National Security Adviser Condoleezza Rice on international economic policy. Accordingly, the Bush-Cheney White House has created the new position of Deputy Assistant to the President for International Economic Affairs and Deputy National Security Adviser. The events of Friday, February 16th were marked both by symbolism and message: President George W. Bush's first official foreign trip when he visited with Mexican President Vicente Fox to create a new bilateral partnership; a meeting between former President George H.W. Bush and President Caesar Chavez of Venezuela, an OPEC member closely allied with Fidel Castro and Saddam Hussein; and, a raid by U.S.-British jets to enforce the no-fly zone in Iraq, a country that possesses the second largest oil reserves in the world after Saudi Arabia. Former President Clinton's pursuit of a constructive engagement policy with the Castro regime resulted in unilaterally increasing U.S. business travel and export licensing to Cuba. At Powell's hearing, Senator Torricelli (D-NJ) called for elections and respect for human rights noting that in Cuba, "The burden is on Castro to change this relationship, not on the United States."

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EXCERPTS FROM SECRETARY OF STATE DESIGNATE COLIN POWELL'S CONFIRMATION HEARING

Colin Powell, President-elect Bush's nominee to become Secretary of State, presents his views of America's global security interests before members of the Committee on Foreign Relations on Wednesday, January 17th during his Senate confirmation hearing. The committee met at 10:34 a.m., in room SH-216, Hart Senate Office Building, Hon. Joseph R. Biden, Jr., chairman of the committee, presiding. Present: Senators Biden, Dodd, Kerry, Feingold, Boxer, Torricelli, Nelson, Helms, Hagel, Smith, Brownback, Thomas, Frist, Chafee, and Allen. Here, the US CPR offers an insight into Powell's view of Cuba's place in the world under the dictatorship of Fidel Castro. For the record, Powell answers questions about the conduct of U.S. Cuba policy that can be expected in a Bush administration. Following are excerpts from his testimony and exchanges between General Powell and Senator Helms.

OPENING STATEMENT OF HON. COLIN L. POWELL, TO BE SECRETARY OF STATE

Mr. Powell: Well, thank you very much, Mr. Chairman, and Chairman Biden, it is a great pleasure for me to be here this morning. I am honored to appear before the committee as the nominee of President-elect Bush to be the Secretary of State of the United States of America. I deeply appreciate the confidence that the President-elect has placed in me, and if I receive the advice and consent and approval of the United States Senate, I promise, from the bottom of my heart, to do my very best to serve the President, to serve the American people. It is an honor to be asked to return to service after my 7-year sabbatical...

And then returning to the Western Hemisphere, there are 500 million people who live in this wonderful hemisphere of ours, people with whom we share common borders, most economic values, and with the exception of that relic in Cuba, a pervasive belief that people who are free and govern democratically are people who will keep the peace and create and sustain a prosperity that will benefit all of us.

President-elect Bush is especially alert to this region. As a Governor, he dealt frequently with Mexico, a neighbor whose recent election proved once again the sweeping power of democracy.

We must never neglect our own neighborhood. I am so proud of what has happened in the last 12 years. When I was National Security Adviser just 12 short years ago, we had dictatorships all over the place. We had generals running countries. We had tyrants running loose, and now 12 years later, all of those nations, in one form or another, are on a path to democracy and the free enterprise system with difficulties. It is not an easy path. Only Castro's Cuba remains behind, destined to remain behind, trapped in the 1950's until they see the error of their ways.

One country that will be uppermost in our mind is Colombia. Colombia is a country in difficulty. Their democracy is in difficulty. President-elect Bush has met with President Pastrana. Their visit was a good one, and President-elect Bush came away with a solid impression of the dedication that President Pastrana has to the key issues: fighting the scourge of illicit drugs that are threatening Colombia's very democracy and encouraging the insurgency that attacks that democracy.

So, the new administration will support Plan Colombia, a plan to send in \$1.3 billion of American aid to help the Colombian people deal with this emergency. At the same time, we have to do everything we can here at home to eliminate the cause of that emergency, and that is American citizens using drugs. We have to make sure that is an essential element of our strategy for Colombia as well.

CONFIRMATION HEARING: QUESTIONS AND ANSWERS

Senator Helms: "Cu-ber," as Jack Kennedy used to call it. First, do you agree that the embargo should be kept in place until there are free elections in Cuba?

General Powell: Yes, although I think there are things we can do, as you are well aware, that will allow the Cuban people to start to benefit from this new world. Anything we can do to let information get into that regime and resources from family member to family member into that regime, that Castro cannot get his hands on -- because every time we have done something where he can get his hands on it, by the time he gets through laundering it he is the beneficiary of what came, as opposed to someone else.

So Mr. Castro is an aging starlet who will not change in this lifetime, and we will have to keep containing him, and it is President Bush's, President-elect Bush's intention to keep the sanctions in place.

Senator Helms: The key words in what you just said are Castro getting his hands on it. That is the thing that bothers me about some of these proposals to do business with Cu-ber -- excuse me. They have got me doing it.

Secondly, what specific steps do you plan to take to increase the support of the United States for the dissidents in Cuba and help build a civil society on that island and get the Latin Americans and Europeans to take a strong stand in defense of human rights in Cuba? I am getting sick and tired of all these people who say, well, you know, we want to do business with Cuba, and they ignore what is going on in terms of human rights there. What is your opinion, sir?

General Powell: I do not have a list of items for you. Of course, this issue comes up every year with the human rights meeting that takes place where these matters are dealt with. But as we have in the past, we will continue in the future to point out to our friends, following up on the conversation I just had with Senator Sarbanes, that these rights are universal and they belong to the Cuban people, and no matter how much you might want to do business in Cuba, those of our friends who are anxious to do business in Cuba, you have to consider that it is one of the last surviving dictatorships on the face of the Earth, run by a man who has never stood for election of any serious kind in almost 50 years, and that his day is passed, they are living in a time warp, and we should do nothing that encourages him or gives him the wherewithal to stay any longer.

POWELL ON CUBA POLICY: KEY ISSUES OF CONCERN

Questions dealing with specific U.S.- Cuba policy issues were submitted to Secretary of State -designate Colin Powell by Senator Jesse Helms, chairman of the Committee on Foreign Relations. The questions involve key issues of concern many of which became problematic throughout the Clinton administration such as the enforcement of Titles III and IV under the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*.

Powell's answers to these questions appeared to take the traditional State Department line regarding Titles III and IV inasmuch as he reiterated its mantra that the "Department takes its enforcement responsibilities seriously" while he sidestepped any comment related to the "decision-making process" of the Sol Melia case as inappropriate; Title IV enforcement in the Sol Melia case has been bureaucratically tied up for nearly three years under former Secretary of State Madeline Albright's watch. Powell's answer to the Title III question shows that the Bush administration intends to seek accommodation with the Europe Union over Cuba policy. Acknowledging the political importance of this issue to the Bush "Administration and

Congress," Powell said he would seek to develop "an international consensus to support these goals."

The Secretary of State-designate addressed the important business issue of trademarks in the context of the their protection under U.S. law vis-à-vis the Madrid Protocol. With respect to the Madrid Protocol, having to do with international trademark registration requirements whereby companies will "no longer be required to engage in the costly and time consuming process of registering trademarks in individual EU member states," Powell was asked about the Havana Club case and whether under his direction the State Department would "permit OFAC to deny any pending requests for issuance of licenses for transactions that contravene U.S. law and our stated policy?" He responded by saying the "Madrid Protocol, if implemented through legislation such as was pending before the 106th Congress, would not require the United States to register any trademark whose registration is currently prohibited under domestic law or regulations."

Other questions related to human rights in Cuba under the Castro regime and the broadcasting of Radio & TV Marti programming to Cuba. Not unlike the Clinton administration in the arena of human rights, Powell intends to be proactive and "to give hope to political dissidents and others working for positive change there, I will follow this issue closely, and weigh in personally with other governments as required." Under Radio & TV Marti, Powell intends to make "direct communication with people of Cuba...a crucial aspect of our policy." The Clinton created policy known as "people-to-people" contact appears to be one the Bush administration intends to keep, albeit one that Powell's answer implies will be reshaped to actually assist the people of Cuba to free themselves from what he views as the tyranny of the Castro regime. As Secretary of State, Powell will sit on the Broadcasting Board of Governors from which he says Radio & TV Marti should reach out to the Cuban military and Cuban government bureaucrats calling it "a wise investment in Cuban democracy."

POWELL'S ANSWERS TO QUESTIONS SUBMITTED FOR THE RECORD

Question: Havana Club

Will you now advise and permit OFAC [Office of Foreign Assets Control - U.S. Department of Treasury] to deny any pending requests for issuance of licenses for transactions that contravene U.S. law and our stated policy?

Would the Madrid Protocol require the U.S. to register any trademark whose registration is currently prohibited, or may in the future be prohibited under U.S. domestic law, regulations or public policy?

Answer:

OFAC requests for foreign policy guidance often involve a number of complicated issues, including in the instance of the Havana Club case. You can be assured that, under my direction, the Department's guidance will take fully into account applicable U.S. law and policy.

I understand that, based on discussions between the Department and the United States Patent and Trademark Office, our officials have concluded that the Madrid Protocol, if implemented through legislation such as was pending before the 106th Congress, would not require the United States to register any trademark whose registration is currently prohibited under domestic law or regulations. I'm not in a position to say at this point whether other

changes in domestic law, regulations, or policy might in some manner affect the registration of any trademark in the United States.

Question: Sol Melia

Officers in the State Department's Bureau for Western Hemisphere Affairs (WHA) responsible for investigations under the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 have concluded that the Spanish firm Grupo Sol Melia (GSM) is trafficking in property owned by a U.S. national. (Paragraph 5 of the "Guidelines Implementing the Title IV of the Cuban Liberty and Democratic Solidarity Act" (*Federal Register*, June 17, 1996), states in part, "Determinations... under Title IV will be made when facts or circumstances exist that would lead the Department reasonably to conclude that a person has engaged in confiscation or trafficking..." Paragraph 6(a) states, "An alien who may be the subject of a determination under Title IV will be sent a notification... that he/she will be denied a visa... 45 days after date of the notification letter...") As you are now aware of this conclusion, it should trigger an immediate decision by you to sanction GSM without further delay.

What office in the State Department will be ultimately responsible for making this determination? Will you instruct that officer to act without further delay to comply

with the U.S. law and to provide the Committee a copy of the determination letter to GSM?

Answer:

There are a number of investigations under Title IV of the Libertad Act and decisions are taken in accordance with the facts and the law. The Department takes its enforcement responsibilities seriously, and I can assure you that the Department will act in accordance with the requirements of the law.

Title IV authority resides with the Secretary of State. Under the previous Administration, the Secretary's authority to make determinations pursuant to Title IV was delegated to the Assistant Secretary for Western Hemisphere Affairs. That delegation of authority also provides that the Secretary, Deputy Secretary or Under Secretary for Political Affairs may exercise the authority to make a determination under Title IV.

I am aware of the importance of this issue to Congress and will review Title IV issues further with those in the Department who have been following these matters. However, I do not believe that it would be appropriate for me to comment on the internal decision-making process regarding a specific case. We will inform you promptly when decisions under Title IV are made. Again, you can be assured that we will act in accordance with the law.

Question: Title III Waiver

Do you pledge to review the current waiver of Title III and comply with the legal requirement that such waiver genuinely hastens the democratic transition in Cuba?

Answer:

Cuba's democratic transition is an important issue for both the Administration and the Congress. I can assure you that we will apply the law in a way aimed at encouraging democratic and economic change and respect for human rights in Cuba, and at developing an international consensus to support those goals.

Question: Commission on Human Rights Resolution

What steps will the Department of State take to ensure the passage of a resolution on human rights in Cuba at the upcoming meeting of the UN Commission on Human Rights in Geneva? Do you pledge to be personally involved to convince governments of the need for such a resolution as a statement of principle in defense of human rights in Cuba?

Answer:

This Administration gives very high priority to passage of a resolution at the UNCHR reflective of the human rights situation in Cuba. As in past years we will coordinate closely with countries that share our views, including the drafters and co-sponsors of this year's version. The Department is already at work on developing a plan on how to maximize support for this resolution at the Commission. Given the importance of doing everything we can to ameliorate the human rights situation in Cuba and to give hope to political dissidents and others working for positive change there, I will follow this issue closely, and weigh in personally with other governments as required.

Question: Radio & TV Marti

Will the State Department support innovative measures to broaden the reach of Marti broadcasting to overcome jamming? Specifically, will you support "pulse programming" to increase the signal strength and use an airborne transmitter to increase the availability of the radio and TV signal on the island?

Answer:

I have not had time to review the specific options available to overcome jamming. Certainly, direct communication with the people of Cuba is a crucial aspect of our Cuba policy. We will continue to use all the tools we have at our disposal – people-to-people exchanges, book programs and Internet facilities – to get our message across. As Secretary of State, I will serve on the Broadcasting Board of Governors, which no doubt will review how our message can best reach the Cuban people.

Question: Broadcasting to Cuban Military and Bureaucracy

Will you review programming and encourage the development of programs to communicate with the Cuban military and bureaucrats who may encourage peaceful change?

Answer:

Castro has long tried to keep the truth about Cuba's economic, moral, and political failure from reaching the people of Cuba. Getting our message out – through people-to-people exchanges or more direct programming – is important and the critical roles to be played by junior and mid-level officers and bureaucrats in Cuba's inevitable transition make reaching out to those people a wise investment in Cuban democracy. I will use my seat on the BBG to encourage radio and TV Marti to continue to focus on this audience.

CUBA AND THE MEXICO-U.S. AGENDA: BUSH USHERS IN A NEW ERA

"Some look south and see problems. Not me. I look south and see opportunities and potential," said George W. Bush during a rare presidential visit to the State Department on February 15th, where prior to his first foreign trip he received a briefing from Mexico desk officers covering the areas of economics, energy, environment, and drugs, all key issues in preparation for his visit with the newly elected Mexican President Vicente Fox.

Mexico has had a history of strong diplomatic relations with Cuba, especially with the Castro regime; not having broken off ties with Cuba at the onset of the Castro revolution back in the early 1960s, while OAS member countries severed diplomatic relations with the Cuban government. Today, under a new Mexican government -- the first establishment party change in 70 years -- and one that is expected to develop its own unique policy of "constructive engagement" with the Cuban government emphasizing a "vigorous policy of defending human rights," the meeting of Presidents Bush and Fox, who speaks fluent English, should be viewed as important for several reasons, particularly in the context of U.S.-Cuba relations. First, the Bush visit to Mexico, following his meeting in Washington with Canadian Prime Minister Jean Chretien, signifies a renewed diplomatic interest in a Western Hemisphere long neglected. Second, Fox's vision of Mexico's future: democracy, the rule of law, economic expansion, and educational benefits for the Mexican people, coincide with America's interests. Third, given the overall success of NAFTA and Bush's belief in free trade, the Free Trade Area of the Americas (FTAA) summit in Quebec, Canada at the end of April is expected to be represented by the governments of every democratic nation in the hemisphere, except Cuba. Prior to his February 16th trip to Mexico, President Bush spoke at the State Department about U.S. Mexico relations saying, "Mexico has seen a new birth of freedom, and trade is creating hope and economic progress. The door is open to a closer partnership with the United States."

Bush's discussion with Fox included "their common interest in hemispheric stability, free trade, migration issues, stopping narco-trafficking, and the promotion of democracy and human rights in the region," according to an administration spokesman. In the area of economic development and energy policy, the Bush-Fox Joint Communique of February 16th specified, "We will consult with our NAFTA partner Canada regarding development of a North American approach to the important issue of energy resources." The "opportunities and potential" Bush sees in a new partnership with Mexico, a non-OPEC producer, would relieve America's reliance and growing vulnerability to OPEC petroleum supplies and prices; an OPEC increasingly influenced by Venezuela, whose former energy minister, Ali Rodriguez, is currently Secretary General of OPEC who takes credit for leading the petroleum price increase over the past two years. Month-to-month, Venezuela vies with Canada, Mexico, and Saudi Arabia as the largest supplier of imported oil to the United States. Under President Caesar Chavez, Venezuela has emulated the Cuban revolution domestically and subsidized Cuba's petroleum requirements emboldening the Castro regime's go-it-alone anti-American resolve. American investment in the Mexican energy industry, which would require a shift in traditional elements of Mexico's energy policy, along with increased oil imports from Mexico could translate into decreased oil imports from Venezuela, placing added pressure on the Chavez-Castro alliance.

Both President Bush and Secretary of State Colin Powell share a hemispheric view of freedom, free trade, and democracy that is incompatible with the tenets of the current Cuban government. With regard to relations with Cuba, said Powell at a recent Washington press conference with Mexican Foreign Minister Jorge Castaneda, "we will keep in close contact with our Mexican friends so that they understand our point of view and we understand theirs." In this so-called "blossoming" of a new Mexican-American partnership, the new leadership on each side of the Rio Grande could make Cuba's Castro the odd man out of the hemisphere.

REMARKS WITH MEXICAN FOREIGN SECRETARY

*Secretary of State Colin Powell met with Mexican Foreign Secretary Jorge G. Castaneda on Wednesday, January 30th at the State Department for a press conference following preparatory meetings to plan President Bush's visit with Mexican President Vicente Fox on February 16th. Castaneda, who is well known around Washington's Latin American circles, was born and raised in Mexico City; received his BA from Princeton University and his Ph.D. from the University of Paris; and, authored *Companero: The Life and Death of Che Guevara*. He has also been a senior associate of the Carnegie Institute for International Peace in Washington, D.C.*

SECRETARY POWELL: Good afternoon, ladies and gentlemen. Secretary Castaneda and I have just completed a very productive meeting, our first in what will undoubtedly be a frequent series of encounters in the months and years ahead. As you know, President Bush has announced his acceptance of President Fox's invitation to visit Mexico on February 16th, and the Secretary and I have discussed the arrangements for that visit as well as the themes that are at the heart of our longstanding and very, very positive relationship.

President Bush's decision to travel to Mexico as his first official foreign visit is powerful evidence of the special place Mexico holds in our national priorities...

I would now like to offer my colleague an opportunity to make a statement, and then we will be very pleased to take your questions. Mr. Secretary, again, welcome.

SECRETARY CASTANEDA: Thank you, Mr. Secretary. Thank you for the opportunity to visit with you and have, as you said, a very productive, very fruitful, meeting, which I am sure will be the first of many very fruitful and productive meetings.

As the Secretary said, we talked about many issues. Among them, of course, the upcoming visit by President Bush to Guanajuato to President Fox's home town, his ranch. The agenda, the sequence and format of the meeting a little bit. Some of the details, though, we left some of those to our teams in Mexico City and here in Washington. Talked about many of the issues on the agenda that they would like to talk about, some of a strictly bilateral nature, some of a regional or multilateral nature. The preparations for the upcoming Quebec City Summit of the Americas in late April in Canada. Different initiatives that perhaps could be taken in relation either to some regional affairs, to bilateral affairs, whether this is on immigration matters, law enforcement matters, the border and other issues of mutual interest.

I think the main point I would like to emphasize in conclusion, Mr. Secretary, is that the message sent by President Bush to Mexico and to Latin America by having decided to take his first trip abroad to Mexico, to Guanajuato, to visit President Fox in his home town, is a message that is being very, very well received in Mexico and throughout Latin America. It shows that the discourse in the period of the campaigns was for real, that President Bush does intend to bestow a great priority on relations with Mexico and Latin America. And this is something that is, needless to say, enormously important to us in Mexico.

President Fox believes that there is nothing more important than continuing to build on the solid foundation that has been built up in the past few years in relations with

the United States, and he is very much looking forward to this new meeting with President Bush in Guanajuato and what will undoubtedly be the beginning of a very strong, fruitful relationship between the two presidents.

Thank you, Mr. Secretary.

Q: Mr. Secretary, this morning Mr. Castaneda told us that Mr. Fox would like to improve ties with Cuba -- financial, tourism and trade. And I just wonder, what is the reaction of the United States to Mexico's improving ties with Cuba?

SECRETARY POWELL: Mexico is, of course, a sovereign nation, free to pursue its own foreign policy and improve ties as it sees fit. We have had a chance to talk about Cuba, and the Secretary understands our concerns about Cuba and the fact that there are people still living under a form of government that should be, in this day and age, foreign to this hemisphere.

So we will continue to pursue our relations with Cuba in a way that lets Mr. Castro know that we disapprove of his regime; we will keep our sanctions in place; we will only participate in those activities with Cuba that benefit the people directly and not the government. And we will keep in close contact with our Mexican friends so that they understand our point of view and we understand theirs.

SECRETARY CASTANEDA: Just on that point, to emphasize perhaps with a slight bit more precision what I did say this morning on what the policy of President Fox's administration is, it is to strengthen ties of an economic, financial, touristical nature with Cuba because we believe -- and this is something we don't necessarily agree upon -- we believe that that type of engagement is what is most conducive to bringing about the type of re-incorporation of Cuba fully into the hemispheric arrangements that exist.

But that we were also going to have a very active and vigorous policy of defending human rights and democracy everywhere -- everywhere in the world, everywhere in the region, and in any particular country. Without this being a name-calling or finger-pointing policy, this is one of the main priorities and one of the main changes that the Fox administration intends to bring about. As President Fox has said on many occasions, we now have nothing to be ashamed about and we're going to be very explicit and very forceful on this issue. I did want to clarify that point.

COLIN POWELL SWORN IN AS THE 65TH SECRETARY OF STATE

Within hours of being sworn in himself as the 43rd president of the United States on Inauguration Day, George W. Bush swore in the former Chairman of the Joint Chiefs of Staff, retired Army General Colin L. Powell, as Secretary of State. Reflecting the importance attached to this high office, Powell became President-elect Bush's first Cabinet appointment on December 16, 2000, and with the Senate's advice and consent was unanimously approved by voice vote to become America's 65th Secretary of State on January 20, 2001. Powell noted on January 17th, at the time of his Senate confirmation hearing, "These proceedings mark the 64th renewal of a long and honored tradition that began when the 26 members of the first United States Senate met to consider the nomination that was before them then, that of Thomas Jefferson of Virginia."

Born of Jamaican immigrant parents in New York City, Powell was educated in the city's public schools where he also attended the City College and participated in the Reserve Officers' Training Corps (ROTC) scholarship program receiving a U.S. Army commission of 2nd Lieutenant upon graduation; thus began a long and distinguished military career that included: two tours of duty in Vietnam; Battalion Commander in Korea; Commander of the 2nd Brigade, 101st Airborne Division; and, Commander V Corps, United States Army in Europe. Prior to being named Chairman of the Joint Chiefs of Staff by President George H.W. Bush, Powell served as the Commander in Chief, U.S. Forces Command, at Ft. McPherson, Georgia, headquarters of the Army component of the unified U.S. Atlantic Command. During his tenure as the 12th Chairman of the Joint Chiefs, Powell deployed U.S. forces more than two dozen times including Operation Just Cause in Panama to depose dictator Manuel Noreiga and operations Desert Shield and Desert Storm in the Middle East.

A former White House Fellow, Powell served as a military assistant to Defense Secretary Caspar Weinberger, and was appointed by President Ronald Reagan as National Security Adviser. A highly decorated veteran of the U.S. Army, Powell retired as a four star general in 1993.

In his statement at his Senate confirmation hearing, Powell proclaimed, "we need to lead, to guide, to help every country that has a desire to be free, open, and prosperous...[w]e have the strength to take risks for peace. We must help the world that wants to be free." Citing two insurance policies, "the armed forces of the United States" and "the Department of State and its talented and dedicated professionals who are in the forefront of our engagement in the world" each of which comprise "our national security team" allowing America, in Powell's view, to extend freedom's two most important ideas: "democracy and capitalism."

BACKGROUND

Born: New York April 5, 1937.

College: BS, City College NY, ROTC, 1958.

Commission: 2nd Lt., 1958.

Married: 1962.

Vietnam:

Served as adviser, 1962 and returned to Vietnam, 1968.

Graduate School: MBA, George Washington University, 1971.

White House Fellow, 1972

Korea: Commander, 1973.

101st Airborne: Commander, 1976.

Pentagon: Senior Military Assistant to Dep. Sec. of Defense, 1977-1980.

Pentagon: Senior Military Assistant, Sec. of Defense, 1983-1986.

Europe: Commander V Corps, Frankfurt, Germany, 1986.

White House: President's National Security Adviser, 1987-1988.

U.S. Forces Command: Commander in Chief, 1989.

Joint Chiefs of Staff: Chairman, 1989-1993.

U.S. Army: Retired, 1993.

Author: *My American Journey*, 1996.

Founder: *America's Promise*, 1997.

Secretary of State: 2001

NOTABLE QUOTES

"Despotic regimes will come to realize it in due course, when they find themselves left behind while free nations prosper and provide a better life for their people...We should encourage and support these impulses. Only Marxist Cuba and North Korea still cling to a political and ideological corpse, perhaps hoping for protection under the endangered species act. But even they cannot escape the tide of history, and we must begin to adjust our policies of Cold War isolation to hasten their integration into a new world." **Colin L. Powell**, retired U.S. Army general and author, an excerpt from his autobiography entitled: *My American Journey* published by Random House in 1996, p. 588.

"Most importantly, though, Colin Powell is a present-day example of the American dream and he is an example for Americans. And indeed, his is an example for the rest of the world. He is a gentleman who has seen both the world of national defense and the world of foreign relations. In my opinion, General Powell is absolutely the best choice to incorporate the totality of our foreign policy in pursuit of our country's interests and security, individual freedom, and free trade." Senator **George Allen** (R-VA), introduces Powell at Senate confirmation hearing before the Committee on Foreign Relations, January 17, 2001.

"President-elect Bush has called from retirement a distinguished soldier who gave the nation, as we have already heard, 35 years of honorable service. Without question, General Powell's experience at the highest levels of government in the conduct of foreign and defense policy and his experience in managing large organizations makes him well qualified to be Secretary of State." Opening statement of Senator **Joseph Biden** (D-DE), at the confirmation hearing before the Committee on Foreign Relations, January 17, 2001.

"[W]e will continue to pursue our relations with Cuba in a way that lets Mr. Castro know that we disapprove of his regime; we will keep our sanctions in place; we will only participate in those activities with Cuba that benefit the people directly and not the government." Secretary of State **Colin Powell** answers questions during a press conference with Mexican Foreign Secretary Jorge Castaneda following their meeting at the State Department on January 30, 2001.

"We don't want little private wars with General Powell." **Fidel Castro** criticizes the newly confirmed Secretary of State Colin Powell for his ostensibly undiplomatic comments about the Cuban dictator during Powell's Senate confirmation hearing held on January 17, 2001. (AP,"Castro: No 'Little Wars' With Powell," 2/03/01).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 2

February 28, 2001

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

Ralph J. Galliano, Editor

U.S. INTERNATIONAL TRADE COMMISSION ISSUES REPORT ON IMPACT OF TRADE SANCTIONS ON U.S. AND CUBAN ECONOMIES

WASHINGTON – Perhaps the most comprehensive study issued to date on the economic and trade embargo against the Castro regime in Communist Cuba, the U.S. International Trade Commission (USITC), a factfinding federal government agency, released its report to Congress on February 15th entitled: *The Economic Impact of U.S. Sanctions With Respect to Cuba*. The more than 400 page report provides an "overview" of sanctions and examines Cuba's economy, trade, investment policies, and trends. In its report, the USITC analyzes the "historical impact of U.S. sanctions" on the economies of both countries and evaluates the "current impact of U.S. sanctions on U.S.-Cuban bilateral trade." The historical time period covered begins with 1960 and runs through 1996, the implementation of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act*, also known as the Helms-Burton Act. According to the USITC press release reprinted below, "the report analyzes in detail the impact of U.S. sanctions with respect to Cuba for 34 U.S. and Cuban economic sectors," including such services as: air transportation, maritime transportation, banking and insurance, telecommunications, rice, winter vegetables, citrus fruit, sugar, distilled spirits, cigars, pharmaceutical products, textiles and apparel, nickel and cobalt, medical goods, and cement. The report includes an executive summary and appendices with countless tables and figures substantiating the extensive research and analysis. The current impact of sanctions on both the U.S. and Cuban economies is assessed post-Helms-Burton, from 1996 through 1998. In the absence of sanctions, the USITC estimates U.S. exports to Cuba for this period "would have been approximately \$658 million to \$1.0 billion annually." That amounts to "17 to 27 percent of Cuba's total imports from the world, or less than 0.5 percent of total U.S. exports." Similarly, U.S. imports from Cuba "based on average 1996-98 trade data and excluding sugar...would have been approximately \$69 million to \$146 million annually." That is equivalent to "about 7 to 15 percent of total Cuban exports to the world, or less than 0.5 percent of total U.S. imports." Among the highlights, the report finds that "U.S. economic sanctions with respect to Cuba had a minimal overall historical impact on the U.S. economy" with the uncompensated expropriation of "U.S. economic assets in Cuba," arguably, having "caused few additional costs for the U.S. economy." The Foreign Claims Settlement Commission certified 5,911 U.S. claims worth \$1.8 billion. At the same time, the report found that the "sanctions with respect to Cuba generally had a minimal overall historical impact on the Cuban economy" due to the quick "adjustment" made by Cuba through its political and economic "alliance with the Soviet bloc countries." Rather than finding structural faults in the Cuban economy, the USITC attributes Cuba's economic downturn following the loss of Soviet assistance to "longstanding inefficiencies in the Cuban economy" but not to the U.S. embargo as does the Cuban government.

▪ U.S. International Trade Commission Issues Economic Report on Cuba.....	1
▪ Lantos Organizes Democrats on International Relations Committee.....	5
▪ Jorge Mas Santos Proposes Proactive Cuba Policy.....	6
▪ Marc Rich Traded in Commodities with Cuba Violating U.S. Embargo Before Pardon...	7
▪ Venezuela-Cuba Trade Nearly Doubled in 2000.....	8

IMPACT OF USITC REPORT – Both pro-embargo and anti-embargo sides will be able to glean enough from the USITC report to continue fueling the ongoing debate in Congress over Cuba sanctions for years to come. In fact, the report breathes enough life into the issue so as to sustain arguments for new legislation and reintroduced legislation. While the administration of President George W. Bush will likely threaten to veto any bill that slips by the gatekeepers of the Republican leadership on Capitol Hill who are likely to block passage particularly with regard to financing provisions pertaining to last years passage of the *Trade Sanctions and Export Enhancement Act of 2000* contained in the Agricultural Appropriations bill (USCPR, Vol.7,No.10). Rep. Charles Rangel cites the USITC's estimated cost of the embargo to "American exporters [of] at least \$650 million to about \$1 billion every year" as justification for lifting the embargo. Rangel, who sits on the Ways and Means Trade Subcommittee, takes the position that the embargo "has hurt American businesses, workers, and farmers in certain sectors. The embargo will never force the Communists out of Cuba," he says, "but it does force American agriculture and industry out of an important market in Cuba." Barely a hook to hang his hat on, Rangel plans to "examine the report in depth to see if there may be trade opportunities the ITC did not consider due to its standard assumptions" which the New York Democrat characterizes as "conservative assumptions." In a press release issued the day after the USITC issued its report, Rangel finds "that lifting the embargo would have a positive effect – especially in certain sectors – on U.S. businesses, farmers and workers." Specifically, the report finds that the "loss of the Cuban market had a significant impact on the U.S. rice industry" and that U.S. Cuban cigar imports would absorb "5 to 10 percent of total U.S. imports of cigars." Rangel's press release is reprinted below.

The USITC Cuba report was requested on March 15, 2000 (USCPR, Vol.7,No.4) by former House Ways and Means Committee Chairman Bill Archer (R-TX) on behalf of Rep. Charles B. Rangel (NY-15), the ranking committee Democrat followed by two days of public hearings (September 19 – 20, 2000) held in Washington, D.C. (USCPR, Vol.7,No.9). The USITC offers the disclaimer that it "has made no assumptions in this investigation regarding any possible future policy changes in Cuba." The Commission's Cuba report is available on the Internet at the USITC web site: <http://www.usitc.gov>.

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V8N2

ITC NEWS RELEASE

February 16, 2001 News Release 01-025Inv. No. 332-413

ITC RELEASES REPORT ON THE ECONOMIC IMPACT OF U.S. SANCTIONS WITH RESPECT TO CUBA

The U.S. International Trade Commission today released its report *The Economic Impact of U.S. Sanctions with Respect to Cuba*.

The ITC, an independent, nonpartisan, factfinding federal agency, prepared the report for the Committee on Ways and Means, U.S. House of Representatives. As requested, the report provides an overview of U.S. sanctions with respect to Cuba; describes the Cuban economy, Cuban trade and investment policies, and trade and investment trends; analyzes the historical impact of U.S. sanctions on both the U.S. and Cuban economies; and evaluates the current impact on U.S.-Cuban bilateral trade, investment, employment, and consumers.

The report analyzes in detail the impact of U.S. sanctions with respect to Cuba for 34 U.S. and Cuban economic sectors. Service sectors analyzed are: air transportation, maritime transportation, banking and insurance, construction, telecommunications, and travel and tourism. Agricultural sectors analyzed are: meat and dairy, wheat, rice, feedgrain, animal feed, fats and oils, dry beans, cotton, winter vegetables, tropical fruit, citrus fruit, sugar, distilled spirits, cigars, and seafood. Intermediate and manufactured goods analyzed are: fertilizer and pesticides, pharmaceuticals, textiles and apparel, steel, nickel and cobalt, machinery and transportation equipment, power generation machinery and equipment, electronics goods, medical goods, cement, plastics, tires, and sporting goods. Report highlights follow.

- U.S. economic sanctions with respect to Cuba had a minimal overall historical impact on the U.S. economy. The United States quickly found alternate suppliers and alternate markets to replace trade with Cuba. Overall, Cuba emerged as a small global market relative to other Latin American countries, and foregone U.S. trade opportunities were minimal.
- The ITC estimates that U.S. exports to Cuba in the absence of sanctions, based on average 1996-98 trade data, would have been approximately \$658 million to \$1 billion annually, or about 17 percent to 27 percent of Cuba's total imports from the world. Estimated U.S. imports from Cuba in the absence of sanctions, based on average 1996-98 trade data and excluding sugar (U.S. sugar imports are government-regulated), would have been approximately \$69 million to \$146 million annually, amounting to about 7 percent to 15 percent of total Cuban exports to the world.
- U.S. economic sanctions with respect to Cuba generally had a minimal overall historical impact on the Cuban economy. Cuba adjusted quickly to U.S. economic sanctions through political and economic alliance with the Soviet bloc countries, largely offsetting any adverse effects of U.S. sanctions. The loss of Soviet economic assistance after 1990 caused a severe downturn in the Cuban economy, bringing to the forefront longstanding inefficiencies in the Cuban economy. The loss of Soviet assistance eventually forced Cuba to introduce economic reforms to attract foreign investment and selective economic liberalization to stimulate domestic production. Currently, sanctions force Cuba to source some products that could be supplied by the United States from distant trading partners at higher transportation costs.
- Despite the close geographic proximity that would appear to make the United States and Cuba natural trading partners, bilateral economic relations in the absence of sanctions could be limited by Cuba's remaining restrictions on investment and economic activity; a foreign exchange shortage that limits Cuba's ability to import; and production constraints that limit Cuba's export potential.
- While the overall impact on the U.S. economy of U.S. sanctions with respect to Cuba was small, the report indicates that some U.S. industries may be likely to benefit from removal of these sanctions. Industries, such as rice and wheat, may benefit as a result of increased exports to Cuba. The report also indicates that some U.S. industries, such as citrus and winter vegetables, may face some increased competition from imports from Cuba.

The Economic Impact of U.S. Sanctions with Respect to Cuba (Inv. No. 332-413, USITC Publication No. 3398, February 2001) will be posted in the Reports and Publications section of the ITC's Internet site at www.usitc.gov. A printed copy may be requested by calling 202-205-1809 or by writing the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436. Requests may be faxed to 202-205-2104.

ITC general factfinding investigations, such as this one, cover matters related to tariffs or trade and are generally conducted at the request of the U.S. Trade Representative, the Senate Committee on Finance, or the House Committee on Ways and Means. The resulting reports convey the Commission's objective findings and independent analyses on the subjects investigated. The Commission makes no recommendations on policy or other matters in its general factfinding reports. Upon completion of each investigation, the ITC submits its findings and analyses to the requester. General factfinding investigation reports are subsequently released to the public, unless they are classified by the requester for national security reasons.

RANGEL ISSUES STATEMENT ON ITC REPORT

STATEMENT FROM REPRESENTATIVE CHARLES B. RANGEL
Ranking Democrat, Committee on Ways and Means

FOR IMMEDIATE RELEASE CONTACT:

Dan Maffei

Friday, February 16, 2001

202/225-3526

REP. RANGEL CALLS FOR NORMALIZING TRADE RELATIONS WITH CUBA
Ranking Democrat cites ITC report finding that U.S. industry losses as much as \$1 billion every year from embargo

WASHINGTON - The Ranking Democrat on the House Committee on Ways and Means, Charles B. Rangel (D-NY), today called for normalizing trade relations with Cuba and announced that he and others would introduce legislation to do so soon after the February recess. Rep. Rangel said that a new report from the U.S. International Trade Commission (ITC), which was made public today, estimates the Cuba embargo costs American exporters at least \$650 million to about \$1 billion every year. "We've had this trade embargo for almost three decades, and it hasn't done a thing to weaken the Castro regime. The ITC report does show that the embargo, instead, has hurt American businesses, workers, and farmers in certain sectors. The embargo will never force the Communists out of Cuba, but it does force American agriculture and industry out of an important market in Cuba," said Rep. Rangel, who sits on the Ways and Means Subcommittee on Trade. Rep. Rangel has expressed a desire to examine the report in depth to see if there may be trade opportunities the ITC did not consider due to its standard assumptions. "Given the conservative economic assumptions the ITC typically uses, actual opportunities for U.S.-Cuba trade may be substantially greater than the ITC identifies in its static, short-term analysis. The report shows that lifting the embargo would have a positive effect especially in certain sectors - on U.S. businesses, farmers and workers. I am confident that closer examination of the full report will reveal substantial new opportunities for U.S. exporters and bilateral trade beyond the estimated billion dollars. I never expected the report to reveal that trade with Cuba would be a significant share of the overall \$9.3 trillion U.S. economy," Rep. Rangel said. Rangel also announced that he, along with fellow Ways and Means Trade Subcommittee members William Jefferson (D-LA) And Richard Neal (D-MA), would re-introduce legislation to restore U.S. trade with Cuba so that American workers, farmers and businesses can take advantage of the new opportunities the ITC study reportedly describes, and for humanitarian purposes. In particular, Rangel announced he would sponsor a bill that would provide for exports of U.S. food and medicine to Cuba. Rep. Rangel's Cuban Humanitarian Trade Act of 2001 would exempt from the U.S. trade embargo on Cuba exports of agricultural commodities, medicines and medical supplies, instruments and equipment. The bill also would broaden and make more meaningful exceptions to the embargo contained in the Trade Sanctions Reform and Export Enhancement Act of 2000 (contained in the Fiscal Year 2001 Agricultural Appropriations Act). The bill also would remove limitations on the exceptions set out in that legislation. Rangel also announced the reintroduction of the Free Trade with Cuba Act and the United States-Cuba Trade Act of 2001. Together, the two bills would fully normalize U.S. trade with Cuba. Senate Finance Committee Ranking Democrat Max Baucus (D-MT) has expressed his intention to introduce similar legislation in the Senate. The Free Trade with Cuba Act would remove all specific restrictions under existing U.S. law with respect to trade between the United States and Cuba. The United States-Cuba Trade Act of 2001 would make necessary changes to U.S. law - including amendments to the harmonized tariff schedule and termination of Title IV of the Trade Act of 1974 to Cuba - to extend nondiscriminatory treatment to the products of Cuba.

LANTOS ORGANIZES DEMOCRATS ON INTERNATIONAL RELATIONS

The House International Relations Committee's ranking Democrat, Tom Lantos (CA-12), succeeds Sam Gejdenson (CT-2), who was surprisingly defeated in the November general election. In organizing for the Democrats, Lantos has chosen his committee and subcommittee members for the 107th Congress. Republicans and Democrats are divided 26 to 23 respectively with the full committee roster for the Democrats listed below. The roster for the two subcommittees most likely to affect U.S. Cuba policy are also listed. Rep. Bob Menendez (NJ-13), elected ranking Democrat on the Western Hemisphere Subcommittee, was also named a member of the International Operations and Human Rights Subcommittee chaired by Rep. Ileana Ros-Lehtinen (R-FL) (USCPR, Vol.8, No.1). Of his position on the Western Hemisphere Subcommittee, Menendez pointed out that since it "has jurisdiction over Cuba, I will work to ensure that U.S. policy continues to promote freedom of expression, the release of political prisoners, the legalization of political parties, and free and fair elections for a democratic transition in that country."

INTERNATIONAL RELATIONS COMMITTEE

(26/23)

Lantos, Tom (CA) -- Ranking

Berman, Howard (CA)
Ackerman, Gary (NY)
Faleomavaega, Eni F.H. (AS)
Payne, Donald M. (NJ)
Menendez, Robert (NJ)
Brown, Sherrod (OH)
McKinney, Cynthia A. (GA)
Hastings, Alcee (FL)
Hilliard, Earl (AL)
Sherman, Brad (CA)
Wexler, Robert (FL)
Davis, Jim (FL)
Engel, Eliot (NY)
Delahunt, William D. (MA)

Meeks, Gregory (NY)
Lee, Barbara (CA)
Crowley, Joseph (NY)
Hoeffel, Joseph (PA)
Blumenauer, Earl (OR)
Berkley, Shelly (NV)
Napolitano, Grace (CA)
Schiff, Adam B. (CA)

WESTERN HEMISPHERE SUBCOMMITTEE (6/5)

Menendez, Robert -- Ranking
Delahunt, William D.
Napolitano, Grace
Faleomavaega, Eni F.H.
Payne, Donald M.

INTERNATIONAL OPERATIONS AND HUMAN RIGHTS SUBCOMMITTEE (6/4)

McKinney, Cynthia-- Ranking
Menendez, Robert
Napolitano, Grace
Schiff, Adam B.

SENATE WESTERN HEMISPHERE SUBCOMMITTEE

In the unprecedented power sharing agreement hammered out between Republican leader Trent Lott (MS) and Democratic leader Tom Daschle (SD), the United States Senate on January 5th agreed to organize on a 50/50 basis requiring Republican Vice President Dick Cheney to break tie votes. The Senate Foreign Relations Western Hemisphere Subcommittee reflects that arrangement in a 4-4 split as listed below, including freshman members George Allen and Bill Nelson. In the 106th Congress, the subcommittee was split 4-3 and counted as a member Robert Torricelli (NJ), the author of the *Cuban Democracy Act of 1992*. Torricelli continues to serve on the full committee.

WESTERN HEMISPHERE, PEACE CORPS, NARCOTICS AND TERRORISM

Republicans (4)

Chafee, Lincoln (RI) Chairman
Allen, George (VA)
Helms, Jesse (NC)
Lugar, Richard (IN)

Democrats (4)

Dodd, Christopher (CT) Ranking Member
Nelson, Bill (FL)
Kerry, John (MA)
Feingold, Russell (WI)

JORGE MAS SANTOS PROPOSES ADDING PROACTIVE COMPONENT TO U.S. CUBA POLICY

Considered a move to reach beyond his traditional political base in Washington and Miami, Jorge Mas Santos, the son of the late Cuban American National Foundation (CANF) founder Jorge Mas Canosa (USCPR, Vol.4,No.12), spoke in his capacity as present day chairman before an unlikely crowd at the Inter-American Dialogue in Washington, D.C. Mas Santos strove to deliver a positive message to a standing-room-only audience of several hundred declaring, "I am here to talk about what we are for, not against. What we are for is adding a separate, pro-active component to our policy that will involve working on island – *inside Cuba* – and engaging directly the Cuban people." The Thursday, February 7th speech came just one evening after the grand opening of CANF's new offices located in the heart of downtown Washington. In his speech, Mas Santos called for a "U.S. policy towards Cuba that actively seeks to empower the Cuban people and promote their independence from the current regime." The CANF chairman urged President George W. Bush's administration to adopt the approach taken by the Reagan administration in the 1980s that assisted the Solidarity movement in Poland during the Cold War and most recently the course proposed by Senate Foreign Relations Committee Chairman Jesse Helms (USCPR,Vol.8,No.1). Mas Santos' proposal sought to have U.S. policy pro-actively isolate the Communist regime in Havana from the Cuban people by morally and financially "supporting the democratic opposition and cultivating an emerging civil society." The approach he advanced sought to be inclusive of all who seek a similar goal including labor, the education establishment, and internationally recognized NGOs. He called for funding of a "Food for Peace program (P.L. 480) for Cuba" and for a policy of economic engagement with the Cuban people involving the American family farmer and small businessman. Aware of the tight control over the everyday lives of the Cuban people that the Castro regime exercises, Mas Santos warned of the need for "vigilance" and "strict guidelines" on the part of the U.S. government in order to implement such a proactive policy. Existing provisions in U.S. law would suffice in the hands of a government willing to be more creative in this area than the Clinton administration, alluded Mas Santos during his speech.

STATE DEPARTMENT ISSUES 2000 HUMAN RIGHTS REPORT ON CUBA

The last of the State Department's annual human rights reports written under the purview of the Clinton administration was officially issued on Monday, February 26th. The report covers year 2000 notably a different administration and "a policy response from Secretary of State Albright, [and] from President Clinton," clarified Acting Assistant Secretary Michael Parmly in response to a reporter's question at the afternoon press conference. This report is the 25th edition and covers 195 countries. In response to a comparative China-Cuba question, Parmly explained, "China has shown a willingness to engage with the international community that Cuba has not shown. Cuba shows its commitment to human rights by detaining hundreds of people on Human Rights Day, as occurred this past December 10th, or anytime there is a major event coming up, rounding up anyone who can cause trouble." Since the report covers year 2000, it does not address the incident of the two jailed Czechs citizens and former dissidents (USCPR, Vol.8,No.1) by the Cuban government for their contact with anti-Castro dissidents purportedly at the behest of New York-based Freedom House. The Czechs who were jailed on January 12th were released nearly a month later on February 5th after admitting they broke Cuban laws. The 20 page human rights country report on Cuba, which can be found on the Internet at: <http://www.state.gov/g/drl/rls/hrrpt/2000/>, describes the record of the Cuban government as remaining "poor."

MARC RICH TRADED RUSSIAN OIL AND CUBAN SUGAR

Fugitive commodities trader, Marc Rich, pardoned by former President Bill Clinton during his last days in office, violated the U.S. embargo by illegally trading with the enemy -- countries such as Iran, Libya, and Cuba, reported the *Wall Street Journal* in a front page article on February 23rd. Rich, who fled to Switzerland in 1983, was indicted on charges he failed to pay \$48 million in taxes. While the presidential pardon raised questions in Congress having to do with whether it was linked to political contributions made by Rich's ex-wife, Denise Rich, to Hillary Clinton's New York Senate campaign, the Democratic Party, and the Clinton presidential library, the ensuing scandal obscured the commodity trader's business dealings since his indictment in 1983.

According to the *Wall Street Journal* report, it confirmed the myriad business deals conducted by the fugitive billionaire who traded commodities essential to Cuba's economic survival such as oil, sugar, and nickel during a very critical period by interviewing "more than a dozen former Rich traders and executives as well as competitors, industry analysts and government officials."

Rich, who prior to his indictment operated a Swiss subsidiary company in New York, subsequently renounced his American citizenship, then traveled using his U.S. passport, altogether acquiring Swiss, Spanish, and Israeli citizenship over the years. His network of worldwide trading companies included offices in Switzerland, the Soviet Union, and South Africa. Former Rich company executives say that for years he facilitated Russian-oil-for-Cuban sugar deals. Through his Moscow office, Rich traded subsidized Russian oil intended for Cuba becoming instrumental in the triangular sale of crude oil on the open market for Cuba and arranging the delivery of a like amount to Cuba from Venezuela, incurring a substantial savings in shipping costs. Rich's companies are reported to have bought raw sugar in Cuba, shipped it to refineries in the Ukraine and then sold it on the open market.

During the Soviet era, Rich sent executives from his European offices to the mining area of eastern Cuba to purchase nickel and cobalt, reports the *Wall Street Journal*, citing Jose Oro. The European and Russian educated Oro, had become head of Cuba's Department of Mineral Resources and General Director of the Department of Natural Resources of the Ministry of Basic Industries before defecting while in the United States in 1991.

It's highly likely that the commodity trade deals conducted by the Rich companies around the time the Soviet Union dissolved on December 26, 1991 actually saved the Castro regime from complete economic collapse, given the severe decline of: Cuban sugar production, crude oil imports from Russia (see ASCE, *Cuba in Transition*, Vol.9, p.355, 1999), and nickel and cobalt production.

Finally, the *Wall Street Journal* reports that Rich's trading company, which no longer commands the excessive profits it once did, "would be acquired by Crown Resources, a Swiss subsidiary of Russia's Alfa Group." □

CURRENCIES & COMMODITIES

1 Euro = 0.9264 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 19.454 Cuban Peso

Rates as of February 28, 2001.
Source: Bloomberg.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 10.02
Year ago nearby = 4.70
Future (May '01) = 8.99
High = 10.68
Low = 6.10

Cash/Spot price as of February 28, 2001.
Source: CSCE/NYBOT.

CRUDE OIL (\$per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 27.35-27.40
Year ago (Feb. 28) = 30.13
Future (April '01) = 27.39

Cash/Spot price as of February 28, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,330
Year ago (Feb. 28) = 10,060

(\$ per metric ton)
Official Price: February 28, 2001.
Source: London Metal Exchange.

Cobalt = 13.95 -14.40
Year ago (Feb. 28) = 13.60 - 14.40

(\$ per pound for 99.8%)
Price: February 26, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

EIZENSTAT JOINS WASHINGTON LAW FIRM COVINGTON & BURLING – Stuart E. Eizenstat, former Deputy Secretary of the Treasury in the Clinton administration, has joined the international practice of the Washington law firm Covington & Burling. As a partner, Eizenstat's work at Covington & Burling "will focus on international business transactions and regulations and on resolving international trade problems." Eizenstat served in the Carter administration and began his tenure with the Clinton administration as Ambassador to the European Union from 1993 through 1996, after which Clinton appointed Eizenstat as Secretary of Commerce for International Trade and Special Representative of the President and Secretary of State for the Promotion of Democracy in Cuba (USCPR, Vol.3,No.9) succeeding Richard Nuccio. Eizenstat became instrumental in shaping U.S.-Cuba policy during the Clinton administration, particularly with the Europeans over the sanctions and the formal and informal waivers of Titles III and IV respectively of the Helms-Burton Act (USCPR, Vol.4,No.7). The USCPR covered Eizenstat's speech before AmCham Cuba on November 20, 1996 (USCPR, Vol.3,No.11) which laid the groundwork for the U.S.-EU Understanding of 1997 (USCPR, Vol.4,No.4) and the U.S.-EU Agreement of 1998 (USCPR, Vol.5,No.5) that dealt with the trafficking of U.S. confiscated properties in Cuba by the Europeans. On February 14, 1997, President Clinton named Eizenstat Under Secretary of State for Economics, Business, and Agriculture (USCPR, Vol.4,No.2) and later on July 19, 1999 (USCPR, Vol.6,No.7) he was sworn in as Deputy Secretary of the Treasury where he completed his government service. Covington & Burling, founded in 1919, has 450 lawyers with offices in Washington, New York, San Francisco, London, and Brussels. Among its clients are: Microsoft, UBS Warburg, Bacardi, Computer Associates, Monsanto, Warner Lambert, and Merck. (PRN,"Stuart Eizenstat, Former Treasury Deputy Secretary and European Union Ambassador, Joins Covington & Burling, 2/14/01).

VENEZUELA-CUBA TRADE NEARLY DOUBLED IN 2000 – From 1999 to 2000 Venezuela leapfrogged from fourth place in two way trade with Cuba surpassing Spain's first place position. According to Cuba's Foreign Trade Minister, Raul de la Nuez Ramirez, the island's most important trading partners are currently Venezuela, Spain, Canada, the Netherlands, China, and Russia. Reports indicate that for 2000 Spain's bilateral trade with Cuba remained around \$800 million. Cuban Central Bank statistics indicate that bilateral trade with Venezuela in 1999 amounted to \$463.3 million increasing between 80 and 90 percent over the 2000 period. Since most of Venezuela-Cuba trade involves petroleum and derivative products, the dramatic increase in trade over the course of the year can likely be attributed to the signing of the Caracas Energy Cooperation Accord (CECA) where Venezuela agreed to provide Cuba, in a preferential arrangement, with an additional 53,000 barrels of oil per day (b/d) directly, totaling 106,000 b/d provided by Venezuela. (RL,"Venezuela passes Spain as top Cuba trade partner," 2/26/01)

REGULATIONS ON AGRICULTURAL SALES TO CUBA OVERDUE – When President Clinton signed the agricultural appropriations bill into law at the White House on October 16th of last year (USCPR, Vol.7,No.10) allowing for the cash sales of food and medicine to the Cuban government, he expressed his dismay because it didn't "provide any financing credits which we give to other poor countries." Cuba, which is not considered just another "poor" country given its continued designation by the State Department as a "terrorist" nation run under a Communist dictatorship, has publicly announced on numerous occasions that it would not purchase a "single pill or a kernel of U.S. grain" due to the perceived disparity in treatment by the U.S. government. Although Title IX of the *Trade Sanctions Reform and Export Enhancement Act of 2000* provides for the law to "take effect 120 days after the date of enactment," the regulations were not available at the end of February. The hold up apparently stems from differences in draft regulations about to be issued by the Commerce Department's Office of Export Controls and the Treasury Department's Office of Foreign Assets Control (OFAC) which the Bush administration must reconcile. Commerce licensing would be required for the sale of items beyond a regulated list as well as Treasury licensing for the payment of such goods. (RL,"Quiet wrangling slows U.S.-Cuba trade rule release," 2/27/01).

DOMESTIC BRIEFS

FAMILIES OF BROTHERS-TO-THE-RESCUE SHOOTDOWN VICTIMS COLLECT FROM FROZEN CUBAN FUNDS – Having thwarted for nearly three years the distribution of Cuban funds frozen by the U.S. government (USCPR, Vol.7, No.7), President Clinton signed an executive order on January 19th releasing millions of dollars to the families of three Brothers-to-the-Rescue pilots shot down by Cuban MiG fighter jets over international waters on February 24, 1996 (USCPR, Vol.3, No.3). The families have attempted unsuccessfully to recover damages from the frozen assets of terrorist nations held in the United States permitted under the 1996 *Anti-Terrorism and Effective Death Penalty Act*. The Cuban blocked assets were the subject of a \$187 million court judgment against the government of Cuba handed down by Federal District Court Judge James L. King (USCPR, Vol.6, No.2 & Vol.7, No.4). Bush administration Treasury Secretary Paul O'Neill signed an order to vest the funds on Monday, February 12th permitting the distribution of \$96.7 million. Prior to the passage of the *Justice for Victims of Terrorism Act of 2000*, (USCPR, Vol.6, No.11 & Vol.7, No.10), Clinton attempted to settle the matter with a \$50 million offer which the families refused. The funds which were being held by Chase Manhattan Bank of New York will be used by the families to: establish a trust for the mother of the fourth victim, Pablo Morales, create scholarships for children of Cuban rafters, and for other charitable purposes. **BUSH REINSTATES "ROGUE NATIONS" TERM APPLIED TO TERRORIST STATES** – President George W. Bush has unofficially reinstated the term used to describe the list of seven terrorist states including: Iran, Iraq, Libya, North Korea, Sudan, Syria, and Cuba. In his first State of the Union address to Congress on Tuesday, February 27th, Bush said the United States needs to develop a national missile defense system to counter threats from "terrorists who threaten with bombs to tyrants and rogue nations intent on developing weapons of mass destruction." Under the Clinton administration, then-Secretary of State Madeleine Albright announced in a radio interview that the United States would no longer use the term "rogue nations" to refer to these State Department designated terrorist states. On NPR's Diane Rehm Show, Albright made the reference with respect to North Korea (USCPR, Vol.7, No.6). Instead, the Clinton administration used the term, "states of concern." **BUSH CONTINUES NATIONAL EMERGENCY RELATING TO CUBA** – On February 27th, President George W. Bush extended the national emergency relating to Cuba by publishing in the Federal Register and notifying Congress prior to the anniversary date of the presidential proclamation that the emergency created as a result of Cuba's "destruction...of two unarmed U.S.- registered civilian aircraft in international airspace north of Cuba" on February 24, 1996 would continue in effect beyond March 1, 2001. This executive action is authorized under Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) first proclaimed by President Clinton on March 1, 1996 which states in part, "In July 1996 and on subsequent occasions, the Government of Cuba stated its intent to forcefully defend its sovereignty against any U.S. – registered vessels or aircraft that might enter Cuban territorial waters or airspace while involved in a memorial flotilla and peaceful protest." **ATTORNEY GENERAL ASHCROFT CALLED UPON TO INDICT FIDEL CASTRO** – In a letter to Attorney General John Ashcroft, former U.S. ambassador to the United Nations, Jeane Kirkpatrick, has called for an investigation of the deaths of the four Brothers-to-the-Rescue pilots who were shot down over international airspace on February 24, 1996 leading to the indictment of Cuban dictator, Fidel Castro. Similarly, Rep. Christopher Smith (R-NJ), the former chairman of the House International Relations Subcommittee on Human Rights now chaired by Rep. Ileana Ros-Lehtinen (R-FL), has called upon Ashcroft to conduct an investigation of the shootdown based upon an extensive body of existing evidence. Smith wrote in the *Wall Street Journal* (2/26/01, p.A22), "As to criminal charges, John Ashcroft's Justice Department should review the evidence that has been languishing for five years as well as the new evidence that has come to light," a reference to documentation released by the FBI in an ongoing espionage trial involving four Cuban intelligence officers (USCPR, Vol.7, No.12). Afterward, Smith urged, "a federal grand jury should be convened to determine whether the evidence warrants an indictment of Mr. Castro for murder."

NOTABLE QUOTES

"Essentially, the new law [*Trade Sanctions and Export Enhancement Act of 2000* – see USCPR, Vol.7, No.10] breaks the back of the commercial embargo with Cuba liberalizing a long list of agricultural, pharmaceutical and food service products that may be sold." **Pamela Falk** is a professor of international trade, CUNY School of Law and a former staff director, House Western Hemisphere Subcommittee. (RL, "Cookies to cows likely on U.S. sales list to Cuba," 2/7/01).

"Today, European and Canadian trade, investment and tourism benefit Cuban state enterprises. But they also increase the earnings of Cuban workers, expose Cubans to foreigners and non-socialist ideas, bring capitalist business practices, and reshape the Cuban economy to fit its comparative advantages in the global system. This adds up to humanitarian benefits for the Cuban people, and a head start on a future transition to a more market-oriented economy." **Philip Peters** is vice president of the Arlington, Virginia-based Lexington Institute. (WSJ, "Let Yankee Tourists Shower Dollars on Cuba's Poor," 2/9/01, p.A11).

"The [U.S. International Trade Commission] report confirms that U.S. companies can benefit from access to the Cuban market. There may continue to be a debate over the impact (of trade), but there's no question there's a value." **John Kavulich**, president of the U.S. Cuba Trade and Economic Council based in New York, views the recently issued U.S. ITC report on the economic impact of U.S. sanctions on Cuba. (BLP, "Cuba Embargo Thwarts US Auto, Rice Sales, First Study Finds," 2/15/01).

"I think the ITC [report entitled: *The Economic Impact of U.S. Sanctions With Respect to Cuba*] basically established what we've been saying all along, which is that there's a minimal impact on U.S. business of the sanctions." **Dennis Hays**, executive vice president of the Cuban American National Foundation, assesses the U.S. International Trade Commission report. (MH/AP, "Embargo's impact slight, report says Cuba's trade seen as limited by own politics," 2/16/01).

"Being no fool, the bloodstained, bearded dictator wants foreign capital. But if push comes to shove, he will choose absolute political control over any kind of economic progress. That's why the U.S. should not scrap the embargo on Cuba, something the Clinton White House wanted to do and would have done, had Al Gore not been competing in Florida. Many people don't understand what investing in Cuba means: Your money goes through the Cuban government." **Steve Forbes**, former candidate for the Republican presidential nomination, comments on trade with Cuba under Fidel Castro. (Forbes Magazine, Fact and Comment, 2/19/01, p.39).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 3

March 31, 2001

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

Ralph J. Galliano, Editor

BUSH ANNOUNCES INTENT TO NOMINATE OTTO REICH AS ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS

WASHINGTON – Democratic opposition in Congress and particularly among left-leaning activist groups with a focus on Latin America from across the nation have coalesced against President George W. Bush's nomination of Otto J. Reich for the position of Assistant Secretary of State for Western Hemisphere Affairs. "The Left has already begun howling about Mr. Bush's selection of someone determined to help end Castro's despotic regime and to bring about the final liberation of long-suffering Cuba," wrote Frank Gaffney the director of the Center for Security Policy and a former Assistant Secretary of Defense for International Security Policy during the Reagan administration. On March 22nd, Bush presented a pro forma intent to nominate Reich which provides a signal to Congress that the president has picked someone to fill this position currently occupied by Peter Romero, a Clinton recess appointment. Rep. Lincoln Diaz-Balart (R-FL), an early supporter, commended President Bush and Secretary of State Powell for their choice saying Reich would "effectively advocate" the president's policies and goals to "achieve a Western Hemisphere of free and democratic nations, without exceptions, united by free trade and common values." While Reich, an independent lobbyist and critic of Fidel Castro, has already undergone a preliminary FBI interview and background check prior to the president's announcement, the former State Department appointee and ambassador to Venezuela is required to undergo a second pronounced round of extensive background checks and financial disclosures in which the FBI will conduct a full-field check and then compare the findings with earlier checks. Reich expects this stage of the process to take five weeks to two months. Once completed, the president sends a package to the Senate and the formal nomination takes place. In its Constitutional role (Article II, Section 2) of "Advice and Consent," the Senate will hear the nomination of Reich as soon as it is cleared for action, at which time Senator Helms is expected to make it a priority. Opposition among members of the Senate Foreign Relations Committee include Democratic Senators Christopher Dodd (CT) and John Kerry (MA) who have been critical of Reich for his role in support of the anti-Sandinista Nicaraguan contras when Reich headed the State Department's Office of Public Diplomacy for Latin America and the Caribbean between 1983 and 1986. Dodd said of Reich that he "does not believe he is the right person for the job at this time," citing the need for bipartisan support over the Bush administration's policy toward Colombia. "We need to take a hard look at whether he is really the best choice to handle such a highly sensitive post in the State Department, a post which requires frank and open dealings with Congress," charged Kerry, who in 1986 chaired a Senate committee investigation of the Iran-Contra affair in which Reagan administration officials secretly sold arms to the Iranians using the profits from the sale to aid the contras fighting against the communist Sandinistas. One Congressional source said, "Reich's name doesn't appear in [Independent Counsel Lawrence] Walsh's report. His involvement with Iran-Contra deals with minor breaches having nothing to do with the substance of the Iran-Contra issue. It's an attempt to smear him and rough him up before the nomination is taken up for consideration."

▪ Bush Announces Intent to Nominate Otto Reich for Western Hemisphere Post.....	1
▪ Hyde Clarifies Intent of Congress Over Nethercutt Amendment Regulations.....	3
▪ Cuba Hard Pressed to Meet 2000-01 Sugar Production Target.....	7
▪ EU Delegation Seeks Status Quo on Helms-Burton with Bush Administration.....	8
▪ Powell Makes Human Rights Censure of Cuba at UNCHR Bush Administration Priority....	9

PAYBACK TIME FOR DEFEAT OF PASTOR NOMINATION – In 1994, Senator Jesse Helms stood firm and blocked President Clinton's June 8th nomination of Robert A. Pastor to become ambassador to Panama because he rightly believed that Pastor, as then-President Carter's National Security Adviser for Latin America and the Caribbean, was primarily responsible for drafting the 1977 Panama Canal Treaties, which the conservative Helms considered an unlawful giveaway of sovereign American property. Helms, the Ranking Republican on the Senate Foreign Relations Committee, in a creative use of the Senate rules and with what amounted to a mini-filibuster in committee on Thursday, September 29th remarked on issues ranging from the Panama Canal to Nicaragua and El Salvador, which prolonged Pastor's nomination hearing by delaying the committee vote. Of the Panama Canal give-away, Helms opined, "We gave it to a regime engaged in gun running and drug trafficking. Mr. Pastor was the architect of that. He was the man on the scene. I shall go to my grave resenting him for that." Although Pastor's nomination was eventually approved by the Senate Foreign Relations Committee on Tuesday, October 4th by a vote of 16 to 3, Helms held it up on the floor and the 103rd Congress adjourned on October 8th before the Senate could consider it further. Having to resubmit Pastor's name in the new 104th Congress, Clinton instead withdrew Pastor's nomination on Tuesday, January 31, 1995 rather than face an impossible uphill battle against Helms who would become chairman of the committee after Republicans gained control of the Senate following the November 1994 elections. Reagan administration nominees for the position including Thomas O. Enders, Langhorne A. Motley, and Elliott Abrams have only taken three days, thirteen days, and five days respectively to receive Senate approval once formally nominated. Democrats Dodd and Kerry have not forgotten the Pastor nomination battle and are prepared to engage Helms over the nomination of Otto Reich for the Latin American policy post. Once a public hearing is scheduled at Senate Foreign Relations, Reich will be questioned by members of the Committee. Following the hearing, a business meeting will be held whereby a likely scenario to obstruct the Reich nomination could be an exhaustive request for additional documents and written questions to be answered in order to drag out the process, as experienced by Pastor. Assuming the Committee acts on Reich, he is likely to be approved by a vote of 11 to 7, with Democratic Senators Robert Torricelli (NJ) and Bill Nelson (FL) voting in favor. This would allow Reich's nomination to be sent to the floor for debate and a vote assuming the opposition doesn't place an interminable hold on it, effectively killing President Bush's nomination. If the scenario plays out to this stage, the horse trading begins with Senate Majority Leader Trent Lott dealing with Reich's opponents on behalf of the White House. In a 50-50 gridlocked Senate, anything can happen.

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V8N3

WHITE HOUSE ANNOUNCEMENT

THE WHITE HOUSE
Office of the Press Secretary
March 22, 2001

The President intends to nominate Otto J. Reich to be an Assistant Secretary of State for Western Hemisphere Affairs. He is presently the President of RMA International Inc. Reich served from 1986 to 1989 as U.S. Ambassador to Venezuela and received the State Department's Exemplary Service Award and Superior Honor Award. He was Special Advisor to the Secretary of State from 1983 to 1986, during which time he established and managed the interagency Office of Public Diplomacy for Latin America and the Caribbean, and he was Assistant Administrator of the U.S. Agency for International Development from 1981 to 1983. He received his bachelor's degree from the University of North Carolina and a Master's degree from Georgetown University. (end text)

HYDE CLARIFIES INTENT OF CONGRESS OVER NETHERCUTT AMENDMENT REGULATIONS

In response to objections raised to the proposed regulations implementing the *Trade Sanctions Reform and Export Enhancement Act of 2000* (USCPR, Vol.7, No.10) by the proponents of the Act commonly referred to as the "Nethercutt amendment," House International Relations Committee Chairman Henry Hyde has written what perhaps will become the definitive interpretation of the legislation signed into law by President Clinton "to liberalize U.S. exports of agricultural commodities, medical devices, and medicine worldwide." A series of correspondence beginning with Rep. George Nethercutt's February 21st letter to Treasury Secretary Paul O'Neill followed by Rep. Hyde's dispatch dated February 28th sequenced by Senator Jesse Helms' missive of March 6th, clarify the legislative intent of the Nethercutt amendment. At issue appears to be the differing regulations drafted by the Treasury Department's Office of Foreign Assets Control (OFAC) and the Commerce Department's Bureau of Export Administration (USCPR, Vol.8, No.2) over unilateral food and medicine sanctions involving exports "to Cuba or to the government of a country that has been determined by the Secretary of State to have repeatedly provided support for acts of international terrorism."

Nethercutt writes that it is his understanding exports to Cuba will be administered by the Bureau of Export Administration "under a license exception arrangement" whereby U.S. exporters "self-certify their sales to Cuba without the burden of case-by-case licensing." Section 903 is cited as instructive in terminating "all unilateral agricultural and medical sanctions" as part of the "liberalized framework" permitted under the Act. Although Nethercutt calls for the accommodation of "collateral and incidental transactions to any exports" in the form of the "waiver for the restrictions with respect to vessels engaged in trade with Cuba," Hyde characterizes the Nethercutt amendment as "far narrower in its scope than some have claimed." States Hyde, "there is no basis to conclude that the [Nethercutt] amendment supersedes [the Cuban Democracy Act of 1992] relating to the licensing of medical exports to Cuba or port calls by vessels engaged in trade with Cuba."

To O'Neill, Helms writes, "I join in urging that you issue the proposed final regulations developed by the Office of Foreign Assets Control" which the Senate Foreign Relations Committee chairman described as having the "necessary experience superintending embargoes on state sponsors of terrorism; any change in this practice will be a signal to those terrorist states that the U.S. is now open for business." It is highly likely that the strict interpretation of the legislative intent of the Nethercutt amendment language as presented in Hyde's letter will prevail. The three letters are reprinted below.

HELMS LETTER

UNITED STATES SENATE
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, DC 20510-6225

March 6, 2001

The Honorable Paul O'Neill
Secretary of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Secretary:

I have at hand a copy of a letter sent you by my longtime friend, the Chairman of the House International Relations Committee. I fully agree with his interpretation of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (the so-called "Nethercutt amendment").

And as he did so eloquently, I join in urging that you issue the proposed interim final regulations developed by the Office of Foreign Assets Control.

In addition to the points made by my distinguished colleague, it may be of interest that the legislation in question was originally reported out by the Senate Foreign Relations Committee as Title I, Subtitle C of S.2382 (The Technical Assistance, Trade Promotion, and Anti-Corruption Act of 2000). This Committee has sole authorization jurisdiction regarding sanctions.

Mr. Secretary, I don't make a habit of intruding in the regulatory process; I have always had confidence in the work of your Office of Foreign Assets Control. But since there appear to be several options under consideration in the regulatory implementation of this change in law (some of which I find troubling), I've decided to write to you.

A significant portion of the last session of the Congress was spent in deliberating sanctions "reform." As a result, many of the regulatory options have been considered in detail. In the process of reporting out legislation on this sanctions reform question, the Foreign Relations Committee considered in detail the question of licensing.

Our members anticipated a thorough licensing process establishing that the relevant food or medicine is a clearly humanitarian export, thoroughly examining available information on the nature of the purchasing entity, scrutinizing the content of transaction contracts, and allowing for regular review of licenses.

Forgive my candor, Mr. Secretary, but a licensing process that does not include a mechanism for *governmental review* of proposed end-users in terrorist states and denial of licenses for exports to such end-users found to be involved in promoting terrorism is not only contrary to the letter and intent of the Nethercutt amendment, it defies common sense.

Further, proposals to issue a general license to trade with state sponsors of terrorism, absent any requirements as to end-use, and with no stated restrictions on U. S. financing is scarcely more than a wholesale rewriting of U.S. law. Any regulation contemplating the possibility of U.S. financing for such exports runs counter to existing Executive Orders regulating trade with certain terrorist states, Orders that were not vitiated by the Nethercutt amendment.

In addition, any failure to address the question of financing opens the door to U.S. banks becoming involved in financial relationships with institutions in these pariah states. Indeed, I will go even further: A failure to examine the terms of deals between U.S. companies and entities in these terrorist states opens up the possibility of hanky-panky that I find extremely troubling.

For these reasons, changes in regulations on agricultural and medical sales two years ago included screening for reasonable market price and acceptable market terms.

On a separate but important matter, I have been informed that it is the intent of the Department of Commerce to seize control of OFAC's regulatory responsibilities with respect to commerce with terrorist states other than Cuba. It has been the consistent practice of previous administrations to delegate the implementation of embargoes to OFAC.

The Commerce Department's assertion of jurisdiction is at once inappropriate and indicative of a misunderstanding of legislative intent. Indeed, this is another instance in which the Nethercutt amendment in no way negates pertinent Executive Orders. (Executive Orders under the *International Emergency Economic Powers Act* have assigned OFAC – not the Commerce Department – the task of regulating restrictions on commerce with Iran, Libya, and Sudan.)

I am confident that upon consideration, the Bush Administration will continue to give OFAC the task of promulgating the regulations called for in this legislation with respect to Iran, Libya, and Sudan. OFAC has the necessary experience superintending embargoes on state sponsors of terrorism; any change in this practice will be a signal to those terrorist states that the U.S. is now open for business.

I genuinely appreciate your taking up this matter. Our nation must not be complicit in denying humanitarian goods to the victims of oppressive regimes. Conversely, let us not, in our generosity, forget the need to isolate the odious sponsors of terrorism and repression.

Sincerely,
Jesse Helms

HYDE LETTER

CONGRESS OF THE UNITED STATES
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON INTERNATIONAL RELATIONS
WASHINGTON, DC 20515-6128
ONE HUNDRED SEVENTH CONGRESS

Henry J. Hyde, Illinois
CHAIRMAN
February 28, 2001
The Honorable Paul H. O'Neill
Secretary
Department of the Treasury
15th and Pennsylvania Avenue, N.W.
Washington, D.C. 20220
Dear Mr. Secretary:

Tom Lantos, California
RANKING DEMOCRATIC MEMBER

I am writing with regard to the regulations that the Department of the Treasury is required to issue by the end of this month implementing the *Trade Sanctions Reform and Export Enhancement Act of 2000*, commonly known as the "Nethercutt amendment."

Our Committee staff was briefed by the Office of Foreign Assets Control on February 15th on the proposed regulations and afforded an opportunity to make technical comments on behalf of the Committee. I understand that, subsequent to this briefing, objections have arisen to several aspects of the proposed regulations. In order to assist you in considering these objections, I wish to clarify for you the legislative intent reflected in the language of the amendment.

As an initial matter, you should be aware that, under the Rules of the House of Representatives, the Committee on International Relations has jurisdiction over the subject matter of the Nethercutt amendment. Because the amendment arose in the context of an appropriations bill, the House Leadership ensured that my predecessor as Chairman of this Committee, Congressman Benjamin A. Gilman, was involved in all of the negotiations aimed at finalizing the language of the amendment. Chairman Gilman and his staff in fact attended all such meetings, participated actively in the discussions, and wrote some of the most critical language contained in the final version of the amendment. The language that emerged from these discussions was a consensus product, agreed to by the House Leadership, the Committee on Appropriations, and the Committee on International Relations, as well as Congressman Nethercutt and other proponents of the amendment. This language was not modified in any significant way on the House floor or in the Committee of Conference with the Senate, and accordingly was enacted into law. The comments set forth below reflect the recollections of Chairman Gilman and his staff about this language and the congressional intent underlying it.

The Nethercutt amendment was intended, generally speaking, to liberalize U.S. exports of agricultural commodities, medical devices, and medicine worldwide. There were exceptions, however, to this general intent. For example, to the degree that items with potential military applications might technically fall within the amendment's definitions of "agricultural commodity," "medical device," and "medicine," there was no intention to liberalize exports of such items. To reflect this concern, section 904(2) of the amendment was added to except exports of this kind from application of the amendment. It was Congress's intent that the Executive branch would exercise vigilance to ensure that such items would not be exported, particularly to buyers in countries that have been designated as state sponsors of international terrorism.

In addition, while Congress wished to liberate exports of agricultural commodities, medical devices, and medicine, it wanted to ensure that, in the case of such exports to state sponsors of international terrorism, no sales would be made to buyers who are actually engaged [in] promoting terrorism. To reflect this concern, a clause was added to the end of section 906(a)(1) stating that "procedures shall be in place to deny licenses for exports to any entity within such country promoting international terrorism." This clause is, by its terms, an exception to all that precedes it in section 906(a)(1), and accordingly supersedes all other provisions of that section. The proponents of the Nethercutt amendment recognized this fact, and at several points in the negotiations urged that the final clause be deleted. They pointed out that, if retained, the final clause would significantly limit the requirement of the preceding clause that licenses for exports to state sponsors of international terrorism "be no more restrictive than license exceptions administered by the Department of Commerce or general licenses administered by the Department of the Treasury." Despite these requests, it was decided to retain the final exception clause. It was the expectation of most participants in the negotiations that the last two clauses of this section would be harmonized by means of administrative regulations requiring the administering agency to scrutinize individual buyers or end users in terrorist countries before items could be exported to them.

As I understand the proposed interim final regulation that has been developed by the Office of Foreign Assets Control, it is fully consistent with the intent of Congress, both with regard to preventing the export of items with potential military applications and with regard to preventing exports to entities promoting international terrorism. Any suggestion that exporters alone should scrutinize individual buyers or end users in order to weed out sales to those that promote terrorism falls short of the minimum requirements plainly set forth in the final clause of section 906(a)(1). Any such self-policing requirement would be neither a "procedure []" nor a mechanism "to deny licenses for exports" (emphasis added), and therefore would be legally deficient. Moreover, there would be severe practical shortcomings to such a requirement, inasmuch as individual exporters could never have access to the full range of intelligence information, law enforcement information, and other classified information available to the U.S. government regarding the activities of individual entities within state sponsors of international terrorism.

Finally, I would like to emphasize that the Nethercutt amendment is far narrower in its scope than some have claimed. There is no indication, either in the language of the amendment or in the discussions that surrounded it, that the amendment was intended to supersede the *Cuban Democracy Act of 1992*. Accordingly, there is no basis to conclude that the amendment supersedes that requirements of the Act relating to the licensing of medical exports to Cuba or port calls by vessels engaged in trade with Cuba. Similarly, no provision of the amendment mandates any change in existing regulations with regard to U.S. commercial financing to state sponsors of international terrorism. There are sound reasons for such restrictions, and they need not be changed on account of the Nethercutt amendment.

For all these reasons, I urge you to promptly issue the proposed interim final regulation that has been developed by the Office of Foreign Assets Control.

If you have any further questions about the background to the Nethercutt amendment, I urge you to contact my office for clarification.

With warmest regards,

Sincerely,
Henry J. Hyde
Chairman
cc: Senator Jesse Helms

NETHERCUTT LETTER

CONGRESS OF THE UNITED STATES

HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-4705

February 21, 2001

Honorable Paul H. O'Neill

Secretary

United States Department of the Treasury

1500 Pennsylvania Avenue, NW

Washington, DC 20220

Dear Secretary O'Neill:

Last year, Congress voted overwhelmingly in support of the *Trade Sanctions Reform and Export Enhancement Act of 2000*, PL 106-387. While this legislation was not perfect, it did represent substantial progress toward the goal of a clear majority in Congress, to lift all unilateral food and medicine sanctions.

As you are aware, the law contains a statutory deadline which requires regulations to be implemented within 120 days of passage. American exporters are eager to pursue the new markets that have been opened by this legislation, but we are aware of several outstanding jurisdictional issues which should be resolved before interim final regulations are issued.

Last week, meetings with the Office of Foreign Asset Control and the Bureau of Export Administration revealed two competing recommendations of how the Trade Sanctions Reform Act should be implemented. These proposed regulations appear to be in conflict, and while we are appreciative of the difficult work both agencies have performed in interpreting the law, we are concerned that Congressional intent may be lost as these competing recommendations are discussed and finalized in regulations.

In drafting the legislation, we worked from a basic principle of promoting American exports of food and medicine, while eliminating bureaucratic barriers to such sales. We understand that the Bureau of Export Administration will administer exports to Cuba under a license exception arrangement, which will permit U.S. exporters to self-certify their sales to Cuba without the burden of case-by-case licensing. This approach is exactly what was intended by the legislation, which is why we are concerned to learn of the Department of Treasury's proposal to require a case-by-case review prior to each sale to Iran, Libya, and Sudan. The export of food and medicine is a non-controversial proposition, and should not require burdensome reviews by federal agencies of the product, purchaser, and contract. We understand that the procedure developed by the Department of Treasury would require two additional layers of review, by the Department of State and the Department of Commerce, a clear impediment to the expeditious execution of sales contracts.

We believe a list of designated entities and products should suffice for guidance to exporters and that self-certification should be permitted for sales to all countries encompassed by the legislation. The Bureau of Export Administration has proposed a course consistent with our legislative intent, and we believe BXA should act as the lead agency in all related licensing matters. Such a

determination would be fully in keeping with the intent of the legislation, to promote increased exports of food and medicine.

We are concerned by an interpretation of the Department of Treasury relating to financing. While Congress did explicitly prohibit U.S. and private financing of exports to Cuba, no restrictions were placed on commercial financing to other formerly sanctioned states, and U.S. financing to these states is allowed with a Presidential waiver. As we understand the proposed regulations, all U.S. commercial financing to Iran, Libya and Sudan would be prohibited, and only third-country financing would be allowed. This would represent significant overreach by the Department of Treasury, and would seek to administratively enact new restrictions just as Congress has expressed its interest in eliminating sanctions. The commercial export of food and medicine should not be burdened by undue restrictions on normal commercial arrangements. It is the business of financial institutions to evaluate risk, and if U.S. firms are willing to provide credit for sales of lawful exports, such transactions should be permitted.

We have learned that the regulations are likely to maintain existing U.S. restrictions on the export of medicine to Cuba, despite the clear instruction in Section 903 to terminate all unilateral agricultural and medical sanctions. Such an interpretation is clearly at odds with Congressional intent, and we strongly recommend that sales of medicine be permitted under the liberalized framework provided for in the Trade Sanctions Reform Act.

In drafting this legislation, it was not our intent to derogate from current law and we were loathe to impose new restrictions. We understand that disagreement remains over the treatment of exports to non-governmental and private entities within North Korea and Syria. Clearly, the legislation permits sales to NGOs, and we do not expect the regulations to impose new restrictions on exports of food and medicine to such organizations.

Finally, we remind you of the importance of accommodating collateral and incidental transactions to any exports as part of the final regulations. In the case of Cuba, such accommodation must include a waiver for the restrictions with respect to vessels engaged in trade with Cuba found at 31 C.F.R. 515.207.

We appreciate your willingness to work with us to ensure that the interim final rule reflects the understanding of a majority in Congress. The sale of food and medicine need not be controversial. By addressing the issues raised above, we believe significant progress can be made toward realizing the intentions of Congress in adopting the legislation. We would welcome an opportunity to meet with you to discuss these issues further and are willing to answer any additional questions you may have on this important issue.

Sincerely,

George R. Nethercutt, Jr. (R-WA)

Maurice D. Hinchey (D-NY)

Doc Hastings (R-WA)

Marion Berry (D-AZ)

Jo Ann Emerson (R-MO)

Christopher John (D-LA)

CUBA HARD PRESSED TO MEET 2000-01 RAW SUGAR PRODUCTION TARGET OF 3.7 MILLION METRIC TONS

Poor cultivation and weather conditions appear likely to hinder the Cuban government's raw sugar cane production target for the 2000/2001 harvest season, according to state media reports. Rainfall in the western and west central provinces along with drought in the eastern provinces have become complicating factors. Sugar traders are concerned about Cuba's ability to meet its official downwardly revised target of 3.7 million metric tons (mt.). Milling has been reported to be below expectations and output has been behind schedule in provinces across the island.

In only 4 of 13 sugar producing provinces was output reported on schedule with no province reported reaching the 200,000 mt. mark by early March. By March 13th, just three of Cuba's sugar producing provinces – central Camaguey, Matanzas and Villa Clara – had surpassed the 200,000 mt. mark compared to six provinces at the same time last year.

When the harvest began in December, Sugar Minister Ulises Rosales del Toro projected milling across the provinces would average 80 percent capacity. But by March 7th, milling was reported at just 72 percent despite good weather. Reports from the provinces indicate that output was at a minimum 300,000 to 400,000 mt. behind schedule.

With fewer and fewer mills operating due to deterioration, lack of spare parts, cannibalization, and lack of sugar cane, the number of operating mills has declined from 156 to 112 reported last year and fewer than 100 mills reported grinding for the 2000/2001 harvest season.

Following Cuba's reported production of 4.058 million mt. during the 1999/2000 sugar harvest (USCPR, Vol.7, No.5), the government had forecast 4.5 million mt. for the 2000/2001 season. From the 1999/2000 harvest, Cuba is reported to have exported 3.3 million mt. while the government will cut its exports to 3 million mt. as a result of the current harvest, if the trend continues.

Although plans had called for the sugar harvest to end by early May, it appears from government reports that the 2000/2001 harvest will extend to the end of May when sucrose yields plummet, Spring rains traditionally set in, and mechanized harvesting becomes nearly impossible.

Even with lower output, Cuban government officials expect revenues to increase over last year due to higher market prices. Despite a slowing world economy, sugar prices should remain higher than year ago levels with worldwide consumption expected to exceed production by 3.3 million mt. according to the International Sugar Organization. □

CURRENCIES & COMMODITIES

1 Euro = 0.8767 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 18.410 Cuban Peso

Rates as of March 30, 2001.
Source: Bloomberg.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.85
Year ago nearby = 5.55
Future (May '01) = 7.75
High = 10.68
Low = 6.10

Cash/Spot price as of March 30, 2001.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 26.25-26.30
Year ago (Mar. 30) = 30.13
Future (May '01) = 26.29

Cash/Spot price as of March 30, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 5,980
Year ago (Mar. 29) = 10,090

(\$ per metric ton)
Official Price: March 29, 2001.
Source: London Metal Exchange.

Cobalt = 13.20 -14.00
Year ago (Mar. 30) = 15.80 - 16.80

(\$ per pound for 99.8%)
Price: March 29, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

EU DELEGATION SEEKS STATUS QUO ON HELMS-BURTON WITH BUSH ADMINISTRATION – An EU delegation arrived in Washington on March 5th for a three day round of ministerial meetings with U.S. officials, members of Congress, and the U.S. business community in an attempt to reach an accommodation with the Bush administration on problematic trade sanctions issues involving Iran, Libya, and Cuba. Having received promises from the Clinton administration regarding the non-enforcement of Titles III and IV of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* commonly known as the Helms-Burton Act, the Bush administration has granted no such *modus vivendi* to the EU delegation. The EU continues to seek a presidential waiver of Title III (USCPR, Vol.8, No.1) which prevents owners of property confiscated by the Cuban government from bringing suit in U.S. federal courts against foreign traffickers. In addition, the EU continues to pursue legislation in Congress that would grant a presidential waiver for Title IV that denies entry visas to corporate executives whose companies are responsible for such trafficking. (WTD, "EU Delegation Gets 'Commitments' From Powell," 3/6/01).

EU'S CHRIS PATTEN URGES IMPLEMENTATION OF 1998 AGREEMENT -- With Sweden holding the rotating presidency of the EU, the Embassy of Sweden held a press conference at the National Press Club on Tuesday, March 6th with Sweden's Minister of Foreign Affairs, Anna Lindh, the EU High Representative for Common Foreign and Security Policy, Javier Solana, and the EU Commissioner for External Affairs, Christopher Patten. "We encouraged once again the administration today to implement the agreement in full," Patten said in reference to the 1998 EU-U.S. Understanding (USCPR, Vol.5, No.5). "We would like to see not only a continuation of the Title III waivers under the agreement, but a permanent Title IV waiver as well." At issue for the EU is the Spanish hotel case of Grupo Sol Melia in Cuba (USCPR, Vol.7, No.12) against which the United States is prepared to move. A Miami attorney for the U.S. nationals who own Central Santa Lucia, Nicolas J. Gutierrez, Jr., maintains close ties to the Bush administration which is not prepared to undercut the case by compromising with the EU on Title IV now. President Bush, expected to meet with his EU counterparts during the June bilateral summit in Sweden, is required to make a decision on a Title III waiver in July. (Washington, D.C.- Swedish Embassy, National Press Club, 3/6/01).

CANADIAN MINISTER SUPPORTS DEMOCRACY CLAUSE AT AMERICAS SUMMIT – Canadian Trade Minister Pierre Pettigrew says he supports inclusion of the so-called "democracy clause" in the text of the declaration for the proposed Free-Trade Area of the Americas (FTAA) negotiations convening at the third Summit of the Americas to be hosted by Canada on April 20-22 in Quebec City. Pettigrew believes, "The democracy clause should be part of the Quebec City declaration" and that "it should mean something." Pettigrew concluded, "this is something we are committed to." Leaders from 34 nations will continue negotiations on a trade agreement. Of the countries in the Western Hemisphere, only Cuba remains non-democratic. Speaking of strengthening democracy, Canada's trade minister declared, "we will take every means we can to strengthen democracy in the hemisphere." The Summit of the Americas can be accessed on the web at: <http://www.summit-americas.org>. (BLP, "Canada's Pettigrew on Blocking Cuba From Trade Accord: Comment," 3/15/01).

CASTRO POSES DIRECT CHALLENGE TO BUSH ADMINISTRATION ON TRADE MARK RIGHTS – Castro threatened to begin illegally producing recognized trade marked products in Cuba manufactured by companies ranging from Colgate Palmolive, to Bacardi-Martini, to Merck Pharmaceuticals. Considered the first defiant challenge directed at the fledgling Bush administration, Castro spoke to a group of Communist Party officials on Saturday, March 17th saying, "We have given instructions for our industry to start producing Bacardi, because it is ours and better than what they produce." The speech was broadcast on Cuban television on Sunday, March 18th. At issue for Castro are his attempts to gain greater solidarity with third world countries such as South Africa and Brazil over the cost of HIV/AIDS drugs as well as the denial of the right to sell the Havana Club brand of rum in the United States produced by a Cuban-French joint venture called Havana Club Holding S.A. The brand name was contested by Bacardi in a case involving confiscated property rights where Bacardi prevailed when the U.S. Supreme Court declined to hear arguments in Pernod Ricard's petition against Bacardi-Martini over trade mark rights to Havana Club rum (USCPR, Vol.7, No.10). (AP, "Castro: Cuba Will Sell Own Bacardi," 3/19/01; MH, "Castro targeting trademark battle," 3/20/01).

DOMESTIC BRIEFS

PRESIDENT BUSH REPORTS TELECOM PAYMENTS TO CUBA -- In his first telecom report to Congress, President George W. Bush submitted the tenth in a series of semi-annual reports on March 6, 2001 detailing payments made to Cuba by American telecommunications companies. According to the president's report, "The aggregated funds transferred during the period July 1 through December 31, 2000 totaled...\$43,277,837." AT&T Corp. distributed \$16,247,307; Sprint paid out \$4,061,146; Telefonica Larga Distancia de Puerto Rico, Inc. sent \$262,294; and MCI WorldCom Network Services distributed the largest payment of \$22,707,090. The total paid to Cuba under Treasury Department licensing amounts to \$346,178,309. Reporting began on September 23, 1996 (USCPR, Vol.7,No.9). **SECRETARY OF STATE POWELL APPEARS BEFORE CONGRESS TO DISCUSS BUDGET** – Over a two week period in March, Secretary of State Colin Powell made four appearances before Congressional committees to promote and discuss President Bush's international affairs budget amounting to \$23.848 billion. Powell came to Capitol Hill and testified before the House International Relations Committee (3/7/01), the Senate Committee on Foreign Relations (3/8/01), the Senate Budget Committee (3/14/01), and the House Budget Committee (3/15/01) as the "President's principal advisor on foreign policy." Powell described the "resource challenge" at the State Department as "a serious one" and "a major impediment to the conduct of America's foreign policy." He discussed a variety of issues including Cuba sanctions for which he reiterated his position that they should remain in place. Powell said Castro has "demonstrated previously that if you start to release those sanctions, or if you try to cooperate with him, he'll find a way to use those resources to enhance the strength and power of the regime and not to benefit his people." **POWELL MAKES HUMAN RIGHTS CENSURE OF CUBA AT UN CONFERENCE BUSH ADMINISTRATION PRIORITY** – True to his word, Secretary of State Colin Powell has become personally involved in the censure of Cuba's human rights record during the annual United Nations Commission on Human Rights (UNCHR). "Given the importance of doing everything we can to ameliorate the human rights situation in Cuba and to give hope to political dissidents and others working for positive change there, I will follow this issue closely, and weigh in personally with other governments as required," stated Powell in questions presented in his Senate confirmation process (USCPR, SE, 2/23/01). State Department spokesman Richard Boucher confirmed on Monday, March 12th that Powell did talk to Czech President Vaclav Havel over that previous weekend. "The United States' view in working with the Czechs and with a variety of others who are involved in this resolution has been that it should be quite clear about the human rights situation in Cuba, and it should not mix in other factors such as economic issues," explained Boucher. The six week session in Geneva began on March 19th. Last year's resolution introduced by the Czech Republic and Poland condemned Cuba for repressing dissidents and religious groups. It passed 21-18 with 14 abstentions. (USCPR, Vol.7,No.4). The 2001 Czech-Polish resolution is not expected to differ significantly from last year's. The 53 member UNCHR includes Cuba. (SD Briefing, 3/12/01). **MOTHER OF BROTHERS-TO-THE-RESCUE SHOOTDOWN VICTIM TO PURSUE INDICTMENT OF CASTRO** – It was previously reported (USCPR, Vol.8,No.2) that three of the four families who collected \$96.7 million of Cuba's U.S. frozen funds would in part "establish a [\$3 million] trust for the mother of the fourth victim, Pablo Morales." Sophia Powell-Cosio, a Miami attorney whose office represents Mrs. Barbas, the mother of Pablo Morales, has informed the USCPR that she "did not feel right collecting any money for her son's death, but instead advised the family members that she preferred to pursue the criminal indictment of Fidel Castro for the murder of her son and the others." Morales was one of four pilots on board two private planes shot down on February 24, 1996 by Cuban MiGs in the Florida Straits over international waters (USCPR, Vol.3,No.3). (Sophia Powell-Cosio Letter, 3/29/01). **U.S. AMBASSADOR CONDEMNS CUBA CITES POLITICAL PRISONERS** – U.S. Ambassador to the UNCHR, Shirin Tahir-Kheli, called on the commission to closely scrutinize Cuba's human rights record which included from 200 to 300 political prisoners held in deplorable conditions in Cuban jails. Tahir-Kheli said, "Throughout the year, Cuban authorities regularly harass, threaten, arbitrarily arrest, detain, imprison and defame human rights advocates," posing harsh restrictions on "freedom of speech, press, assembly and association." (TWT,"U.N. urged to address repression in China...also seeks scrutiny of Cuba," 3/31/01).

NOTABLE QUOTES

"It is alarming to me to hear Secretary Powell's response to my question on enforcing provisions of existing U.S. law aimed at promoting democracy in Cuba. Candidate Bush made it very clear that, under his presidency, he would vigorously enforce Helms-Burton and criticized the Clinton Administration for not doing so. What happened?" Rep. **Bob Menendez** (D-NJ) reacts to the response to his question by Secretary of State Colin Powell before the House International Relations Committee. Menendez is the ranking Democrat on the Western Hemisphere Subcommittee. (PR, "Menendez Expresses Dismay at Bush Administration Refusal to Guarantee Enforcement of Helms-Burton Law on Cuba," 3/7/01).

"What we've done over the last number of years is worked very hard to engage Cuba on improving human rights, respect for political pluralism and, frankly, there hasn't been a lot to show in terms of progress on those areas. We hope that eventually they will be part of la gran familia." Canadian Foreign Minister **John Manley** talked to reporters in Ottawa about the April 20-22 Summit of the Americas to be held in Quebec City where 34 democratic nations of the Western Hemisphere will meet, with the exception of Cuba. (RL, "Canada insists Cuba must become more democratic," 3/15/01).

"The Jewish community in Cuba has been visited by Cuban American Jewish groups and a number of other organizations. By all accounts they are doing well. The synagogues have been rebuilt in Cuba, and they receive food from Mexico and Canada. The question is, are these visits necessary? And my second question is, will they visit some of the dissidents when they are in Cuba, or only government officials?" University of Miami Professor **Jaime Suchlicki** comments on the proposed visit by the American Jewish Congress to Cuba after Betty Van Dyke, the organization's managing director referred to the licensed trip as "vacation travel with a Jewish focus." The trip is licensed under the Clinton administration's *policy of people-to-people* contact. (*Jewish Journal*, "Jewish tours to Cuba met with mixed reactions," 3/20/01).

"The economy is linked to human rights, and in Cuba there is no economic advance precisely because the violation of these has become law in every aspect of the macro-and micro-economy...Here in Cuba, people don't choose their job, rather the state selects the person, who is fabricated according to its manner from the moment he leaves the mother's womb." **Martha Beatriz Roque**, a dissident, is head of the Cuban Institute of Independent Economists. (TWT, "S.Africa leader greets Elian," 3/30/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 4

April 30, 2001

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

Ralph J. Galliano, Editor

BUSH ADMINISTRATION TEAMS WITH CONGRESS AND HOUSE LEADERS TO PUSH FOR CONDEMNATION OF HUMAN RIGHTS IN CUBA

WASHINGTON – Rep. Ileana Ros-Lehtinen (R-FL) put her recently acquired chairmanship of the International Operations and Human Rights Subcommittee to work in anticipation of the annual six-week session in Geneva of the 57th meeting of the UN Commission on Human Rights (UNCHR) when she and House International Relations subcommittee chairmen: Reps. Benjamin Gilman (Middle East and South Asia), Cass Ballenger (Western Hemisphere), Elton Gallegly (Europe), and Edward Royce (Africa) signed a letter inviting ambassadors from the 52 other member nations to Capitol Hill for a meeting with Members of Congress on March 28th to discuss the human rights resolutions against China and Cuba. In addition, Ros-Lehtinen led a Congressional Delegation (CODEL) to Geneva from April 8-11 whose purpose was to "conduct consultations with and seek support from officials from the member countries of the UNCHR regarding U.S. priorities including the resolutions on Cuba, China, the Middle East, Iran, Sudan, and Chechnya." Participants, who also included Reps. Lincoln Diaz-Balart (R-FL) and Christopher H. Smith (R-NJ), met with UN High Commissioner for Human Rights Mary Robinson and over 30 delegation heads. The CODEL attended working sessions with the Czech representatives whose resolution language condemning Cuba for human rights violations was ultimately brought to a vote on April 18th passing by a margin of 22 to 20 with 10 abstentions and one absence. A copy of the resolution and a vote breakdown is provided below. A copy of the CODEL report obtained by the USCPR reads, "Nevertheless, the Czech Republic, at the request of the Czech Foreign Minister and despite opposition from the Czech Parliament, Czech Deputy Foreign Minister, and Czech President, had left a blank paragraph for possible inclusion of language criticizing U.S. sanctions policy against the Cuban dictatorship." It was successfully argued that "[t]he proper venue for a discussion on sanctions is the UN General Assembly which considers this matter on a yearly basis." According to the report, the delegation witnessed a "palpable anti-U.S. sentiment" within the UNCHR particularly from countries considered among the closest U.S. allies such as Spain, Britain and especially France where French commercial interests are at stake in Sudan, Iran, Iraq, and Cuba. EU members supportive of the U.S. position were unable to break away from the "common position" demanded by the EU. The politicization of the process became readily apparent with blocs forming around the nations of the Middle East and Africa. The "resentment from the developing and less developed nations against the United States" was inexplicable to the Czech foreign minister in light of the "generous nature of the U.S., which is the top humanitarian aid provider in the world." On the other hand, commission members from countries that had suffered under the oppression of Communist dictatorships such as Poland, the Czech Republic, and Romania were the "most articulate" regarding the issue of human rights in Cuba.

▪ Czech Human Rights Resolution Adopted by UN in Geneva: Condemns Cuba.....	1
▪ Bush Nominee William H. Taft IV Addresses Question of Title IV Enforcement.....	5
▪ National Security Advisor Condoleezza Rice Comments on Cuba Policy.....	6
▪ Restoration of a Cuban Sugar Quota Linked to Resolution of Property Claims.....	7
▪ Castro Denies American Cargo Ship Permission to Dock in Port of Havana.....	8

WHITE HOUSE COMMITTED TO CONDEMNATION OF CUBAN HUMAN RIGHTS VIOLATIONS – The House resolution introduced by Rep. Chris Smith, which was passed on April 3rd, condemned the "repressive and totalitarian actions of the Government of Cuba against the Cuban people." Congressman Chris Smith told reporters later in Geneva, "We know for a fact that there are hundreds of political prisoners today being tortured in the gulags of Cuba. We know that there is no freedom of the press, worship, or assembly." H. Res. 91 also called for President Bush, who is "authorized to engage in democracy-building efforts in Cuba," to have a policy modeled on the U.S. support for the Polish Solidarity (Solidarnosc) movement under "former President Ronald Reagan." By a vote of 347-44, the sense of the House resolution asked the president to "make all efforts necessary...to obtain passage" by the UNCHR in Geneva of a resolution "condemning the Government of Cuba for its human rights abuses." As he had pledged during his confirmation hearing (USCPR, February 23, 2001 – Special Edition), Secretary of State Colin Powell weighed in "personally with other governments as required" to ensure passage of the human rights resolution in Geneva. This high-level diplomatic initiative was carried out by members of the Bush administration, including the president, who made personal telephone calls to his counterparts worldwide. President Bush called the president of Madagascar, who, while disagreeing on the embargo, voted with the U.S. thereby helping to pass the Geneva resolution. The last American president to make contact with the president of Madagascar had been President George H.W. Bush. Powell called the president of the Democratic Republic of Congo and the Mauritian prime minister. Other phone calls were made by Vice President Cheney, National Security Advisor Condoleezza Rice, and Deputy Secretary of State Richard Armitage. In Geneva, Rep. Diaz-Balart brokered a deal with Ecuador. Following the vote on April 18th, Diaz-Balart thanked Presidents Bush and Havel of the Czech Republic for their courage and leadership saying, "Each and every government that stood today in Geneva with the Cuban people's right to live in freedom and dignity has earned the gratitude of freedom loving people everywhere. All such governments deserve sincere commendation. I wish to reiterate, once again, my gratitude most especially to Presidents Bush and Havel." The Romanian Permanent Representative, referring to the passage of such resolutions, remarked on the "impact of global support on dissidents and opposition leaders" and how such support had a "profound effect on them." In letters to Reps. Ros-Lehtinen, Diaz-Balart, and Smith, Secretary of State Colin Powell thanked them for their "leadership" in Geneva "which underlined dramatically to the Commission representatives and their governments our concern for the plight of the Cuban people." The Bush administration had fulfilled its pledge.

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V8N4

CZECH REPUBLIC RESOLUTION

UNITED
NATIONS

E

Economic and Social
Council

Distr.
GENERAL
E/CN.4/RES/2001/16
18 April 2001

Original: ENGLISH

Situation of human rights in Cuba Commission on Human Rights resolution 2001/16

The Commission on Human Rights,

Recalling its resolutions 1999/8 of 23 April 1999 and 2000/25 of 18 April 2000,

Reaffirming the obligation of all Member States to promote and protect human rights and fundamental freedoms as stated in the Charter of the United Nations and in the Universal Declaration of Human Rights,

Taking into account that no satisfactory improvements have been made thus far by the Government of Cuba in the field of human rights,

Mindful that Cuba is a party to the Convention against Torture and Other Cruel, Inhuman or

Degrading Treatment or Punishment, the Convention on the Elimination of All Forms of

Discrimination against Women, the Convention on the Rights of the Child and the International

Convention on the Elimination of All Forms of Racial Discrimination,

Reasserting the Commission's obligation to promote and protect human rights on the basis of the universal nature of the Universal Declaration of Human Rights, in all countries of the world, independently from other bilateral or regional issues affecting the country in question,

Stressing the need for a constructive and open dialogue on human rights between both the people and Government of Cuba and the international community as an essential precondition for emerging from the status quo towards a better future,

Convinced that there is a substantial link between political pluralism and good governance, on the one hand, and economic prosperity, on the other, because their common denominator is human freedom,

Recognizing that in order to support human rights and economic well-being in Cuba, Member States should take steps to improve the economic conditions of the people in Cuba,

Recognizing also the need to respect and guarantee civil and political rights and to strive to bring about full enjoyment of economic, social and cultural rights,

Expressing its concern at the continued violation of human rights and fundamental freedoms in Cuba, such as freedom of expression, association and assembly and the rights associated with the administration of justice, despite the expectations raised by some positive steps taken by the Government of Cuba in the past few years,

1. Calls once again upon the Government of Cuba to ensure respect for human rights and fundamental freedoms and to provide the appropriate framework to guarantee the rule of law through democratic institutions and the independence of the judicial system;

2. Calls upon the Government of Cuba to honor the commitment to democracy and respect for human rights it made at the Sixth Ibero-American Summit in Santiago in 1996, a commitment reiterated at the Ninth Ibero-American Summit in Havana in 1999 and an identical commitment, made at the European Union-Latin America Summit, contained in the Rio Declaration of 1999 adopted by the Summit;

3. Expresses the hope that further positive steps will be taken with regard to all human rights and fundamental freedoms;

4. Notes certain measures taken by Cuba to enhance freedom of religion and calls upon the Cuban authorities to continue taking appropriate measures in this regard;

5. Calls upon the Government of Cuba to consider acceding to human rights instruments to which it is not yet a party, in particular the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights;

6. Expresses once again its concern about practical consequences of the adoption of the Law for the Protection of the National Independence and Economy of Cuba, and regrets the other steps taken by the Government of Cuba that are inconsistent with the Universal Declaration of Human Rights and other relevant human rights instruments;

7. Takes note of the conditional release of three members of the Grupo de Trabajo de la Disidencia Interna;

8. Stresses however its deep concern about the continued repression of members of the political opposition and about the detention of dissidents and all other persons detained or imprisoned for peacefully expressing their political, religious and social views and for exercising their right to full and equal participation in public affairs, and calls upon the Government of Cuba to release all those persons;

9. Calls upon the Government of Cuba to open a dialogue with the political opposition, as already requested by several groups;

10. Invites the Government of Cuba to afford the country full and open contact with other countries, in order to ensure the enjoyment of all human rights for all Cuban people by utilizing international cooperation, by allowing a freer flow of people and ideas and by drawing on the experience and support of other nations;

11. Recommends, in this context, that the Government of Cuba take advantage of the technical cooperation programmes of the Office of the United Nations High Commissioner for Human Rights;

12. Calls upon the Government of Cuba also to cooperate with other mechanisms of the Commission;

13. Also calls upon the Government of Cuba to grant invitations to thematic mechanisms of the Commission on Human Rights to visit Cuba, including the Special Rapporteur on the promotion and protection of the freedom of opinion and expression and the Special Rapporteur on the question of torture;

14. Decides to consider this matter further at its 58th session under the same agenda item.

63rd meeting

18 April 2001

[Adopted by a roll-call vote of 22 votes to 20,
with 10 abstentions.]

LETTER FROM SECRETARY OF STATE COLIN POWELL

THE SECRETARY OF STATE
WASHINGTON

April 24, 2001

Dear Madam Chairman:

In the wake of the April 18 passage in the UN Human Rights Commission in Geneva of a resolution concerning the human rights situation in Cuba, I wish to thank you for your efforts to contribute to that outcome. The resolution's passage, against heavy odds, was the product of the work of a number of people and governments. Most especially, however, your tireless activity, from your lobbying ambassadors here in Washington to your extraordinary 24-hour journey to Geneva, was critical to the successful outcome. I especially want to thank you for your leadership of the Congressional delegation's trip to Geneva, which underlined dramatically to the Commission representatives and their governments our concern for the plight of the Cuban people and our determination to shine a bright spotlight on the abuses of the Cuban Government.

I look forward to continuing to work with you in pursuit of our common goals.

Sincerely,
Colin L. Powell

The Honorable
Ileana Ros-Lehtinen, Chairwoman
Subcommittee on International Operations and Human Rights,
House of Representatives

UN COMMISSION ON HUMAN RIGHTS VOTES TO CONDEMN CUBA

The 53-member UN Commission on Human Rights cast their votes on Wednesday, April 18, 2001 in Geneva, Switzerland for a Czech-sponsored resolution (E/CN.4/RES/2001/16) condemning the human rights practices by the Castro regime in Cuba. The members voted, 22-20-10-1 in a breakdown as follows:

IN FAVOR	Argentina, Belgium, Cameroon, Canada, Costa Rica, Czech Republic, France, Germany, Guatemala, Italy, Japan, Latvia, Madagascar, Norway, Poland, Portugal, Republic of South Korea, Romania, Spain, United Kingdom, United States, Uruguay.
AGAINST	Algeria, Burundi, China, Cuba, India, Indonesia, Liberia, Libya, Malaysia, Nigeria, Pakistan, Qatar, Russia, Saudi Arabia, South Africa, Swaziland, Syria, Venezuela, Vietnam, Zambia.
ABSTAIN	Brazil, Colombia, Ecuador, Kenya, Mauritius, Mexico, Niger, Peru, Senegal, Thailand.
ABSENT	Democratic Republic of Congo.

TAFT RESPONDS TO HELMS QUESTION

William H. Taft, IV, a practicing attorney and professor of law at Georgetown University was nominated by President George W. Bush to head the Office of Legal Adviser at the Department of State. Taft previously served as Deputy Secretary of Defense and U.S. ambassador to NATO under President H.W. Bush. Senate Foreign Relations Committee Chairman Jesse Helms presented the Title IV question for Taft to answer (reprinted below) following his Senate confirmation hearing on March 27th. Here, Taft answers a question that he recognizes is "of clear importance to the Chairman" and one that is considered key to the enforcement of Title IV of the Libertad Act of 1996 which, in part, provides for the exclusion of aliens determined by the Secretary of State to be trafficking in confiscated property in Cuba the claim to which is owned by a U.S. national. Admittedly unfamiliar, however, with the specific case of the Spanish hotel company Grupo Sol Melia (USCPR, Vol.7, No.6), Taft's candid response to a question submitted through the State Department on April 2nd suggests a grasp of this particular law unlike any of his predecessors. "[There] is no basis to decline to exclude an alien determined to have trafficked in confiscated property after the date of enactment," explained Taft. "If confirmed, I would advise that the requirements of the law, *and not other concerns*, must guide the Department." (Emphasis added). Over the years, Helms has persistently sought to have the Clinton administration enforce Titles III and IV of the Helms-Burton Act which bears his name, but to no avail (USCPR, Vol.7, No.11). Taft reassures Helms that once confirmed he will become familiar with the facts of the "specific cases under review" and that his advice to the Secretary of State "would be based on the principles that I have stated here." William H. Taft, IV, whose heritage derives from the Republican family of an American political dynasty, is the great grandson of the 27th president and 10th chief justice of the United States, William Howard Taft.

Questions for the Record Submitted to
Legal Adviser-Designate William H. Taft, IV
by Senator Jesse Helms Senate Foreign Relations Committee
March 27, 2001 [Submitted April 2, 2001]
Cuba Policy -- Libertad Act Title IV

Question:

Section 401 of the Cuba Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 USC 6091) ("the Libertad Act") states, in part, "the Secretary of State *shall* deny a visa to, and the Attorney General *shall* exclude from the United States, any alien who the Secretary of State determines is a person who, after the date of enactment of this Act . . . traffics in confiscated property, a claim to which is owned by a United States national" (Emphasis added). (The legislative history demonstrates that Congress made a conscious decision to deny the Executive branch authority to waive application of this section under any circumstances. Furthermore, the law does not obligate the United States national to negotiate under any circumstances with the alleged "trafficker.")

According to Paragraph 5 of the "Guidelines Implementing Title IV of [the Libertad Act]" (Federal Register, June 17, 1996), "Determinations . . . under Title IV *will* be made when facts or circumstances exist that would lead the Department *reasonably to conclude* that a person has engaged in confiscation or trafficking" The State Department guidelines describe in great detail a series of steps that will be taken once this determination is made, e.g., Paragraph 6(a) states, "An alien who may be the subject of a determination under Title IV *will* be sent a notification . . . that he/she *will* be denied a visa . . . 45 days after the date of the notification letter" (Emphasis added).

Last fall, Western Hemisphere Affairs Bureau officers responsible for investigating violations of Title IV of the [the Libertad Act] concluded that the Spanish hotelier Grupo Sol Melia ("GSM") is knowingly and willfully "trafficking" in property in Cuba that was illegally confiscated from the U.S. national owners of Central Santa Lucia ("CSL"). As such, the State Department is required by the Libertad Act to notify officers and directors of GSM that, after a 45-day period, they will forfeit their U.S. visas and be excluded from the United States. This decision has been delayed in apparent disregard of the law.

Please review the facts of the GSM case and reply to the following questions in detail:

1. In your opinion, is there any legal basis for the State Department's failure to apply the law by issuing a "determination letter" to GSM?
2. Do the foreign policy pretexts now being raised by some State Department officers to delay issuance of the determination letter excuse the Secretary of State from applying the law?
3. If confirmed by the Senate, will you advise the Secretary of State that he is obligated under the law to issue a "determination letter" to GSM without further delay?

Answer:

1. I am not familiar with the detailed facts related to any particular cases currently under review in the Department of State, nor has the Department considered it appropriate to make any such facts available to me for review in advance of Senate confirmation. I am, however, familiar with the Libertad Act. In particular, it is my understanding that Title IV of the Libertad Act requires the Secretary of State to deny visas to any alien who the Secretary determines has trafficked in confiscated property, a claim to which is owned by a U.S. national, after the date of enactment.

I also understand that Title IV contains no general waiver. Rather, the exemption provision of Title IV applies only to persons traveling to the United States for purposes of litigating an action under Title III and those for whom travel is necessary for medical reasons. Unless one of these two exemptions applies, there is no basis to decline to exclude an alien determined to have trafficked in confiscated property after the date of enactment.

As with any other provision of law, if confirmed, I would advise the Secretary and other officials at the Department of State of my view of what the law requires of them. As I understand this to be an issue of clear importance to the Chairman, I would be happy to meet promptly with him or his staff to discuss this further, if confirmed, and after I have had the opportunity to review the facts involved.

2. Again, I have not been briefed in any detail regarding either of the facts or the political issues surrounding the case to which your question is directed. It clearly is incumbent on the Department, in implementing its responsibilities under Title IV of the Libertad Act, to investigate possible instances of trafficking in a thorough and diligent manner. If confirmed, I would advise that the requirements of the law, and not other concerns, must guide the Department. I would also advise that Title IV requires that a case be presented for a decision upon completion of such an investigation and analysis of the facts and the legal standard contained in Title IV.

3. If confirmed, I intend to become familiar with the facts of each of the specific cases under review. As I have not been read into the specifics of any cases at this point, I cannot answer your question in as forthright a manner as the Chair understandably would like. My specific advice would be based on the principles that I have stated here, as well as careful analysis of the facts.

NATIONAL SECURITY ADVISOR CONDOLEEZZA RICE ON CUBA

At a Washington press briefing on Thursday, April 19, 2001, regarding the Summit of the Americas and the Free Trade Area of the Americas (FTAA), President George W. Bush's National Security Advisor, Condoleezza Rice, responded to a reporter's question who asked about the principle of engaging in trade with Cuba in order to promote democracy. Rice's response follows:

"There are societies that are open enough and in transition enough that trade and involvement and engagement can actually make a difference, and then there are those that are so closed that any effort to engage actually ends up simply reinforcing the regime and the administration believes that Cuba is in that second category.

Unlike some other countries that may not have made all of the progress that we would like them to in human rights and democratization, but nonetheless are developing, for instance, private entrepreneurial sectors, which will have an effect, then, on the politics, in Cuba, if you own a hot-dog stand, it really is the government's hot-dog stand. And so we don't see the openings in Cuba that make it possible for that kind of engagement to make a difference.

Fidel Castro is a one-man band. We believe that just about anything that you do with Cuba simply reinforces his regime, and that is not good for the Cuban people, because ultimately they will not be in a position of having the freedoms that they deserve until the Castro regime is gone.

I might just note that the Europeans have had plenty of economic activity with Cuba over the last few years and [it] hasn't made one bit of difference to Cuba's political or human rights situation."

RESTORATION OF A CUBAN SUGAR QUOTA

As a net sugar importer, it is not inconceivable the United States could include Cuba in the Tariff Rate Quota (TRQ) at some future time, no doubt after the embargo is lifted. How, when, and who will restore "a" Cuban sugar quota are questions that need to be examined. Whether the Cuban sugar quota will ever be restored to pre-1959 levels is not in question, however; it clearly will not.

American sugar policy in the 20th century involved "setting the level of tariffs on sugar imports to meet U.S. government revenue, farm income, and foreign policy objectives," according to testimony by August Schumacher, Jr., the former Under Secretary for Farm and Foreign Agricultural Services, last July before the Senate Agriculture Committee. American sugar policy at the start of the 21st century will have evolved into one that continues to seek to provide a stable domestic sugar market where producers find sugar production profitable and consumers have an adequate supply at a reasonable price.

With the government sugar price support program under increasing attack, trade agreements such as NAFTA and the proposed Free Trade Area of the Americas (FTAA) will apply growing pressure on the domestic sugar market while Congressional agricultural panels will find it extremely difficult to change provisions in these international trade agreements. The so-called "wild card" in any Cuba sugar quota scenario is Mexico which under NAFTA will be permitted to export an unlimited quantity of sugar by 2007-2008.

To entertain the restoration of a Cuban sugar quota, one must view the suspension of Cuba's quota on July 6, 1960 by President Eisenhower in the context of the Agrarian Reform Law promulgated by the Cuban revolutionary government on May 17, 1959. This law called for the expropriation of the American sugar companies following the 1960 harvest and was widely seen by American sugar interests as disastrous for the Cuban sugar industry. Further, it raised questions as to whether under the administration of the Agrarian Reform Institute, INRA, Cuba could continue to be counted upon as a reliable supplier of sugar to the United States. Given the climate of hostility at the time, the Eisenhower administration sought and received discretionary executive authority from Congress to set Cuba's sugar quota, which it promptly exercised.

In absolute numbers, Cuba's sugar quota in 1959 of 2,917,044 metric tons (USCPR, Vol.7, No.7) would exceed today's entire TRQ allocated to 40 countries which is set at 1,117,195 metric tons for 2000-2001. Under the Uruguay Round Agreement of the General Agreement on Tariffs and Trade (GATT), the U.S. agreed to a minimum sugar TRQ of 1.256 million tons per fiscal year. This became binding and enforceable when the World Trade Organization (WTO) replaced GATT in 1995. Given the historical linkage that exists between the uncompensated confiscated properties and the sugar quota, it is inconceivable to consider the restoration of a Cuban sugar quota without resolution of the property claims issue. □

CURRENCIES & COMMODITIES

1 Euro = 0.888 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 18.648 Cuban Peso

Rates as of April 30, 2001.
Source: Bloomberg.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 9.66
Year ago nearby = 5.16
Future (July '01) = 8.50
High = 10.12
Low = 6.21

Cash/Spot price as of April 30, 2001.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 28.45-28.50
Year ago (April. 28) = 25.74
Future (June '01) = 28.46

Cash/Spot price as of April 30, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,465
Year ago (April. 28) = 9,930

(\$ per metric ton)
Official Price: April 30, 2001.
Source: London Metal Exchange.

Cobalt = 10.70 - 11.70
Year ago (Apr. 27) = 16.70 - 17.25

(\$ per pound for 99.8%)
Price: April 30, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

FOREIGN AGRICULTURAL SERVICE PUBLISHES LIST OF PRODUCTS ELIGIBLE FOR EXPORT TO CUBA – Although neither the Departments of Commerce nor Treasury have yet issued their regulations (USCPR, Vol.8,No.2), the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) has published a 36 page list of products eligible for export to Cuba under Section 902(1) of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (P.L. 106-387) (USCPR, Vol.7,No.10) which defines the term "agricultural commodity" as having the same "meaning given the term in section 102 of the *Agricultural Trade Act of 1978* (7 U.S.C. 5602)." This list published on March 14th ranges from live purebred breeding horses to vegetable textile fibers including but not limited to: poultry, pork, fish, dairy products, fruits and vegetables, rice, spices, bread, juices, furs, railway wood, plywood, sugar, and wool. A copy of this list is available on the FAS website located at: <http://www.fas.usda.gov/itp/sanctions.html>.

U.S.-BASED SHIPPING LINE SCHEDULES HAVANA PORT CALL – Following the passage in Congress of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (P.L. 106-387) signed by President Clinton on October 28th (USCPR, Vol.7,No.10), Crowley Liner Services of Jacksonville, Florida, a subsidiary of the Oakland-based Crowley Maritime Corporation, received a license (exception to the embargo) from the Treasury Department's Office of Foreign Assets Control (OFAC) authorizing the shipment of goods to Cuba and for the payment of applicable port fees. Under OFAC license, Crowley executives are permitted "to travel to Cuba to make whatever arrangements are necessary to ship licensed cargo to Cuba" which includes entering into contracts with the Cuban government. The Havana port call was scheduled into Crowley's regular weekly route from Jacksonville that included three ports in Mexico. Crowley may also ship directly to Cuba, if demand requires. After four decades, Crowley would be licensed as the first U.S. shipping company to schedule sanctioned port calls to Cuba by docking in Havana and returning to a U.S. port unencumbered. "The decision to call on Cuba on a regular basis is contingent on the shippers having licenses, having cargo and having buyers in Cuba," said Mark Miller the manager of corporate communications for Crowley. According to Crowley, it has had discussions with more than 100 companies interested in shipping medical and agricultural products to Cuba as authorized under the new law. (PR,Information about Crowley and Cuba, 3/9/01; TWT,"U.S. ship starts routine Cuba route," 4/20/01, p.A3).

CASTRO DENIES AMERICAN CARGO SHIP PERMISSION TO DOCK IN HAVANA -- Officially, Crowley Liner Services of Jacksonville, Florida, through its spokesman, Mark Miller, declined to specify the contents of the ship's cargo which was licensed and scheduled to make port in Havana, Cuba early Saturday morning between the hours of 4:00 a.m. and 6:00 a.m. on April 21st. In a statement, Crowley described the change in plans as due to "unforeseen difficulties." Crowley's ship, the M/V Orso, which departed Jacksonville on Thursday, April 19th en route to Havana "was in full compliance with all U.S. and Cuban government regulations in order to make this port call," explained Miller. According to informed sources, Crowley's container ship presumed to be carrying humanitarian aid was carrying building materials for the U.S. Interest Section in Havana. "The U.S. government was the client," revealed the unnamed source. The decision to bypass Havana apparently was made by a Crowley employee on the ground in Cuba late Friday night on April 20th after the M/V Orso was stopped at sea by a Cuban government vessel and turned away proceeding on to its three previously scheduled ports of call in Mexico. Speculation suggests that as U.S. government cargo the building materials should have been afforded diplomatic consideration and therefore protected from Cuban government inspection. Unable to inspect the cargo, "Castro's paranoia got the best of him," concluded our source and the ship was turned away. (RL,"U.S. freighter fails to show up in Havana," 4/21/01; AP,"Shipper Looks to Make Cuba Delivery," 4/23/01).

DOMESTIC BRIEFS

APPEAL FILED IN RYAN V. LOBO DE GONZALEZ CASE – The final summary judgment (Case No. 98-0696 CA-16) ordered in favor of Leonor Lobo de Gonzalez on December 2, 2000 (USCPR, Vol.7, No.12) has been appealed by John Ryan on behalf of the heirs of Maria Luisa Lobo, one of two daughters of Julio Lobo the Cuban sugar magnate, over the rights to one-half of the holdings involving the extensive sugar properties confiscated from Julio Lobo in Cuba by the Castro regime at the height of the Cuban revolution. Appellants, Ryan et al., filed suit to "recover the shares of Chiriqui Sugar Mills Corporation." The appeal brief refers to the current value of the Chiriqui shares recalling a March 22, 2000, five day visit by American sugar interests to the Hershey Sugar Mill now called Camilo Cienfuegos where "representatives of several multinational entities who met with Cuba's ministers of foreign trade and sugar" were present (USCPR, Vol.7, No.3). "The Cuban government's representatives touted the Hershey properties to the visiting multinationals as a possible foreign investment project, which clearly demonstrates that the Chiriqui lands are valuable assets." Ryan contends that the estate of Maria Luisa Lobo has an interest in the stock of Chiriqui contrary to the "redemption agreement" dated December 10, 1980. The Appellants are requesting a reversal in the "trial court's order granting final summary judgment on all claims in the [Ryan's] Second Amended Complaint" of August 3, 2000. This case began on December 30, 1998 and was dismissed on August 10, 1999 citing "applicable statute of limitations" in Florida law. It is on appeal, March 29, 2001, in the Fourth District Court of Appeal of Florida (Case No. 4D00-4658) arguing that the statute of limitations does not apply but that the trial court erred in granting summary judgment. **CONSOLIDATED V. SHERRITT CASE DISMISSED ON APPEAL FOR REHEARING** – The three judge panel of the U.S. Court of Appeals for the Eleventh Circuit (Atlanta) on March 30, 2001, mandated on April 13th, denied the appeal for a jurisdictional rehearing in the case of Consolidated Development Corporation, Consolidated Cuban Oil and Gas Rights Corporation v. Sherritt, Inc., a.k.a. Viridian Inc., Sherritt International, Inc., et al. (Nos. 97-5726-GG & 97-5953-GG) stating that the "ownership of Sherritt has no effect on the personal jurisdiction issues on which the opinion was decided." The Court also granted Sherritt's motion to correct its ruling of July 5, 2000 which stated Sherritt International was a wholly owned subsidiary of Sherritt/Veridian. At that time, the appeals court affirmed the decision of the Miami district court (USCPR, Vol.7, No.7) ruling *de novo* against Consolidated by concluding that "the district court lacked personal jurisdiction over the Canadian corporations and their affiliates." Dr. Alberto Diaz-Masvidal, president of Consolidated, contends that the ownership of Sherritt remains a key element of this case and that the appeal en banc on the merits has not been addressed by the Court. "Sherritt International was created and funded by the capital proceeds raised in the U.S. and became a wholly owned subsidiary of Sherritt/Veridian amalgamated to Agrium [AGU], a Canadian company registered on the NYSE," argues Diaz-Masvidal in this complicated case that dates as far back as July 1996 when suit was first filed (USCPR, Vol.4, No.3). He takes the position that a dismissal for lack of jurisdiction is without prejudice and, therefore, the lack of jurisdiction entered by the panel renders the district court decision void under the act of state doctrine and the FRCP 12(b)(6). Consolidated, which has 90 days to present a petition for certiorari at the Supreme Court, plans to appeal, besides considering filing a new case in trial court.

STATE DEPARTMENT ISSUES 2000 GLOBAL TERRORISM REPORT – In its ninth such report, the State Department on April 30th released its annual terrorism report to Congress (USCPR, Vol.7, No.5) entitled: *Patterns of Global Terrorism – 2000*. "US policy seeks to pressure and isolate state sponsors so they will renounce the use of terrorism, end support to terrorists, and bring terrorists to justice for past crimes," specifies the overview of the report. At an afternoon press briefing, Acting Coordinator for Counterterrorism, Edmund J. Hull, responding to a question about Cuba's inclusion in the report said, "Our problems with Cuba relate to its continuing provision of safe haven to wanted terrorists." Hull stated further that Cuba's "associations with terrorist groups, like the ELN and the FARC in Colombia" as well as Cuba's equivocation over the issue of terrorism warranted its inclusion on the list. The seven countries on the State Department's list since 1993 include: Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria. Sanctions are imposed on Cuba and the six other countries designated by the Secretary of State as state sponsors of terrorism. A complete copy of the report along with Secretary of State Colin Powell's remarks may be obtained on the State Department's web site at: <http://www.state.gov/s/ct/rls/pgtrpt/>.

NOTABLE QUOTES

"It is a forgone conclusion that in a democratic Cuba Fidel Castro would be brought before the courts to answer for his crimes; this is one reason why Castro denies the Cuban people any free voice in their government. In the meantime, the international community should bring Castro to account for his direct involvement in crimes against the citizens of other nations such as his admitted culpability in the premeditated murder of four individuals in the shoot down of the Brothers to the Rescue aircraft." **Dennis Hays**, executive vice president of the Cuban American National Foundation, congratulates the government of Yugoslavia for the arrest and detention of former dictator Slobodan Milosovic. (PR,"CANF Lauds Arrest of Milosovic: Sends Dramatic Message to Castro and Human Rights Abusers Everywhere," 4/4/01).

"It is a fact that the information we have on human rights in Cuba is cause for concern by institutions whose opinions matter a great deal to us, such as Amnesty International and Human Rights Watch." Mexican Foreign Minister **Jorge Castaneda** comments on the human rights situation in Cuba prior to the six week session of the 57th annual meeting of the UN Committee on Human Rights. (RL,"Mexico to abstain from UN rights vote on Cuba," 4/12/01).

"It has not happened yet, but I am more optimistic than I was two days ago...Last year we took steps to lift the sanctions on sales of food and medicine. We are looking to Cuba now to also take a bold step." Rep. **George R. Nethercutt** (R-WA) expresses frustration at his attempts, while in Havana with a Congressional delegation, to persuade Fidel Castro to buy American food and medicine on a cash-and-carry basis. (AP,"Three U.S. Lawmakers Meet Castro," 4/13/01).

"Last year, Congress lifted sanctions on sales of agricultural products and medicine to Cuba. No sales have materialized. One reason why they haven't is Mr. Castro. He suspended payments on his foreign debt in 1986, but wants U.S. taxpayers to subsidize trade with Cuba with credits and export insurance." **Frank Calzon** is the executive director of the Center for a Free Cuba dedicated to the promotion of human rights. (TWT,"Friends of Fidel: Cuba lobby is back in force," 4/19/01, p.A17).

"I am encouraged by our discussions, which I believe set us on the path toward a new era of cooperation on matters such as immigration, drugs, trade and the promotion of human rights in Cuba." While in Mexico City, Senate Foreign Relations Committee Chairman **Jesse Helms** recalls his exchange with counterparts on the Mexican Senate Foreign Relations Committee. (RL,"Analysis: Recriminations as Cuba and Mexico drift apart," 4/23/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S.☆ CUBA *Policy Report*

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Institute for U.S. Cuba Relations ♦ Washington, D.C. USA
Ralph J. Galliano, Editor

May 28, 2001

Legislative Alert

PRESIDENT BUSH ENDORSES HELMS DIAZ-BALART BILLS TO PROVIDE DEMOCRACY ASSISTANCE TO THE INTERNAL OPPOSITION

WASHINGTON – Commemorating Cuban Independence Day (May 20, 1902) at the White House, President George W. Bush on Friday, May 18th endorsed two pieces of legislation new to the 107th Congress in support of the internal opposition to the regime of Cuban dictator Fidel Castro. "The policy of our government is not merely to isolate Castro, but to actively support those working to bring about democratic change in Cuba. And that is why we will support legislation like the *Cuban Solidarity Act*, and the *Cuban Internal Opposition Assistance Act*, exclaimed the president in reference to bills introduced by Senator Jesse Helms (R-NC) and Rep. Lincoln Diaz-Balart (R-FL). Although not identical, Helms described his measure, the *Cuban Solidarity Act of 2001* (S.894), as "a companion to House Bill 1271 sponsored by Representative Lincoln Diaz-Balart and 95 other members of the House of Representatives." Versions of both bills were initially introduced by Helms (S.2080) in the last remaining days of the 105th Congress (USCPR, Vol.5,No.9) and by Diaz-Balart (H.R.4537) in the 106th Congress (USCPR, Vol.7,No.6). Each bill seeks to reflect U.S. policy for the Polish internal opposition against the Soviet Union during the 1980s by then-Presidents Ronald Reagan and George H.W. Bush. "Those who support human rights and democracy around the world should join us in our efforts to nurture and strengthen human rights activists and political dissidents in Cuba, as we did in Poland, Hungary, then-Czechoslovakia, and other former communist bloc countries," said Rep. Robert Menendez (D-NJ), a co-sponsor of Diaz-Balart's H.R.1271. As distinct from the Clinton administration's Cuba policy (USCPR, Vol.6,No.2, Peter Orr), this now recurring theme has become a hallmark of the nascent Bush administration as initially presented in a speech calling for a 'compassionate conservative foreign policy' by Senate Foreign Relations Committee Chairman Jesse Helms in January (USCPR, Vol.8,No.1), soon to become the Committee's ranking Republican. Helms' bipartisan measure, is cosponsored by Senators Lieberman (D-CT), Santorum (R-PA), Graham (D-FL), Torricelli (D-NJ), Ensign (R-NV), Allen (R-VA), Craig (R-ID), Nelson (D-FL), Shelby (R-AL), Smith (R-NH), Smith (R-OR), and Reid (D-NV). Bush's effort to fund the dissidents in Cuba does not enjoy universal support in Congress, however, with Sen. Christopher Dodd (D-CT) staunchly opposed. "Wasting taxpayer dollars on monies that Fidel Castro will make sure never get into the hands of average Cubans when we could be doing something truly meaningful to foster democracy is unfortunate," said Dodd who sits on the Western Hemisphere subcommittee.

▪ President Bush Endorses Helms Diaz-Balart Bills to Aid Cuban Internal Opposition.....	1
▪ Steps President Bush Can Take Today.....	2
▪ Helms Introduces Cuban Solidarity Act of 2001.....	3
▪ Cuba Legislation Introduced in the 107th Congress.....	7
▪ Current Status of Major Cuba Legislation	7

STEPS THE PRESIDENT CAN TAKE TODAY – Helms suggests in his prepared remarks introducing the *Cuban Solidarity Act of 2001* that President Bush possesses the "broad authority to initiate many of the programs prescribed by this bill," perhaps a pivotal factor in view of imminent Democratic control of the Senate. Modeled after the U.S. support for the Polish Solidarity movement of the 1980s, the legislation authorizes \$100 million over a four year period in assistance to the Cuban people. "[T]he bill gives the President a mandate and authority to increase all forms of U.S. support for pro-democracy and human rights activities...It also authorizes humanitarian aid to Cubans most in need -- to strengthen independent groups delivering such aid and to undermine the Castro regime's ability to stifle dissent through the denial of work and basic necessities," according to a fact sheet on the legislation. Such support ranges from outright financial assistance to office supplies and equipment including cell phones and fax machines. The president "should begin by instructing all relevant U.S. agencies to increase support to democratic opposition groups," states Helms. Both the Helms and Diaz-Balart bills tie directly into Section 109 of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* which authorizes support for "democracy-building efforts for Cuba" (USCPR, Vol.5, No.9). In addition, the difference between the so-called "Track II" licensing authority contained in the *Cuban Democracy Act of 1992* under Section 1705, *Support for the Cuban People*, and the president's authority to provide U.S. assistance funds for Section 109 purposes is that no Congressional notification is required under Track II. Specifically, the Helms bill authorizes the president in Section 7 to import certain products made by independent, self-employed Cubans and from independent non-governmental organizations, by authorizing a "license on a case-by-case basis." Other steps urged in the legislation include: multilateral diplomacy "calling on the Cuban government to respect human rights, free political prisoners, legalize political parties, allow independent trade unions, and submit to internationally monitored, free elections." Section 8 proposes an extensive and detailed reporting regimen including a vigorous enforcement of the "economic embargo" as well as calling on the Attorney General "to bring to justice those Cubans involved in the February 1996 shoot-down" of two Brothers-to-the Rescue planes over international airspace (USCPR, Vol.3, No.3) which suggests a probable indictment of Fidel Castro for murder (USCPR, Vol.8, No.2). Section 9 reduces the U.S. "assistance to the Russian Federation for support of Cuban intelligence facilities." Section 10 calls for travel by Cuban diplomatic personnel within the U.S. to be reciprocally based. Addressing the issue of the embargo, Helms emphasizes that it is "not a policy -- it is merely a policy tool -- and United States policy should be to put an end to Fidel Castro's strangle-hold on the Cuban people and end his brutal dictatorship." The Cuban Solidarity Act of 2001 is reprinted below.

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HELMS INTRODUCES CUBAN SOLIDARITY ACT OF 2001

107th CONGRESS

1st Session

S. 894

To authorize increased support to the democratic opposition and other oppressed people of Cuba to help them regain their freedom and prepare themselves for a democratic future, and for other purposes.

IN THE SENATE OF THE UNITED STATES

May 16 (legislative day, MAY 15), 2001

Mr. HELMS (for himself, Mr. LIEBERMAN, Mr. SANTORUM, Mr. GRAHAM, Mr. TORRICELLI, Mr. ENSIGN, Mr. ALLEN, Mr. CRAIG, Mr. NELSON of Florida, Mr. SHELBY, Mr. SMITH of New Hampshire, Mr. SMITH of Oregon, and Mr. REID) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To authorize increased support to the democratic opposition and other oppressed people of Cuba to help them regain their freedom and prepare themselves for a democratic future, 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. SHORT TITLE.

This Act may be cited as the 'Cuban Solidarity Act of 2001' or the 'SOLIDARIDAD Act of 2001'.

SEC. 2. FINDINGS.

Congress makes the following findings:

- (1) The American people support a principled policy of taking proactive measures to promote liberty and economic opportunity for the Cuban people and to help them prepare themselves for a better and more prosperous future after the regime of Fidel Castro Ruz.
- (2) The United States has a moral obligation to increase its assistance to the democratic opposition in Cuba, providing such assistance with the same intensity, creativity, and decisiveness with which it supported the pro-democracy Solidarnosc movement in Poland to defeat martial law and communism.
- (3) The economic and political transitions in Eastern European countries can serve as models for Cubans seeking to recover their country after the lost decades of the communist dictatorship of Fidel Castro Ruz.
- (4) The United States Government should redouble efforts to overcome Fidel Castro's blockade on independent information in and about Cuba, so that people in Cuba realize the opportunities for fundamental change and that people in other countries recognize their obligation to support such change.
- (5) The regime of Fidel Castro Ruz denies the Cuban people basic necessities of life as a means of political control, compounding the hardship caused by the mismanagement that is typical of all other failed Marxist, centrally planned economies throughout history.
- (6) Increasing assistance to the Cuban people will undermine the control of Fidel Castro Ruz by promoting their independence and strengthening relief groups that operate independently of the Castro regime, if such increased assistance is delivered directly to victims of political repression by genuinely independent nongovernmental groups.
- (7) Encouraging the growth in the number of independent, self-employed Cubans will broaden and empower that segment of the population that is surviving or prospering independent of the Castro regime.
- (8) The Castro regime requires the Cuban people to pay United States dollars for basic necessities, including food and medicine, as a means of diverting hard currency into the coffers of the repressive state, imposing extraordinary hardship on workers whom the state pays an average hourly wage of 5 cents.
- (9) The Castro regime refuses to import adequate medicine and medical equipment for the Cuban people, despite the fact that Cuba can purchase such material from many countries, including the United States, which removed the embargo on medicines and medical equipment in the Cuban Democracy Act of 1992.
- (10) The people of the United States already provide more humanitarian assistance to Cuba under present United States law than all other nations of the world combined.
- (11) Increasing assistance directly to the Cuban people is consistent with the aims of the LIBERTAD Act of 1996 and the Cuban Democracy Act of 1992.

SEC. 3. PURPOSES.

The purposes of this Act are--

- (1) to challenge the unrelenting, systematic repression of the Castro regime by authorizing the President to--
 - (A) provide increased, decisive support to the democratic opposition in Cuba; and
 - (B) take specific measures to bring about fundamental political and economic change in Cuba;
- (2) to ensure that expanded assistance is provided oppressed persons in Cuba, including political prisoners and their families and others, in order to undermine the deliberate policies of the Cuban government to--
 - (A) deny food and medical care as a means of intimidation and control; and
 - (B) isolate Cubans from those who support their freedom;
- (3) to strengthen independent nongovernmental organizations in Cuba, including groups committed to the political and spiritual liberation of the Cuban people;

- (4) to encourage increased donations of food, medicine, and other support by individuals and nongovernmental organizations in the United States to the oppressed people of Cuba, who are unable to obtain these necessities because of the failed economic policies of the Castro regime; and
- (5) to encourage the development of an independent and self-sufficient economic sector comprised of independent, self-employed Cubans.

SEC. 4. DEFINITIONS.

(a) DEFINITIONS IN THIS ACT- In this Act:

- (1) CUBAN GOVERNMENT- The term 'Cuban government' has the meaning given the term in section 4(5) of the LIBERTAD Act of 1996 (22 U.S.C. 6023(5)).
- (2) ECONOMIC EMBARGO OF CUBA- The term 'economic embargo of Cuba' has the meaning given the term in section 4(7) of the LIBERTAD Act of 1996 (22 U.S.C. 6023(7)).
- (3) INDEPENDENT NONGOVERNMENTAL ORGANIZATION- The term 'independent nongovernmental organization' means an organization that is designated by the Secretary of State under section 5.
- (4) INDEPENDENT, SELF-EMPLOYED CUBAN- The term 'independent, self-employed Cuban' means a Cuban national in Cuba who is self-employed, who is not an agent or instrumentality of the Cuban government, and who is not in a profit-sharing arrangement with the Cuban government.
- (5) LIBERTAD ACT OF 1996- The term 'LIBERTAD Act of 1996' means the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6021 et seq.).
- (6) VICTIMS OF POLITICAL REPRESSION- The term 'victims of political repression' means any Cuban nationals in Cuba, including political prisoners and their families, who are not officials of the Cuban government or of the ruling political party in Cuba, as defined in section 4(10) of the LIBERTAD Act of 1996 (22 U.S.C. 6023(10)).
- (b) DEFINITIONS AND DESIGNATIONS UNDER THE LIBERTAD ACT OF 1996- Section 109 of the LIBERTAD Act of 1996 (22 U.S.C. 6039) is amended by adding at the end the following new subsections:

'(d) DEFINITIONS- In this section:

'(1) INDEPENDENT NONGOVERNMENTAL ORGANIZATION- The term 'independent nongovernmental organization' means an organization that is designated by the Secretary of State under subsection (e).

'(2) VICTIMS OF POLITICAL REPRESSION- The term 'victims of political repression' means any Cuban nationals in Cuba, including political prisoners and their families, who are not officials of the Cuban government or of the ruling political party in Cuba, as defined in section 4(10) of the LIBERTAD Act of 1996 (22 U.S.C. 6023(10)).

'(e) DESIGNATION OF INDEPENDENT NGOS- For purposes of this section, an organization shall be treated as an independent nongovernmental organization if, not less than 15 days before any obligation of funds under this section to the organization, the Secretary of State--

'(1) determines that the organization is a charitable or non-profit nongovernmental organization that is not an agency or instrumentality of the Cuban government; and

'(2) so designates the organization, and the designation is made in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act of 1961 (22 U.S.C. 2394-1).'

SEC. 5. DESIGNATION OF INDEPENDENT NGOS.

For purposes of this Act, an organization shall be treated as an independent nongovernmental organization if, not less than 15 days before any obligation of funds under this Act to the organization, the Secretary of State--

(1) determines that the organization is a charitable or non-profit nongovernmental organization that is not an agency or instrumentality of the Cuban government; and

(2) so designates the organization, and the designation is made in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act of 1961 (22 U.S.C. 2394-1).

SEC. 6. AVAILABILITY OF FUNDS FOR ASSISTANCE TO VICTIMS OF POLITICAL REPRESSION IN CUBA.

(a) AVAILABILITY OF FUNDS-

(1) IN GENERAL- Except as provided in subsection (b), of the total amounts made available under chapter 1 of part I of the Foreign Assistance Act of 1961 (relating to development assistance) and chapter 4 of part II of that Act (relating to the economic support fund) in any fiscal year beginning on or after October 1, 2001, not less than \$25,000,000 may be available each such fiscal year to carry out activities under section 109(a) of the LIBERTAD Act of 1996 (22 U.S.C. 6039(a)), including assistance to victims of political repression in Cuba through independent nongovernmental organizations.

(2) CONGRESSIONAL NOTIFICATION PROCEDURES- Funds made available under paragraph (1) shall be subject to notification of the appropriate congressional committees in accordance with the procedures applicable to reprogramming notifications under section 634A of the Foreign Assistance Act of 1961 (22 U.S.C. 2394-1).

(b) INELIGIBILITY FOR ASSISTANCE- Assistance may not be provided under this section to the Cuban government, to any organization or person affiliated with the Cuban government (including the state security apparatus and the Communist Party of Cuba), or to any organization or person that has violated any law or regulation of the United States prohibiting or restricting trade or other financial transactions with Cuba.

(c) ELIGIBILITY FOR ASSISTANCE- Assistance under this section may include, but is not limited to, assistance provided to--

- (1) political prisoners and members of their families;
- (2) persons persecuted or harassed for their dissident activities;
- (3) persons persecuted or harassed for seeking to flee Cuba and repatriated to Cuba under the May 2, 1995 'United States-Cuba Joint Statement on Migration';
- (4) independent libraries;
- (5) independent workers' rights activists;
- (6) independent agricultural cooperatives;
- (7) independent associations of independent, self-employed Cubans;

U.S. Cuba Policy Report – May 28, 2001 -- Legislative Alert

- (8) independent journalists;
- (9) independent youth organizations;
- (10) independent environmental groups;
- (11) independent economists, medical doctors, and other professionals;
- (12) an information and resource center in Havana, Cuba, as described in subsection (c);
- (13) pro-democracy programs of the National Endowment for Democracy that are related to Cuba;
- (14) nongovernmental programs to facilitate access to the Internet, subject to section 102(g) of the LIBERTAD Act of 1996 (22 U.S.C. 6032(g));

(15) nongovernmental charitable programs that provide nutrition and basic medical care to persons most at risk, including children and elderly persons; or

(16) nongovernmental charitable programs to assist the reintegration into civilian life of persons who have abandoned, resigned from, or been expelled from the Cuban armed forces for ideological reasons.

(d) **INFORMATION AND RESOURCE CENTER IN HAVANA, CUBA-** The center referred to in subsection (c)(12) is an information and resource center to be established, maintained, and equipped within the United States Interests Section in Havana, Cuba, for use by representatives of independent nongovernmental organizations or other persons that are eligible for assistance under this section.

(e) **ASSISTANCE DEFINED-** In this section, the term 'assistance' means food, medicines, medical supplies, medical equipment, office supplies and equipment, educational supplies and materials, telephones, telefax machines, or other material or financial assistance.

SEC. 7. SUPPORT FOR INDEPENDENT, SELF-EMPLOYED CUBANS AND FOR INDEPENDENT NON GOVERNMENTAL ORGANIZATIONS.

(a) **EXCEPTION FOR THE IMPORTATION OF CERTAIN CUBAN PRODUCTS MADE BY INDEPENDENT, SELF-EMPLOYED CUBANS-** Notwithstanding the economic embargo of Cuba, the President is authorized to license on a case-by-case basis--

(1) the importation of handicrafts or other hand-made goods produced by independent, self-employed Cubans, if the President determines and reports to Congress that doing so will strengthen the economic and political independence of independent, self-employed Cubans; and

(2) the remittance of up to \$1,000 each quarter by a United States person or group to any individual in Cuba to support--

(A) the activities of microenterprise activities of an independent, self-employed Cuban; or

(B) the activities of an independent nongovernmental organization.

(b) **SUSPENSION-** The President shall, in consultation with Congress, suspend any of the transactions authorized in this section if the President determines that the Cuban government is diverting significant resources by reason of these transactions for its own purposes.

SEC. 8. EMERGENCY MEASURES TO SUPPORT DEMOCRACY; REPORTS.

(a) **EMERGENCY MEASURES TO SUPPORT THE DEMOCRATIC TRANSITION IN CUBA-** Not later than 6 months after the date of enactment of this Act, the President--

(1) should instruct the heads of all relevant agencies of the United States Government to increase support for democratic opposition groups in Cuba;

(2) should instruct the United States Permanent Representative to the United Nations to introduce a resolution in the United Nations Security Council calling upon the Cuban government to immediately respect all human rights, free all political prisoners, legalize independent political parties, allow independent trade unions, and conduct internationally monitored and freely contested elections;

(3) should instruct personnel of Radio Marti, Television Marti, and the Voice of America to propose and implement measures, and should seek additional funds for these activities as necessary, to increase the availability of their broadcasts on the island of Cuba;

(4) may provide up to \$5,000,000 of the total amounts made available for voluntary contributions to international organizations to the Organization of American States (OAS) in fiscal year 2002, for--

(A) the fund for the deployment of human rights observers, election support, and election observation in Cuba that is described in section 109(b)(1) of the LIBERTAD Act of 1996 (22 U.S.C. 6039(b)(1)); and

(B) scholarships for Cuban students attending colleges, universities, or other educational programs in member states of the OAS;

(5) should instruct the Secretary of the Treasury, acting through the Office of Foreign Assets Control of the Department of the Treasury, to propose and implement measures, and should seek additional funds for these activities as necessary, to more vigorously enforce the economic embargo of Cuba and to expeditiously license lawful transactions involving Cuba; and

(6) should instruct the Attorney General to--

(A) investigate thoroughly--

(i) the culpability of officials of the Cuban government in the willful, premeditated attack on 2 unarmed 'Brothers to the Rescue' humanitarian aircraft on February 24, 1996, which resulted in the death of four individuals on such aircraft, Pablo Morales, Carlos Costa, Mario de la Pena, and Armando Alejandro; and

(ii) the involvement of officials of the Cuban government in the trafficking of illicit narcotics and in money laundering; and

(B) take every available legal measure to bring to justice those officials of the Cuban government involved in the planning, authorization, and execution of the crimes described in subparagraph (A).

(b) **REPORTS-**

(1) **REPORT ON IMPLEMENTATION BY THE PRESIDENT-** Not later than 6 months after the date of enactment of this Act, the President shall submit to Congress a detailed written report on steps United States agencies have taken as of the date of the report, and steps those agencies will take in the 12 months following the date of the report, to implement each of the measures set forth in subsection (a).

(2) **REPORT REGARDING CUBA-** Not later than 120 days after the date of enactment of this Act, and every 12 months thereafter, the Secretary of State shall submit to each Member of Congress, and disseminate through all United States diplomatic and consular missions, unclassified written reports (with classified annexes as required) on the following subjects:

U.S. Cuba Policy Report – May 28, 2001 -- Legislative Alert

- (A) Assistance the United States is prepared to provide to a transition government or a democratically elected government, in accordance with title II of the LIBERTAD Act of 1996.
- (B) Exploitative labor conditions that exist in Cuba (including the denial of rights of independent trade unions as set forth in conventions 87 and 98 of the International Labor Organization).
- (C) The policy of the Cuban government to coerce certain categories of poor, less educated, and rural women to submit to induced abortions.
- (D) The role of the Cuban government or any of its agents in international narcotics trafficking or money laundering.
- (E) The impact on and threat to the national security or national interests of the United States posed by--
- (i) Russian intelligence facilities in Cuba, including the intelligence facility at Lourdes, Cuba (including details on the presence at that facility of personnel from the Russian Federation, including advisers, technicians, and military personnel);
 - (ii) efforts by the Cuban government to produce biological weapons or other technology with military or economic warfare applications; and
 - (iii) completion of the Cienfuegos nuclear facility at Juragua, Cuba (including support for such completion, if any, by the Russian Federation).
- (F) Measures of the Cuban government to persecute, discourage, or restrict the spiritual and charitable activities of churches and other religious organizations in Cuba.
- (G) The plight of political prisoners and prisoners of conscience in Cuba, including--
- (i) a list of all persons who are imprisoned or detained in Cuba and the crimes, if any, with which they have been charged;
 - (ii) a description of prison conditions and treatment of prisoners by Cuban authorities; and
 - (iii) a list, to the extent practicable, of all persons who have been imprisoned or executed for political reasons by authorities of the Cuban government at any time on or after January 1, 1959.
- (H) Actions taken by the Cuban government to repress freedom of the press, including persecution or exclusion of journalists, reprisals against journalists or their sources, interruption of mass communication or distribution of journalistic materials, or similar measures.
- (I) Actions by other governments and international organizations, including but not limited to, Canada and member states of the European Union, taken during the preceding 6-month period, to encourage a process of transition to pluralist democracy and respect for human rights and fundamental economic and political freedoms in Cuba.
- (J) Efforts by the Cuban government to influence United States policy toward Cuba through espionage, other surreptitious means, or propaganda.
- (K) The issuance of visas to enter the United States to Cuban officials or persons affiliated with the Cuban government, accompanied by a justification for issuing each such visa, taking into account section 102(e) of the LIBERTAD Act of 1996 (22 U.S.C. 6032(e)).
- (L) The bilateral sugar-for-petroleum agreement between the Russian Federation and Cuba, including an analysis of the banks and trading companies carrying out such agreement, an analysis of the terms of such agreement, and a determination of whether such agreement and terms provide any economic subsidy to the Cuban government.
- (M) Cuban relations with other states that have repeatedly provided support for acts of international terrorism, as designated under section 6(j)(1)(A) of the Export Administration Act of 1979.
- (N) Action taken by the Department of Justice and the Cuban government to extradite or otherwise surrender to the United States Joanne Chesimard (also known as 'Assata Shakur', convicted in the United States for the 1973 murder of New Jersey State Trooper Werner Foerster and wounding of New Jersey State Trooper James Hooper), Arletis Blanco, Cheri Dalton (also known as 'Nehanda Abiodun'), William Lee Brent, Charles Hill, Guillermo Morales, Luis Pena Soltren, Frank Terpil, Robert Vesco, and other fugitives of justice harbored by the Cuban government.
- (3) TRANSMITTAL TOGETHER WITH SPECIFIED LISTS-
- (A) EXPLOITATIVE LABOR CONDITIONS- In the case of the transmittal of reports described in paragraph (2)(B), such reports shall be accompanied by a list of foreign companies taking advantage of such exploitative labor conditions and a description of the efforts of the international free trade union movement to press the Cuban government and foreign companies doing business in Cuba to respect the rights of Cuban workers.
- (B) ACTIONS BY OTHER GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS- In the case of the transmittal of reports described in paragraph (2)(I), such reports shall be accompanied by a list of commercial ventures and bilateral agreements signed with the Cuban government during the periods covered by the reports.

SEC. 9. REDUCTION IN ASSISTANCE TO THE RUSSIAN FEDERATION FOR SUPPORT OF CUBAN INTELLIGENCE FACILITIES.

- (a) ANNUAL WITHHOLDING OF ASSISTANCE- Section 498A(d)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2295a(d)(1)) is amended--
- (1) by striking 'on or after the date of enactment of this subsection,' and inserting 'for a fiscal year'; and
 - (2) by striking 'on or after such date' and inserting 'for the preceding fiscal year'.
- (b) ANNUAL TRANSMITTAL OF CERTIFICATIONS- Section 498A(d)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2295a(d)(2)) is amended--
- (1) in subparagraph (A)--
 - (A) by inserting 'for a fiscal year' after 'withhold assistance';
 - (B) by inserting 'prior to that fiscal year' after 'committees';
 - (C) by inserting 'for that fiscal year' after 'such assistance'; and
 - (D) by inserting 'for a fiscal year' after 'Russia'; and
 - (2) in subparagraph (B), by inserting 'for a fiscal year' after 'with respect to Russia'.

SEC. 10. SENSE OF CONGRESS.

It is the sense of Congress that the Secretary of State should authorize the travel and contacts of Cuban diplomatic personnel in United States territory on a strictly reciprocal basis, taking into account Cuban restrictions against United States diplomatic personnel meeting with officials of the Cuban government at all levels.

SEC. 11. STATUTORY CONSTRUCTION.

Nothing in this Act or in section 109 of the LIBERTAD Act of 1996 (22 U.S.C. 6039) may be construed as authorizing the commercial sale or export of food to Cuba or any other commercial transaction with Cuba that is not otherwise authorized under law.

CUBA LEGISLATION IN THE 107TH CONGRESS

As Democrats prepare to take control of the Senate on the heels of former Republican Senator James M. Jeffords' (VT) defection to become an independent on May 24th, legislation introduced in the earlier part of the 1st Session of the 107th Congress by key Democratic leaders once in the minority, such as Senator Max Baucus (D-MT), may begin to show some signs of life as it becomes easier for Democrats to bring legislation they care about to the Senate floor. Baucus, having traveled to Cuba (USCPR, Vol.7, No.8) and who assumes the chairmanship of the powerful Senate Finance Committee, introduced "a series of three bills that would end the embargo on trade with Cuba and normalize our economic relations..." Baucus' three bills (S.400, S.401, and S.402), which were introduced on February 27th, were followed by three companion bills in the House (H.R.796, H.R.797, and H.R.798) introduced the day after by Rep. Charles Rangel (D-NY), the ranking Democrat on the House Ways and Means Committee. S.400, the *Free Trade With Cuba Act* "would lift the embargo completely;" S.401, the *United States-Cuba Trade Act of 2001* "would remove Cuba from Jackson-Vanik treatment and provide normal trade relations status on a permanent basis;" and, S.402, the *Cuban Humanitarian Trade Act of 2001* "removes the restrictions on food and medicine exports imposed in the last Congress, repeals the codification of travel restrictions, and removes limitations on remittances to individual Cuban citizens."

Although the shift of a single seat brings the Senate to a 50-to-49 Democratic-Republican split with Democrats assuming the majority leadership, committee chairmanships and therefore control of the Senate agenda, the division of committees, staffs, and budgets may remain at 50-50 as decided upon at the beginning of the 107th Congress in a compromise agreement (USCPR, Vol.8, No.2) crafted by Sen. Majority Leader Trent Lott (R-MS). "Unless either party has 60 votes (enough to invoke cloture and stop debate) then very little can be accomplished in the U.S. Senate without some measure of bipartisan support -- no matter who is in control or by how narrow a margin," said Foreign Relations Committee Chairman Jesse Helms at a speech before the American Enterprise Institute on January 11th (USCPR, Vol.8, No.1). The Committee is evenly split 9-to-9 with Sen. Joseph Biden (D-DE) becoming chairman.

Following is the current status of major Cuba legislation in the 107th Congress:

<u>Legislation</u>	<u>House</u>	<u>Senate</u>	<u>Final Action</u>
Amendment to Trade Sanctions Reform and Export Enhancement Act of 2000 , to repeal the prohibition against the financing of agricultural sales to Cuba (effectively allowing for the financing of such sales to Cuba). (H.R.173).	Introduced by Rep. Jose Serrano (D-NY) and referred to Agriculture, Financial Services and International Relations.		
Americas Free Trade Act , to authorize negotiation of free trade agreements with the countries of the Americas including Cuba provided the president certifies freedom has been restored (S.137).		Introduced by Sen. Phil Gramm (R-TX) 1/22/01 and referred to the Finance Committee.	
Baseball Diplomacy Act , to waive certain prohibitions with respect to nationals of Cuba coming to the United States to play organized professional baseball (H.R.26).	Introduced by Rep. Jose Serrano (D-NY) 1/3/01 and referred to International Relations and Judiciary.		
Cuba Broadcasting . Repeals the Television Broadcasting to Cuba and the Radio Broadcasting to Cuba Acts; and the United States International Broadcasting Act of 1994 under the <i>Comprehensive Fiscal Responsibility and Accountability Act of 2001</i> (H.R.1270).	Introduced by Rep. Peter DeFazio (D-OR) 3/28/01 and referred to Armed Services, Financial Services, International Relations, Energy and Commerce, Resources, Science, Veterans' Affairs, Ways and Means, and the Select Committee on Intelligence.		

U.S. Cuba Policy Report – May 28, 2001 -- Legislative Alert

LEGISLATION	HOUSE	SENATE	FINAL ACTION
Cuba Broadcasting. Amends the Television Broadcasting to Cuba Act to eliminate the position of staff director for the Advisory Board for Cuba Broadcasting under the <i>Foreign Relations Authorization Act, Fiscal Years 2002 and 2003</i> (H.R.1646).	Sponsor: Rep. Henry J. Hyde (R-IL) 4/27/01 and referred to House International Relations and Senate Foreign Relations.		
Cuba Food and Medicine Access Act of 2001, to improve access to the Cuban market for American agricultural producers (S.239).		Introduced by Sen. Chuck Hagel (R-NE) 2/1/01 and referred to Foreign Relations.	
Cuban Humanitarian Trade Act of 2001, to make an exception to the embargo on trade with Cuba for the export of agricultural commodities, medicines, medical supplies, medical instruments, or medical equipment (S.402).		Introduced by Sen. Max Baucus (D-MT) 2/27/01 and referred to Finance.	
Cuban Humanitarian Trade Act of 2001, to make an exception to the embargo on trade with Cuba for the export of agricultural commodities, medicines, medical supplies, medical instruments, or medical equipment (H.R.797).	Introduced by Rep. Charles Rangel (D-NY) 3/7/01 and referred to International Relations and Ways and Means.		
Cuban Reconciliation Act, to lift the trade embargo (H.R.174).	Introduced by Rep. Jose Serrano (D-NY) 1/3/01 and referred to International Relations, Ways and Means, Energy and Commerce, Judiciary, Financial Services, Government Reform, and Agriculture.		
Cuban Solidarity Act of 2001, to authorize increased support to the democratic opposition and other oppressed people of Cuba to help them regain their freedom and prepare themselves for a democratic future (S.894).		Introduced by Sen. Jesse Helms (R-NC) 5/16/01 and referred to Foreign Relations.	
Cuban Internal Opposition Assistance Act of 2001, to assist the internal opposition in Cuba, and to further help the Cuban people to regain their freedom (H.R.1271).	Introduced by Rep. Lincoln Diaz-Balart (R-FL) 3/28/01 and referred to International Relations.		
Drug Control Policy, to authorize the Director of the Office of National Drug Control Policy to enter into negotiations with representatives of the Government of Cuba to provide for increased cooperation (H.R.1124).	Introduced by Rep. Charles Rangel (D-NY) 3/20/01 and referred to International Relations.		
Free Trade With Cuba Act. To lift the trade embargo (S.400).		Introduced by Sen. Max Baucus (D-MT) 2/27/01 and referred to Finance Committee.	
Free Trade With Cuba Act. To lift the trade embargo (H.R.798).	Introduced by Rep. Charles Rangel (D-NY) 2/28/01 and referred to Ways and Means, Energy and Commerce, Judiciary, Financial Services, Government Reform, and Agriculture.		

U.S. Cuba Policy Report – May 28, 2001 -- Legislative Alert

LEGISLATION	HOUSE	SENATE	FINAL ACTION
Human Rights. Resolution condemning the repressive and totalitarian actions of the Cuban Government against the Cuban people (H.Res.91).	Introduced by Rep. Chris Smith (R-NJ) 3/19/01 and referred to International Relations.		Passed/agreed to in the House (2/3 required) 4/3/01 by a vote of 347 to 44 and 22 voting present.
Human Rights. Resolution expressing the sense of the Senate regarding the human rights situation in Cuba (S.Res.62).		Introduced by Sen. Joseph Lieberman (D-CT) 3/22/01 and referred to Foreign Relations.	
Human Rights Commission. Resolution expressing the sense of the Senate on the importance of membership of the United States on the United Nations Human Rights Commission (S.Res.88).		Introduced by Sen. Edward M. Kennedy (D-MA) 5/14/01 and referred to Foreign Relations.	
Permanent Resident Status. To amend NACRA providing for the limited reopening of certain orders of deportation, exclusion, or removal by certain Haitian, Cuban, or Nicaraguan nationals and for other purposes (H.R.348).	Introduced by Rep. Luis V. Gutierrez (1/31/01) and referred to Judiciary.		
Permanent Resident Status. To amend NACRA providing for the limited reopening of certain orders of deportation, exclusion, or removal by certain Haitian, Cuban, or Nicaraguan nationals and for other purposes (H.R.707).	Introduced by Rep. Chris Smith (R-NJ) and referred to Judiciary.		
Release of Political Prisoners. Resolution calls for the immediate release of all political prisoners in Cuba , including Dr. Oscar Elias Biscet (H.Con.Res. 123).	Introduced by Rep. Robert E. Andrews (D-NJ) 5/3/01 and referred to International Relations.		
Russian-American Trust and Cooperation Act of 2001. to prohibit the rescheduling or forgiveness of any outstanding bilateral debt owed to the United States by the Government of the Russian Federation until the President certifies to the Congress that the Government of the Russian Federation has ceased all its operations at, removed all personnel from, and permanently closed the intelligence facility at Lourdes, Cuba (H.R.160).	Introduced by Rep. Ileana Ros-Lehtinen (R-FL) 1/3/01 and referred to International Relations.		
Travel Provisions. To repeal certain travel provisions with respect to Cuba and certain trade sanctions with respect to Cuba, Iran, Libya, North Korea, and Sudan (S.171).		Introduced by Sen. Byron L. Dorgan (D-ND) 1/24/01 and referred to Foreign Relations.	
United States -Cuba Trade Act of 2001. to normalize trade relations with Cuba (S.401).		Introduced by Sen. Max Baucus (D-MT) 2/27/01 and referred to Finance Committee.	
United States -Cuba Trade Act of 2001. to normalize trade relations with Cuba (H.R.796).	Introduced by Rep. Charles Rangel (D-NY) 2/28/01 and referred to Ways and Means.		

NOTABLE QUOTES

"It does us no good to wait until Castro is gone from the scene before we begin to develop normal relations with the Cuban people and with Cuba's future leaders. If we fail to develop those relationships now, the inevitable transition to democracy and a market economy will be much harder on all of the Cuban people. And events in Cuba could easily escalate out of control and put the United States in the middle of a dangerous domestic crisis on the island." Statement by Senator **Max Baucus** of Montana upon the introduction of a series of three bills (S.400, S.401, and S.402) opposed to unilateral sanctions of Cuba. (CR, 2/27/01, p.S1632).

"We've had this trade embargo for almost three decades, and it hasn't done a thing to weaken the Castro regime. A recent report by the International Trade Commission [USCPR, Vol.8, No.2] shows that the embargo has hurt American businesses, workers, and farmers in certain sectors. The embargo will never force the Communists out of Cuba, but it does force American agriculture and industry out of an important market in Cuba." Statement by Rep. **Charles Rangel** (D-NY) upon introduction of a series of three bills in the House (H.R.796, H.R.797, H.R.798) opposed to unilateral sanctions of Cuba. (PR, "Reps. Rangel, Neal and Jefferson introduce legislation to end Cuba embargo," 2/28/01).

"This new legislation is an example of a mistaken policy in terms of relations between Washington and Havana. We will never accept this type of aid... You cannot bring freedom to any people with money." **Elizardo Sanchez**, who is president of the Cuban Commission for Human Rights and National Reconciliation, comments on the *Cuban Solidarity Act of 2001*. The Castro regime allows Sanchez to travel freely between the U.S. and Cuba as well as worldwide. (RL, "Dissident scorns U.S. plan to bankroll Castro foes," 5/16/01).

"As many of us here know, the *Cuban Solidarity Act of 2001* goes beyond what the original Helms-Burton Act of 1996 sought to accomplish. No only does it send a clear signal to the Castro regime that there are consequences to violating political and religious freedoms and human rights, but that we are going to work fervently to bring about change in his regime." Statement by Republican Senator **Larry Craig** of Idaho upon becoming an original cosponsor to the *Cuban Solidarity Act of 2001*. (CR, "The Cuban Solidarity Act of 2001," 5/17/01, p.S5112).

"The policy of our government is not merely to isolate Castro, but to actively support those working to bring about democratic change in Cuba. And that is why we will support legislation like the *Cuban Solidarity Act*, and the *Cuban Internal Opposition Assistance Act*. History tells us that forcing change upon repressive regimes requires patience. But history also proves, from Poland to South Africa, that patience and courage and resolve can eventually cause oppressive governments to fear and then to fall." Remarks by President **George W. Bush** in the East Room of the White House in recognition of Cuban Independence Day traditionally celebrated on May 20th. (WH Press Release, 5/18/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S.☆ CUBA *Policy Report*

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Ralph J. Galliano, Editor

June 25, 2001

Legislative Alert

DODD, CHAFEE, SERRANO, LEACH INTRODUCE BRIDGES TO CUBAN PEOPLE ACT OF 2001

WASHINGTON – Intended to "set U.S.-Cuba policy on a new course," the incoming Chairman of the Foreign Relations Subcommittee on Western Hemisphere Affairs, Senator Christopher J. Dodd (D-CT), introduced *Bridges to the Cuban People Act of 2001* on Tuesday, June 12th as Democrats assumed control of the U.S. Senate for the first time since Republicans won a majority of both houses of Congress in 1994 in a power shift precipitated by the defection of Senator James M. Jeffords of Vermont from the Republican Party to become an Independent. While Senator Joseph R. Biden, Jr. of Delaware takes over the Foreign Relations Committee from Senator Jesse Helms of North Carolina, Dodd, as head of the pertinent subcommittee, will attempt to shape Latin American policy in the Senate, especially U.S. relations with Cuba. This unilateral approach to Cuba policy is likely to pose a headache for the Bush White House inasmuch as Republican members of the Foreign Relations Committee have broken ranks and become cosponsors of Dodd's legislation, including Senators Richard G. Lugar (IN), Chuck Hagel (NE), and Lincoln Chafee (RI). An identical companion bill to the Dodd legislation was also introduced in the House on June 12th (H.R. 2138) by Democratic Congressman Jose E. Serrano of New York and cosponsored by Republican James A. Leach of Iowa. Perhaps the essence of Dodd's bill deals with the frustration felt by supporters, Democrats and Republicans alike, of the so-called Nethercutt amendment (USCPR, Vol.7, No.10) or the *Trade Sanctions Reform and Export Enhancement Act of 2000* after then-President Clinton signed the agricultural appropriations bill into law last October which now threatens to reopen the long hard-fought battle over the "compromise" on food and medicine sales and the tourism travel ban to Cuba (USCPR, Vol.7, No.7) led by Rep. Lincoln Diaz-Balart (R-FL) (USCPR, Vol.7, No.6 & 9) with the strong support of the Republican leadership in both the House and Senate at the time. "... this bill creates specific exceptions to the embargo that will allow American farmers and businesses to sell food, medicine, and agricultural equipment to Cuba without the burden of securing annual licenses and will allow our farmers and businesses to use American banks and American financing to conduct these sales," explained Dodd, in his introductory floor statement. "Both of these changes, along with the lifting of shipping restrictions, are designed to allow sales to move forward in a way that is less burdensome to American farmers and businesses."

▪ Dodd, Chafee, Serrano, Leach Introduce Bridges to Cuban People Act of 2001.....	1
▪ Undoing Helms-Burton.....	2
▪ Text of <i>Bridges to the Cuban People Act of 2001</i>	3
▪ Bill to Require a Democratic Government of Cuba to Extradite Fugitives.....	7
▪ Text of <i>No Safe Haven in Cuba Act</i>	7

UNDOING HELMS-BURTON – With President George W. Bush's first real test involving the exercise of his authority over Cuba policy since assuming office in January set for mid-July, he is not likely to find politically appealing the additional waiver authority granted by Dodd's new legislation over Titles I, II, and IV of the *LIBERTAD Act of 1996* popularly known as Helms-Burton. In its four titles, Dodd's *Bridges to the Cuban People* bill removes all constraints on the sale of food and medicine to Cuba and eases travel to the Communist controlled island governed by the repressive Castro regime. Title I, *Facilitation of the Export of Food and Medicines to Cuba*, seeks to lift all "regulation on trade or financial transactions with Cuba" for agricultural and medical exports and the prohibition of "certain vessels from entering United States ports." Title II, *Easing of Restrictions on Travel by United States Nationals to Cuba*, prevents the president from regulating or prohibiting travel or "transactions incident to travel" to Cuba. Dodd's Titles I and II are a direct reaction to the proposed regulations implementing the *Trade Sanctions Reform and Export Administration Act of 2000* where former House Judiciary Committee Chairman Henry Hyde (R-IL) and now Chairman of the House International Relations Committee wrote in his letter to Treasury Secretary Paul O'Neill dated February 28, 2001 (USCPR, Vol.8, No.3) certainly the most definitive interpretation of that legislation where he clarified the intent of Congress over the Nethercutt amendment regulations. Title III, *Scholarships for Certain Cuban Nationals*, permits graduate study by students with presidential "preference to individuals not employed by the Cuban government or actively participating in the [C]ommunist [P]arty." Title IV of Dodd's bill, *Miscellaneous Provisions*, seeks to undo every remaining title of the Helms-Burton Act by granting the president the authority to waive Titles I, II, and IV. Clinton's ten consecutive waivers of Title III of Helms-Burton preventing owners of confiscated property in Cuba from bringing legal action in U.S. federal courts against traffickers would be extended de jure to Title IV where such traffickers are barred from U.S. entry and to Titles I and II setting certain requirements for a future democratic government in Cuba before receiving U.S. support. "When Helms-Burton was enacted, it contained a provision that codified all existing Cuban embargo Executive Orders and regulations, but did not provide for presidential waivers," stated Dodd upon introduction of S.1017. As chairman of the Western Hemisphere Subcommittee, Dodd will be able to move his bill forward fairly quickly saying, "I hope to hold hearings in the near future and will be discussing with the committee leadership dates for the markup of this important legislation." The bill is reprinted below.

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BRIDGES TO THE CUBAN PEOPLE ACT OF 2001

107th CONGRESS

1st Session

S. 1017

To provide the people of Cuba with access to food and medicines from the United States, to ease restrictions on travel to Cuba , to provide scholarships for certain Cuban nationals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

June 12, 2001

Mr. DODD (for himself, Mr. CHAFEE, Mr. LEAHY, Mr. LUGAR, Mr. ROBERTS, Mr. BAUCUS, Mr. LEVIN, Mrs. BOXER, Mr. JEFFORDS, Mr. KENNEDY, Mr. AKAKA, Mr. WELLSTONE, Mr. DORGAN, Mr. BINGAMAN, Mr. DURBIN, and Mr. HAGEL) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To provide the people of Cuba with access to food and medicines from the United States, to ease restrictions on travel to Cuba , to provide scholarships for certain Cuban nationals, 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. SHORT TITLE,

This Act may be cited as the 'Bridges to the Cuban People Act of 2001'.

TITLE I—FACILITATION OF THE EXPORT OF FOOD AND MEDICINES TO CUBA

SEC. 101. EXEMPTION FROM PROHIBITIONS AND RESTRICTIONS ON TRADE WITH CUBA TO PERMIT THE EXPORT OF FOOD AND MEDICINES TO CUBA .

(a) IN GENERAL- Except as provided in subsection (b), any prohibition or restriction in law or regulation on trade or financial transactions with Cuba shall not apply with respect to the export of any agricultural commodity, farm machinery or equipment, medicine, or medical device, or with respect to travel incident to the sale or delivery of any agricultural commodity, farm machinery or equipment, medicine, or medical device, to Cuba .

(b) EXCEPTIONS- Subsection (a) does not apply to--

(1) any prohibition or restriction imposed under the Export Administration Act of 1979 (50 U.S.C. App. 2401 et seq.) or successor statute for goods containing parts or components on which export controls are in effect under that section; or

(2) any prohibition or restriction imposed under section 203 of the International Emergency Economic Powers Act (50 U.S.C. 1702) insofar as the prohibition or restriction is exercised to deal with a threat to the national security of the United States by virtue of the technology incorporated in such machinery or equipment.

(c) SUPERSEDES EXISTING LAW- Subsection (a) supersedes the Trade Sanctions Reform and Export Enhancement Act of 2000 (title IX of H.R. 5426 of the One Hundred Sixth Congress, as enacted into law by section 1(a) of Public Law 106-387, and as contained in the appendix of that Act) or any other provision of law.

SEC. 102. REMOVAL OF CERTAIN PROHIBITIONS ON VESSELS ENTERING UNITED STATES PORTS.

Section 1706(b) of the Cuban Democracy Act of 1992 (22 U.S.C. 6005(b); prohibiting certain vessels from entering United States ports) shall not apply with respect to vessels that transport to Cuba any item the export of which is permitted under section 101 or 404 of this Act.

SEC. 103. STUDY AND REPORT RELATING TO EXPORT PROMOTION AND CREDIT PROGRAMS FOR CUBA .

(a) STUDY- The Secretary of Agriculture shall conduct a study of United States agricultural export promotion and credit programs in effect as of the date of enactment of this Act to determine how such programs may be carried out to promote the consumption of United States agricultural commodities in Cuba .

(b) REPORT- Not later than 90 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing--

- (1) the results of the study conducted under subsection (a); and
- (2) recommendations for proposed legislation, if any, to improve the ability of the Secretary of Agriculture to utilize United States agricultural export promotion and credit programs with respect to the consumption of United States agricultural commodities in Cuba .

SEC. 104. REPORT TO CONGRESS.

Not later than 6 months after the date of enactment of this Act, the President shall submit to Congress a report that sets forth--

- (1) the extent (expressed in volume and dollar amounts) of sales to Cuba of agricultural commodities, farm machinery and equipment, medicines, and medical devices, since the date of enactment of this Act;
- (2) a description of the types of the goods so exported; and
- (3) whether there has been any indication that any medicine or medical device exported to Cuba since the date of enactment of this Act--
 - (A) has been used for purposes of torture or other human rights abuses;
 - (B) was reexported; or
 - (C) was used in the production of any bio-technological product.

SEC. 105. DEFINITIONS.

In this title:

- (1) AGRICULTURAL COMMODITY- The term 'agricultural commodity'--
 - (A) has the meaning given the term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and
 - (B) includes fertilizer.
- (2) MEDICAL DEVICE- The term 'medical device' has the meaning given the term 'device' in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).
- (3) MEDICINE- The term 'medicine' has the meaning given the term 'drug' in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 7321).

TITLE II--EASING OF RESTRICTIONS ON TRAVEL BY UNITED STATES NATIONALS TO CUBA

SEC. 201. TRAVEL TO CUBA .

(a) IN GENERAL-

(1) FREEDOM OF TRAVEL FOR UNITED STATES NATIONALS AND LAWFUL PERMANENT RESIDENT ALIENS-

(A) IN GENERAL- Subject to subsection (b), the President shall not regulate or prohibit, directly or indirectly--

(i) travel to, from, or within Cuba by nationals of the United States or aliens lawfully admitted for permanent residence in the United States; or

(ii) any of the transactions incident to such travel that are set forth in paragraph (2).

(B) SUPERSEDES EXISTING LAW- Subparagraph (A) supersedes any other provision of law.

(2) TRANSACTIONS INCIDENT TO TRAVEL-

(A) IN GENERAL- Except as provided in subparagraph (B), the transactions referred to in paragraph (1) are--

- (i) any transaction ordinarily incident to travel to or from Cuba , including the importation into Cuba or the United States of accompanied baggage for personal use only;
- (ii) any transaction ordinarily incident to travel or maintenance within Cuba , including the payment of living expenses and the acquisition of goods or services for personal use;
- (iii) any transaction ordinarily incident to the arrangement, promotion, or facilitation of travel to, from, or within Cuba ;
- (iv) any transaction incident to nonscheduled air, sea, or land voyages, except that this clause does not authorize the carriage of articles into Cuba or the United States except accompanied baggage; and
- (v) any normal banking transaction incident to any activity described in any of the preceding clauses, including the issuance, clearing, processing, or payment of checks, drafts, travelers checks, credit or debit card instruments, or similar instruments.

(B) EXCLUSION OF CERTAIN GOODS FOR PERSONAL CONSUMPTION- The transactions described in subparagraph (A) do not include the importation into the United States of goods for personal consumption acquired in Cuba in excess of the amount established by the Secretary of the Treasury pursuant to section 321 of the Tariff Act of 1930 (19 U.S.C. 1321) or otherwise authorized by law.

(b) EXCEPTIONS- The prohibition contained in subsection (a)(1) does not apply in a case in which--

- (1) the United States is at war with Cuba ;
- (2) armed hostilities between the two countries are in progress or imminent; or
- (3) there is a credible threat to the public health or the physical safety of nationals of the United States who are traveling to, from, or within Cuba .

(c) APPLICABILITY- This section applies to actions taken by the President before the date of enactment of this Act that are in effect on such date, and to actions taken on or after such date.

(d) REPEALS- There are repealed the following provisions of law:

- (1) Section 102(h) of Public Law 104-114 (22 U.S.C. 6032(h)).
- (2) Section 910 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (title IX of H.R. 5426 of the One Hundred Sixth Congress, as enacted into law by section 1(a) of Public Law 106-387, and as contained in the appendix of that Act).

(e) DEFINITIONS- In this section:

(1) LAWFULLY ADMITTED FOR PERMANENT RESIDENCE- The term 'lawfully admitted for permanent residence' has the meaning given the term in section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20)).

(2) NATIONAL OF THE UNITED STATES- The term 'national of the United States' has the meaning given the term in section 101(a)(22) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(22)).

TITLE III--SCHOLARSHIPS FOR CERTAIN CUBAN NATIONALS

SEC. 301. SCHOLARSHIPS FOR GRADUATE STUDY.

(a) AUTHORITY-

(1) IN GENERAL- The President is authorized to provide scholarships under section 102 of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2452) for nationals of Cuba who seek to undertake graduate study in public health, public policy, economics, law, or other field of social science. In awarding scholarships under this paragraph, the President shall give preference to individuals not employed by the Cuban government or actively participating in the communist party.

(2) SUPERSEDING EXISTING LAW- The authority of paragraph (1) shall be exercised without regard to any other provision of law.

(b) ALLOCATION OF FUNDS- Of the amounts authorized to be appropriated to carry out the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2451 et seq.) for fiscal years 2002 through 2006, the following amounts are authorized to be available to carry out subsection (a):

- (1) For fiscal year 2002, \$1,400,000 for not to exceed 20 scholarships.
- (2) For fiscal year 2003, \$1,750,000 for not to exceed 25 scholarships.
- (3) For fiscal year 2004, \$2,450,000 for not to exceed 35 scholarships.

(4) For fiscal year 2005, \$2,450,000 for not to exceed 35 scholarships.

(5) For fiscal year 2006, \$2,450,000 for not to exceed 35 scholarships.

TITLE IV--MISCELLANEOUS PROVISIONS

SEC. 401. WAIVER AUTHORITY WITH RESPECT TO THE PUBLIC LAW 104-114.

(a) **WAIVER OF SANCTIONS AND RESTRICTIONS ON ASSISTANCE-** Notwithstanding any other provision of law, the President may waive any provision of title I or title II of Public Law 104-114 (22 U.S.C. 6021 et seq.) if the President determines that to do so will promote the peaceful transition to democracy in Cuba .

(b) **WAIVER OF GROUNDS OF INADMISSIBILITY OF CERTAIN ALIENS-** Notwithstanding any other provision of law or regulation, the President may waive provisions of title IV of Public Law 104-114 (22 U.S.C. 6021 et seq.; relating to the inadmissibility of certain aliens) if the President determines that to do so will further the national economic interest of the United States.

SEC. 402. PROHIBITION ON LIMITING ANNUAL REMITTANCES.

(a) **IN GENERAL-** Except as provided in subsection (b), the Secretary of the Treasury may not limit the amount of remittances to Cuba that may be made by any person who is subject to the jurisdiction of the United States, and the Secretary shall rescind all regulations in effect on the date of enactment of this Act that so limit the amount of those remittances.

(b) **STATUTORY CONSTRUCTION-** Nothing in subsection (a) may be construed to prohibit the prosecution or conviction of any person committing an offense described in section 1956 of title 18, United States Code (relating to the laundering of monetary instruments) or section 1957 of such title (relating to engaging in monetary transactions in property derived from specific unlawful activity).

SEC. 403. IMPORTATION OF DRUGS AND DEVICES.

Any prohibition or restriction in law (including a regulation) on trade or financial transactions with Cuba shall not apply with respect to--

(1) a new drug for which an application for investigation under section 505(i) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(i)) has been submitted to the Secretary of Health and Human Services;

(2) a biological product for which an application for investigation under section 351(a)(3) of the Public Health Service Act (42 U.S.C. 262(a)(3)) has been submitted to the Secretary of Health and Human Services;

(3) a device for which an application for investigation under section 520(g) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360j(g)) has been submitted to the Secretary of Health and Human Services;

(4) a drug that is the subject of an approved application under section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355);

(5) a biological product that is the subject of an approved license under section 351 of the Public Health Service Act (42 U.S.C. 262); or

(6) a device that--

(A) is cleared for marketing under section 510(k) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360(k));

(B) is the subject of an approved application for premarket approval under section 515 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360e); or

(C) is exempted from premarket clearance under subsection (l) or (m) of section 510 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360).

SEC. 404. PROHIBITION ON UNILATERAL SANCTIONS ON GOODS OR SERVICES INTENDED FOR EXCLUSIVE USE OF CHILDREN.

Funds made available under any provision of law may not be used to administer or enforce any sanction by the United States on exports of goods or services intended for the exclusive use of children (other than a sanction imposed pursuant to an agreement with one or more other countries).

BILL TO REQUIRE A DEMOCRATIC GOVERNMENT OF CUBA TO EXTRADITE FUGITIVES

A law and order bill introduced by two Democrats from New Jersey, Reps. Steven R. Rothman and Robert Menendez, calls for the extradition of "Joanne Chesimard and all other individuals who are living in Cuba in order to escape prosecution or confinement for criminal offenses committed in the United States." A leader of the Black Panthers in the early 1970s, Chesimard escaped from prison in 1979 after being convicted of the 1973 murder of New Jersey State Trooper Werner Foerster (USCPR, Vol.5, No.5). As an amendment to the Helms-Burton Act, H.R. 2292 makes the extradition of Chesimard and 76 other U.S. fugitives a test for a democratically elected government in a post-Castro Cuba. NJ State Police Superintendent, Carson Dunbar, Jr. said, "Her place right now is in the prison she escaped from. We want her back." The Rothman-Menendez bill was referred to the Committee on International Relations.

NO SAFE HAVEN IN CUBA ACT

107th CONGRESS

1st Session

H. R. 2292

To amend the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 to require that, in order to determine that a democratically elected government in Cuba exists, the government extradite to the United States convicted felon Joanne Chesimard and all other individuals who are living in Cuba in order to escape prosecution or confinement for criminal offenses committed in the United States.

IN THE HOUSE OF REPRESENTATIVES

June 21, 2001

Mr. ROTHMAN (for himself and Mr. MENENDEZ) introduced the following bill; which was referred to the Committee on International Relations

A BILL

To amend the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 to require that, in order to determine that a democratically elected government in Cuba exists, the government extradite to the United States convicted felon Joanne Chesimard and all other individuals who are living in Cuba in order to escape prosecution or confinement for criminal offenses committed in the United States.

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 'No Safe Haven in Cuba Act'.

SEC. 2. FINDINGS.

The Congress finds that--

- (1) on May 2, 1973, Joanne Chesimard and two companions, upon being stopped in their vehicle by New Jersey State Troopers James Harper and Werner Foerster on the New Jersey Turnpike, opened fire on these officers, striking Trooper Werner Foerster in the chest and James Harper in the left shoulder;
- (2) the suspects then used Trooper Foerster's own weapon to shoot him twice in the head, killing him;
- (3) in 1977, a properly constituted jury in a fair trial conducted according to the international norms of the rule of law, found Ms. Chesimard guilty of first-degree murder for the slaying of Trooper Foerster, as a result of which Ms. Chesimard was legally and properly sentenced to life imprisonment in a New Jersey State prison;
- (4) in 1979, Ms. Chesimard escaped from the Reformatory for Women in Clinton, New Jersey, with the help of four men who took a guard and prison van driver hostage, thereby recklessly placing the lives of both men in danger;
- (5) after escaping prison, Ms. Chesimard fled to Cuba for the sole purpose of escaping her legally imposed life sentence in prison for the murder of Trooper Foerster;
- (6) there are currently approximately 90 other individuals who have fled from the United States to Cuba in order to avoid legal prosecution or legally imposed confinement for serious criminal offenses;
- (7) respect for the rule of law is a primary condition for the establishment of any legitimate democratic government; and
- (8) legitimate democratic governments must show respect for the justice systems of one another and not provide safe harbor to individuals who have been legally indicted or convicted of serious offenses.

SEC. 3. AMENDMENT TO LIBERTAD ACT.

Section 206 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6066) is amended--

- (1) in paragraph (5) by striking 'and' after the semicolon;
- (2) in paragraph (6) by striking the period and inserting '; and'; and
- (3) by adding at the end the following:

'(7) has proven its respect for the democratic rule of law by ceasing to provide a safe harbor to individuals who have been legally indicted or convicted of serious criminal offenses, including convicted felon Joanne Chesimard, and all other individuals who have fled from the United States to Cuba for the sole purpose of avoiding prosecution or confinement for serious criminal offenses committed in the United States.'

NOTABLE QUOTES

"The people of Cuba are not our enemy. Our government's quarrel is with Fidel Castro, and our policies should reflect that reality. Without a doubt, the Castro regime has denied rights to its citizens, but in our efforts to isolate him, we have built walls that are hampering our goal of bringing democracy to the Cuban people." In a rare criticism of the Castro regime, Senator **Christopher J. Dodd**, (D-CT), Chairman of the Foreign Relations Subcommittee on Western Hemisphere Affairs, presents his statement on the floor of the U.S. Senate while introducing his bill, S.1017, Bridges to the Cuban People. (CR, S6136, 6/12/01).

"...sanctions are counterproductive to our goal of bringing about change in Cuba. There is no empirical evidence whatsoever that our continued efforts to isolate Cuba has brought about any transformation in the way the Castro regime sees or reacts to the world." Senator **Jeff Bingaman** (D-NM) announces his support for Dodd's Bridges to the Cuban people bill. (CR, S6136, 6/12/01).

"While we cannot ignore the unfortunate political situation in Cuba, the United States should not enact laws that exacerbate the suffering of the Cuban people. We must recognize that the thirty-seven year embargo against Cuba has failed to achieve its aims, while inadvertently increasing the hardships endured by average Cubans. I believe that it is time to formulate a new approach to Cuba in which the United States reaches out directly to the Cuban people, while being careful not to reward the Cuban government for policies with which we strongly disagree." Statement by Senator **Lincoln D. Chafee** (R-RI) upon introduction of Senator Dodd's bill, Bridges to the Cuban People Act of 2001. (PR, Dodd, 6/12/01).

"Cuba is no longer a national security threat to the United States. Continuing our current policy only benefits our trade competitors at the expense of the American farmer and businessman. I believe that trade, travel, and cultural exchange between Cuba and the United States will benefit both Americans and Cubans. I am hopeful that this legislation can move forward to bring positive engagement between our two countries." Comment by Senator **Pat Roberts** (R-KS) upon the introduction of Senator Dodd's Bridges to the Cuban People bill, S.1017. (PR, Dodd, 6/12/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 5

May 31, 2001

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

Ralph J. Galliano, Editor

BUSH VOICES SUPPORT FOR EMBARGO AT WHITE HOUSE CEREMONY IN RECOGNITION OF CUBAN INDEPENDENCE DAY

WASHINGTON – In an hour long ceremony praising the accomplishments of the Cuban exile community in the United States, George W. Bush held his first Cuban Independence Day event at the White House as president. These remarks regarding Cuba policy positions, reprinted below, represent the most extensive Bush has made both throughout his 2000 election campaign as well as during the early days of his presidency. Thematically, Bush sounded the call of *freedom* for the Cuban people to govern themselves, work for themselves, and speak for themselves without fear. "My administration will oppose any attempt to weaken sanctions against Cuba's government until the regime...frees its political prisoners, holds democratic, free elections, and allows for free speech," proclaimed Bush before a crowd of over 200 guests at the ceremony held in the East Room of the White House on Friday, May 18th. Recalling the recent Summit of the Americas in Quebec, Bush said Cuba was the only country in the hemisphere not represented "because that nation has a leader who has no place at the democratic table" thereby characterizing Cuba as an "enslaved" nation instead of a free nation. Supporting the embargo as a policy, Bush said America's "goal is not to have an embargo against Cuba; it is freedom in Cuba," as he welcomed the "opportunity to trade with Cuba when there are entrepreneurs who are free to trade with us" and the "opportunity to build diplomatic relations with Cuba when the government is a democracy." The president's prepared remarks in many ways differentiated his administration's basic policy of *containment* toward Cuba from that of his predecessor's policy of *engagement* (USCPR, Special Edition, February 23, 2001) through open trade. In a more forward looking approach, Bush embraced two newly introduced bills in Congress to provide democracy assistance to the internal opposition against Castro's rule in Cuba (USCPR, Legislative Alert, May 28, 2001). "The policy of our government is not merely to isolate Castro, but to actively support those working to bring about democratic change in Cuba. And that is why we will support legislation like the *Cuban Solidarity Act*, and the *Cuban Internal Opposition Assistance Act*," declared Bush before an enthusiastic audience. Both claiming strong bipartisan support, these companion bills, introduced by Senator Jesse Helms (S.894) and Rep. Lincoln Diaz-Balart (H.R.1271) respectively, reformulate U.S. policy implemented via the Polish internal opposition twenty years ago to topple Communism there and in Eastern Europe during the Reagan-Bush years (USCPR, Vol.8,No.1). Such a policy nearly toppled Communism in China in 1989 before the Tiananmen Square massacre. To "foster freedom" in Cuba, Bush summons the technology of modern communications such as the Internet saying, "The strongest walls of oppression can't stand when the floodgates of modern telecommunications are opened."

▪ Bush Voices Support for Embargo at White House Ceremony.....	1
▪ U.S. Loses Seat on UN Commission for Human Rights.....	4
▪ Viability of Bush's Nomination of Otto Reich for Latin American Post in Question.....	4
▪ SEC to Implement Rules on Foreign Investment in Embargoed Countries.....	6
▪ Bush Announces Intent to Nominate Noriega as Permanent Representative to OAS.....	7

PRESIDENT'S DRAFT SPEECH CHANGED DRAMATICALLY – This White House occasion celebrating his first Cuban Independence Day as president of the United States was as much about politics as policy. Whether Bush's speech represented a political safe haven involving Cuba policy or sheer indecision at this point in time remains to be seen. But one thing is certain, the president's speech as originally drafted was a far cry from the speech Bush presented to his carefully selected audience composed of Secretary of Housing and Urban Development, Mel Martinez, Senator Bob Graham (D-FL), Florida Republican Party Chairman Al Cardenas, Reps. Ileana Ros-Lehtinen, Lincoln Diaz-Balart and many others. Among the Cuba policy supporters who did not attend were Democratic Senators Robert Torricelli (NJ), Bill Nelson (FL), Joseph Lieberman (CT), and Rep. Robert Menendez (NJ). The original draft of the president's speech, the USCPR has been informed by several sources, was a laundry list of initiatives some of which covered issues previously presented by the New York-based Council on Foreign Relations (CFR) in their report entitled *U.S. --Cuban Relations in the 21st Century: A Follow-on Report* (USCPR, Vol.7, No.11). These normalization provisions would have included: *Ending Restrictions on Family Visits to Cuba*; *Lifting the Ceiling on Remittances*; *Allowing Cuban Americans to Claim Relatives as Dependents* for U.S. income tax purposes; and, *Allowing Retirement to Cuba for Cuban Americans* collecting Social Security and Medicare. There's no doubt such a presentation would have shocked Bush's White House audience and likely would have caused serious divisions within the Cuban-American community. The CFR, which played a very influential role during the Clinton administration shaping Cuba "policy measures that could be implemented within the framework of current law through regulations authorized by the president," has had many of its policy proposals adopted including: "family reunification, people-to-people contacts, and humanitarian aid." This report on Cuba can be found on the CFR web site at: http://www.cfr.org/p/pubs/Cuba_TaskForce.pdf. Issues of specific importance to the Cuban-American community not mentioned by President Bush in his White House speech on May 18th were a much heralded indictment of Fidel Castro, permitting Title III of Helms-Burton to go into effect, and immigration, especially doing away with the so-called wet-foot-dry-foot policy. Time will tell just how the Bush administration's Cuba policy develops in the coming years given these clearly competing views.

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REMARKS BY THE PRESIDENT IN RECOGNITION OF CUBA INDEPENDENCE DAY

The following is an abridged form of President George W. Bush's remarks:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

May 18, 2001

The East Room

THE PRESIDENT: It's a great honor for me to welcome you all to the White House to celebrate May 20th, Cuban Independence Day. It's a day when we honor the warm family ties, the faith, the history and heritage that unite our two peoples. As Angel [Cuadra, a political prisoner in Cuba for 10 years] and Lizebet [Martinez rescued from a raft in 1994] and so many others remind us, it is a day when we pay thanks to the magnificent contributions of Cubans to our national life. They enrich every field, from science to industry, to the arts, including my favorite performing art --baseball. But mostly, today is a day when we reflect on the greatnesses of Cuba's far-too-distant past and the brightness of its future; of how, together, we can hasten that future's arrival.

Just last month I returned from the Summit of the Americas in Quebec City. Thirty-four democratic nations committed ourselves to building a hemisphere of freedom. But one nation was not there, because that nation has a leader who has no place at the democratic table. Indeed, his nation is not free, but enslaved. He is the last holdout of the hemisphere, and time is not on his side.

The Cuban independence we celebrate today was the product of the enormous courage of the Cuban people and the statesmanship of leaders such as Jose Marti. The tyranny that rules Cuba today stands as an insult to their sacrifices. But we're confident in one fact, Cuban courage is more powerful and enduring than Castro's legacy and tyranny.

Our nation has an economic embargo against Castro's regime. But today, of all days, it is important for us to remember that our goal is not to have an embargo against Cuba; it is freedom in Cuba. The United States welcomes the opportunity to trade with Cuba when there are entrepreneurs who are free to trade with us. We welcome the opportunity to build diplomatic relations with Cuba when the Cuban government is a democracy, when the Cuban people can be free from fear to say what they think and choose who shall govern them.

The sanctions our government enforces against the Castro regime are not just a policy tool; they're a moral statement. My administration will oppose any attempt to weaken sanctions against Cuba's government until the regime -- and I will fight such attempts until this regime frees its political prisoners, holds democratic, free elections, and allows for free speech.

The policy of our government is not merely to isolate Castro, but to actively support those working to bring about democratic change in Cuba. And that is why we will support legislation like the *Cuban Solidarity Act*, and the *Cuban Internal Opposition Assistance Act*. History tells us that forcing change upon repressive regimes requires patience. But history also proves, from Poland to South Africa, that patience and courage and resolve can eventually cause oppressive governments to fear and then to fall. One of the surest ways to foster freedom is to give people unlimited access to unbiased information. The strongest walls of oppression can't stand when the floodgates of modern telecommunications are opened. We must explore ways to expand access to the Internet for the average Cuban citizen. And we must strengthen the voices of Radio and TV Marti, with strong leadership. And we will strengthen those voices with strong leadership and new direction. Today -- today I say this to Mr. Castro: If you are confident your ideas are right, then stop jamming the broadcasts of those whose ideas are different. And until you do, we will look for ways to use new technology, from new locations, to counter your silencing of the voices of liberty.

Last month, the U.N. Human Rights Commission called on Castro's regime to respect the basic human rights of all its people. The United States leadership was responsible for passage of that resolution. Some say we paid a heavy price for it. But let me be clear: I'm very proud of what we did. And repressed people around the world must know this about the United States: We might not sit on some commission, but we will always be the world's leader in support of human rights.

Today, all our citizens are proud to stand with all Cubans, and all Cuban Americans who love freedom. We will continue to stand with you until that day, hopefully not in the too-distant future, when all Cubans breathe the heady air of liberty. We are proud to stand with those Cubans who, today, enrich our nation with their energies and industry. We're proud to stand with the farmers and workers of Cuba who dream of liberty's blessings. We are proud to stand, too, with those who are suffering and dying in jails because they had the courage to speak the truth.

Y aqui en este Casa Blanca, estamos feliz de cultivar "una rosa blanca en Julio como en Enero." (Applause.) Y por fin, viva Cuba libre. Thank you all.

U.S. LOSES SEAT ON UN COMMISSION FOR HUMAN RIGHTS

"...repressed people around the world must know this about the United States: We might not sit on some commission, but we will always be the world's leader in support of human rights." President George W. Bush, The White House, May 18, 2001.

While some may argue that countries which have been condemned for human rights violations should not serve on the UN Commission on Human Rights, clearly the manner in which members of the Commission established in 1947 are chosen should not be held by secret ballot. That's exactly what happened following the vote in Geneva on April 18th to condemn Cuba in a close vote of 22-20-10-1 by the 53-member Commission (USCPR, Vol.8, No.4). On May 3rd, four candidates were proposed for the three seats allocated to Western countries that were up for election with the U.S. coming in fourth behind France, Austria, and Sweden. Rep. Henry Hyde (R-IL) the chairman of the International Relations Committee called the vote a "deliberate attempt to punish" the U.S. for its vigorous campaigns against Cuba and China.

NEW MAKEUP OF UN HUMAN RIGHTS COMMISSION

Chosen for the commission on Thursday, May 3rd were: Armenia, Austria, Bahrain, Chile, Croatia, France, Mexico, Pakistan, Sierra Leone, South Korea, Sudan, Sweden, Togo and Uganda.

The other 39 members are: Algeria, Argentina, Belgium, Brazil, Britain, Burundi, Cameroon, Canada, China, Costa Rica, Cuba, Czech Republic, Democratic Republic of the Congo, Ecuador, Germany, Guatemala, India, Indonesia, Italy, Japan, Kenya, Libya, Madagascar, Nigeria, Peru, Poland, Portugal, Russia, Saudi Arabia, Senegal, South Africa, Spain, Swaziland, Syria, Thailand, Uruguay, Venezuela, Vietnam and Zambia.

VIABILITY OF BUSH'S NOMINATION OF OTTO REICH IN QUESTION

The May 24th defection of liberal Republican Senator James Jeffords of Vermont to become an independent (USCPR, May 28, 2001 -- Legislative Alert) who will caucus with the Democrats disturbs the heretofore delicate 50-50 balance in the U.S. Senate seriously calling into question the viability of President Bush's prospective nomination of former U.S. Ambassador to Venezuela Otto J. Reich for the position of Assistant Secretary of State for Western Hemisphere Affairs (USCPR, Vol.8, No.3). Officially, the president has yet to formally present the Cuban-born Reich's nomination to the Senate, although the intent to nominate has been put forward and the processing of his paperwork is well underway. Sources close to Reich have indicated that Secretary of State Colin Powell received a commitment from one would-be opponent, Democrat Christopher Dodd from Connecticut, who will chair the Senate Foreign Relations Western Hemisphere Subcommittee, that he would not "kill" the Reich nomination. That, however, would have been in the days of a Republican controlled 50-50 U.S. Senate where Republicans chaired all committees but Democrats and Republicans split committee memberships evenly (USCPR, Vol.8, No.1). Marvin Fast, a spokesman for Dodd, was quoted in the May 31st online edition of the *Ft. Lauderdale Sun Sentinel* as saying that Dodd "made no such commitment and in fact he continues to have serious concerns" over the pending nomination of Reich.

Assuming the likely gain of one seat on the Senate Foreign Relations Committee giving the Democrats a 10-to-9 advantage and all others remaining the same, two members of the committee as previously constituted, Senators Bill Nelson (FL) and Robert Torricelli (NJ), have been considered likely to join Republicans to vote in favor of moving Reich's nomination out of committee to the Senate floor for a vote. With committee Republicans holding firm, the White House would have the majority it needs to move the Reich nomination forward. In the meantime, the Senate Democrats will chair the committees, control the agendas, and control the calendar, while a hearing on Reich's nomination could be delayed until after the Labor Day recess leaving President Bush without his Latin American policy nominee approved and in place at the State Department. All this at a time when the White House is wanting to move ahead with President Bush's Free Trade Area of the Americas agenda launched in April at the Summit of the Americas in Quebec as well as the need to address critical issues involving Plan Colombia, Venezuela, Peru, and Cuba. Although the White House remains publicly committed to the Reich nomination, other names that recently have surfaced include AT&T executive Crisencio Arcos and Ambassador to Colombia Ann Patterson.

CURRENCY & COMMODITY BRIEFS

EURO -- The value of the euro in the month of May reached its lowest level in 2001 against the dollar due to a slowdown in growth combined with faster inflation. This weakening in two of Europe's biggest economies -- France and Germany -- signifies a lack of European immunity to the slowing U.S. economy within the 12-nation euro zone. The chronically weak euro which opened at 1.1669 on December 31, 1998, closed at .8481 on May 31st, down 27.3 percent from inception. Euro's year ago close was at .9292. The euro zone is scheduled to phase out national currencies and to begin use of notes and coins on January 1, 2002. Cuba's National Bank is expected to follow suit but will continue to use the peso and the dollar. (FT, 4/4/01; NYT, 5/24/01).

RAW SUGAR -- Radio Havana reported on May 29th that heavy rains have prevented Cuba from achieving its target 2000/2001 sugar harvest of 3.7 million metric tons (mt). With 3 million mt. under contract for export, Cuba is reporting a harvest of 3.5 million mt. This reportedly compares to 3.3 million mt. contracted for export in 1999/2000 and a harvest of 4.058 million mt. Only five of the thirteen sugar producing provinces -- Cienfuegos, Santiago de Cuba, Matanzas, Havana, and Pinar del Rio -- met their target with no more cane left to be ground. While short of their 2000/2001 harvest target, the Cuban government can take some solace in the higher per pound price on the spot market of 9.54 and 8.55 for July '01 futures compared to the 7.55 year ago nearby price. (RL, 5/1/01, 5/14/01, 5/29/01; FT, 5/30/01).

CRUDE OIL -- While May 31st crude oil prices reached near parity with year ago prices following sharp increases over the past 18 months, Venezuela continues to be among America's top three oil suppliers besides Saudi Arabia and Canada. Speaking before a Council of the Americas meeting in Washington in early May, Energy Secretary Spencer Abraham described America's stabilizing role as a customer of Venezuelan oil. Through its Citgo gas stations, Venezuela owns about "\$8 billion worth of oil refining and marketing assets in the United States" while the U.S. remains the largest foreign investor in the Venezuelan oil sector at \$20 billion, reports Reuters. At the same time, Venezuela forges ahead with its strategic alliances with Iran, China, Russia, and Cuba to counter U.S. influence. As Venezuelans protest the *Cubanization* of their country, Castro regime continues to receive heavy subsidies of Venezuelan oil under the Caracas Energy Cooperation Accord (USCPR, Vol.7, No.10). In partial payment for its Venezuelan oil imports, Cuba has sent 178 doctors and 323 so-called sports trainers under the pact. (RL, 5/22/01; AP, 5/26/01).

NICKEL & COBALT -- Cobalt prices accelerated their downward drift in the month of May along with sliding nickel prices. Compared to year ago prices, the metal has slipped \$4 per pound for 99.8% grade cobalt according to the Metal Bulletin while Nickel prices continue to deteriorate based on the London Metal Exchange reports. Nickel and cobalt have been one of Cuba's biggest export earners. □

CURRENCIES & COMMODITIES

1 Euro = 0.8481 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 17.81 Cuban Peso

Rates as of May 31, 2001.
Source: Bloomberg.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 9.54
Year ago nearby = 7.55
Future (July '01) = 8.55
High = 10.12
Low = 6.21

Cash/Spot price as of May 31, 2001.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 28.35-28.40
Year ago (May 31) = 29.01
Future (July '01) = 28.37

Cash/Spot price as of May 31, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,060
Year ago (May 31) = 9,230

(\$ per metric ton)
Official Price: May 31, 2001.
Source: London Metal Exchange.

Cobalt = 12.00 - 12.75
Year ago (May 29) = 16.00 - 17.00

(\$ per pound for 99.8%)
Price: May 31, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

CONGRESSMAN FRANK WOLF LINKS HUMAN RIGHTS ISSUE TO LISTINGS ON AMERICAN STOCK EXCHANGES

-- In letters to the chairman of the New York Stock Exchange, the acting chairman of the Securities and Exchange Commission, and the Secretary of the Treasury, Rep. Frank Wolf (R-VA) has raised the issue of American capital market participation in foreign companies doing business with embargoed countries such as Sudan, Iraq, Libya, and Cuba where human rights abuses exist. For example, the UN Commission on Human Rights in Geneva condemned the human rights practices of the Castro regime in a vote of 22-20-10-1 on April 18th (USCPR, Vol.8, No.4). Wolf's letters, dated March 8, 2001, specifically voice concern over "the Government of Sudan's human rights abuses and the role several oil companies have played in perpetuating this situation." He strongly opposed the "Initial Public Offering (IPO) of the Chinese National Petroleum Company/PetroChina (CNPC) because of CNPC's role in providing the Government of Sudan with unprecedented resources to carry out its war and atrocities against southern Sudan." Citing Office of Foreign Assets Control director R. Richard Newcomb's interpretation of President Clinton's 1997 Executive Order "imposing comprehensive economic sanctions on Sudan," Wolf urged a vigorous investigation of the matter whereby a "de-listing" of PetroChina from the NYSE take place. Wolf, who is considered "a fierce defender of human rights," chairs the House Appropriations Subcommittee on Commerce, Justice, State & the Judiciary which deals with SEC matters.

SECURITIES AND EXCHANGE COMMISSION PLANS TO IMPLEMENT RULES ON FOREIGN INVESTMENT IN EMBARGOED COUNTRIES

-- As a direct result of Rep. Frank Wolf's (R-VA) interest in linking human rights with American capital market participation, Acting Chairman Laura Unger of the Securities and Exchange Commission has moved to undertake a new set of rules including: electronic filing by foreign companies; review of registration statements filed by companies doing business in countries subject to U.S. economic sanctions; enhanced disclosure for foreign registrants; SEC communication with OFAC cooperating to ensure sanctions are enforced; and, supporting the formation of an interagency working group (IWG). While American investors are prohibited from trading with countries subject to OFAC administered U.S. embargoes, they have not been prohibited from investing in foreign companies that are listed on American stock exchanges doing business in those countries. Writes Unger in her letter response to Rep. Frank Wolf dated May 8th, "The SEC does not have statutory authority to deny access to the U.S. markets to any foreign company on the basis of its involvement with a particular foreign country or government." Foreign companies that do business in sanctioned countries subject to "OFAC sanctions, may list on U.S. securities exchanges and offer their stock to investors in U.S. markets." The implementation goal of these new SEC rules appears to be the creation of investor awareness. "Clearly," states Wolf, "the SEC has taken a number of crucial steps to strengthen the disclosure requirements of foreign companies seeking access to U.S. markets. American investors should have the option of avoiding purchasing the securities of companies that generate revenue streams from odious, brutal regimes."

LISTING OF CANADIAN COMPANY ON NYSE WITHIN PURVIEW OF NEW SEC RULES

-- The case of Consolidated Development Corporation, Consolidated Cuban Oil and Gas Rights Corporation v. Sherritt, Inc., a.k.a. Viridian Inc., Sherritt International, Inc., et al. (USCPR, Vol.8, No.4) would have fallen within the purview of the new SEC rules on foreign investment in embargoed countries, according to Consolidated president, Alberto Diaz-Masvidal, when contacted by the USCPR. Diaz-Masvidal reiterated that "Sherritt International was created and funded by the capital proceeds raised in the U.S. and became a wholly owned subsidiary of Sherritt/Viridian amalgamated to Agrium [AGU], a Canadian company registered on the NYSE." Consolidated, a U.S. certified claimant, has contended in its law suit filed in 1996 (USCPR, Vol.4, No.3) against Sherritt for "conversion and conspiracy to defraud" that Sherritt's oil production involved use of its confiscated property in Cuba and was swapped by Sherritt for nickel that in turn was processed and later sold in the United States. In 1995, Sherritt listed on the NYSE and spun off a wholly-owned subsidiary naming it Sherritt International whose assets were its Cuba holdings. At the time, Consolidated sought a 7-page memo issued by the Treasury Department's Office of Foreign Assets Control (OFAC) centered on OFAC's designation of four Canadian-Cuban joint ventures set up by Sherritt but was blocked by OFAC's director R. Richard Newcomb who invoked executive privilege.

DOMESTIC BRIEFS

ROS-LEHTINEN AND DIAZ-BALART RAISE IMMIGRATION ISSUES -- In a letter to INS Commissioner-designate, James Ziglar, Reps. Ileana Ros-Lehtinen (R-FL) and Lincoln Diaz-Balart (R-FL) charge the INS with embarking "on a policy of immediate return of Cuban refugees to Cuba, regardless of the threat to their well-being posed by the Castro regime or whether they have family members in the United States who can assume responsibility for their care and stay in the United States." They view the government of Cuba as not honoring the September 9, 1994 and May 2, 1995 bilateral migration accords following the massive exodus of rafters over the 1994 summer months. Havana is not issuing visas on the pretext that the U.S. embargo has created a paper shortage and at the same time charging exorbitant fees of up to \$600. The May 10th letter cites a statement made by candidate Bush during the presidential election campaign reminding Ziglar of the Bush administration's ostensible commitment to "thoroughly review" the Clinton administration's executive orders "including those regarding immigration policy." Immigration is one of two issues of vital importance to the Cuban exile community in the United States.

LETTER TO POWELL OPPOSES VISA FOR ALARCON VISIT TO PUERTO RICO -- Reps. Lincoln Diaz-Balart and Ros-Lehtinen, Republican Members of Congress from south Florida, cosigned a letter to Secretary of State Colin Powell dated May 30th in which they conveyed their "very firm view that [Ricardo]Alarcon's visa request should be denied." Alarcon, president of the Cuban National Assembly, has applied for a visa to participate in a June 9th event in Puerto Rico sponsored by the *Mission of Puerto Rico in Cuba* to mark the organization's 35th anniversary. According to reports, the organization was created in Havana by Puerto Rican separatists promoting the independence of the Caribbean island from the United States. "The only reason why Alarcon or other representatives of the Cuban dictatorship would have to visit Puerto Rico would be to intervene in the domestic matters of Puerto Rico and/or the United States," declared Diaz-Balart and Ros-Lehtinen alluding to the controversy over the U.S. Navy's use of a Puerto Rican out-island called Vieques. A priority of Cuban foreign policy has been to support Puerto Rican separatism including support for Puerto Rican terrorist organizations known as the FALN and Los Macheteros (USCPR, Vol.7,No.3). Humberto Riverio, a member of Cuba's UN mission to the United States has described Puerto Rico as a "colonial situation" and one that is "an open wound in the heart of Latin America." In September 2000, Alarcon's visa request to attend a United Nations event was denied (USCPR, Vol.7,No.9). Reliable sources indicate that Alarcon's visa request to visit Puerto Rico will be denied.

BUSH ANNOUNCES INTENT TO NOMINATE NORIEGA TO OAS -- On May 31st, the White House announced President George W. Bush's intent to nominate Roger Noriega to be the "Permanent Representative of the United States of America to the Organization of American States, with the rank of ambassador." Noriega is currently a Professional Staff Member on the Senate Committee on Foreign Relations where he has served in the majority under its Chairman Jesse Helms since 1997 having previously served as a Professional Staff Member on the House Committee on Foreign Relations from 1994 to 1997. Noriega will bring to the appointed position both his extensive background in Congress working with legislators and legislation as well as coalition building skills which will be necessary at the OAS to promote the president's agenda in Latin America and further U.S. interests in the region. No stranger to the workings of the OAS, Noriega's experience there as the Public and Congressional Affairs Officer (1993-1994) and at the State Department as Senior Policy Advisor and Alternate U.S. Permanent Representative to the OAS will serve him well. Democratic control over the Senate Foreign Relations Committee is not expected to hinder Noriega's confirmation.

NOTABLE QUOTES

"As someone who spent his previous career promoting U.S. business and commerce abroad, my message to the U.S. corporate community is don't waste your time with Castro. This latest incident only proves again that any commercial transaction with Cuba can easily be overridden by political considerations." **Dennis Hays**, Cuban American National Foundation (CANF) executive vice president, comments on Crowley Liner Services' failed experience of shipping goods to Cuba (USCPR, Vol.8, No.4). (U.S.-Cuba Policy Watch/CANF, "Cuba Leaves U.S. Shipper High and Dry," 5/1/01).

"There are Latin American politicians whose souls are sweetened when they hear talk about free trade, as if they are still living in the middle of the last century when they only depended on exports of basic products and clamored for the suppression of United States tariffs. For Cuba, it is clear that the so-called Free Trade Agreement of the Americas in its conditions, time frame, strategy, objectives and procedures imposed by the United States, inexorably leads to the annexation of Latin America to the United States." **Fidel Castro** denounces the Free Trade Area of the Americas (FTAA) initiative during May Day speech at the Plaza of the Revolution in Havana. (NYT, "On Free Trade, Castro Sees U.S. Guile and Latin Dupes," 5/2/01, p.A4).

"W,' George W. Bush, has already distinguished himself by joining the list of North American presidents who have failed in their intentions against the Cuban revolution. After all, he is his father's son, and his father is already on that list." **Ricardo Alarcon**, president of the Cuban National Assembly, was interviewed the *New York Times* in Havana. (NYT, "Cuban Official Dismisses Chance of Improved Relations With U.S.," 5/5/01, p.A4).

"The records of repression matter as more and more governments that are themselves infamous human-rights violators have managed to get elected to the Human Rights Commission (thereby acquiring votes), e.g.: Libya, Syria, Sudan, Sierra Leone and Uganda, China and Cuba are also members." **Jeane Kirkpatrick**, the former U.S. ambassador to the United Nations during the presidency of Ronald Reagan, writes in an op-ed piece. (TWT, "Europe's hand...in eviction at the UN," 5/10/01, p.A14).

"Venezuela's foreign policy is now based on strengthening ties with political systems which are ideologically opposed to the U.S., such as Cuba, China and now Russia. The military element is an important component of that exchange, and it threatens to put Venezuela in open opposition to the US's security interests." Speaking from Caracas, **Mario Carratu**, a former Venezuelan defense attache to Washington comments on Venezuela's President Hugo Chavez's signing of a military cooperation agreement with Russia President Vladimir Putin in Moscow. (FT, "Venezuela military pact with Russia may hurt U.S. ties," 5/18/01, p.3).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OJG – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 6

June 30, 2001

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

Ralph J. Galliano, Editor

ROHRBACHER RAISES CHINA-CUBA ARMS LINK

WASHINGTON – "...we are very much concerned with this PLA [Peoples Liberation Army] cooperation and movement of military equipment into Cuba," responded Assistant Secretary of State for Asian Affairs Jim Kelly on Tuesday, June 12th following a question posed by Rep. Dana Rohrabacher (R-CA), a member of the International Relations Subcommittee on East Asia and the Pacific. Kelly, in an otherwise routine appearance on Capitol Hill to review the challenges and priorities for U.S. foreign policy in the region, generated a great deal of press attention at the State Department for two straight days before the story died down. This interest was prompted by a report published in the *Washington Times* on June 12th written by Bill Gertz. The headline read, "China is secretly shipping arms to Cuba: U.S. considers economic sanctions on Beijing." A journalist for the *Washington Times* covering national security issues, Gertz reported, "At least three arms shipments were traced from China to the Cuban port of Mariel over the past several months. All the arms were aboard vessels belonging to the state-owned China Ocean Shipping Co. (Cosco), according to U.S. intelligence officials." Although tacitly confirming the shipment of Chinese arms to Cuba, the U.S. position expressed by Deputy Spokesman, Phillip T. Reeker, is that the State Department doesn't "comment on intelligence matters." In an interview with the *Washington Times* on June 2nd, Cosco group president Wei Jiafu indicated that the shipping line has no connections to the Chinese military and is operated strictly as a business, wrote Gertz. Rohrabacher's national security aide, Al Santoli, told the *Miami Herald*, "There was no doubt that Cosco is a self-sustaining merchant marine and business conduit for the People's Liberation Army." The annual State Department report, "Patterns of Global Terrorism -- 2000" counts Cuba as one of 7 countries considered sponsors of terrorism (USCPR, Vol.8, No.4). Under a 1996 amendment to the *Foreign Assistance Act of 1962*, the U.S. must apply economic sanctions against any country or company exporting lethal military equipment to a designated terrorist state. The State Department would be required to make that determination before sanctions could be applied by the president. Senator Jesse Helms, the ranking member of the Foreign Relations Committee referred to the revelation as a "wake-up call" attributable to a greater interest in U.S.-Sino trade than national security and called for the "applicable laws" to be applied in sanctioning China. The *Washington Times* article of June 13th quoted Rohrabacher as saying, "We need to bring the Communist Chinese government in Beijing an official notification that this is unacceptable and that there will be repercussions if they continue delivering arms to Cuba." Chinese embassy officials in Washington and foreign ministry officials in Beijing have flatly denied any shipment of arms to Havana as has the Castro regime.

▪ Rohrabacher Raises China-Cuba Arms Link.....	1
▪ Finalizing Trade Sanctions Reform Regulations	4
▪ Petrobras of Brazil Halts Cuban Oil Exploration.....	5
▪ WTO Rules on Section 211 Involving Havana Club Trademark Case.....	6
▪ Denied Visa – Alarcon Attacks U.S. Navy Training Exercises at Vieques.....	7
▪ Castro Agents Convicted of Spying in U.S.....	7

CHINA AND THE UNITED STATES: COLD WAR II – There is a view that as the U.S. upgrades its arms shipments and military ties to Taiwan in the western Pacific, China is beginning to challenge U.S. influence in the Western Hemisphere. "Beijing is looking for leverage -- just like the Soviets did back in the '60s. First it's small arms then it's anti-aircraft weapons and they'll keep pushing until we have to give up something in return. And of course, what they will want us to give up is our commitment to protect Taiwan," Rohrabacher told Oliver North in an interview published in the *Washington Times* on Sunday, June 17th. The reported Chinese arms delivery to Cuba appears to have corresponded with the visit of General Fu Quanyou to Cuba in December 2000 when a military cooperation agreement was signed. In April of this year, Jiang Zemin became the first Chinese head of state to travel to Havana. Jiang's visit came at a time when the American crew of a U.S. Navy EP-3E Aries II surveillance aircraft was detained and the damaged plane sat on a Hainan Island runway after an F-8 interceptor collided with it in midair forcing it to land on Chinese territory. Jiang's visit to Havana was also part of the first regional tour of Latin American capitals by a Chinese leader. In the lead up to his question to Kelly at the subcommittee hearing, Rohrabacher stated, "China seems to be expanding its influence into Panama and other strategic spots throughout the world in a way that would threaten America's national security sending weapons to Cuba." Inasmuch as China primarily seeks hegemony on the Pacific rim over economic rivals Japan and South Korea, some observers view Chinese diplomacy in Latin America as rather far reaching given their warming relations with oil rich Venezuela, military aid to Suriname, a new embassy in Guyana and until recently seeking the construction of a commercial spaceport in Guyana. According to a Pentagon "review and assessment of the Cuban threat to the United States national security" released in May of 1998, Cuba no longer poses a threat to the United States (USCPR, Vol.4,Nos.7 & 11 and Vol.5,No.5). Attributing the state of its present condition to the "end of Soviet economic and military subsidies," Cuba is considered "significantly weakened" militarily. Any strengthening of Cuba's military capabilities by China would render the prior assessment outdated with significant ramifications to U.S. China relations, especially on the trade front. Said Rohrabacher, "there will be some very serious alterations in our trade arrangement with China," if they continue.

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TEXT: EXCHANGE BETWEEN ROHRBACHER AND KELLY

The following is the entirety of the text of the brief exchange between Congressman Dana Rohrabacher (R-CA) and Assistant Secretary of State for Asian Affairs Jim Kelly during the hearing on United States Policy in East Asia and the Pacific Challenges and Priorities on Tuesday, June 12, 2000. Kelly appeared as a witness before the House International Relations Subcommittee on East Asia and the Pacific, Rep. James A. Leach (R-IW) presided.

Hearing to review the challenges and priorities for U.S. foreign policy in East Asia and the Pacific. "The U.S. security interest in maintaining regional stability is compelling..."

Mr. Rohrabacher: "Mr. Kelly...One last question, and that is did you see the story today in the *Washington Times* about China, Communist China, shipping weapons to Cuba? China seems to be expanding its influence into Panama and other strategic spots throughout the world in a way that would threaten America's national security sending weapons to Cuba.

What is the Administration going to do about that? The last Administration decided to grovel. What would be this Administration's position?

Mr. Kelly: Mr. Rohrabacher, we are not going to grovel. I did read that story in the morning paper, and I have some questions and am going to get more fully briefed on the arms to Cuba.

The Panama situation is a little different. That is a Hong Kong port operator. Hong Kong itself is the largest container port in the entire world, and I am not sure it is exactly the same thing, but we are very much concerned with this PLA cooperation and movement of military equipment into Cuba."

Mr. Rohrabacher: Thank you, Mr. Chairman.

Mr. Leach: Thank you Mr. Rohrabacher.

STATE DEPARTMENT POSITION: TRANSFER OF LETHAL MILITARY EQUIPMENT FROM CHINA TO CUBA

Reporters questioned deputy State Department spokesman Phillip T. Reeker on two consecutive days regarding the issue of the transfer of lethal military equipment from China to Cuba first reported by Bill Gertz of the Washington Times newspaper on Tuesday, June 12th. The following are excerpts from the exchanges between the State Department and the press.

June 12, 2001

Question: "One of the newspapers in town reported today that China is sending arms to Cuba. Do you have any reaction or comments about that?

Mr. Reeker: Well, as you know from so many other questions of a similar matter, we don't comment on intelligence matters like that. I can say we have not made a determination that China has transferred lethal military equipment to Cuba...

Question: Well, what was it that you just said?

Mr. Reeker: Let's go through it then. There is a U.S. law that prohibits providing various types of assistance to foreign governments that have provided 'lethal military equipment to a country whose government is a state sponsor of terrorism.' And you are familiar with the seven that are on that list at this point. We fully and faithfully implement the requirements of U.S. law and would take any actions required by those laws were we to determine that sanctionable activity had occurred. And what I'm telling you in reference to that law is we have not made a determination that China has transferred lethal military equipment to Cuba."

June 13, 2001

Question: "Not since the newspaper report, but in the last month or --

Mr. Reeker: Chinese arms sale policy is a matter of regular discussion between our governments, so it is a type of thing that is discussed all the time.

Question: And Chinese arms sales to Cuba, has that come up?

Mr. Reeker: Again, I am not going to comment on intelligence reports or intelligence information. But I can say that Chinese arms sales, I think as you are probably all aware because we talk about it here, is a matter of regular discussion between our governments."

FINALIZING TRADE SANCTIONS REFORM REGULATIONS

In a joint letter dated April 13th, U.S. government officials from the Departments of the Treasury and Commerce informed Rep. Henry Bonilla (R-TX), the House chairman of the Appropriations Subcommittee on Agriculture, to expect the long awaited implementation regulations to last year's trade sanctions reform to be published in "no later than 30 days." Citing the complexity of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (USCPR, Vol.7, No.10), deputy assistant secretaries Joseph Engelhard and Matthew S. Borman notified Bonilla that the implementing regulations requiring the president to lift sanctions on the export of agricultural commodities, medicines, and medical devices would be forthcoming (USCPR, Vol.8, Nos.2 & 4). In part, the resulting complexities of the Nethercutt language involve an attempt to reconcile the end-use requirements under prior laws of such exports to Cuba. At the 5th annual U.S.- Cuba Business Summit held in Havana by the Kirby Jones group, Alamar Associates, Cuban Assembly President Ricardo Alarcon on June 8th alluded to the delay in the implementation of the sanctions reform regulations suggesting that new legislation "in a not too distant future" would allow unfettered U.S. trade with Cuba. Christopher Dodd (D-CT) in the Senate and Jose Serrano (D-NY) in the House introduced just such legislation on June 12th called *Bridges to the Cuban People Act of 2001* (USCPR, Legislative Alert, June 25, 2001). A copy of the April 13th letter is reprinted below.

LETTER FROM BUREAU OF EXPORT ADMINISTRATION

UNITED STATES DEPARTMENT OF COMMERCE

Washington, D.C. 20230

June 13, 2001

The Honorable Henry Bonilla
Chairman
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
U.S. House Committee on Appropriations
2362 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Bonilla:

We are pleased to notify you that the Department of Treasury and the Department of Commerce are finalizing the implementing regulations for the *Trade Sanctions Reform and Export Enhancement Act of 2000*. The Act requires that the President lift existing U.S. unilateral sanctions on the export of agricultural commodities, medicine, and medical devices.

The Act is complex and raises certain legal and policy issues that have required extensive interagency discussions, resulting in a delay in implementation. Our regulations are currently being finalized and will be published no later than 30 days from today. We will be pleased to brief the Committee on our plans for implementation.

Sincerely,

Joseph Engelhard
Deputy Assistant Secretary
U.S. Department of Treasury

Matthew S. Borman
Deputy Assistant Secretary
U.S. Department of Commerce

PETROBRAS OF BRAZIL HALTS CUBAN OIL EXPLORATION

Three years after Brazil's state oil company, Petrobras, signed an agreement with state-owned Cuba Petroleo (Cupet), the Brazilian government controlled company Petrobras has decided to halt its off-shore oil exploration activities. The agreement, signed in 1998, was intended to explore a 386 square mile area known as Block L located 280 miles east of Havana off the north-central coast of Cuba. More specifically, Block L is located just north-northwest of Cayo Coco and Cayo Guillermo. Among three proposed sites in Block L, only Felipe 1-X, a directional well drilled from Cayo Felipe El Grande located in the North Cuban Basin, has been capped. Early seismic studies suggested the possibility of 700 million barrels of oil reserves. Petrobras subsidiary Braspetro Oil Services Company (Brasoil) has determined Felipe 1-X to be a 'dry hole' subject to abandonment. Initially estimated to cost between \$13 million and \$15 million, informed sources told the USCPR that the cost of drilling Felipe 1-X amounted to \$30 million.

Prior to the beginning of drilling Felipe 1-X on November 20, 2000, Petrobras entered into an arrangement giving Sherritt International (Cuba) Oil & Gas Ltd. 40 percent non-operating interest in the well. Sherritt, already involved in litigation with Consolidated Development Corporation and Consolidated Oil & Gas Rights Corporation (USCPR, Vol.8, No.4), by its interest in this wildcat well, continued to be involved in the trafficking of certified American claims. The claim to Block L is owned by an American corporation registered and certified with the Foreign Claims Settlement Commission.

Petrobras Director for International Affairs, Jorge Marques de Toledo Camargo, is reported to have been informed in open session by Dr. Alberto Diaz-Masvidal for the first time of this trafficking violation involving Felipe 1-X while in London on May 21st with both attending the Sixth Annual Third Millennium Petroleum 2001 conference organized and hosted by Global Pacific and Partners with offices in London, Houston, and Johannesburg and co-hosted by IHS Energy Group of Houston. Interestingly, the panel "Cuba Potential in Exploration" scheduled for 11:10 A.M. on Tuesday, May 22nd was cancelled when participants Dr. Rafael Tenreiro-Perez, the exploration manager of Cuba Petroleo, and Manuel Marrero-Faz Main, a petroleum expert with the Ministry of Basic Industry, were a no-show.

The withdrawal of the French company Total in the early 1990s and now Petrobras only leaves the Spanish driller Repsol YPF expecting to begin 3000 line km. of 2D seismic data by summer's end. Smaller oil companies from Canada, Britain, France, and Sweden assist the Cuban government with its existing wells and exploration drilling. Cuban oil wells produced 42,000 barrels per day (bpd) in 2000 and are producing 50,000 bpd thus far in 2001. □

CURRENCIES & COMMODITIES

1 Euro = 0.8444 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 18.648 Cuban Peso

Rates as of June 28, 2001.
Source: Bloomberg; CADECA.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 9.99
Year ago nearby = 8.65
Future (Oct. '01) = 8.92
High = 9.88
Low = 6.27

Cash/Spot price as of June 28, 2001.
Source: CSCE/NYBOT.

CRUDE OIL (\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 25.55-25.60
Year ago (June 28) = 31.90
Future (Aug. '01) = 25.56

Cash/Spot price as of June 28, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,210
Year ago (June 28) = 8,000

(\$ per metric ton)
Official Price: June 28, 2001.
Source: London Metal Exchange.

Cobalt = 10.25 - 11.00
Year ago (June 29) = 15.00 - 16.00

(\$ per pound for 99.8%)
Price: June 29, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

EU CONTINUES TO PURSUE TRADEMARK CHALLENGE TO BACARDI AT WTO -- Having won at the district court (USCPR, Vol.6,No.4) and appeals (USCPR, Vol.7,No.2) court levels, Bacardi-Martini USA prevailed when the U.S. Supreme Court on October 2, 2000 refused to hear arguments (USCPR, Vol.7,No.10) in Grupo Pernod Ricard's petition over trademark rights to the Havana Club brand dispute. The French wine and spirits producer, in a Cuban joint venture to produce Havana Club rum in the United States, pursued a dual track approach in order to overcome the Section 211 trademark protection provisions contained in the Omnibus Appropriations Bill of October 1998 (USCPR, Vol.5,No.10 & Vol.6,No.4) which led to its defeat in U.S. courts. Section 211 protects marks, trademarks, or commercial names "used in connection with a business or assets that were confiscated," unless there is express consent by the "original owner." On behalf of France and Pernod Ricard, the 15-nation European Union lodged a complaint against the United States at the World Trade Organization (WTO) that was initially blocked on July 27, 2000 (USCPR, Vol.7,No.7). The WTO decided to proceed with the dispute settlement panel (WT/DS 176/2) at its September 26, 2000 meeting which was composed by the Director-General on October 26, 2000. The WTO subsequently issued a preliminary ruling on June 11th. Bringing to mind the non-transparency of the dispute settlement process at the WTO, the confidential ruling of the interim panel will be reviewed by both parties, the U.S. and France before a final ruling is issued.

OPPOSITION BY MEMBERS OF THE EUROPEAN PARLIAMENT TO WTO PANEL -- In anticipation of a preliminary ruling from the WTO, the vice president to the U.S. delegation to the EU in Brussels stated in a letter to the president of the European Commission, Romano Prodi, on February 1, 2001 that the U.S. was not alone in its position upholding Section 211. Some 100 members of the European Parliament signed a "declaration of dissent" regarding the panel request. Calling the challenge to Section 211 "superficial and open to question," the declaration stated that it "places it in opposition to its history of civil law by allowing the rights of the Confiscator to prevail over the Robbed, Aggression to win over Justice." The group of 100 critically upheld the universal rights of private property saying, "Europe cannot accept that, for private commercial interests, the general sense of the defence of founding principles of our Western civilisation be neglected, principles which include specifically the right to private ownership." These members firmly dissociated themselves from the "initiative of the European Commission in this particular matter" and strongly appealed to the EU "not to engage itself in dubious initiatives that damage both the dignity and credibility of our Institutions."

WTO RULES FOR EU AND AGAINST U.S. SECTION 211 -- The EU's challenge to Section 211 and its three main parts: 211(a)(1), 211(a)(2), and 211(b) (see USCPR, Vol.6,No.4) found against Section 211(a)(2) as inconsistent with Article 42 of the TRIPs (Trade-Related Intellectual Property Rights) Agreement. Bruce Hirsh, the legal advisor to the Permanent Mission of the United States to the World Trade Organization, wrote to the chairman of the panel in a letter dated June 18th requesting the panel "to reconsider its conclusion" based on a finding that Section 211(a)(2) "limits, under certain circumstances, rights holders' effective access to and, hence the availability of civil judicial procedures." Hirsh argued in his letter to Wade Armstrong that a "trademark registrant would have a full opportunity to avail himself or herself of a presumption of trademark ownership." Section 8.69 of the panel's findings deals ostensibly with the U.S. position on the issue of trademark "abandonment." The panel explains here "that in particular circumstances where a trademark has been legally abandoned, there is no original owner whose consent is required under Section 211." Hirsh does not refute this finding. The original producer of Havana Club rum was Jose Arechabala, S.A. (JASA) until the Castro regime forcibly "confiscated the property and assets of JASA," federal court documents have stipulated. Bacardi-Martini purchased the Havana Club trademark from the Arechabala family in 1997. A U.S. government source familiar with the case brought before the WTO by the EU told the USCPR, "Nothing in the TRIPs Agreement requires WTO members to give effect to foreign confiscatory decrees in their territories."

DOMESTIC BRIEFS

DENIED VISA, ALARCON ATTACKS U.S. NAVY EXERCISES AT VIEQUES PUERTO RICO -- Ricardo Alarcon, head of the Cuban National Assembly, who had applied for a U.S. visa to attend the 35th anniversary of the *Mission of Puerto Rico in Cuba* scheduled for June 9th (USCPR, Vol.8, No.5) in the Commonwealth of Puerto Rico, was denied a visa by the State Department on the grounds that it "was in keeping with an established policy of not giving senior Cuban officials permission to visit U.S. territory." Alarcon and other Cuban officials have been granted visas to attend official functions such as UN meetings in New York but denied a visa most recently for non-official functions such as the International Parliamentary Union in New York that preceded the UN Millennium Summit opening the 55th Session of the General Assembly in August 2000 (USCPR, Vol.7, No.9). Alarcon's visit would have been supportive of the anti-American Puerto Rican independence movement and highly critical of the land, air, and sea live-fire training exercises conducted by the U.S. Navy on the Puerto Rican island of Vieques for 60 years. In a statement following the decision, Alarcon attacked the United States for its "imperialist arrogance" and criticized the continuation of military exercises on Vieques as "insolent." (RL, "Barred from Puerto Rico, Cuban slams Vieques tests," 6/1/01).

CASTRO AGENTS CONVICTED OF SPYING IN U.S. -- Two years and nine months after charges were filed in U.S. District Court in Miami (USCPR, Vol.5, No.9) on September 14, 1998, five of 14 Cuban defendants were convicted of conspiracy to commit espionage and failure to file as foreign agents in the case of the so-called Red Wasp Network. Five others plea bargained and four fled the United States. Shortly after their arrests, in an interview with CNN's Lucia Newman, Fidel Castro admitted to the practice of sending Cuban government agents into the United States for espionage purposes (USCPR, Vol.5, No.10). In a trial lasting six months, the jury deliberated for five days and on June 8th found Gerardo Hernandez guilty of contributing to the death of four Cuban-American fliers for Brothers-to-the-Rescue in 1996. Two defendants, Ramon Labanino and Antonio Guerrero were convicted for conspiracy to commit espionage. Fernando Gonzalez and Rene Gonzalez, unrelated, were convicted of conspiracy and failure to file as agents of a foreign government. The five Cuban agents face sentences ranging from 10 years to life. Their assignments were to monitor the Cuban-American community and military activities within the U.S. Southern Command having jurisdiction over the Caribbean, including Cuba. (WP, "Five Cuban Agents Guilty of Spying on U.S.," 6/9/01, p.A12).

RICE ANNOUNCES APPOINTMENT OF ELLIOTT ABRAMS AS SPECIAL ASSISTANT TO THE PRESIDENT -- National Security Advisor Condoleezza Rice announced the appointment of Elliott Abrams as Special Assistant to the President and Senior Director for Democracy, Human Rights, and International Operations at the National Security Council effective June 25th. Abrams is well versed in Latin American affairs and in U.S. Cuba relations having served as Assistant Secretary of State for Inter-American Affairs from 1985 through 1988 during the Reagan administration. Abrams comes to the NSC from the Ethics and Public Policy Center in Washington where he has served as president since 1996. (White House Press Release, 6/28/01).

FORMER INS OFFICIAL SENTENCED FOR SPYING -- Mariano Faget, the former Cuban-born INS official who was arrested by the FBI in Miami on February 17, 2000 (USCPR, Vol.7, No.2) "for the federal violation of the Espionage Act (Communicating National Defense Information to an Unauthorized Person) and making false statements," was sentenced to five years in prison on Friday, June 29th following his conviction on May 30, 2000 (USCPR, Vol.7, No.5). Second Secretary Jose Imperatori posted at the Cuban Interests Section in Washington was linked to Faget and expelled from the U.S. when FBI agents escorted him to the airport. An INS employee for 34 years and the second-ranking immigration official in the Miami office, 55-year old Faget could have faced a 10-year sentence. While conceding there was no harm done to U.S. national security, U.S. Attorney Guy Lewis said the Faget case was "really an example of spies among us. That kind of betrayal of trust is really not going to be tolerated." (AP, "INS Worker Gets 5 Years for Spying," 6/29/01).

NOTABLE QUOTES

"As I said upon opening our four previous U.S.-Cuba Business Summits, I'm optimistic. Changes in favor of trade are taking place in Washington as witnessed by the new Democratic Party majority in the Senate." Comment on the state of political affairs by **Kirby Jones**, president of the Washington, D.C.-based consulting firm Alamar Associates organizer of the 2001 U.S.-Cuba Business Summit in Havana. (RL,"U.S. business buck Bush at Cuba meeting," 6/7/01).

"We plan to keep the embargo on Cuba, and will do so until Fidel Castro frees prisoners, has free elections, embraces freedom. I believe strongly that's the right policy for the United States." President **George W. Bush** responded to a reporter's question during a press conference in Madrid, Spain while on his first official European trip. (TWT,"Beijing's arms sale won't net sanctions," 6/13/01, p.A1).

"In Cuba, change is approaching. Cuba's economy will never sustain the expectations created by its system. The internal opposition strengthens, and numerous countries are reducing their investments. Failing all this, time is gradually defeating the dictator." **Carlos A. Saladrigas**, a Cuban exile, is CEO of ADP TotalSource based in Miami. (MH,"Look toward constructive change in Cuba," p.9B, 6/21/01).

"Fidel Castro seldom gets involved in the U.S. Senate's confirmation process, but he is this year. Coincidentally or not, his target is the appointee of President Bush who is most likely to be rejected. The imperiled nomination: Otto Reich to be assistant secretary of state for inter-American affairs. Nobody questions Reich's competence or experience, which includes Reagan administration service as head of Latin American aid and ambassador to Venezuela. Castro, American leftists and liberal Democratic senators all target him for the same reason. Reich is an anti-Castro Cuban American and crusader against Marxist revolution in the Western Hemisphere." **Robert D. Novak**, syndicated columnist, expresses his opinion over one of President Bush's intended nominees. (WP,"Settling Old Scores," p.A15, 6/25/01).

"Today Cuban Americans in Miami are stronger than ever. To lead their cause among the Senate Democrats, they have signed on a powerful new recruit, Joseph Lieberman of Connecticut, to replace their old Democratic champion, Robert Torricelli of New Jersey. With Jesse Helms (R-NC) as his partner, Lieberman is leading an effort to appropriate \$100 million 'to speed Cuba's transition to democracy.' That the Cuban American community can persuade a presidential aspirant such as Lieberman to fund its Miami-based efforts to overthrow Castro only shows that the Cuban American clout is still potent." **Gregory B. Craig** is an attorney with the Washington law firm of Williams & Connolly who represented Juan Miguel Gonzalez, the father of Elian Gonzalez in the matter to return Elian back to Cuba. (WP,"Forever a Poster Child?" p.A33, 6/28/01).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 7

July 31, 2001

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

Ralph J. Galliano, Editor

BUSH SIDES WITH EUROCRATS AND AGAINST DEMOCRACY IN CUBA BY WAIVING TITLE III OF HELMS-BURTON

WASHINGTON – With Mexican business interests having pulled out of investments in confiscated property deals belonging to U.S. nationals a long time ago and just Sherritt, the Canadian multinational mining company having been sanctioned under Title IV of Helms-Burton, only European investors -- shielded and often subsidized by the elitist bureaucrats controlling the European Union in Brussels -- may continue to traffic with impunity in confiscated property in Cuba owned by U.S. nationals for at least another six months thanks to President Bush's decision to waive Title III -- Protection of Property Rights of United States Nationals -- of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* popularly known as Helms-Burton. "Traffickers of confiscated property in Cuba belonging to U.S. nationals should have been sent a clear and concise message by the President of the United States: 'You can continue to do business in Cuba and traffic in confiscated property in Cuba or you can do business in the United States; but, you cannot do both.' It is a deep disappointment that President Bush did not send such a message to foreign investors," said Dr. Alberto Beguiristain, president of the Miami-based National Association of Sugar Mill Owners of Cuba. Ironically, five years to the date and 10 suspensions later, President Bush used identical language in his transmittal letter to Congress to exercise *his* first waiver of Title III of Helms-Burton as did President Clinton on July 16, 1996 (USCPR, Vol.3, No.7). By doing so, President Bush accepts the previous administration's position while neglecting the essence of Title III -- protection of property rights of U.S. nationals. In a letter to the president at the time, then-chairman of the House International Relations Committee, Ben Gilman (R-NY) wrote, "Based on a faithful reading of the unambiguous Congressional intent behind the law, Congress consciously provided very narrow authority for deciding whether to suspend Title III." Gilman cited the "Statement of Managers filed with the conference report on H.R. 927" which he described as "the primary source for determining legislative intent...with respect to subsection 306(b)." Gilman was highly critical of Clinton's subordination of the "national interest," to whether the suspension of the right of action would bring about "a transition to democracy in Cuba" within the "president's overall calculation," leading to a Title III waiver. Clearly, while 10 previous waivers of Title III have appeased the Eurocrats, they have failed to persuade the Castro regime to pursue a course of freedom and democracy for the Cuban people. Critics say that Bush could have taken a stand directed at the European Union and spoken out in defense of property rights linking it to the principles of free-markets and democracy in Cuba, thus permitting Title III to take effect.

▪ Bush Sides with Eurocrats and Waives Title III of Helms-Burton.....	1
▪ White House Sends Otto Reich Nomination to the Senate.....	5
▪ Cuba's 2000-01 Sugar Harvest.....	7
▪ Trade Sanctions Reform Act Regulations Issued.....	8
▪ Consolidated v. Sherritt Decision Appealed to U.S. Supreme Court.....	9

ANCHORING BUSH'S CUBA POLICY --The calculus in the White House political office headed by Karl Rove, Senior Adviser to the President, is that bolstering Radio and TV Marti, rolling back the embargo-erosion of the Clinton years, and taking a rhetorical stand on democracy in Cuba via a pledge to aid the dissidents is sufficient to retain the Cuban-American vote in 2002 for Governor Jeb Bush's reelection campaign in Florida, especially if former attorney general Janet Reno becomes the Democratic Party's nominee, but more importantly for the president's own reelection campaign in 2004. The latter may be a bit more tricky with the leadership of the Cuban American National Foundation split between Bush-Cheney and Gore-Lieberman in the last election or at least showing allegiance to political ally Senator Joe Lieberman (D-CT) for his many years of friendship and anti-Castro support on the Cuba issue (USCPR, Vol.7,No.8). In his Title III waiver statement (reprinted below), Bush said that his administration was "firmly committed to a proactive Cuba policy that will assist the Cuban people in their struggle for freedom. On Friday [July 13], I reaffirmed my commitment to maintain existing sanctions against the Cuban regime and to strengthening pro-democracy movements in Cuba." Two months earlier, Bush had voiced his support for the embargo on May 18th at a White House ceremony in recognition of Cuban Independence Day (USCPR, Vol.8, No.5). Political cover is achieved by the White House when hardline anti-Castro Republican leaders in Miami like Reps. Lincoln Diaz-Balart and Ileana Ros-Lehtinen refrain from criticizing Bush's Title III decision. That only buys Bush six months, however, since the next opportunity to waive Title III of Helms-Burton will be more telling. Any restlessness on the grass-roots level by outspoken leaders like Alberto Beguiristain must be overcome. Remembering former House Speaker Tip O'Neill's adage that all politics is local, Rove is counting on Diaz-Balart and Ros-Lehtinen to hold the line at home as the Bush administration drifts toward a Eurocentric foreign policy. Bush's Title III waiver statement called upon the European Union to "work together with us toward fundamental goals" after lauding the EU for renewing its "Common Position on Cuba" (USCPR, Vol.3,No.12). The Common Position, a hollow November 1996 Eurocratic document that calls for human rights, political rights, and seeks an "opening of the Cuban economy" for the EU's benefit while ignoring the property rights of U.S. nationals, is a weak leg for President Bush to rest his Cuba policy upon as he maneuvers over the next six months to find another way to continue to waive Title III of Helms-Burton, arguably at the expense of democracy in Cuba.

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V8N7

TEXT OF LETTER FROM THE PRESIDENT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July 16, 2001

TEXT OF A LETTER FROM THE PRESIDENT TO THE CHAIRMAN AND RANKING MEMBERS OF THE HOUSE COMMITTEES ON INTERNATIONAL RELATIONS AND APPROPRIATIONS AND THE SENATE COMMITTEES ON FOREIGN RELATIONS AND APPROPRIATIONS

July 16, 2001

Dear Mr. Chairman: (Dear Senator:) (Dear Representative:)

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 the suspension for 6 months beyond August 1, 2001, 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,
George W. Bush

WAIVER STATEMENT BY THE PRESIDENT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July 16, 2001

STATEMENT BY THE PRESIDENT

The Cuban Liberty and Democratic Solidarity Act Title III

Today, I transmitted to Congress my decision to exercise the authority granted to me under the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act* to suspend for six months, from August 1 through January 31, the right to bring actions under Title III of that Act. In exercising this authority, I do so taking into account that it is necessary for the national interest of the United States and will expedite the transition to democracy in Cuba.

Real differences remain between the United States and our allies concerning the best methods for pursuing change in Cuba. However, for its part, the European Union has again renewed its Common Position on Cuba and has reaffirmed its goal of promoting a peaceful transition to democracy in Cuba. Our actions will encourage support for the embargo and further strengthen, not weaken, the growing multilateral, multi-faceted movement to promote democracy and human rights in Cuba.

My Administration is firmly committed to a proactive Cuba policy that will assist the Cuban people in their struggle for freedom. On Friday, I reaffirmed my commitment to maintain existing sanctions against the Cuban regime and to strengthening pro-democracy movements in Cuba. I call upon the European Union and the international community to work together with us toward the fundamental goals that should unite us: free speech, free elections, and respect for basic human rights in Cuba.

RESPONSE TO PRESIDENT'S TITLE III WAIVER

"President Bush's posture toward Castro is very clear whereas his predecessor's was fuzzy. President Bush's overall policy is strong whereas his predecessor's was wishy-washy. And besides, six months is not a very long trial period." Senator **Jesse Helms** (R-NC), Ranking Member Foreign Relations Committee.

"It's a shame we have a waiver again. But though President Bush's decision is regrettable, we must also take note of the positive work he's done in a few months in support of programs which will help bring freedom to the Cuban people." Representative **Ileana Ros-Lehtinen** (R-FL).

"The strongest and truly indispensable factor standing between the Clinton-created anti-embargo coalition and the elimination of the embargo, is President George W. Bush. Already various times, during the first 6 months of his presidency, President Bush has intervened decisively to derail anti-Cuba-embargo efforts in Congress. I support the implementation of all titles of Helms-Burton. Despite that, President Bush reached the conclusion that a trade war with Europe at the WTO over a single title of Helms-Burton at this time would dangerously strengthen the coalition of those seeking to eliminate the entire embargo." Representative **Lincoln Diaz-Balart** (R-FL).

"Title III simply would compel European and other foreign companies to stop their illegal practice of investing in Cuban property confiscated from U.S. citizens. As with the Clinton waivers, the President's waiver will deny American citizens their right under the law to sue foreigners trafficking in property stolen from them by the Castro regime." Representative **Robert Menendez** (D-NJ).

"The crucial difference between the Clinton and Bush waivers of Title III is that President Bush has signaled his intention to move aggressively on a wide variety of fronts to promote freedom and democracy for the Cuban people. In the case of Clinton, the waiver was offset by nothing of real value." **Dennis Hays**, executive vice president -- Cuban American National Foundation.

"This waiver of Title III is the wrong decision, bad policy, and bad politics. Where there are no property rights, there is no justice. The continued violation of property rights in Cuba by the Castro regime and by foreign investors is a direct violation of the liberty of the Cuban people." **Alberto Beguiristain** is the president of the National Association of Sugar Mill Owners of Cuba.

White House National Security Adviser Condoleezza Rice Briefs Press, July 13, 2001, on President Bush's European Trip

Q: Dr. Rice, by next Tuesday, President Bush is going to have to decide on Helms-Burton. Are you concerned that if he should decide to go ahead and let the law suits go forward that might cast another shadow over the upcoming summit, because that would cause European nations to react angrily to the prospect of lawsuits?

A: The President has made clear a couple of things, and that is that he very much wants to have a policy toward Cuba that he believes is reflective of the situation in Cuba. And so he said that he wants to keep the sanctions regime in place. He said that he wants to do some things, as he said, on Cuban Independence Day, to try and make it possible for the Cuban people to begin to express themselves, including doing something about Radio and TV Marti and so forth.

We'll have to consider Helms-Burton. He has not yet made a decision. But I think that the context and -- whatever he does, the context just needs to be kept in mind here, which is the President fundamentally believes that until there is a change in regime in Cuba, until you have a regime that will permit free elections in Cuba, the United States clearly wants to have policies that reflect what is really happening to the Cuban people. But he has not made a determination on Helms-Burton just yet.

BUSH ANNOUNCES STRICTER EMBARGO ENFORCEMENT

On the seventh anniversary of the sinking of a commandeered tugboat off the Cuban coast, President Bush took the occasion to announce various Cuba policy measures on Friday, July 13th. The "13 de Marzo" tugboat carrying 72 people, which was repeatedly rammed by Cuban government authorities, sank killing 41 men, women, and children. Bush described the government of Cuba as a "tyranny" that "bears direct responsibility for this and other crimes." At the same time, the president announced the enforcement of the Cuban embargo. "In order to manage more effectively the sanctions against the Cuban regime and enforce the federal regulations governing the embargo, I have asked the Treasury Department to enhance and expand the enforcement capabilities of the Office of Foreign Assets Control in this area," said Bush in a White House announcement. "It is important that we uphold and enforce the law to the fullest extent with a view toward preventing unlicensed and excessive travel, enforcing limits on remittances, and ensuring humanitarian and cultural exchanges actually reach pro-democracy activists in Cuba." Preceding his momentous decision of whether to exercise the president's Helms-Burton Title III waiver authority, which in turn preceded the G8 Summit held this year in Genoa, Italy, President Bush sought to soften public reaction by announcing measures to stem the embargo-erosion of the Clinton years. In addition, Bush named Salvador Lew as the Director of the Office of Cuba Broadcasting. However, the Bush administration has demurred on the enforcement of Title IV of Helms-Burton.

WHITE HOUSE SENDS OTTO REICH NOMINATION TO SENATE

Bearing no sense of superstition, Friday, July 13th appears to have been "Cuba policy" day for the White House. Besides naming a new director for the Office of Cuba Broadcasting, condemning the Castro regime for the sinking of the "13 de Marzo" tugboat seven years ago that killed 41 including 10 children, reiterating support for increased funding for Cuban dissidents, it officially announced that the nomination of Otto Reich to be Assistant Secretary of State for Western Hemisphere Affairs (USCPR, Vol.8, No.3) had been sent to the Senate the day before. The former ambassador to Venezuela and Reagan-era State Department appointee is facing tough opposition both in the Senate (USCPR, Vol.8, No.5) now controlled by the Democrats and from left-leaning outside interest groups who have created a "Stop Otto Reich" web site on the Internet at: www.stopottoreich.com. The assistant secretary's position will be a key post for the implementation of President Bush's Latin America policy. Supporters of Reich have organized an ad hoc committee calling themselves "Foreign Service Friends of Otto Reich." Their letter to U.S. Senators is reprinted below. The battlelines have been clearly drawn!

LETTER TO SENATORS FROM CAREER DIPLOMATS ENDORSES OTTO REICH

July 9, 2001
Dear Senator:

As former career Foreign Service Officers, we have worked with Ambassador Otto Reich in his previous appointments, and are proud to support his nomination to serve in the Bush/Cheney administration. We believe he will be an outstanding Assistant Secretary of State for Western Hemisphere Affairs. In every administration, professional Foreign Service Officers work closely with political appointees. Ambassador Otto Reich is one such appointee whose drive and professionalism earned the respect of the career service.

Ambassador Reich has demonstrated the highest standards of professional ethics, performance and accomplishment through all of his dedicated service in Inter-American Affairs. He established a solid record in directing the Latin American Bureau of the Agency for International Development, where he worked hard for agrarian reform in El Salvador. As Ambassador to Venezuela he earned the respect of the people and the government.

Ambassador Reich's direction of the Office of Public Diplomacy marked a unique time when the State Department succeeded in informing the American public about an important foreign policy issue and what the government was doing about it. Reich brought together a team of creative thinkers who analyzed the issues, communicated effectively, and demonstrated that the Reagan administration would actively support democratic government and civil liberties in Latin America.

His broad expertise on the region led CNN to draft him as co-anchor to their "Choque de Opiniones" program, a hemisphere-wide Spanish language version of "Crossfire." He is well known and highly regarded throughout of the Hemisphere.

We ask that you support Ambassador Reich when his nomination comes before the Senate.

Amb. Everett E. Briggs	Amb. George Landau	Ludlow Flower, III
John Penfold	Amb. Myles Frechette	Lawrence E. Harrison
Lowell Fleischer	Frederick Schieck	Barbara Bowie-Whitman
Marshall Brown	Timothy Brown	Fernando Mark Rondon
John Sanbrailo	Amb. Curtis Winson	Amb. Michael Skol
J. Phillip McLean	Gregory Lagana	Angel Rabasa
Amb. Crescencio Arcos	Amb. Terence A. Todman	Amb. Edwin Corr
Amb. Jon D. Glassman		

DEMOCRATIC MAJORITY REORGANIZES SENATE FOREIGN RELATIONS COMMITTEE

The 50-50 committee arrangement crafted by Senate leaders on January 5th (USCPR, Vol.8, No.1) crumbled under the weight of the Jeffords defection from the Republican Party on May 24th (USCPR, May 28, 2001 -- Legislative Alert). Having reflected the previous 50-50 division of the Senate as a whole, the Democrats have reorganized the committees including Foreign Relations where the balance shifted 10-to-9, adding one Democrat. On the full committee, Senator Joseph Biden (DE) took over as chairman from Senator Jesse Helms (NC) who held the position since 1996, the year *the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act* was signed into law by President Bill Clinton (USCPR, Vol.3, No.3). The additional Democratic seat on the committee is held by Senator Jay Rockefeller IV (WV), while on the Republican side, Senator Mike Enzi replaced Senator Craig Thomas, both of Wyoming. On the Western Hemisphere Subcommittee, Democrats also hold a majority of one which was filled by Biden. Senator Christopher Dodd (CT), who favors engagement with the Castro regime in Cuba, becomes chairman of the subcommittee. Freshman Republican Senator George Allen (VA) remains on the full committee but is replaced on the subcommittee by Enzi. The committee and subcommittee breakdowns are listed below.

Democrats (10)

Biden, Joseph R. (DE) Chairman
 Sarbanes, Paul S. (MD)
 Dodd, Christopher J. (CT)
 Kerry, John (MA)
 Feingold, Russell D. (WI)
 Wellstone, Paul (MN)
 Boxer, Barbara (CA)
 Torricelli, Robert G. (NJ)
 Nelson, Bill (FL)
 Rockefeller IV, Jay (WV)

Republicans (9)

Helms, Jesse (NC) Ranking Member
 Lugar, Richard G. (IN)
 Hagel, Chuck (NE)
 Smith, Gordon H. (OR)
 Frist, Bill (TN)
 Chafee, Lincoln (RI)
 Allen, George (VA)
 Brownback, Sam (KS)
 Enzi, Mike (WY)

Democrats (5)

Dodd, Christopher (CT) Chairman
 Nelson, Bill (FL)
 Kerry, John (MA)
 Feingold, Russell (WI)
 Biden, Joseph R. (DE)

Republicans (4)

Chafee, Lincoln (RI) Ranking Member
 Helms, Jesse (NC)
 Enzi, Mike (WY)
 Lugar, Richard (IN)

CUBA'S 2000-01 SUGAR HARVEST

Cuba's 2000-01 sugar harvest that ended in late June was reported at 3.53 million metric tons (mt.) and barely reached the government's downward revised target of 3.7 million metric tons from last year's original forecast of 4.5 million mt. "As usual, the weather was cast as the principal culprit for the dismal showing -- drought during the crop's growing period, rain disrupting the start and finish of the harvest. Adverse weather undoubtedly did play a role," observed sugar expert G.B. Hagelberg writing in F.O. Licht's International Sugar and Sweetener Report dated 13 July 2001. "With its worn equipment, dilapidated transport system and scant technical resources, Cuba's sugar industry is in a precarious state, susceptible to being thrown off course by minor hiccups." This year's harvest is considered the third lowest in 50 years.

The former army general turned sugar minister, Ulises Rosales del Toro, now in his fourth year on the job, is stressing increased acreage over improved yield to achieve a recovery in the Cuban sugar industry, according to the July 23rd edition of the ruling Communist Party daily newspaper, Granma. Over the past four harvest seasons during del Toro's tenure, sugar production in million metric tons has been reported at substandard levels: '98-3.2; '99-3.78; '00-4.058; and, '01-3.53. This compares to annual sugar production averaging 7.675 million mt. during the harvest seasons ending '89, '90, '91, and '92 prior to Cuba's sustaining the impact of the collapse of the former Soviet Union and its curtailment of economic subsidies to the island. Del Toro says there is as much acreage planted today as in 1959 when output was 6 million mt.

In an interview with the USCPR, Ing. Alberto Fernandez de Hechavarria, who was designated by President Manuel Urrutia on January 5, 1959 to direct the last Cuban sugar crop under the rules and regulations of the Cuban Sugar Institute (ICEA), disputed del Toro's figures. "We start from the base that 6 million tons of sugar were produced in 1959 and about 1 million tons were left in the fields due to Cuba fulfilling its international obligations. The data supplied is false," charged Fernandez. "Cuba admits it has had only 102 of 158 mills grinding over the last two years. Of the mills that are not grinding, many are very large mills that cannot function without adequate cane supply. The sugar mill that fulfills every year its assigned task only produces 36% of what it did in 1959. If you simply apply that data to the 102 mills that are grinding, you will see that at most Cuba is producing 2 million tons of sugar per year." Generally secretive, official Cuban source data even when made public is often viewed skeptically and treated with caution by sugar experts worldwide. □

CURRENCIES & COMMODITIES

1 Euro = 0.8763 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 18.4023 Cuban Peso

Rates as of July 31, 2001.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.97
Year ago nearby = 10.40
Future (Oct. '01) = 7.93
High = 9.88
Low = 6.27

Cash/Spot price as of July 31, 2001.
Source: CSCE/NYBOT.

CRUDE OIL

(\$per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 26.30-26.35
Year ago (July 31) = 27.43
Future (Sept. '01) = 26.35

Cash/Spot price as of July 31, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 5,675
Year ago (July 31) = 7,500

(\$ per metric ton)
Official Price: July 31, 2001.
Source: London Metal Exchange.

Cobalt = 9.20 -9.60
Year ago (July 27) = 12.55 - 13.80

(\$ per pound for 99.8%)
Price: July 25, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

HOUSE VOTES TO PERMIT TOURIST TRAVEL TO CUBA -- In a substitute amendment to the *FY 2002 Treasury Postal-Service Appropriations* bill (H.R.2590) introduced by Rep. Jeff Flake (R-AZ) on Wednesday, July 25th, the House voted 240-to-186 in favor of permitting unlicensed travel to Cuba. The Flake amendment (H.AMDT.241) would prohibit funding to administer the Treasury Department's OFAC regulations regarding travel and travel related transactions with respect to Cuba. The count very nearly mirrored last year's successful 232-to-186 vote spearheaded by House Republican Mark Sanford (SC), since retired (USCPR, Vol.7,No.7). The focus of last year's assault upon the Cuba embargo centered on the sale of food and medicine legislation commonly known as the Nethercutt amendment, which eventually passed with a compromise on the travel language (USCPR, Vol.7,No.10) that strictly prohibited travel related to tourist activity. In fierce floor debate, Rep. Ileana Ros-Lehtinen charged the Flake amendment with promoting "a tourist industry built on prostitution, particularly teen aged prostitution, and the exploitation of women." Associated Press reported that Cuban foreign minister Felipe Perez Roque approves of a lifting of the tourism travel ban. Chances are improved this year for passage of this or similar language by the Democratic controlled Senate. In a related matter, Rep. Charles Rangel (D-NY) repeated his offer on July 25th of an amendment (H.AMDT 242) to the spending bill to cut funding for the enforcement of the embargo which failed in a vote of 201-to-227 compared to last year's defeat of 174-to-241.

TRADE SANCTIONS REFORM AND EXPORT ENHANCEMENT REGULATIONS ISSUED -- The Commerce (BXA) and Treasury Department (OFAC) offices have issued regulations for the implementation of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA), the law signed by President Clinton on October 28th (USCPR, Vol.7,No.10) which allows trade with certain countries designated as terrorist states including Cuba. Although TSRA "requires the President to terminate existing U.S. unilateral agricultural and medical sanctions," it also requires that the "export of agricultural commodities, medicines and medical devices to designated terrorist countries be made in accordance with the licensing regime described in the Act." Many objections were raised over the proposed regulations, that were supposed to take effect 120 days following the date of enactment, by proponents of the new law that had been staunch supporters of the so-called Nethercutt amendment to the Agricultural Appropriations bill (USCPR, Vol.7,No.7). The Foreign Agricultural Service published a list of products eligible for export without license to Cuba on March 14th (USCPR, Vol.8,No.4) provided the agricultural commodities fall under a written contract and are to be shipped "within one year of the signing of the contract." Exporters are required to complete the "Multipurpose Application Form (BXA-748P). The regulation of agricultural commodities comes under the purview of the Commerce Department (15 CFR part 740) while the export of medicines and medical devices are ineligible under TSRA as "[s]uch items continue to require authorization for export to Cuba under the provisions of the *Cuban Democracy Act* (CDA) of 1992 (22 U.S.C. 6004)" (USCPR, Vol.8,No.3). OFAC seeks to clarify the Cuban Assets Control Regulations (31 CFR part 515) as they apply to TSRA with respect to: the reexport of U.S.-origin goods by "persons subject to U.S. jurisdiction" including overseas persons; payment and financing terms; "vessels engaged in trade with Cuba that is licensed or otherwise exempt;" and "travel related transactions." TSRA prohibits U.S. assistance and financing. Issued on July 12th, these new rules became effective July 26th and permit written public comment through a 60 day period ending September 10, 2001. The BXA rules are published in the *Federal Register*, Volume 66, No. 134, pp. 36676 - 36683 and are available on the Commerce Department web site at: www.bxa.doc.gov/. The OFAC rules are published in same issue of the *Federal Register*, pp. 36683 -36694 and can be located on the OFAC web site at: www.ustreas.gov/ofac/t11edit.html#07122001.

DOMESTIC BRIEFS

CONSOLIDATED V. SHERRITT DECISION APPEALED TO SUPREME COURT --

Attorneys for Dr. Alberto Diaz-Masvidal, president of Consolidated, have filed a petition for certiorari in the Supreme Court of the United States. The June 27th action (Case No. 00-1925) follows a rejection by the U.S. Court of Appeals for the Eleventh Circuit in Atlanta on March 30th of Consolidated's appeal for a jurisdictional rehearing (USCPR, Vol.8, No.4). Petitioners argue that their case meets the "minimum contacts" criteria in *Republic of Argentina v. Weltover, Inc.* (504 U.S. 607, 619-620, 1992) whereby respondent Sherritt, a Canadian mining company, maintained such contacts with the United States to satisfy the constitutional test when "in 1993 and 1994, [it] successfully offered for sale \$300,000,000 worth of debt instruments, denominated and payable in United States dollars, in the United States." In its brief, Consolidated alleges that Sherritt "had converted, and were continuing to convert, the oil and gas rights which had belonged to Consolidated before their expropriation by the Castro regime in 1959." Consolidated presented the Court with the question of whether "the 'minimum contacts' requirement of the Due Process Clause of the Fifth Amendment to the United States Constitution, as it pertained to the assertion of personal jurisdiction" is satisfied in this case? If the Supreme Court hears this case, it will be a landmark ruling inasmuch as the United States Courts of Appeals have "in numerous instances" decided "both confirming and rejecting" on an interpretation of the "Fifth Amendment Due Process Clause element of Rule 4(k)(2)" that deals with "personal jurisdiction over non-resident defendants." The Supreme Court has not previously ruled on this issue.

BUSH NAMES TAMARGO TO HEAD FOREIGN CLAIMS SETTLEMENT COMMISSION -- President George W. Bush announced his intention on July 11th to nominate Mauricio Tamargo to become Chairman of the Foreign Claims Settlement Commission (FCSC) in the U.S. Department of Justice. Attorney General John Ashcroft praised Tamargo for his impressive record of service saying, "His wealth of experience in international affairs will be a considerable asset to the Department. I am certain he will lead the Commission with a steady hand and clear sense of purpose in helping American citizens realize justice from foreign governments." Tamargo, born in Cuba, is chief of staff and legal counsel to Congresswoman Ileana Ros-Lehtinen (R-FL). Since 1954, the FCSC has administered 44 claims programs under Title V of the International Claims Settlement Act of 1949 including the claims of nationals of the United States against the government of Cuba as a result of expropriation of private property by the Castro regime in 1959 without compensation. Completed in 1972, the Cuban claims program certified 5,911 claims valued at \$1.8 billion.

ASHCROFT SEEKS TO DEPORT CRIMINAL ALIENS FOLLOWING SUPREME COURT DECISION -- Two U.S. Supreme Court decisions handed down on Monday, June 25th involve cases that prevent the U.S. government from detaining "indefinitely, pending deportation, illegal aliens who have served out criminal sentences" but whose governments either delay or refuse to accept their return. "The Department of Justice believes these criminal aliens must be deported because their history of serious crime makes them a threat to our community," announced Attorney General John Ashcroft on July 19th. "The result of the Supreme Court's ruling is that criminal aliens will be released from detention onto the streets of America simply because their countries of origin refuse to live up to their obligations to take them back under international law." Among the 125,000 Cubans that arrived in the United States during the Mariel boatlift in the summer of 1980, 12,555 were reportedly in U.S. prisons in 1982. Although a bilateral migration agreement had been reached with Cuba in 1984 where 2,746 so-called excludables were set for repatriation, by 1996 approximately 1,300 remained in U.S. detention facilities including 963 in federal prisons and county jails. Ashcroft intends to invoke Section 243(g) of the Immigration and Nationality Act to suspend immigrant processing to the U.S. when a foreign government refuses to take back one or more of its citizens. The two decisions affect over 3,000 criminal aliens.

NOTABLE QUOTES

"The U.S. policy debate on Cuba has evolved into differing approaches on how to promote political and economic change on the island. The Diaz-Balart/Helms bills seek to encourage direct interaction with and support for the Cuban people, circumventing the Castro regime to the extent possible. The Dodd/Serrano measures generally promote a commercial opening with the regime along with targeted aid to Cuban students and the removal of limits on remittances." **Daniel Fisk** is deputy director of, and **Stephen Johnson** is a policy analyst in, the Kathryn and Shelby Cullom Institute for International Studies at the Heritage Foundation. This paper can be located at: www.heritage.org/library/backgrounder/bg1456.htm. (The Heritage Foundation Backgrounder No.1456: How to Help the People of Cuba, Not the Regime, 7/6/01).

"But prior to campaigning for chancellor, Mr. Schroeder had never once visited the United States. Strange for a German leader. He had been to Cuba, though...Last year, Mr. Schroeder sent his development minister, Heidemarie Wieczorek-Zeul ('Heide the Red,' as she's widely known) to Havana -- the first senior German official to travel to the island in 40 years -- to revive German-Cuban relations...Perhaps there's more. Berlin's Cuba policy looks like a way to poke the United States...Indeed, on a number of matters one might ask, as Henry Kissinger has written recently, whether the EU is becoming overly preoccupied with ambitions to undercut American power and influence." **Jeffrey Gedmin** and **Mark Falcoff** are resident scholars at the American Enterprise Institute. Falcoff is the author of the forthcoming book entitled: *The Cuban Revolution and the United States -- A History in Documents 1958 to 1960*. (TWT,"Perfect together? Schroeder's love fest with Fidel Castro," 7/17/01, p.A21).

"Two months ago, Russian and Chinese officials announced they would coordinate policy toward Colombia and Cuba. Russia and China have political and military relations with Cuba as well as electronic monitoring bases aimed at the United States. This joint policy might well include more help for Castro as he works with the Chavez regime to support anti-U.S. radical groups seeking to take power in Colombia and other Latin American countries, now even more fragile due to the global economic slowdown. Jiang and Putin might see this as a way of keeping the United States occupied near its borders and less involved in Eurasia." **Constantine C. Menges** is a senior fellow at the Hudson Institute and served as special assistant for national security affairs for President Ronald Reagan from 1983 to 1986. He is the author of *Inside the National Security Council* and the forthcoming book entitled: *The United States, Russia and China: Geopolitics in the New Century*. (WP,"Russia, China and What's Really on the Table," 7/29/01, p. B2).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 8

August 31, 2001

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

Ralph J. Galliano, Editor

SENATOR JESSE HELMS ANNOUNCES HE WILL NOT RUN FOR REELECTION IN 2002

WASHINGTON -- Jesse Helms, the southern gentleman from Monroe, North Carolina -- the birthplace of Andrew Jackson -- and the son of a police chief who was elected to the U.S. Senate in 1972 and rose to become one of the most powerful and respected chairmen of the Senate Foreign Relations Committee, appeared on Raleigh television on Wednesday, August 22nd to announce he would not seek reelection in 2002. Quoting former North Carolina Senator Sam J. Ervin, Jr., a long time friend, Senator Helms reiterated, "There's one inescapable reality that no man can ignore, and that is that time takes a terrific toll, which is of an increasing nature with those who live many years." Having discussed the matter of his reelection campaign with his family and his best friend, wife Dot, Helms formally announced, "The point is: I would be 88 if I ran in 2002 -- and was elected and lived to finish a sixth term. This, my family and I have decided, unanimously, I should not do, and I shall not." At the end of his fifth term, Helms will have become the longest serving Senator "elected by the people of North Carolina," which he characterized as a "privilege." Assuring his audience and supporters nationwide, "I am, by no means, announcing my 'retirement.' A great deal of work lies ahead of the Senate this fall -- and next year when there will be much significant legislation." The Republican anti-Communist stalwart is perhaps best known for his: opposition to President Carter's Panama Canal treaties in the 1970s; support of the Nicaraguan Contras in the 1980s; and his pursuit of United Nations reform, restructuring of the State Department bureaucracy, and overthrowing the Castro regime in Cuba in the 1990s. He has opposed normal trade relations for both Cuba and China. *Human Events*, the national conservative weekly, described Helms as "one of the towering figures of the postwar conservative movement, right up there with Robert Taft, Barry Goldwater and even Ronald Reagan." Not unlike Ronald Reagan, Helms' 1960s broadcast media career at the Tobacco Radio Network and WRAL TV/Radio helped to launch his political career as well. To his credit, Helms unleashed his state campaign machine -- the Congressional Club with Tom Ellis and Carter Wren -- to help Ronald Reagan win the 1976 North Carolina presidential primary -- his first -- that kept the nascent Reagan campaign alive and helped to lay the groundwork for Reagan's 1980 White House victory. "For 30 years, Senator Helms has been one of freedom's strongest voices," House Majority Whip Tom Delay (R-TX) told the USCPR. "He stood firm against Castro's brutal oppression in Cuba and just as surely as the Berlin Wall fell, history will vindicate his stand against totalitarianism in the Caribbean." Certainly, one of his most notable achievements is the passage, with strong bipartisan support, of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, also known as the Helms-Burton Act.

▪ Senator Jesse Helms Announces He Will Not Run for Reelection in 2002.....	1
▪ Office of Foreign Assets Control Enforces Travel Regulations.....	3
▪ Cuban Nickel Output for 2001 Projected Above 75,000 Metric Tons.....	5
▪ Venezuela and Cuba Expand Cooperation Treaty.....	6
▪ At 75- U.S. Says it's Time for Castro to Retire.....	7

PROTECTION OF PROPERTY RIGHTS – When Republicans won back the majority in 1994, the ranking minority member of the Senate Foreign Relations Committee, Jesse Helms, assumed the chairmanship by championing property rights as the bedrock of a democratic, free-market society, particularly in Nicaragua where he later applied the same principles to confiscated property in Cuba with the passage of Helms-Burton Act in February of 1996. Benchmarks of this legislation are: the Section 109 support for democratic and human rights groups in Cuba; Title II assistance to a free and independent Cuba; Title III protection of property rights; and, the codification of the embargo. "Senator Helms' crucial support as the chairman of the Senate Foreign Relations Committee was a turning point in the efforts to get the LIBERTAD legislation, the Helms-Burton Act, passed. But for his support, it would not have gotten passed," declared Rep. Bob Menendez (D-NJ). Nicolas J. Gutierrez, Jr., a Miami attorney with Rafferty, Gutierrez & Sanchez-Aballi, said, "The impact of Sen. Helms' legacy on U.S. foreign policy in general, as well as on U.S.- Cuba policy specifically, will be a far-reaching and generally positive one, which elevates to a new level in international law a clear commitment to the defense of all human rights, including historically unpopular ones such as property rights." The author of the 1992 *Cuban Democracy Act*, Senator Bob Torricelli (D-NJ) said, "Senator Helms has always seen the Cuba issue very clearly. Unlike many in the Senate, he has never been fooled into believing Castro is anything more than a repressive dictator. He has been unwavering in his commitment to use any tool available to deny Castro the resources he needs to prop up his regime and repress the Cuban people. The 1996 Helms-Burton Act came at a time when it was important to let Castro know that our resolve will not weaken until democracy comes to Cuba. Cuban-Americans will lose a steadfast friend and strong voice in the Senate." Cuban-American members of Congress recognize this fact. "Senator Helms is a great friend of the cause for a free Cuba and his substantial efforts in Congress will be irreplaceable," observed Rep. Lincoln Diaz-Balart (R-FL). "The Cuban-American community will forever be grateful to this honorable American statesman," stated Rep. Ileana Ros-Lehtinen (R-FL) as she paid tribute to Helms. Bob Graham (D-FL), now chairman of the Senate Intelligence Committee, recognized that "He has been a strong supporter of democratic priorities in Cuba." Even detractors such as political columnist David Broder recently wrote, "Let me be clear, Helms has fought many battles in his career, and whether you agreed with him or not on small issues such as the funding of the arts or large ones such as Cuba, China, the Panama Canal and the United Nations, you had to respect his right as an elected and reelected senator to fight for his beliefs."

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V8N8

PRESIDENT'S STATEMENT ON HELMS

The White House
President George W. Bush

For Immediate Release
Office of the Press Secretary
August 22, 2001

Statement by the President

The Senate is losing an institution with the decision of Jesse Helms to retire after three decades of distinguished public service.

Senator Helms went to Washington, but never became a part of Washington. He has always remained true to his conservative principles and to the people of North Carolina who elected him five times. Senator Helms is a true gentleman, known for treating his colleagues with the utmost respect and courtesy, regardless of party or policy differences.

As Chairman and ranking Republican of the Foreign Relations Committee, Senator Helms has been a tireless defender of our nation's freedom and a champion of democracy abroad. When Senator Helms retires, the Senate will have lost a respected leader, but I have no doubt we will continue to seek his counsel as a senior statesman.

Laura and I extend our best wishes to Jesse, his wife Dot, and the entire Helms family.

OFFICE OF FOREIGN ASSETS CONTROL ENFORCES TRAVEL REGULATIONS

Since President Bush called upon the Treasury Department's Office of Foreign Assets Control (OFAC) to "enhance and expand the enforcement capabilities," it has been reported that hundreds of Americans are receiving notices of fines for illegal travel to Cuba. In his July 13th statement to the press, the president said it was time to more effectively manage sanctions. "It is important that we uphold and enforce the law to the fullest extent with a view toward preventing unlicensed and excessive travel, enforcing limits on remittances, and ensuring humanitarian and cultural exchanges actually reach pro-democracy activists in Cuba," proclaimed the president. Treasury spokeswoman Tasia Scolinos said on Wednesday, August 15th there was an increase in notification letters sent to violators with 443 demands for fines issued in the May-to-July period compared to 74 over the previous four months. Fines appear to be averaging \$7,500 and can reach up to \$55,000. The number of Americans conducting unauthorized and illegal travel to Cuba has been on the rise throughout the years of the Clinton administration partly due to lax enforcement, liberalized regulations encouraging so-called people-to-people contact, and travel through third countries such as the Bahamas, Jamaica, Mexico, and Canada. An estimated 50,000 Americans illegally visited Cuba in 2000 plus 150,000 that were categorically legal, totaling some 200,000 from the United States, third only to Canada and Germany. Information regarding OFAC Cuba travel regulations can be accessed on the Internet at: www.treas.gov/ofac/cubapage.html. The latest Cuba travel advisory issued by OFAC on June 27th warns that "tour packages for scuba diving, bicycling, hunting, fishing, hiking or other tourist travel" are illegal. The Treasury Department indicates the step-up in enforcement is due to a "paperwork backlog."

DORGAN LEADS OPPOSITION TO TRAVEL BAN ENFORCEMENT

Calling the enforcement of Cuba travel restrictions "heavy-handed and ill-advised," Senator Byron Dorgan (D-ND), chairman of the Appropriations Subcommittee that funds Treasury functions, is leading the Democratic-controlled Senate in opposition to the aggressive enforcement by the Bush administration of the OFAC travel regulations. Acknowledging current law, Dorgan admits that while "the ban has not been enforced with any aggressiveness" during the Clinton administration, he believes "Congress is about to repeal that misguided travel prohibition." Dorgan, who also chairs the Democratic Policy Committee, says in his August 17th press release (reprinted below) that the enforcement is an "unjustifiable restraint on the freedom of travel by U.S. citizens" citing the Cold War period when travel to the former Soviet Union, North Korea, China and Vietnam was not similarly restricted. In his capacity as subcommittee chairman, Dorgan wrote to Treasury Secretary Paul O'Neill on August 17th asking him to "suspend" the enforcement activities and to "abandon" the use of EPA administrative judges to hear the cases. Announcing that he intends to introduce an amendment in September, when Congress returns from its August recess, to the Treasury appropriations bill to lift the ban, Dorgan says, "I expect the ban either to be lifted or, at a minimum, for a prohibition on enforcement to be the policy that comes out of the appropriations bill conference."

DORGAN WRITES LETTER TO TREASURY SECRETARY O'NEILL

News From U.S. Senator

North Dakota

Byron L. Dorgan

FOR IMMEDIATE RELEASE
August 17, 2001

CONTACT: Barry Piatt
or Dana McCallum
Phone: 202-224-3551

DORGAN SAYS TREASURY DEPARTMENT'S OFAC IS SUPPOSED TO BE FIGHTING TERRORISM, NOT CHASING RETIRED AMERICAN BICYCLISTS WHO TRAVEL IN CUBA

(WASHINGTON, DC) I am both surprised and disappointed by the actions the Treasury Department has now taken against American citizens who have traveled in Cuba.

I personally have talked to American citizens who have been subject to these fines. They include Donna Schultz a retired 64-year-old social worker who joined a Canadian bicycle tour of Cuba and was fined \$7,600 by the Treasury Department, and Kurt Foster, a traveler who joined some friends to fly from the Grand Cayman Islands to Cuba, was fined \$19,000 by the Treasury Department. These and other U.S. citizens, including a man who took his deceased father's ashes to be buried in Cuba, have become targets of the Treasury Department's heavy handed enforcement.

It is true that under current law Americans, but for a few exceptions, are prohibited from traveling in Cuba. It's also the case that the ban has not been enforced with any aggressiveness.

In any event, I believe the Congress is about to repeal that misguided travel prohibition.

I think it's just unseemly for the Treasury Department to crank up an enforcement effort and chase a retired social worker who rides a bicycle in Cuba for thousands of dollars in fines.

I am Chairman of the Appropriations Subcommittee that funds the Treasury functions, and I don't believe this represents the best use of the taxpayers' dollars. The Office of Foreign Asset Control (OFAC) is supposed to be fighting terrorism, not chasing retired American citizens who are riding a bicycle in Cuba.

Today I am asking the Treasury Secretary to do two things.

1) Suspend these enforcement activities until Congress votes on provisions dealing with this matter next month. The House of Representatives' appropriations bill already includes a provision prohibiting OFAC from spending money to enforce this travel ban. I intend to offer an amendment with several of my colleagues to lift the ban, and I expect the ban either to be lifted or, at a minimum, for a prohibition on enforcement to be the policy that comes out of the appropriations bill conference. For those reasons I believe the Treasury Secretary should suspend these enforcement activities until Congress completes its work on this appropriations bill, which will almost certainly bear directly on this subject.

2) Abandon plans to use EPA judges to hear these travel enforcement cases. News reports from the Department of the Treasury say that they are intending to use judges from the Environmental Protection Agency to prosecute these travel cases. Aside from the fact that I think that is a bad idea, if judges from the EPA have enough time to go over to Treasury to handle enforcement cases on Cuba travel, then there's something wrong with the priorities of EPA. I intend to add a provision in the appropriations bill that would prohibit Treasury from spending funds to use the EPA judges for these cases. The money appropriated for the Environmental Protection Agency is designed to be used for those purposes, not to engage in some ill considered crack down on Cuba travel by American citizens.

In summary, I think what the Treasury Department is doing is heavy-handed and ill- advised. I'm asking the Treasury Secretary to suspend those actions until Congress acts in September.

The law preventing U.S. citizens from traveling to Cuba has not been aggressively enforced and is, on its face, an unjustifiable restraint on the freedom of travel by U.S. citizens. No such travel restriction existed in the height of the Cold War for travel to the Soviet Union. There have been no similar restrictions on travel to communist North Korea, China or Vietnam. And it defies all logic to continue this policy. But it certainly makes no sense for the Treasury Department to begin an enforcement crackdown at this time, given that Congress is about to consider a change in the law in the coming month.

-END-

CUBAN NICKEL & COBALT OUTPUT FOR 2001 PROJECTED ABOVE 75,000 METRIC TONS

Cuban state-television reported on Saturday, August 11th that it expected the island's nickel output for 2001 to exceed 75,000 metric tons (mt.), up from the previous year's output level of 71,400 metric tons.*

Among Cuba's four aging nickel/cobalt mixed sulfite processing plants located in the eastern Cuban area of Holguin in Oriente Province (listed below), Las Camariocas remains 80% complete, and non-functioning (USCPR, Vol.7, No.1). Assuming Cuba achieves its 2001 production goal, it can only produce an additional 9,000 metric tons in coming years before utilizing existing plant capacity at Nicaro, Moa Bay, and Punta Gorda, which account for 84,000 metric tons.

Nickel and cobalt mixed sulfites, Cuba's second most profitable export product after raw sugar, is facing downward pressure on prices as world wide production continues to increase, while the world economy begins to slow creating decreased demand. Current nickel and cobalt prices compared to year-ago prices listed at the London Metal Exchange and Metal Bulletin respectively, show significant decline.

Cuban Nickel-Cobalt Production 1991- 2000

<u>Year</u>	<u>Metric Tons</u>
2000	71,400*
1999	66,503
1998	67,739
1997	61,564
1996	53,657
1995	42,695
1994	26,926
1993	30,227
1992	32,190
1991	33,349

Source: International Nickel Study Group; *Reuters, "LME base metals drift lower, look for direction," 8/13/01.

Annual Plant Capacity

<u>Name</u>	<u>Location</u>	<u>Metric Tons</u>
Rene Ramos Latour	Nicaró	30,000
Pedro Sotto Alba	Moa	24,000
Ernesto Che Guevara	Punta Gorda	30,000
Las Camariocas	Las Camariocas	30,000

Source: "Nickel in Cuba" Minerals & Metals Society, Vol.1, 1993.

CURRENCIES & COMMODITIES

1 Euro = 0.9100 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 19.11 Cuban Peso

Rates as of August 31, 2001.
Source: Bloomberg.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.50
Year ago nearby = 10.56
Future (Oct. '01) = 7.91
High = 9.88
Low = 6.27

Cash/Spot price as of August 31, 2001.
Source: CSCE/NYBOT.

CRUDE OIL (\$per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 27.20-27.25
Year ago (Aug. 31) = 33.12
Future (Oct. '01) = 27.20

Cash/Spot price as of August 31, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 5,450
Year ago (Aug. 31) = 8,690

(\$ per metric ton)
Official Price: August 31, 2001.
Source: London Metal Exchange.

Cobalt = 9.60 -10.20
Year ago (Aug. 31) = 15.05 - 15.75

(\$ per pound for 99.8%)
Price: August 30, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

VENEZUELA'S SUPPORT FOR U.S. DURING ENERGY CRISIS OVERSHADOWED BY TIES TO CUBA -- In his June visit to PDVSA oil refineries in the United States, Venezuelan President Hugo Chavez voiced support in this time of crisis for its largest energy customer, the United States. Following visits to Venezuelan state-owned refineries in Louisiana and Texas, Chavez said his country was willing to continue "to help the people of the United States with a reliable oil supply." Venezuela jockey for position with major U.S. energy suppliers Saudi Arabia, Canada, and Mexico as top exporters of crude to the United States. At the same time, Venezuela through its bilateral agreement with Cuba, the Caracas Energy Cooperation Accord, supplies the Castro dictatorship with subsidized oil supplies (USCPR, Vol.7, No.10). Energy Vice-Minister Bernardo Alvarez and his delegation met in Washington in late July to discuss ways to expand their country's bilateral investment protection treaty that has been on hold since 1998, the year Chavez came to power. A U.S. embassy spokesman in Caracas called the August 6th meeting involving officials from the Office of the U.S. Trade Representative and the Office of Investment Affairs at the State Department as "exploratory." So as not to repeat past mistakes of his mentor Fidel Castro, Chavez has not moved to nationalize or expropriate foreign oil investments as did Castro with foreign businesses, especially in the sugar industry -- Cuba's largest earner of foreign exchange at the time. (RL,"Venezuela, U.S. hold investment treaty talks," 8/2/01). **CHAVEZ MAINTAINS CLOSE ECONOMIC TIES WITH U.S. AS RELATIONS WITH CUBA STRENGTHEN** -- Overtaking Spain, Venezuela has become Cuba's principal trading partner and strategic ally in Latin America, due in large part to the oil subsidies that are part of the bilateral cooperation treaty (USCPR, Vol.7,No.10). At the same time, Venezuela retains the United States as its largest oil customer and provider of foreign investment, accounting for an estimated \$20 billion in the petroleum sector. Venezuela's state-run PDVSA has for the past 10 years owned and operated the wholly-owned subsidiary, CITGO, the chain of gas stations and refineries throughout the United States known in the 1960s as the Cities Service Company and now valued at \$8 billion. Two of CITGO's refineries are located at Lake Charles, Louisiana and Corpus Christi, Texas. Chavez, who came to power in 1998, continues to draw diplomatic distance between Venezuela and the United States as he evicts the U.S. military from its rent-free Caracas offices occupied for 40 years. Ostensibly in its capacity as Secretary General of OPEC, Chavez draws closer to governments of countries that are hostile to U.S. interests such as Iran, Iraq, and Libya. Chavez, however, has been strategically unsuccessful in persuading Russia, once the world's largest oil producer, to become an OPEC member. (RL,"Venezuela, U.S. to hold investment treaty talks," 8/2/01; TWT,"Castro honored on 75th birthday," 8/12/01). **VENEZUELA AND CUBA EXPAND COOPERATION TREATY** -- Venezuelan President Hugo Chavez showered his guest Fidel Castro, celebrating his 75th birthday on August 13th, with three notable presents including: a prized rifle, an expanded cooperation treaty, and an eviction notice to the U.S. military mission in Caracas from offices occupied for 40 years, dislodging the long-standing relationship with that country's military. The year-old bilateral cooperation treaty (USCPR, Vol.7,No.10), viewed by many as the *Cubanization* of Venezuela, provides Cuba with subsidized oil supplies and is being expanded to include, in return, Cuban advice in numerous sectors of Venezuelan life such as tourism, health, and education, with a Cuban inspired curricula that includes a course on the late Che Guevara. Chavez has denied the presence of Cuban intelligence and military advisers, having created so-called Bolivarian Circles similar to the Cuban neighborhood Committees for the Defense of the Revolution (CDRs) in order to defend "against the counter-revolution." Since Chavez came to power in 1998, he has forged closer ties with American adversaries and terrorist states such as Cuba, Libya, Iran, and Iraq. In his recent visit to Washington, Venezuelan foreign minister Luis Alfonso Davila said his country wants closer ties with the United States but not before he attacked American foreign and economic policies during a speech at the OAS on Monday, August 27th. (AP,"Cuba, Venezuela Increasing Ties," 8/4/01; RL,"Venezuelan minister seeks better ties with U.S.," 8/27/01).

DOMESTIC BRIEFS

NORIEGA CONFIRMED AS U.S. REPRESENTATIVE TO THE OAS -- On August 1st, the U.S. Senate confirmed Roger Noriega as President Bush's choice (USCPR, Vol.8, No.5) to become U.S. Permanent Representative to the Organization of American States (OAS). Holding the rank of ambassador, Noriega assumed his duties shortly thereafter in preparation for the upcoming special session of the OAS general assembly meeting to be held in Lima, Peru on September 10 -11. There Noriega will join Secretary of State Colin Powell and 33 foreign ministers and ambassadors for the two-day special session where the OAS is expected to adopt the Inter-American Democratic Charter. Enactment of the democracy charter, proposed at the Summit of the Americas in Quebec City in April by Peru following the collapse of former President Alberto Fujimori's "disguised dictatorship," was blocked at the OAS general assembly meeting in San Jose, Costa Rica in June by nations concerned about the definition of democracy. According to the State Department, "The proposed Democratic Charter sets democracy as the only legitimate political system for OAS member states, links democracy and human rights, establishes preventive measures to assist democracies in crisis, and refines the OAS's ability to address nascent and subtle threats to democracy in the region." Among the countries opposed to the charter's definition of democracy is Venezuela. That country's president, Hugo Chavez, whose failed 1992 coup landed him in prison only to be later released and popularly elected in 1998, is seen as consolidating near-dictatorial powers and attempting to emulate the Cuban-model. While Cuba remains a member of the OAS, the Castro regime has been suspended from participating since 1962. (SD-PR, "Secretary to Attend OAS Assembly," 8/16/01; RL, "Powell to visit Peru for special OAS session," 8/16/01).

AT 75 - U.S. SAYS ITS TIME FOR CASTRO TO RETIRE -- Fidel Castro celebrated his 75th birthday on Monday, August 13th with fellow revolutionary and anti-American compatriot, Hugo Chavez, president of Venezuela. This was Castro's first foreign visit since his highly publicized fainting spell in June. Among his several birthday presents was the dedication of the power line between Venezuela and Brazil, where Castro, asked to speak, was reported by Reuters as launching "into a lengthy digression about the nutritional merits of soybean food products." Saying it was his happiest birthday yet, Castro announced he was passing his revolutionary legacy on to Hugo Chavez envisioning a "new revolutionary wave of changes" emerging in Latin America. Both share the belief that the "unipolar" global dominance of the United States must be changed. "We do wish to note that inasmuch as Mr. Castro has reached the mandatory retirement age for dictators [that] he will be moving on soon into retirement," said State Department deputy press spokesman Phillip Reeker. "And I might add that one often talks about a certain amount of wisdom coming with age and experience. And we would certainly hope, for the sake of the people of Cuba, that Mr. Castro would develop enough wisdom to think about taking steps to let his people celebrate their own freedom and their own human rights under a regime that respects international standards of human rights and allows people the freedom that they deserve." (RL, "U.S. says time for Castro to retire," 8/13/01; RL, "Castro turns 75, vows to be rebel to his death," 8/13/01; RL, "Castro watches as Venezuela, Brazil open power link," 8/13/01).

AMERICAN STUDENTS RECRUITED TO STUDY MEDICINE IN CUBA -- Bringing the number of American students studying medicine in Cuba to 38, an additional 26 arrived in Havana at the Iberoamerican Medical School on Wednesday, August 22nd, greeted by Rev. Lucius Walker from the anti-embargo organization Pastors for Peace (<http://www.ifconews.org/>). The newly arrived group is supposedly part of a larger effort to extend a medical education to the underprivileged through the Cuban government in solidarity with the poor based on a promise made to members of the Congressional Black Caucus (CBC) last year. Applications are processed through the Cuban Interest Section in Washington. The CBC is helping to actively recruit 500 young people from minority families to attend what defecting Cuban doctors have dubbed in a Senate hearing held on September 20, 2000 as a politically and financially motivated scam that deprives the Cuban people of decent medical attention while benefiting the elite of the Castro regime along with its global propaganda machine (USCPR, Vol.7, No.9). (AP, "Americans Arrive in Cuba for Study," 8/22/01).

NOTABLE QUOTES

"Fidel Castro has been, since his early years, a master performer. He is a different person behind the façade. He is a revolutionary who continues to despise and fear the United States. This is not an a-political grandfather." **Brian Latell**, a professor at Georgetown University in Washington, DC, comments on Castro's upcoming 75 birthday during the 11th Annual meeting of the Association for the Study of the Cuban Economy (ASCE) in Coral Gables, Florida on August 2nd. (MH,"Castro a masterful trickster, Cuban scholar," 8/2/01)

"I oppose economic sanctions for two very simple reasons. First, they don't work as effective foreign policy. Time after time, from Cuba to China to Iraq, the U.S. government has failed to unseat despotic leaders by refusing to trade with the people of those nations. If anything, the anti-American sentiment aroused by sanctions often strengthens the popularity of such leaders, who use America as a convenient scapegoat to divert attention from their own tyranny." Rep. **Ron Paul** (R-TX) writes about the adoption of a resolution by the Texas state legislature on June 29,2001 calling for an end to the U.S. embargo on Cuba's Castro regime. (www.Antiwar.com, "Lift the U.S. Embargo on Cuba," 8/21/01).

"Our current [drug operations] policy [toward Cuba] is mistaken and we do need to engage them on this issue." **Barry McCaffrey** served as President Clinton's National Drug Czar, a White House Cabinet post and member of the National Security Council for drug-related issues. McCaffrey is a retired four-star Army General. He spoke at Georgetown University on Tuesday, August 28th. (AP,"Bush urged on Drug Efforts with Cuba," 8/28/01).

"If you go to Cuba, you are directly contributing to the oppression of the Cuban people. There's no rule of law in Cuba, and the U.S. government is not capable of protecting its citizens in that environment. In general we support purposeful travel, which is travel where people try to go and help the Cuban people. People who go and lie on the beach and drink mojitos are not helping the cause of democracy, no matter how much they tip the bellboy. The bottom line is that that money goes to the regime." **Dennis Hays**, a career diplomat who spent 24 years at the State Department, gives an interview to *The Washington Diplomat* magazine and here addresses the issue of travel to Cuba by Americans. Hays is currently the Executive Vice President for the Washington office of the Cuban American National Foundation. (*The Washington Diplomat*, August 2001).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S.☆ CUBA *Policy Report*

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Institute for U.S. Cuba Relations ♦ Washington, D.C. USA
Ralph J. Galliano, Editor

September 25, 2001

Special Edition

IRA ARRESTS IN COLOMBIA LINKED TO CUBA: BUSH ADMINISTRATION FACES EMERGING POLICY CHALLENGE IN LATIN AMERICA CONNECTED TO TERRORIST STATES AND ORGANIZATIONS ON THREE CONTINENTS

WASHINGTON – Niall Connolly, the leader of three IRA terrorists, arrested by the Colombian army early Saturday afternoon on August 11th after stepping off Satena flight 9665 from San Vicente del Caguan to Bogota's El Dorado airport, has been identified by Havana as the representative of Sinn Fein, the political wing of the outlawed Provisional Irish Republican Army (IRA); in effect the political front for the IRA where Sinn Fein/IRA membership is overlapping. The Irish correspondent for *The Daily Telegraph*, reported on August 14th that "Cuban authorities have already confirmed that Connolly has lived and worked in Cuba for the past five years as Sinn Fein's representative, a claim denied by Sinn Fein." Rita O'Hare, Sinn Fein's Washington-based representative stated, "I am the only authorized Sinn Fein representative in the Americas. The Sinn Fein office in Dublin handles Latin America and they have never heard of Connolly. He has never been a member of Sinn Fein and has never been a representative of Sinn Fein." On Friday August 17th, Cuban foreign ministry spokeswoman, Aymee Hernandez, announced in a prepared statement, "Mr. Niall Terence Connolly is the official representative of Sinn Fein for Cuba and Latin America. We want to make it quite clear that the presence of Mr. Connolly in Colombia has no connection with official and legal activities he was carrying out in Havana." Niall Terence Connolly is listed in the Havana telephone directory at 214 No. 21405 Atabey, where his telephone exchange is 33-1008. Traveling on false British and Irish passports, Connolly (34), alias David Bracken, along with James Monaghan (40s), alias Edward Joseph Campbell, and Martin McCauley (38), alias John Joseph Kelly, were taken into custody after spending five weeks in the "despeje" controlled by the Revolutionary Armed Forces of Colombia (FARC), a narco-terrorist organization. FARC is listed in the State Department's *Pattern of Global Terrorism -- 2000* report as a Foreign Terrorist Organization (FTO). Set up in 1998 by Colombian President Andres Pastrana for the purpose of conducting peace negotiations with the FARC, this despeje or so-called demilitarized zone, a 16,000 square mile area of jungle and plains the size of Switzerland, has become an international terrorist safe haven. Compared to the FARC, a 37-year old peasant-based Marxist guerrilla movement, the IRA, which is dedicated to the "establishment of a Democratic Socialist Republic" in Ireland, is considered the most sophisticated urban terrorist organization in the world.

▪ IRA Arrests in Colombia Linked to Cuba.....	1
▪ Colombian Expedition Authorized by IRA Leadership.....	3
▪ Northern Ireland Peace Process Jeopardized by Colombian Arrests.....	5
▪ U.S. -Colombia Policy Undermined by IRA Presence in Latin America.....	7
▪ Delahunt Calls for Congressional Investigation.....	8

THE SINN FEIN OFFICE IN DUBLIN HANDLES LATIN AMERICA – Upon arrest by Colombian authorities, forensic tests of their skin, clothing, and luggage showed traces of four kinds of explosives, cocaine, and amphetamines. **Monaghan**, an explosives expert, has been identified by British and Irish authorities as the head of the IRA's engineering department in charge of design and development of armaments such as sophisticated mortar bombs and rocket launchers. Sinn Fein has acknowledged he was a senior executive member until 1989 and was designated by Sinn Fein as an OTR (on the run) in recent negotiations with the British government. Following his arrest in Bogota, Monaghan was shown in newspapers across Britain as having appeared on the dais with Gerry Adams, the president of Sinn Fein, at their 1989 annual conference in Dublin. A 1989 Defense Intelligence Agency document reportedly describes Monaghan as a member of the "headquarters staff" of the ruling IRA Army Council along with Gerry Adams and Martin McGuinness, the chairman of Sinn Fein. A Dublin court sentenced Monaghan to three years in prison for explosives possession, conspiracy, and criminal damage in 1971. Monaghan's false passport showed he had traveled to Venezuela, Nicaragua, Costa Rica, and Puerto Rico in July and September 1999. The *Sunday Times* of August 26th revealed that Monaghan "was being paid with EU money until days before he left for Bogota." Apparently, the EU operates a "peace and reconciliation fund" as part of the 1998 Belfast Good Friday Agreement that provided startup financing for an ex-prisoners committee in Dublin. Called *Coiste na nIarchimi*, the ex-prisoners committee which hired Monaghan was opened by IRA leader Brian Keenan. **McCauley**, also an explosives expert, had been severely wounded when he was 19 in an undercover attack by an anti-terrorist unit of the Royal Ulster Constabulary (RUC) in 1982 and was later convicted for possession of firearms. In 1996 McCauley was the director of elections for Sinn Fein in the Upper Bann constituency of Northern Ireland. **Connolly**, fluent in Spanish, studied at Trinity College in Dublin and appears to have no criminal record. He is believed to be the link between the IRA and the FARC through the Spanish Basque terrorist group ETA (Madrid) and contacts with Cuban intelligence (Havana). Connolly once worked as a carpenter in El Salvador and has been active in Nicaragua, Panama, and Venezuela, according to a report in *The Times* of London. Connolly, the *Guardian* reported, "worked for the [Sinn Fein] political party in [C]entral America." Belfast security sources call Connolly the IRA "envoy" or ambassador to Cuba and Latin America and is believed to be part of the team organizing Gerry Adams' upcoming trip to Havana, another claim denied by Sinn Fein.

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COLOMBIAN EXPEDITION AUTHORIZED BY IRA LEADERSHIP -- Rather than boarding the short flight directly to Bogota from Havana, Connolly, although based in Havana, took a circuitous route to Colombia, which began in Dublin, ran through Madrid where he boarded an Avianca flight to Caracas, and then on to Bogota to meet his comrades. Monaghan and McCauley, on the other hand, traveled from Belfast to Paris, where they flew to Bogota on Air France before meeting up with Connolly. A *Guardian* story on August 16th reported a "Belfast security source claimed the Colombian expedition was authorised by the IRA leadership in Ireland most probably by Brian Keenan, the go-between to General John de Chastelain's disarmament body." The British newspaper quoted the source as saying, "Connolly is a member of Sinn Fein. He operated out of Dublin but he has been in Cuba since 1996." Keenan, who served a lengthy prison sentence for bombing the British mainland in the 1970s, is identified as the IRA's assistant chief of staff and one of the seven member ruling Army Council. Keenan is considered the IRA's "leading strategist" and closest political ally of Gerry Adams. Yet on September 20th, the IRA issued a statement claiming "the Army Council sent no one to Colombia to train or to engage in any military cooperation." The Colombian August 20th issue of *Combio* magazine details the surveillance operation that led to the capture of the Bogota-three. Of particular interest to investigators will be the radio transmission intercepted by Colombian intelligence involving a conversation between Jorge Briceno, FARC's military commander, and a guerrilla identified as Josue, where Briceno, aka "El Mono Jojoy," refers to the store of Cold War Czech manufactured plastic explosive Semtex transferred to the IRA by Libya's Mommar Gaddafi in the mid 1980s. Briceno talks about moving Semtex through Venezuela where Connolly's flight stopped before going on to Bogota and where the FARC has friends that will help to transport the Semtex. The *Guardian* reported on August 15th that the Provisional IRA maintains an arsenal estimated at 3 tons of Semtex, 1,000 rifles, nearly 600 handguns, 1 million rounds of ammunition, 40 rocket grenade launchers, and at least one SAM-7 missile. Semtex, an extremely stable explosive like kneaded dough with an indefinite shelf-life and yellowish in color having the texture of Plastercine, was originally designed and manufactured in a factory in Semtin, Czechoslovakia that is similar to the American explosive C4. It is believed that just six ounces of Semtex brought down the Boeing 747 Pan Am flight 103 over Lockerbie, Scotland in December 1988. No longer an isolated jungle-based terrorist organization, FARC commanders began a "Euro tour" in February 2000 and with political offices outside the country now receive "support from radical socialist organizations, unions and nongovernmental organizations outside Colombia." In June 2001, Briceno gave a speech "to a group of captured government troops and policemen [saying] that despite the peace talks, the group would soon be launching attacks in the cities." Briceno's intercepted radio conversation confirmed as much. With its narco links, the FARC is the best financed terrorist organization in the world and its 18,000 strong army operating on 60 fronts controls 40 percent of Colombia and is clearly the best armed, the best fed, and the best clothed guerrilla army. The FARC's urban militia now numbers 5,000. It happens that the northern tip of the FARC's zone is less than one hundred miles south of Bogota, Colombia's capital city. As they begin to urbanize the conflict with the assistance of the IRA -- the worlds most sophisticated urban guerrilla movement -- the fall of Bogota to the FARC would place Colombia squarely in the hands of the "terrorist international" and present the U.S. with a 'clear and present danger' not seen since the Cuban missile crisis of October 1962. Such an event would be a major turning point in the terrorist war against America.

CUBA DISASSOCIATES ITSELF WITH IRA -- With Havana's rapid move to distance itself from Connolly's activities in Colombia's FARC zone, it could not deny the Irishman's existence for at least the past five years of being married with a family living and working in Cuba. Yet, the Cuban foreign ministry's statement that Connolly is the Sinn Fein representative in Havana has embarrassed the IRA's political wing and placed Gerry Adams in an untenable position, since only "the Sinn Fein office in Dublin handles Latin America." For Cuba, identifying Connolly as an IRA operative based in Havana would have been an admission linking the Castro regime directly to the FARC and to the IRA, an organization still listed as terrorist by the U.S. State Department. "Mr. Paddy Connolly, brother of Mr. Niall Connolly, told RTE radio yesterday he feared for the safety of the men," reported the *Irish Times* on August 27th. Sinn Fein's U.S. supporters have even begun to suggest that Monaghan, McCauley, and Connolly may be independent contractors. This is understandable since their arrest casts a dark cloud over the peace process in Northern Ireland. Everywhere, the stakes are high.

CUBA, FARC, AND THE IRA'S PATTERN OF GLOBAL TERRORISM -- The State Department's *Pattern of Global Terrorism - 2000* (www.state.gov/s/ct/rls/pgtrpt/) reports ETA and FARC as designated Foreign Terrorist Organizations (FTOs) by the Secretary of State. The IRA, having been taken off the FTO list, is currently named as an "other terrorist" group. It is described by the State Department as having a "Marxist orientation" and "organized into small, tightly knit cells under the leadership of the Army Council." While Cuba is reported to allegedly have given ETA members "sanctuary," ETA, states the report, has "ties to the Irish Republican Army through the two groups' legal political wings." According to the report, Cuba provides external aid to the FARC in the form of "medical care and political consultation." With regard to the IRA/Sinn Fein developments in Colombia, State Department deputy spokesman Philip Reeker said on August 22nd, "no one should have any doubt that the United States would be greatly concerned about any assistance, information-sharing, training or collaboration with the FARC, which is a terrorist organization, so designated under our law. It is a major contributor to the flow of illegal narcotics into the United States, and an organization which has kidnapped and murdered U.S. citizens. We have been in touch with Sinn Fein on this subject. We will continue to monitor the situation closely. But I think all I can reiterate is that no one should have any doubts about the seriousness with which we would take collaboration with the FARC by any individual or organization." In the meantime, the Bush administration's point person for Northern Ireland, Ambassador Richard Haass, who is the director for policy planning at the State Department, embarked on a diplomatic mission to London, Dublin, and Belfast from September 9th through September 12th. While there, Haass met with Britain's Northern Ireland Secretary John Reid and Sinn Fein president Gerry Adams who continued to deny the Bogota-three had any connection to Sinn Fein, despite Cuban government statements to the contrary. Speaking to the Irish press Haass said that his "concerns about those contacts are real." A State Department official who was contacted told the US CPR, "We have stressed that there can be no continued or future cooperation with the FARC. It can never happen again." In a widely reported press briefing at the State Department on Tuesday, September 18th, just one week after the September 11th terrorist attack on New York and Washington, Haass said the IRA's contacts with the FARC fell under "the rubric of terrorism." That day at the White House press secretary Ari Fleischer suggested that the IRA was a terrorist group that threatened the United States saying in response to a reporter's question, "The President has indicated he will go after terrorism wherever terrorism threatens the United States. And -- I said that the links for one group begins and the other group ends are often amorphous, and the President has said we will go after terrorism in a way that is most effective." Two days earlier on Sunday, September 16th Turkish authorities arrested Sinn Fein party spokesman and assembly member Alex Maskey for meeting with supporters of the Marxist Revolutionary People's Liberation Party/Front (DHKP/C) after a suicide bomber killed two policemen and injured 20 others in Istanbul on September 10th. The anti-American DHKP/C reportedly praised the attack on the United States afterward. Sinn Fein has invited to *Ard Fheis*, its annual conference to be held at the end of September in Dublin, associated representatives of terrorist organizations such as ETA and the FALN, a Puerto Rican terrorist group whose members were pardoned by former President Clinton, both of which maintain strong ties to Cuban intelligence.

EMERGING POLICY CHALLENGE -- The Bush administration, in the aftermath of the September 11th terrorist attacks on the United States, is faced with the emerging foreign policy challenge of dealing with an insidious IRA/Sinn Fein presence in Latin America that is based in Havana, Cuba and is linked to terrorist states and organizations on three continents. Cuba and Libya are among the seven governments the U.S. Department of State has designated as a "state sponsor of international terrorism" in 2000. DHKP/C, ETA, and FARC are designated FTOs by the State Department. Widely considered a Puerto Rican nationalist group by sympathizers, the FALN, with its ties to Cuban intelligence, was described by assistant FBI director Neal Gallagher in 1999 as organized "criminals and terrorists [that] represent a threat to the United States." The arrest of the Bogota-three illuminates a scenario where a FARC-controlled Colombia with its command-and-control center in Havana poses no less of a danger to U.S. national security in 2001 than the presence of Soviet missiles in Cuba in 1962.

U.S. STATEMENT ON NORTHERN IRELAND PEACE PROCESS

Philip T. Reeker, Deputy Press Spokesman

U.S. Department of State

Washington, DC

August 14, 2001

U.S. Urges Progress on Peace Process in Northern Ireland

The United States deeply regrets the Irish Republican Army's announcement today, withdrawing its proposals for weapons decommissioning. The IRA's August 8 proposal to the de Chastelain Commission had represented a significant step forward. We urge the IRA to reconsider its decision and to maintain its contacts with the de Chastelain Commission. Putting arms beyond use is an integral part of implementation of the Good Friday Agreement in all its aspects on the basis of the August 1 Anglo-Irish package.

NORTHERN IRELAND PEACE PROCESS JEOPARDIZED BY COLOMBIAN ARRESTS

By Grant Lally

In a double setback for the Northern Ireland Peace Process, both the Provisional Irish Republican Army (IRA) and Sinn Fein, its political wing, and the leading Protestant Unionist parties in the north, rejected key elements of the British-Irish governments' plan for the implementation of the historic 1998 Good Friday Agreement to decommission weapons and to institute policing reforms. This occurred within hours of the August 11th arrest in Bogota of three identified as IRA operatives with expertise in explosives. The three Irishmen, James Monaghan, Martin McCauley, and Niall Connolly, were arrested exiting the so-called demilitarized zone controlled by the narco-terrorist Revolutionary Armed Forces of Colombia (FARC). Six days after reaching a disarmament agreement with General John de Chastelain of the Independent International Disarmament Commission (IIDC), the IRA's Brian Keenan withdrew the group's historic proposal to put weapons "beyond use."

The 1998 Good Friday Agreement requires the decommissioning of IRA and Protestant paramilitary arms and explosives, establishes an elected local government, and seeks to bring an end to sectarian violence. Northern Ireland is a land deeply divided between a growing Catholic population (46%), who wish to join the Republic of Ireland, and the still-dominant Protestants (54%), who wish to remain part of Great Britain. Since the outbreak of violence in Northern Ireland, or the "Troubles" in 1968, the IRA, with over 1,000 soldiers and thousands of active sympathizers, became the leading force in the poorer Catholic areas against the British government, which tried to stamp-out the IRA militarily without success. In the early 1990s, a new round of negotiations led to the current Irish Peace Process and the IRA agreed to a ceasefire, which became permanent in 1997. As a result, Sinn Fein (Irish Gaelic for "Ourselves Alone") has had increasing electoral success, especially since signing the Good Friday accord. Sinn Fein won 17% of the vote in 1998 (and two Ministries in the new Northern Ireland government) and 23% in 2001 (and four seats in the British Parliament), winning nearly half of the Catholic vote. The Colombian arrests, however, have brought renewed pressure upon the peace process, with Unionist calls for the British government to exclude Sinn Fein from local government. An editorial in the British *Daily Telegraph* of August 16th suggested, "It could do this by returning to Mr. Blair's side-letter to David Trimble of 10 April 1998 -- which pledged to exclude republicans if Sinn Fein/IRA failed to decommission."

Security sources report that of the Bogota-three, Connolly has a Cuban wife and has worked with Cuban intelligence for the past ten years. He is also known to serve as a tour guide for European "Solidarity Groups" supporting the Castro regime. The Cuban Foreign Ministry has publicly claimed that Connolly is the "Sinn Fein Representative in Cuba," however, Sinn Fein adamantly denies that he is a member or their representative. The Havana telephone directory lists Connolly, but has no listing for Sinn Fein. Connolly, described as an agent of the Cuban Intelligence Directorate, has trained for years in Cuba in explosives and is an expert in urban warfare techniques. He is also reported to still be in contact with the IRA Army Council, particularly Brian Keenan. Cuba's Intelligence Directorate is well known to run missions to support the FARC. Although denied, Cuban military instructors train the FARC in anti-aircraft missiles, high powered bombs, and urban warfare. Connolly's role was allegedly to train the FARC in electrical and remote detonation circuits for car bombs. The Cuban training of the FARC indicates that the FARC is planning to break-out of its rural bases and launch an urban terror campaign against the government of Colombia. It also indicates that the Castro regime intends to assist the Marxist FARC in its drug-financed war to conquer Colombia and to militarily oppose America's "Plan Colombia," the basis for U.S.- Colombia policy.

Although Connolly and his group could possibly have contacted the FARC directly since the FARC have a Web site at <http://www.farc-ep.org/home.html>, it is absurd to think that a highly-trained IRA operative, living full time in Cuba, would initiate any terrorist contact in Latin America without the specific approval and coordination of Castro's government. The IRA established international contacts with anti-British states and leftist groups during its military and bombing campaigns of the 1970s and the 1980s, including Cuba, Libya, and the Basque separatist ETA. The Castro government has voiced support for the IRA and has had direct links to the IRA since the early 1980s.

Domestically, Sinn Fein receives considerable support from the generally conservative and Catholic Irish-American community in the U.S. raising over US\$1 million per year in political donations. In addition, the U.S. government and the European Union, through the *International Fund for Ireland* and the EU's development funds respectively, direct additional tens of millions in U.S. dollars each year to Sinn Fein-affiliated community groups. Sinn Fein is now seeking to supersede the moderate Catholic Social Democratic & Labour Party (SDLP) as the majority Catholic party in Northern Ireland to win five to six seats in the upcoming Irish election and to join the next coalition government in the Republic of Ireland. All these goals would be threatened by involvement with the FARC.

Questions linger over the relative involvement of the Castro government and the IRA in the Bogota matter. "The IRA does not lack weapons now, or enough Semtex to make bombs at will," editorialized the *Times* of London on August 15th. "But its linking up with FARC is a sign that it intends to keep its supply lines in good order, as insurance against the disabling of part or all of its existing arsenal." The truth of this opinion and the control of the Bogota-three is the subject of an investigation by the House International Relations Committee. The arrest of the Bogota-three, however, has already had an impact in Ireland, where Sinn Fein has suffered political damage, and even the moderate Catholic parties have demanded a full explanation from Sinn Fein.

Grant Lally, who practices law in New York, served as the national chairman of *Irish for Bush-Cheney 2000*. He is also a member of the board of directors of the Washington-based Institute for U.S. Cuba Relations.

U.S. - COLOMBIA POLICY UNDERMINED BY IRA PRESENCE IN LATIN AMERICA

By Daniel W. Fisk

The arrest of three members of the Provisional Irish Republican Army (IRA) in Bogota, Colombia on August 11th has raised questions in Washington both about the interest of Colombia's largest Marxist guerrilla movement in the peace process in that war-torn nation and about the renunciation of the use of violence by the IRA in Northern Ireland. These arrests do not seem to have heightened concerns in Washington about the Castro regime's continued harboring of terrorists.

The Bogota-three are accused of providing training in the use of Semtex plastic explosives to the Revolutionary Armed Forces of Colombia (FARC). One of the three was acknowledged by an official Cuban spokeswoman as Sinn Fein's representative based in Cuba since 1996. Sinn Fein is the IRA's political wing.

The Clinton administration supported peace initiatives in both Northern Ireland and Colombia -- policies, the general terms of which, are being continued by the Bush administration. In Ireland, the dispute has been fueled by sectarian/religious differences and the question of the North's relationship with Ireland. In Colombia, the FARC began as a Marxist-Leninist movement fighting for "social justice," but it has sustained itself over the past decade more on the proceeds of the illegal drug trade than on any ideology. A common U.S. policy objective in both instances has been the peaceful re-integration of the armed elements of the IRA and Colombian guerrillas, respectively, into civil society. In the case of Colombia, however, addressing the illegal drug trade has topped the U.S. policy agenda. Colombia is the world's largest producer and exporter of cocaine and heroin, most of which is destined for either the U.S. or the European illegal market. Currently, the U.S. is implementing a \$1.3 billion counter-drug program, Plan Colombia, to support Colombian initiatives to eradicate and interdict illegal drugs, and

another \$700 million in aid to Colombia has been proposed by the Bush administration.

The significance of the IRA-FARC relationship has less to do with illegal drugs than it does with the FARC's interest in escalating the Colombian conflict. Historically confined to the rural areas of Colombia, urban terrorism -- especially the use of bombings as conducted by the IRA in Northern Ireland -- is a tactic applicable to the Colombian situation and fits with the FARC's desired strategy of taking its war to the cities. It is not surprising then that the Bogota-three, according to intercepted FARC communications, had been training FARC units in the use of explosives. One of the three Irishmen has been described as one of the IRA's leading experts on the making of bombs and mortars.

The U.S. reaction has been focused on Colombia and Northern Ireland, with the arrests prompting a review by U.S. authorities of IRA-FARC links and the current policy of permitting the IRA to fundraise in the United States. The *Sunday Times* of Ireland reporting on August 26th wrote, "Sinn Fein has raised about \$5 million in America since 1995...American donations have made the party the richest in Ireland and helped to secure electoral gains in Northern Ireland and the republic." This fundraising policy was deemed a positive response to the IRA's willingness to be involved in a peaceful resolution of the Northern Ireland situation.

The Colombian military has suggested that Cuba arranged the recent alleged training by the three Irishmen, who were in FARC-controlled areas for five weeks and who stayed in a FARC camp near where the top FARC leadership lives, according to reports. Further, the Colombian military has stated that Cuban and Venezuelan trainers have been in FARC areas and that Venezuela -- "where there are people to help us," according to an intercepted FARC communication -- is to be

the transit country for Semtex plastic explosives destined for FARC use.

The Cuban connection in this recent incident has prompted little interest in official Washington. Attention on the Castro regime's involvement in the IRA-FARC relationship is not apparent – this despite the fact that Cuba has had official observers at the most recent talks between Colombian government officials and FARC representatives and that Cuba has been welcomed by the Colombian government (with U.S. acquiescence, if not support) in the discussions between that government and a second Marxist guerrilla group, the National Liberation Army (ELN). Havana has even hosted talks between Colombian and ELN representatives. Such seeming support for peace efforts hardly comports with hosting terrorists and fostering terrorist links between the IRA and the FARC. On the contrary,

Cuba would appear to be playing a double game here – not for the first time.

With the Bush Administration still uncertain of its policies towards Colombia and Northern Ireland, respectively, but with a commitment to a strengthened U.S. effort to promote democracy in Cuba, this incident, combined with the recent arrest and conviction of Cubans involved in criminal and intelligence activities in southern Florida and Washington, should reinforce the need to break Havana's continued involvement in the "terrorist international" that survived the Cold War. To date, with potentially tragic consequences for the peoples of Colombia, Northern Ireland, and the United States, few in Washington seem interested.

Daniel W. Fisk is the Deputy Director of the Davis Institute for International Studies at the Heritage Foundation and is a member of the board of directors of the Washington-based Institute for U.S. Cuba Relations.

DELAHUNT CALLS FOR CONGRESSIONAL INVESTIGATION

Due to large Irish-American constituencies, many Members of Congress who support Sinn Fein and the desire to see the 1998 Good Friday peace accord implemented with the IRA decommissioning its cache of arms and explosives are so disturbed with the news of the August 11th arrests in Bogota linking the three IRA terrorists to Cuba, ETA, and the FARC that it has driven them into a state of virtual silence. None would make a statement when contacted through their press secretaries and none would agree to ask Gerry Adams to reconsider his planned trip to Cuba. Wishing to preserve what remains of the Good Friday agreement and to bring an end to the decades of bloody sectarian violence between Catholics and Protestants in the British controlled area of Northern Ireland, Congressmen like Peter King (R-NY), Christopher Smith (R-NJ), Ben Gilman (R-NY), and Bill Delahunt (D-MA), all of whom serve on the House International Relations Committee, prefer to believe the arrests of the Bogota - three had no direct connection to Sinn Fein or the IRA in Dublin. Delahunt's letter requesting a fact-finding investigation is reprinted below. A senior Republican aide contacted in the House said he "was aware of the request. An investigation is being conducted. No decision has been made on a hearing." In a 'peace-at-any-price', stance, however, Delahunt appears to view the arrest of the Bogota-three as a mere "stumbling block in the peace process" stating in his letter, "If this inquiry concludes that the IRA was assisting the FARC, it may raise serious concerns about the U.S. relationship with key players in the Irish peace process. On the other hand, should this inquiry show that these men were operating on their own, a major stumbling block in the peace process will have been removed." Prior to the Bogota arrests, Delahunt had been an ardent advocate of changing our policy to "Deny U.S. visas to aliens who willfully support any of the three major illegal armed groups in Colombia." Gerry Adams travels to the U.S. at will, freely conducting fund raising activities for Sinn Fein. The *Washington Post* expressed frustration in its editorial of August 16th entitled "Fidel's Irish Friends" writing, "If the IRA cared about the peace process, you might expect its political wing, Sinn Fein, to be working overtime on finding a way forward. But Gerry Adams, Sinn Fein's top man, is planning a trip to Latin America. He will visit Fidel Castro, a long standing ally... This week three IRA members were arrested in Colombia, having apparently assisted that country's drug-trafficking terrorists in mastering explosives. Mr. Adams used to have friends in Washington, but their band is dwindling now." Sinn Fein has subsequently invited to *Ard Fheis*, its 2001 annual meeting to be held at the end of September in Dublin, representatives of the ANC, the PLO, ETA and the FALN, a Puerto Rican terrorist organization. Both ETA and the FALN maintain strong ties to Cuban intelligence.

DELAHUNT LETTER TO CHAIRMAN OF INTERNATIONAL RELATIONS COMMITTEE REQUESTING INVESTIGATION

Congress of the United States *House of Representatives* *Washington, D.C. 20515-2110*

September 6, 2001

The Honorable Henry J. Hyde
Chairman, House International Relations Committee
2170 Rayburn House Office Building
Washington, D.C. 20515
Dear Mr. Chairman:

I recently visited Ireland, accompanied by full committee staff, during a very significant and critical moment in the peace process. I met with representatives of some of the stakeholders in that process, and would be pleased to discuss my conversations with you at your convenience. I believe that there are several issues which require your immediate attention.

As you know, the current situation in Ireland has been complicated by the arrest of three Irish nationals in Colombia on charges of training guerrillas of the Revolutionary Armed Forces of Colombia (known by their Spanish acronym, FARC). Because these men have been publicly associated with the Irish Republican Army or Sinn Fein, their arrests have led to allegations of links between the IRA and the FARC. Since the FARC is listed by the State Department as a Foreign Terrorist Organization, and profits extensively from kidnapping and the illicit narcotics trade, these allegations are having an impact on the peace process in Northern Ireland.

In light of the strong United States support for Colombia's efforts to combat the drug trade and restore state authority, and taking into account our own active engagement in the Irish peace process, I believe it is imperative that the House International Relations Committee conduct a thorough review of this incident to determine the facts. I am writing to formally request that an inquiry be conducted into this matter by committee staff. In addition, at the appropriate time, public hearings in the Subcommittee on Europe and/or the Subcommittee on the Western Hemisphere will be necessary to reassure the American people that American interests have not been undermined.

If this inquiry concludes that the IRA was assisting the FARC, it may raise serious concerns about the U.S. relationship with key players in the Irish peace process. On the other hand, should this inquiry show that these men were operating on their own, a major stumbling block in the peace process will have been removed.

The second issue concerns efforts to reform the police service in Northern Ireland. The creation of a new policing board, which will oversee this process, has seen substantial movement. The Irish government, as well as some leaders in the nationalist community such as John Hume of the Social Democratic and Labour Party, seem to believe that the vital changes suggested by the Patten Commission will now be implemented.

In light of this progress, I submit that it is an appropriate time to lift the ban imposed by Congress on providing training of the new Northern Irish police force by the U.S. Federal Bureau of Investigation. Congress wisely imposed the ban until the British and Irish governments fully committed to carrying out the Patten reforms. I believe that is now happening. And removal of the ban would, hopefully, give further impetus to the entire peace process.

Accordingly, I recommend that the FBI training ban be lifted during conference consideration of the Foreign Relations Authorization bill. This would be a vote of confidence by Congress in the progress that is being made on policing in Northern Ireland. This sentiment was echoed by many of the individuals we met with, including representatives of the FBI working in Ireland. The FBI also pointed out that this training could build links between the new Northern Irish police and those in the Republic of Ireland, since before the ban, such training had been jointly run with the two forces, and would be again if the ban were lifted.

On the subject of police reform, I also recommend support for an innovative on-line program that could play a key role in promoting human rights awareness among police on both sides of the border in Ireland. The new, Dublin-based Hibernia College Police Institute, run by the former Boston College Irish Peace Institute Director, will offer on-line training to fifty police officers in the north and fifty in the south. A modest \$250,000 contribution would greatly expand this program, which could make a serious difference as police reform gets underway in Northern Ireland.

I intend to speak with Chairman Leahy of the Senate Foreign Operations Subcommittee regarding possible assistance for this program. I hope that you and other Members of the HIRC will join me in supporting Hibernia College's efforts to improve policing in Ireland while promoting respect for human rights.

I look forward to working with you on these issues, and hope that we can meet soon to discuss my trip.

Sincerely,
William D. Delahunt

cc: The Honorable Cass Ballenger, Chairman, Subcommittee on the Western Hemisphere
The Honorable Elton Gallegly, Chairman, Subcommittee on Europe

NOTABLE QUOTES

"I will be bringing up the situation in Colombia [with Sinn Fein leaders]. The United States, as you all know, has important national interests in Colombia. We have got hundreds of Americans on the ground there. We have put in hundreds of millions of dollars of aid to help that country battle the insurrection, drug trafficking and so forth. Colombia is a major country in the Western Hemisphere. It is very important economically. So, any co-operation [by Sinn Fein/IRA] with people in Colombia who are challenging the law, promoting the sale of drugs, any co-operation with them is to the U.S. extremely, extremely disturbing." Ambassador **Richard Haas**, director of policy planning and point man for Northern Ireland, speaks to the press in London following a meeting with Northern Ireland Secretary, John Reid. (*The Irish Times*, "Colombia three moved to high-security jail," 9/10/01).

"Our national party chairman spelt out our position some time ago. There is obviously crossed wires in all of this. I am going there (Cuba) soon and I have asked our international affairs committee to sort this out with the Cuban foreign ministry." Sinn Fein president **Gerry Adams** denies that Niall Connolly, one of three Irishmen arrested in Bogota on August 11th and based in Havana, Cuba, is the Sinn Fein representative for Latin America, contradicting Cuban foreign minister Felipe Perez Roque. (BBC News, "Sinn Fein denies Cuban link," 9/11/01).

"I've directed the full resources for our intelligence and law enforcement communities to find those responsible and bring them to justice. We will make no distinction between the terrorists who committed these acts and those who harbor them." President **George W. Bush** speaks to the American people from the Oval Office following terrorist attacks on New York and Washington. (WP, "President Bush's Remarks," 9/12/01, p.A2).

"The President has made it clear that this will be broad and sweeping, and anybody who is part of the worldwide network that exists to foster terrorism anywhere will be included in this. Make no mistake, that is the charge the President has set." White House statement by press secretary **Ari Fleischer**. (Belfast Telegraph, "U.S. Probes IRA terror network," 9/19/01).

"We wish to make clear that the Army Council sent no one to Colombia to train or to engage in any military cooperation with any group. The IRA has not interfered in the internal affairs of Colombia and will not so do. The IRA is not a threat to the peace process in Ireland or in Colombia. The three men have asserted their support for the process and we accept that." Excerpt from IRA statement signed by **P. O'Neill**. (*The Irish Times*, "Full text of the IRA statement," 9/20/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 9

September 30, 2001

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

Ralph J. Galliano, Editor

CUBAN GOVERNMENT -- A DESIGNATED TERRORIST STATE -- COMPARES ATTACKS ON WORLD TRADE CENTER AND PENTAGON TO 40 YEARS OF U.S. POLICY TOWARD CASTRO REGIME

WASHINGTON – The double-speak emanating from Havana and Cuban government officials following the September 11th terrorist attack on the World Trade Center twin towers in New York City and the Pentagon in Washington has not been well received by the United States in this time of crisis. Cuba's official statement offered "its sincerest condolences to the U.S. people" but not before equating those tragic events to 40 years of U.S. policy toward the Castro regime which Havana says is victimized by terrorist actions "promoted from U.S. territory." Unlike the unequivocal outpouring of regrets and support from capitals around the world, the official statement from the government of Cuba viewed the attack on America as an opportunity to criticize the United States and in the process to degrade the lives and memories of the families of over 5,000 innocent people from the United States and some 80 other countries. "Cuba's position against any act of terrorism is well known." The Cuban government statement went on to say, "It is impossible to forget that our people have been the victims of such actions, promoted from U.S. territory itself, for more than 40 years." In all, 194 countries expressed their sympathies and condolences along with their support. While it is U.S. protocol to extend America's thanks on such occasions, the United States has done so for each country, except Cuba. In response, State Department Spokesman Richard Boucher said on September 18th, "While the Cuban government condemned the attack, unfortunately statements made by Castro and other Cuban officials contained gratuitous comments of no consolation to those who have suffered so greatly from these attacks." Jim Carragher, the new coordinator of Cuban Affairs at the State Department, diplomatically described Cuba's comments as "not helpful at all." Further, Cuba was the only country that did not sign the Ibero-American resolution on September 15th "expressing condolences to the United States, its commitment to the fight against terrorism in all its forms and reaffirming its conviction that terrorism is a grave world threat," pointed out Boucher in answer to a reporter's question at the State Department on Tuesday the 18th. Rep. Jeff Flake (R-AZ), author of an amendment to the Treasury Postal Appropriations Bill (USCPR, Vol.8, No.7) loosening travel restrictions on the Communist controlled island, condemned the Cuban government for similar remarks reported in the *Toronto Star* saying, "Having just returned from Cuba, I saw first-hand how Fidel Castro used the U.S. as a scapegoat for the mess he has made of his own country. But I am completely outraged and offended that his response to yesterday's act of war against the U.S. is to once again place blame at our feet." The full text of the Cuban government's statement responding to the terrorist attack on the United States is reprinted below.

▪ Cuba Compares Attacks on World Trade Center and Pentagon to U.S. Policy.....	1
▪ America's War on International Terrorism.....	3
▪ Group Questions Whether Cuba Belongs on State Department Terrorist List.....	4
▪ Defense Intelligence Analyst Arrested by FBI Charged as Spy for Cuba.....	6
▪ Diaz-Balart Supports Congressional Investigation of IRA Arrests in Bogota.....	9

CUBA AND THE TERRORIST INTERNATIONAL – The enmity exhibited toward the United States by the Cuban government's "gratuitous" statement following the events of September 11th has its antecedents in the anti-Americanism of the Castro communist revolution that manifested itself in the so-called Tri-Continental Conference hosted by Havana in 1966. The three week long Cold War era conclave of international terrorists held on the Isle of Pines, also referred to as OSPAAAL or the Organization of Solidarity with the People from Africa, Asia and Latin America, was propagandized worldwide for decades with the Tri-Continental magazine and colorful posters depicting revolutionary icons such as Che Guevara, Ho Chi Min, Patrice Lamumba and others, largely anti-American. Today, Cuba's position on terrorism in the wake of the U.S. attacks becomes transparent as government leaders march in lockstep to use the occasion to criticize the U.S. embargo, blame the U.S. and anti-Castro Cuban-Americans for over 40 years of terrorism against Cuba, and liken forthcoming American and allied retaliatory strikes to acts of terrorism. "In part, these tragedies are a consequence of having applied terrorist methods -- against Cuba for many years, and in the case of other countries -- because they have spread the idea of terrorism," said Castro in a speech on the evening of September 11th. The occasion for the 48th anniversary of the beginning of Castro's revolution, the "26th of July Movement," witnessed in Havana the attendance of a visiting Iranian delegation including Hassan Khomeini, the grandson of the Ayatollah Khomeini. Statements by Castro upon his arrival in Tehran on May 7th take on added meaning after September 11th. "The U.S. government is weak and we can see it up close. I can assure you all that we are not afraid of that country," said Castro. "The people and governments of Cuba and Iran can send the United States to its knees." The "yes, but" crowd of apologists who call this behavior by the Cuban dictator and his regime "vintage Castro" can no longer ignore the significance of these statements in the context of the new foreign policy paradigm created by the September 11th terrorist attacks on America. One among seven countries the State Department lists as sponsors of international terrorism, Cuba, and its cooperation with: other "foreign terrorist organizations" such as Colombia's FARC; designated "other" terrorist organizations like the Provisional Irish Republican Army (IRA); and terrorist states like Iran, must be brought under closer scrutiny by the United States and its allies.

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V8N9

STATEMENT FROM THE GOVERNMENT OF CUBA

The Government of the Republic of Cuba has received with pain and sadness the news of the violent and surprise attacks this morning (September 11) on civilian and official installations in the cities of New York and Washington, and the resultant numerous casualties.

Cuba's position against any act of terrorism is well known. It is impossible to forget that our people have been the victims of such actions, promoted from U.S. territory itself, for more than 40 years.

For both historical reasons and ethical principles, the government of our country totally rejects and condemns the attacks mounted on the above-mentioned installations and offers its sincerest condolences to the U.S. people for the painful and unjustified human losses those attacks provoked.

At this bitter time, our people express their solidarity with the U.S. people and their total disposition to cooperate, as far as their modest possibilities allow, with that country's public health or any other institution of a medical or humanitarian nature, in terms of attention, care and rehabilitation of the victims of this morning's incidents.

City of Havana, September 11, 2001

Source: Granma International 9/12/01

AMERICA'S WAR ON INTERNATIONAL TERRORISM

The following excerpts reflect on U.S. Cuba relations and represent significant comments made by leaders of the government of the United States in response to the terrorist attacks on New York and Washington on the morning of Tuesday, September 11, 2001.

"I think one has to say it's not just simply a matter of capturing people and holding them accountable but removing the sanctuaries, removing the support systems, ending states who sponsor terrorism [ending states' support for terrorism]* and that's why it has to be a broad and sustained campaign. It's not going to stop if a few criminals are taken care of."

Deputy Secretary of Defense Paul Wolfowitz

Department of Defense News Briefing

Thursday, September 13, 2001

* Friday, September 14, 2001/Correction

* * * * *

"On September the 11th, enemies of freedom committed an act of war against our country.

Our war on terror begins with al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated.

Every nation, in every region, now has a decision to make. Either you are with us, or you are with the terrorists. From this day forward, any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime."

President George W. Bush

Address to a Joint Session of Congress and the American People

Thursday, September 20, 2001

* * * * *

"I am not going to reveal intelligence information about what we know. What we do know is that the states that are on the terrorist list -- and Iraq is one of them, and so is Syria, and so is North Korea and Cuba, and so is Libya -- that those states have over a period of time harbored and assisted terrorist organizations to engage in terrorist acts in other countries. That we know of certain knowledge. As the president said, what we're looking at today is what -- how are those states going to behave going forward?

We can't know that for certain. We can suspect it. And one of the other pieces of evidence that is clear in open publications, we know that the countries that I just listed, that have sponsored terrorism for decades, are countries that have very active chemical and biological warfare programs. And we know that they are in close contact with terrorist networks around the world. So, reasonable people have to say themselves that when you find that kind of information, it ought to cause us to recognize that those are dangers that we need to worry about."

Secretary of Defense Donald H. Rumsfeld

Interview with Bob Schieffer on CBS "Face the Nation"

Sunday, September 23, 2001

GROUP QUESTIONS WHETHER CUBA BELONGS ON TERRORIST LIST

In the wake of the September 11th terrorist attacks on the United States, leaders of 16 policy organizations that support normalized relations with Cuba have issued a statement questioning whether Cuba, a country designated by the U.S. State Department as a state sponsor of international terrorism, "belongs on the list at all." The group asks for a review of Cuba policy in the context of the events of September 11th. Calling for "accuracy" in the definition of what constitutes a terrorist state that President Bush has said the United States will punish, the statement asks whether Cuba will be included. "Obviously not, for Afghanistan was not on the list, even though we knew all along that Osama bin Laden operated from there. Cuba is another matter." Expressing confidence in what it believes is America's policy failure over the past 40 years, the statement attempts to build a case that would exclude Cuba from being included on the list along with Iran, Iraq, Syria, Libya, North Korea, and Sudan, described in the State Department's *Patterns of Global Terrorism 2000* (www.state.gov/s/ct/rls/pgtrpt).

In its overriding apologist tone, the statement attempts to explain away the rationale for Cuba's inclusion on the list of sponsors of international terrorism and suggests that Cuba would be a good ally in the fight against terrorism, which Cuban dictator Fidel Castro equates with U.S. policy toward his regime over the past 40 years. Clearly, Castro's definition of terrorism differs from America's, or for that matter from that of any civilized society. The statement even goes so far as to justify the disclosure of classified information. It rationalizes the loss of Cuba's latest intelligence asset, having been arrested by the FBI for spying for the Castro regime: "Ana Belen Montes, an analyst at the Pentagon's Defense Intelligence Agency, accused of passing information to Cuban Intelligence, some of it related to military maneuvers the Cubans thought might be directed at Cuba."

Questioning whether Cuba belongs on the list of state sponsors of international terrorism ignores the Cuban government's longtime association with the Provisional Irish Republican Army (IRA) for example, listed as a terrorist organization by the State Department and considered the most sophisticated urban terrorist group in the world. The August 11th arrest of three IRA/Sinn Fein operatives in Bogota, Colombia for assisting the FARC, a narco-terrorist organization, (USCPR-SE, "IRA Arrests in Colombia Linked to Cuba," 9/25/01) reveals the reach of the "terrorist international" with its Latin American base located in Havana, Cuba. State Department deputy spokesman Philip Reeker said on August 22nd, "no one should have any doubts that the United States would be greatly concerned about any assistance, information-sharing, training or collaboration with the FARC, which is a terrorist organization, so designated under our law...We have been in touch with Sinn Fein on this subject." Perhaps the statement questioning whether Cuba belongs on the terrorist list reflects its greater concern where President Bush in his address to a Joint Session of Congress on the evening of September 20th declared "any nation that continues to harbor or support terrorism will be regarded by the United States as a hostile regime."

Signers of the statement include: Medea Benjamin, founding director of Global Exchange; Alejandro Portes, president of the Cuban Committee for Democracy; Kirby Jones, president of Alamar Associates; Eloy Gutierrez Menoyo, president of Cambio Cubano; and, Wayne Smith, president of the Center for International Policy. A copy of the statement is reprinted below.

Cuba Policy Should be Reviewed in New International Context

For Immediate Release: September 25, 2001

For information contact Anya Landau: 202.232.3317 or anya@ciponline.org

We, the undersigned, strongly condemn the terrorist attacks on the United States this past September 11 and express support for international efforts to bring the perpetrators to justice and, beyond that, to defeat terrorism. This, as the President says, will be a long, hard struggle.

For the effort to be effective, however, we believe that accuracy is required in defining the "terrorist nations" the President has said the United States will punish. Does that mean all those on the State Department's list of terrorist states? Obviously not, for Afghanistan was not on the list, even though we knew all along that Osama bin Laden operated from there.

Cuba is another matter. For forty years, U.S. policy toward Cuba has relied heavily on unilateral sanctions -- and has been the most dramatic example of the failure of such sanctions to achieve their goals. Some of the sanctions, such as restrictions on the sale of food and medicine to the island, derive from Cuba being listed as a terrorist state. As combating international terrorism now moves to the forefront of the U.S. foreign policy agenda, however, it is critical to our ability to deal with it effectively that the U.S. have clear and objective criteria for designating countries as terrorist states and imposing the sanctions that go with that designation.

And as we move to develop such criteria, surely it is time to raise the question of whether Cuba belongs on the list at all. Our rationale for keeping it there has been based on the following:

- That Cuba harbors Basque terrorists. There are a number of Basque separatists living in Cuba, but they are there as the result of an agreement between the Spanish and Cuban governments. Cuba is not "harboring" them.

- That Cuba has contacts with the Colombian guerrillas and has facilitated meetings between them and the Colombian government. This may well be the case, but the United States has also had contacts with those groups and facilitated similar meetings. Why then are such activities grounds for placing Cuba on the list of terrorist nations?

- That there are a number of fugitives from U.S. justice living in Cuba. Yes, but that is largely because there is no extradition treaty between the U.S. and Cuba. Would not the negotiation of such a treaty be another reason to move toward a more normal relationship with Cuba? Moreover, in off-the-record remarks, State Department officials have acknowledged that there is no credible evidence that any of these groups - not the Basques, the U.S. fugitives or any others - are mounting terrorist actions from Cuba.

It has often been said that while there are no convincing reasons to keep Cuba on the list of terrorist states, it is best left on since removing it would offend elements of the Cuban-American community. However, we can no longer afford to confuse and divert our struggle against real terrorist threats because of domestic political considerations.

We note press reports on September 22 of the arrest of Ana Belen Montes, an analyst at the Pentagon's Defense Intelligence Agency, accused of passing information to Cuban Intelligence, some of it related to military maneuvers the Cubans thought might be directed at Cuba. The same reports say Montes is accused of revealing the identity of American undercover intelligence officers sent to Cuba. It is no secret that both nations have conducted intelligence operations against one another. That, unfortunately, has been symptomatic of the kind of relationship that has existed between them for the past forty years.

Yet the Cuban government immediately condemned the terrorist attacks against the United States, expressed solidarity with the American people and offered any medical and humanitarian assistance within its means. The international context has changed. That is reflected also in Fidel Castro's speech of September 22 in response to President Bush's address to the Congress two evenings earlier. While vintage Castro in that he began by describing the Bush administration as made up of the "most extremist ideologues and the most belligerent hawks," and warned of the cataclysmic consequences of the war called for by President Bush, Castro also described terrorism as "a dangerous and ethically indefensible phenomenon, which must be eradicated..."

He also gave assurances that "the territory of Cuba will never be used for terrorist actions against the American people and we will do everything within our power to prevent such actions against that people. Today," he said, "we are expressing our solidarity while calling for peace and calmness."

Significantly, Castro reiterated Cuba's willingness "to cooperate with all countries [presumably including the United States] in the total eradication of terrorism."

That is a possibility that should be explored. In this new world context dominated by the struggle against terrorism, Cuba clearly will not be an unquestioning ally, but it need not be an enemy. Indeed, given the challenges we now face, it is not in the interests of the United States to treat it as an enemy.

Kirby Jones
Americans for Humanitarian Trade with Cuba
New York, NY

Albert A. Fox, Jr., President
Alliance for Responsible Cuba Policy
Washington, DC

Eloy Gutierrez Menoyo
Cambio Cubano
Miami, FL

Wayne Smith
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Eric V. Reuther, President
Reuther and Associates
Washington, DC

Leon Lederman
Nobel Laureate in Physics 1988
Member National Academy of Sciences

Peter Bourne, Vice Chancellor
St. George's University, Grenada

Lisa Valanti, President
U.S.-Cuba Sister Cities Association
Pittsburgh, PA

DEFENSE INTELLIGENCE ANALYST ARRESTED BY FBI CHARGED WITH ESPIONAGE

The FBI announced the arrest of the Pentagon's senior Cuba analyst at the Defense Intelligence Agency (DIA) on Friday, September 21st. Ana Belen Montes, working at Bolling Air Force Base in Washington, was charged with conspiracy to deliver U.S. national defense information to the government of Cuba through contacts made with the Cuban foreign intelligence service. In effect, Montes is charged with being a clandestine Cuban Intelligence Service (CuIS) agent -- a spy for Cuba. The Spanish speaking Montes, 44, is an American citizen of Puerto Rican origin, who was born on a U.S. military installation in Germany. According to the affidavit filed in U.S. District Court in Washington, Montes "graduated from the University of Virginia in 1979 and obtained a masters degree from the Johns Hopkins University School of Advanced International Studies [SAIS] in 1988." The senior intelligence analyst had been employed with DIA since September 1985 and was placed in charge of Cuba matters seven years later in 1992 when she "had direct and authorized access to classified information relating to national defense," including "Sensitive Compartmented Information." Having signed documents attesting to her understanding of the importance of such matters, Montes knew that "disclosure could cause irreparable injury to the United States or be used to the advantage of a foreign nation."

Court documents reveal Montes allegedly communicated with the CuIS via laptop computer, high frequency shortwave radio, pager, and pay telephones, all by code. One beeper belonged "to the Cuban Mission at the UN." The "Secret" information Montes is alleged to have transmitted to the CuIS involved U.S. identification of Cuban military weapons in Cuba and the compromising of the identity of an undercover agent in Cuba. Montes is said also to have revealed "contingency plans and specific targets" involving the "December 1996 war game exercise conducted by the U.S. Atlantic Command." Montes' influence on U.S. policy has substantially been realized already by the Castro regime. On May 6, 1998, the Pentagon issued its report (USCPR, Vol.5,Nos.4&5), which was requested by Sen. Bob Graham (D-FL) (USCPR, Vol.4,No.11) who now serves as chairman of the Intelligence Committee, on the "review and assessment" of the Cuban threat to U.S. national security, concluding Cuba no longer posed a military threat to the U.S. -- a mantra heard repeatedly since and used to achieve normalized relations with Communist Cuba by its advocates and representatives at the Cuban Interests Section in Washington.

The fact that Cuba continues to target America's national defense information, along with Montes' active agent status given her sensitive position at DIA, prompted her expedited arrest just ten days after the September 11th terrorist attacks on the United States. "I commend federal law enforcement for Friday's arrest of a very highly placed Cuban spy at the Defense Intelligence Agency," said Rep. Lincoln Diaz-Balart (R-FL) on the day of Montes' arrest. "Castro shares intelligence information with other terrorist states. It was critically important that the spy be stopped now as the United States embarks upon a world wide war against terrorism."

Castro agents actively operating in the U.S. appear to have become more numerous in recent years especially since the FBI filed charges in Miami on September 14, 1998 (USCPR, Vol.5,No.9) against 14 defendants, five of whom were convicted on June 8th of this year (USCPR, Vol.8,No.6) on charges ranging from espionage to murder. On February 17, 2000, Mariano Faget, an official for the INS was arrested for espionage (USCPR, Vol.7,No.2) and sentenced to five years in prison on June 29th (USCPR, Vol.8,No.6). Prior to the arrest of Montes, a husband and wife team, George and Marisol Gari, were arrested in Miami August 31st for conspiracy and acting illegally as agents of a foreign government.

The Montes affidavit concludes stating that she "conspired, confederated and agreed with persons known and unknown" to violate U.S. law "to communicate, deliver and transmit to the government of Cuba and its representatives, officers and agents, information relating to the national defense of the United States, with the intent and reason to believe that the information was to be used to the injury of the United States and to the advantage of Cuba." Ironically, DIA, established 40 years ago, played a key role in the Cuban missile crisis in 1962.

SEPTEMBER 11, 2001

In a departure from our regular column highlighting one aspect of a particular currency or key commodity and its relation to the Cuban economy, this issue of the *U.S. Cuba Policy Report* is dedicated to the volunteers and families of the victims of the September 11th terrorist attack on the United States who died or were injured in Pennsylvania, Washington, and New York.

While our readers may be unaware that the **Currencies & Commodities** column receives its price quotes by permission from listed companies and organizations which may appear as simply names printed on paper but are, in fact, companies with whose U.S.-based employees we interact on a regular basis and many who we have come to know personally since our column first began to run in the April 1999 issue of the *U.S. Cuba Policy Report* (USCPR, Vol.6, No.4), they have been affected by the disaster of September 11th.

Among the U.S. markets that closed for the day on Monday, September 10th and unexpectedly did not reopen until Monday, September 17th because of the terrorist attack on the World Trade Center (WTC) Towers, none that we have dealings with was more adversely impacted than the Coffee, Sugar and Cocoa Exchange (CSCE) at the New York Board of Trade (NYBOT). Located in WTC Building 4 at the immediate base of the WTC South Tower - the first building to collapse -- 1,500 people were evacuated 10 minutes after the first hijacked airliner struck the WTC North Tower destroying WTC Building 4. The NYBOT, which had relocated to Long Island City, reopened on the morning of September 17th to trade one commodity at a time starting with cocoa.

Joining in the relief effort to aid those individuals, families, and organizations in need, the NYBOT has set up a Disaster Victims Relief Fund. "We are calling on those affiliated with the futures industry to assist us in this very important task. We need your help!" states the NYBOT notice. "Please mail your tax-deductible contribution to:

Futures & Options for Kids
Att: Theresa Silk, Executive Director
Post Office Box 261
Manalapan, NJ 07726

If you have ANY questions, please do not hesitate to call 732-567-5576." The *U.S. Cuba Policy Report* urges your participation.

Our good friends at the New York Mercantile Exchange (NYMEX), who were located just on the perimeter of the disaster area in the NYMEX Building between the core WTC complex of buildings and the Hudson River, along with our friends at Dow Jones Energy just across the river in New Jersey did not experience any direct losses. We at the Institute for U.S. Cuba Relations and the *U.S. Cuba Policy Report* here in Washington wish to extend our condolences and heartfelt sympathies to all the families of the victims of terrorism on September 11th. □

CURRENCIES & COMMODITIES

1 Euro = 0.9108 Dollar
1 US Dollar = 21.00 Cuban Peso
1 Euro = 19.1268 Cuban Peso

Rates as of September 29, 2001.
Source: Bloomberg/CADECA.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = NA
Year ago nearby = 9.83
Future (Oct. '01) = 6.70
High = 9.88
Low = 6.27

Cash/Spot price as of September 28, 2001.
Source: CSCE/NYBOT.

CRUDE OIL (\$per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 23.40-23.45
Year ago (Sept. 28) = 29.01
Future (Nov. '01) = 28.37

Cash/Spot price as of September 28, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 4,870
Year ago (Sept. 28) = 8,645

(\$ per metric ton)
Official Price: September 28, 2001.
Source: London Metal Exchange.

Cobalt = 8.90 - 9.60
Year ago (Sept. 21) = 15.05 - 15.75

(\$ per pound for 99.8%)
Price: September 21, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

DIRECT TELECOMMUNICATIONS SERVICES BETWEEN THE US AND CUBA REMAIN CUT OFF -- Since the Cuban government last cut off direct telecommunications services between the United States and Cuba in December 2000, circuits have remained shut with the routing of calls taking place through third-countries. In retaliation for the passage (USCPR, Vol.7,No.10) of the *Justice for Victims of Terrorism Act* (USCPR, Vol.6,No.11) sponsored by then-Senators Frank Lautenberg (D-NJ) and Connie Mack (R-FL)(USCPR, Vol.7,No.11), Cuban dictator Fidel Castro signed a decree on October 23, 2000 (USCPR, Vol.7,No.10) imposing a 10 percent tax on all telephone calls placed between the United States and Cuba. The 24.5 cent increase was based on the per minute cost of a call from Cuba to the United States of \$2.45. At the time, Cuba tried unsuccessfully to pressure American telecom companies into paying the higher settlement rate of 84.5 cents per minute (USCPR, Vol.7,No.12). Earlier in February 1999, Castro cut off direct telephone service in retaliation to U.S. District Court Judge King's ruling that telecommunications payments to Cuba could be garnished (USCPR, Vol.7,No.4) as compensation to the families of the Brothers-to-the-Rescue pilots shot down on February 24, 1996 (USCPR, Vol.3,No.3), a move the Clinton administration opposed (USCPR, Vol.7No.7). The September 19th current reported figures show zero funds transferred by American companies for telecommunications services to Cuba compared to an average of \$31,758,930 per semi-annual report in the past. U.S. phone companies, however, paid third-country enablers \$23,714,130 during the current reporting period. AT&T spokesman Gus Alfonso said with regard to the rerouting of calls through third countries, "We are complying with the law as always in our mission to maintain the open flow of communication between the Cuban and American people. We are continuing telephone service between our customers and their families in Cuba."

AGRICULTURAL EXPORTERS SOUGHT SUPPORT FROM BUSH ADMINISTRATION AND CONGRESS TO SCRAP TSRA REGULATIONS -- Farm groups had been lobbying Bureau of Export Control (BXA) at Commerce, Treasury's OFAC officials, and members of Congress vigorously prior to the September 11th terrorist attacks on New York and Washington to scrap regulations (USCPR, Vol.8,No.7) issued for the implementation of the *Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000* (USCPR, Vol.7,No.10) permitting trade with certain countries designated as terrorist states including Cuba, reported *Inside U.S. Trade* (www.insidetradetrade.com) on August 24th. *Inside U.S. Trade* quoted one informed Congressional source as saying, "Farm groups were so hell bent on getting Cuba open that they forgot the other countries, which are much bigger markets," referring to Iran, Libya, and Sudan. Led by TSRA sponsor Rep. George Nethercutt (R-WA), 16 members of Congress signed a letter dated September 7th informing the Secretaries of Commerce and Treasury that they believed the "interim final rule" represented "a significant obstacle for exporters, particularly exporters of agricultural commodities, the result of which is contrary to the intent of [TSRA]." However, one informed House source told the USCPR that the Treasury and Commerce Departments "have other priorities following the events of September 11th and have no inclination to get involved with the legislation which was going to be the vehicle for changes." Senator Byron Dorgan (D-ND), manager of the Treasury spending bill, which passed by voice vote on September 20th, withdrew his amendment that would have tracked House passed language on July 25th (USCPR, Vol.8,No.7), sponsored by Rep. Jeff Flake (R-AZ), permitting unlicensed travel and related transactions to Cuba.

EUROPEAN UNION WILL NOT OPPOSE AGREEMENT BETWEEN PARTIES -- Diplomatic efforts started under the Clinton administration persist through the Bush presidency to avoid a trade clash between the EU and the U.S. over enforcement of Title IV of the Helms-Burton Act, which would exclude from the U.S. representatives of foreign companies trafficking in property confiscated by Cuba and owned by a "U.S. national." One high profile case involves Spanish hotel company Sol Melia which received an "advisory" letter from the State Department on July 30, 1999 informing them that their joint venture with the Cuban government may involve expropriated property (USCPR, Vol.6,No.8). Owners of the confiscated property have been waiting for the next step in the process, the issuance of a so-called "determination" letter which would hold Sol Melia accountable for trafficking under U.S. law (USCPR, Vol.7,Nos.9&12). However, a tug-of-war within the State Department between the European Bureau and the Western Hemisphere Bureau has delayed action against Sol Melia. An informed source revealed the State Department has been made aware that the European Union will not invoke its blocking laws to prohibit a settlement agreement between the parties, although Brussels would want to review it.

DOMESTIC BRIEFS

PRESIDENT BUSH SUBMITS SEMI-ANNUAL REPORT ON TELECOM PAYMENTS TO CUBA --

On September 19th, President Bush delivered the eleventh in a series of semi-annual telecommunications reports to Congress "detailing payments made to Cuba by any United States person as a result of the provision of telecommunications services." This was Bush's second report (USCPR, Vol.8,No.3) to Congress and the first full report encompassing the early months of his administration. The report shows a transfer of funds to the Cuban government by AT&T and Sprint amounting to only \$3,169,926, which actually reflects "services provided during the prior 6-month period." For the current six month period covering January 1st through June 30th, U.S. phone companies made no payments to the Cuban government for telecommunications services provided since the Castro regime cut off the receipt of direct calls in December 2000. During the current reporting period, AT&T, Sprint, and WorldCom paid \$23,714,130 to third-country carriers. Funds blocked by Treasury's OFAC are not used to make these payments. Under contract agreements signed between U.S. companies and the Cuban government-run company Empresa de Telecomunicaciones de Cuba S.A. (ETECSA) permitting a settlement rate of \$1.20 per minute, OFAC will not permit U.S. companies to pay more than 60 cents per minute for calls made from the U.S. to Cuba. Since reporting began on September 23, 1996 (USCPR, Vol.3,No.10), the Cuban government has received a total of \$349,348,235 from American telecommunications companies, an increase of only \$3,169,926 over the prior reporting period. The average semi-annual payment by U.S. companies to Cuba through this reporting period is \$31,758,930. **DIAZ-BALART SUPPORTS CONGRESSIONAL INVESTIGATION OF IRA ARRESTS IN BOGOTA --**

In a September 21st letter to House International Relations Committee Chairman Henry Hyde, Rep. Lincoln Diaz-Balart (R-FL) expressed his support for a Congressional investigation involving the August 11th arrest of three IRA operatives in Bogota, Colombia (USCPR-SE,"IRA Arrests in Colombia Linked to Cuba," 9/25/01). "The arrest of three IRA operatives in Colombia and their connections to the Castro dictatorship and the FARC constitutes an example of the global terrorist network in operation," wrote Diaz-Balart. In a related matter on Saturday, September 29th, Richard Eagan attended, in his official capacity as U.S. ambassador to Ireland, the annual conference of the IRA's political arm, Sinn Fein. At the Ard Fheis in Dublin, Eagan witnessed a variety of motions condemning United States foreign policy including: a condemnation of Israel, support for the PLO, support for ETA the Basque terrorist group, backing for Puerto Rican independence, and a call to lift the U.S. embargo against the Castro regime. **BUSH ADMINISTRATION'S OPTIONS ON OTTO REICH NOMINATION NARROWING --**

On Fox News Sunday on June 17, 2001, newly elected Senate Majority Leader Tom Daschle (D-SD) said that "Everyone will get a fair hearing," when asked about President Bush's nominees. Democrats' reorganization of the United States Senate has yet to lead to the scheduling of a hearing in the Committee on Foreign Relations for President Bush's nominee to be Assistant Secretary of State for Western Hemisphere Affairs (USCPR, Vol.8,No.3). Otto J. Reich, former ambassador to Venezuela, awaits Chairman Joseph Biden's nod for a committee hearing. Following August recess on September 4th, the White House resubmitted the names of John Negroponte and Otto Reich among others to the Senate for consideration. While Negroponte overcame some Democrats' opposition to his appointment and was confirmed to become U.S. ambassador to the UN, Reich's nomination continues to languish. An informed Senate source told the USCPR that Biden does not intend to grant Reich a hearing which Senator Dodd (D-CT), the Western Hemisphere subcommittee chairman opposes. Reich would likely gain Democratic support in committee, allowing his name to be brought to the Senate floor for approval. Unless the White House, which is committed to this nomination, can persuade the Democratic leadership to move Reich's name forward, President Bush may have no choice other than to make a recess appointment when Congress adjourns its 1st Session of the 107th Congress in the next few months. A recess appointment would be good for a year and would need to be renewed unless Biden agreed to grant Reich a committee hearing. A Reich confirmation would be more likely to break the log jam over the Sol Melia case at the State Department (USCPR, Vol.7,No.6).

NOTABLE QUOTES

"It's my view that the embargo was always misunderstood. People had the view that it was supposed to actually bring Castro down. That was never the case. The embargo succeeded in what it was constructed to do, which is to deny Castro resources that he can use to export revolution and subversion, to demonstrate that communism has no future and most importantly, it was a drain on the Soviet Union." **Dennis Hays**, a career diplomat who spent 24 years at the State Department, gives an interview to *The Washington Times* newspaper. Hays is currently Executive Vice President for the Washington office of the Cuban American National Foundation. (TWT, "Cubans here look past Castro," 9/014/01, p.A11).

"I have a long standing commitment to go to Cuba and I intend to go there." **Gerry Adams**, president of Sinn Fein, the political arm of the Provisional Irish Republican Army (IRA), makes a statement to the press in Belfast. (RL, "Irish republican leader Adams confirms Cuba trip," 9/6/01).

"Let's remember: for 40 years we've had an embargo that was supposed to bring democratic reform to Cuba and for 40 years that hasn't happened, and Fidel Castro remains... You know, I've heard the other side say it's been a short time since the collapse of the Soviet Union, and that we need to give the embargo a new chance to succeed. But the truth is, the embargo has failed for 10 years in the post-Cold War era. And now we've entered the post, post-Cold War era." **Sally Grooms Cowal** speaks to AmCham Cuba at the National Press Club. Cowal, former U.S. ambassador to Trinidad and Tobago, is president of the Cuba Policy Foundation in Washington, DC. (Remarks to AmCham Cuba, 9/28/01).

"There has not been what is called an assessment of damage of what [Ana Belen Montes] might have known and been able to compromise by making it available to the Cubans. The offense that she committed is a capital offense." Senator **Bob Graham**, chairman of the Intelligence Committee, speaks to the editorial board of the *Miami Herald* about the arrest of Ana Belen Montes on charges of spying for the Cuban government. Montes was the Cuba analyst for the Pentagon's Defense Intelligence Agency. (MH, "Cuba spy suspect was rising into senior intelligence ranks," 9/29/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S.☆ CUBA *Policy Report*

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Institute for U.S. Cuba Relations ♦ Washington, D.C. USA
Ralph J. Galliano, Editor

October 26, 2001

Special Edition

PRESIDENT BUSH HAILS RUSSIAN DECISION TO CLOSE LOURDES LISTENING POST IN CUBA

WASHINGTON -- The Russian band playing Soviet-era music last December welcoming President Vladimir Putin -- the former KGB colonel -- to the Lourdes listening post located on the Communist-run, sun-swept, Caribbean island may have sounded mellifluous to Fidel Castro's ears then, but the aging-and-ailing Cuban dictator is more likely to be hearing a different tune this December when the Russians shut down, dismantle, and ship out both the hardware and software of their highly sophisticated but technologically outmoded intelligence gathering radar facility to central Russia, where it will be reassembled to perform a newly assigned mission. The concordance of these two erstwhile allies during the good-old-days, which has given way to the turbidity of debt payment schedules, demanding military budgets, and the new global reality of post-September 11th, will be contrasted by the departure of 1,500 Russian operators, technicians, and linguists whose packed bags along with their families will be headed back to Russia. Once considered a hallmark of the U.S.-Soviet Cold War rivalry, the 28-square mile spy base located just south of Havana will be closed for good in December and the Russian band will play no more. Built in 1964, shortly after the Cuban missile crisis of October 1962 when Soviet cargo vessels transported nuclear rockets to their launch zones, Lourdes has been useful to both the Cubans and the Russians able to monitor political, military, and commercial communications all along the east coast of the United States. During the 1990s, Lourdes, argued officials of the Clinton administration, was necessary for the Russians to verify arms control treaties. As recently as 1999, the Russians upgraded Lourdes when they constructed three new satellite dishes, a parking lot, and a swimming pool, which then-Secretary of State Madeleine Albright dismissed, inasmuch as "the Russians have no money for anything." The symbol of a Russian freighter sailing out of the port of Havana exporting the Lourdes cargo eastward will be a stark reminder of a bygone era of confrontation closing one of the last remaining chapters of the Cold War. The day after Putin publicly announced in Moscow the closure of Lourdes, Secretary of State Colin Powell remarked in Shanghai that not only was the "Cold War over," but that the "post-Cold War period is also over." While in Sacramento on October 17th, headed for Shanghai to the APEC meeting, also attended by Putin, President Bush welcomed the day's announcement declaring, "This decision is another indication that the Cold War is over. President Putin understands that Russia and America are no longer adversaries." (Bush's statement is reprinted in full below).

▪ President Bush Hails Russian Decision to Close Lourdes.....	1
▪ Trading Lourdes, Cuba for Vardo, Norway?.....	2
▪ Remarks by President Putin.....	4
▪ Cuba Reacts to Russian Announcement.....	5
▪ Congresswoman Ros-Lehtinen Asks Bush for Russian Accountability.....	7

TRADING LOURDES, CUBA FOR VARDØ, NORWAY? – Asked on the day after by a member of the Moscow press corps about President Bush's response to the Lourdes closure announcement, Alexander Yakovenko, the official spokesman for Russia's Ministry of Foreign Affairs welcoming the remark said, "Of course, we expect reciprocity, steps in response. It is no secret that in states contiguous with Russia there remain US radioelectronic surveillance centers, set up in the period of the Cold War, but active to this day. In particular, as we have more than once said, there are serious questions with regard to the station in Vard[ø], Norway." Vardø, situated in NATO member country Norway, is located 40 kilometers west of the Russian border, well within the Arctic Circle. It is in Vardø where the Cold War-era radar station Globus was used after the 1962 Cuban missile crisis to monitor Soviet missile tests and submarine operations. Replaced by the AN/FPS-129 HAVE STARE radar system, a joint US-Norwegian project, the Globus II station, originally identified as X-band, was used in 1995 at Vandenberg Air Force Base, California where it was involved in testing of the national missile defense (NMD) system. Since arriving in Vardø in May 1999, Globus II became a magnet for controversy between Russia and Norway, leading to numerous rounds of discussions between the U.S. and Russia over the radar. It was feared Globus II would serve as an operating station for America's NMD, which was considered a violation of the 1972 antiballistic missile (ABM) treaty between the U.S. and the former Soviet Union. In short, Russia considered Globus II a threat to its national security. Before September 11th, President Putin often assailed President Bush's missile defense plan. Since then, Putin has signed on to Bush's fight against international terrorism and appears to be seeking a compromise on the issue whereby both parties can agree to amend the ABM treaty, then permitting the U.S. to test and develop its missile defense system. Following their meeting in Shanghai on the sidelines of the Asia-Pacific economic summit, both leaders are scheduled to meet between November 12-14 in Washington and at President Bush's Crawford, Texas ranch for extended talks. An example of how the geopolitical landscape has been altered by the events of September 11th, Yakovenko preceded his remark about Vardø, Norway with just such recognition. "We are ready to build relations with the US on a new basis of pragmatic cooperation that ensures strategic stability in the world and considers the interest of other countries." Vardø has become a key site on the new geopolitical map of strategic cooperation with Globus II as vital to NMD, while Lourdes remains an archaic symbol of the Cold War, long since over.

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STATEMENT BY THE PRESIDENT

THE WHITE HOUSE
Office of the Press Secretary
(Sacramento, California)
October 17, 2001

I welcome President Putin's announcement today that Russia will close its military intelligence-gathering facility in Lourdes, Cuba.

This decision is another indication that the Cold War is over. President Putin understands that Russia and America are no longer adversaries; we do not judge our successes by how much it complicates life for the other country. Instead, both nations are taking down relics of the Cold War and building a new, cooperative and transparent relationship for the 21st century.

I look forward to meeting with President Putin in Shanghai on Sunday, where we will work to deepen the Russian-American partnership.

ECONOMICS AND MILITARY REFORM SHAPE MOSCOW'S FOREIGN POLICY TOWARD CUBA

While the historic announcement made by President Vladimir Putin at a meeting of the Russian defense ministry on October 17th to close and dismantle the nearly 40-year old Lourdes spy base in Cuba may be viewed in the context of the terrorist attacks of September 11th, it must also be considered in stark budgetary and military terms. "As you know, the situation in the world is changing fast," Putin pointed out to the assembled Russian general staff in Moscow. "Collective opposition to international terrorism has a substantial military component." Under the umbrella of "military reform," Putin asked for consideration of key budgetary elements including modernized armaments, force structure enhancement, and increased pay for personnel before going into closed executive session where the withdrawal of Russian logistical naval forces from Cam Rahn Bay, Vietnam and the withdrawal of the signals intelligence personnel from Lourdes Cuba were discussed.

Aware of the political implications attached to these decisions, Putin publicly made clear afterward that, "Any steps in the military sphere should be accompanied by a buildup of our cooperation in the trade and economic sphere with these states." In December, Putin's trip to Cuba and tour of Lourdes (USCPR, Vol.7,No.12) produced very little in terms of Cuban cooperation to settle the \$20 billion Soviet-era debt owed to Russia. It was made clear just prior to the visit that Putin was looking for Cuba to play the role of an economic partner and stepping stone for Russia in Latin America (USCPR, Vol.8,No.1). The Cubans insisted that Russia write off the debt against the alleged economic damage that was incurred as a result of the Soviet pullout. Offering to increase trade, investment, and credits, it was proffered that Russia's \$200 million annual lease of Lourdes be applied toward the debt settlement, but it was refused. Putin's announced base closure reflects these negotiations concluding at the defense ministry meeting, "after a profound and many-sided analysis of the situation and protracted negotiations with the Cuban partners it has been judged practicable to withdraw the radioelectronic center from Cuba. The chairman of the State Council of Cuba has been informed on the issue." Moreover, the chief of the general staff, Army General Anatoly Kvashnin reported at the meeting, "We can use this money to buy and launch 20 communication, intelligence and information satellites, and buy up to 100 radars from our country." Putin confirmed as much afterward saying, "The financial resources released should be used to modernize and rearm the Armed Forces, including increasing the potential of our space assets as the Chief of the General Staff has just said." (A substantial excerpt of Putin's public statement is reprinted below).

The public remarks of Russian President Vladimir Putin were made before and after the executive session of a meeting held in Moscow on October 17th at the Defense Ministry of the Russian Federation, over which he presided. Following the meeting with the military command, Putin tersely announced Russia's withdrawal from Cuba of its "radioelectronic center" located at Lourdes just outside Havana. The following consists of a substantial excerpt from the official statement issued by the Ministry of Foreign Affairs of the Russian Federation's Information and Press Department the following day on October 18th.

Remarks by President Putin of Russia at a Meeting at the Defense Ministry of the Russian Federation Moscow, October 17, 2001

Good day, dear comrades,

The aim of today's meeting is to discuss current pressing problems connected with ensuring the military security of our country. You know that active work is currently under way on the budget for 2002, and this makes our meeting today necessary and practicable. It is not by chance that we have with us today the newly appointed minister, who is also a former and new Vice Premier, Ilya Klebanov, and Finance Minister and Vice Premier Alexei Kudrin. Therefore, we will specifically discuss the tasks that face us. These are the issues that we have constantly in our purview. And today we must define again and discuss the priorities and outline the range of problems that must be solved.

As you know, the situation in the world is changing fast. Collective opposition to international terrorism has a substantial military component. I do not have to explain anything to anyone in this audience, you understand everything perfectly.

All this dictates a new look at the course of the military reform, the state of technical equipment of our forces and the very military organization of the state, without forgetting social aspects.

So, I propose that we dwell on the following issues.

First, the substance of conceptual and policy documents in the field of defense...

Of course, rearmament requires money, that goes without saying, and it is our duty to provide the necessary funding. Solutions must be found.

Now a few words about social aspects. We have...

We cannot tolerate further decline of the level of operational and combat training. Otherwise...

...I hope our conversation today will be just as substantive. Thank you.

[Executive Session]

What would I like to say in conclusion?

Rearming the troops, meeting the social obligations to servicemen and the whole military reform require money. We have spoken about it actively and emotionally.

I, therefore, think it is necessary to focus attention on the following: first, the main priority areas of the development of the Armed Forces. We should not be distracted by issues of a secondary nature and we should not waste money. All this program of activities should be forward-looking, it should be looking toward the future. Russia must have modern Armed Forces.

Second...

The financial resources released should be used to modernize and rearm the Armed Forces, including increasing the potential of our space assets as the Chief of the General Staff has just said.

As I said at the meeting, after a detailed study of the issue a decision has been taken to withdraw the military contingent from the Cam Rahn base in Vietnam. And beginning from January 1 next year, as the Navy commander has reported, we will start implementing that decision. I think that our Vietnamese colleagues don't need Russian servicemen to implement plans of commercialization of the corresponding infrastructure.

Furthermore, after a profound and many-sided analysis of the situation and protracted negotiations with the Cuban partners it has been judged practicable to withdraw the radioelectronic center from Cuba. The chairman of the State Council of Cuba has been informed on the issue.

Let me stress from the start that these decisions, of course, do not by any means signify a decline in the level of our interaction with these countries. As for Cuba, we have maintained and intend to maintain relations in all areas. We will consistently seek, as before, the full lifting of the economic blockade against Cuba. We support our joint efforts and common position in combating terrorism.

As for Vietnam, we have developed a major program of economic cooperation and development of relations in other areas. All this will be done.

More on the topic of our meeting today. It is necessary to further improve the program of armaments and fulfill it unconditionally. Ilya Klebanov spoke about it today. The Government needs to show genuine commitment in addressing these issues in 2002. As Alexei Kudrin has reported, we should observe and we should be confident that the financing of this program in the subsequent years should increase. It should be substantial financing and a substantial increase. Amendments should be made in the draft 2002 budget to envisage additional funding in order to increase the salaries of servicemen.

I think that pending the final decision on the budget, these issues should be the subject of further study by the Security Council and the economic block of the Government with due account of what the speakers here and all the officers taking part in the meeting have said.

In conclusion I would like to thank Kuroyedov, and all those who took part in the lifting of the Kursk submarine for the successful completion of the main phase of the work. After the end of the whole operation we will meet with all the main participants in the lifting of the Kursk at the Kremlin.

Thank you very much for your contribution. I wish you all the best.

Source: Ministry of Foreign Affairs of the Russian Federation/Information and Press Department October 18, 2001.

CUBA REACTS TO RUSSIAN ANNOUNCEMENT OF LOURDES LISTENING POST CLOSURE

The Cuban government voiced profound disapproval and disbelief in a communiqué issued in response to Russian President Vladimir Putin's unilateral announcement on October 17th to close the Lourdes spy station. The missive claims that during Putin's December 2000 visit to the island "the heads of state of our two countries spent several hours at the [Lourdes] station on December 14. Not a word was said about its closure. On the contrary, there was talk of further developing and modernizing it." In a Moscow TV interview, Russian Foreign Minister Igor Ivanov stated in response to a question concerning Lourdes, "First of all, I would like to say that the President of Russia has given detailed explanations of our decision. This is not a spontaneous decision. It is not a decision which has been dictated by specific considerations of expediency. This decision was nurtured for a long time within the framework of the military reform which is being carried out in our country and which affects international military cooperation." Cuba's description of its response to a special envoy's proposal to close Lourdes reflected the language and tone of a different era. "Our response was that this would be a most untimely measure to adopt. At this very moment, the U.S. government's stance is more aggressive and belligerent than ever, many countries are threatened in light of the U.S. president's speech on September 20 [to a Joint Session of Congress following the September 11th terrorist attacks], and military operations have already begun in Afghanistan. Under such circumstances, the withdrawal of the station would be a message and a concession to the government of the United States, which would constitute a grave threat to Cuba's security, and therefore we were not in agreement with its closure." One astute observer likened the reaction by the Cuban government to the "denial of a spouse in shock after his wife had just informed him that the marriage is over, and although there is someone else, we'll still be friends." In this case, there appear to be few matters left for Cuba to negotiate, since the proverbial wife is moving out in December and taking all the property with her. For Cuba, this prolonged disagreement between partners became more than just a quarrel behind closed doors, when Russia went public with the announcement. For Russia, the Rubicon has been crossed. (The full text of Cuba's response is reprinted below).

CUBAN GOVERNMENT COMMUNIQUE

October 18, 2001

OFFICIAL NOTE

Lourdes Electronic Radar Station agreement has not been cancelled, since Cuba has not given its approval.

Numerous international press agencies reported today that the President of the Russian Federation, Vladimir Putin, declared that as of January 2002, his country would close its military Electronic Radar Stations in Cam Rahn, Viet Nam and Lourdes, Cuba.

With regard to Cuba, he stated that "after lengthy negotiations with our Cuban partners, it was recognized that withdrawing the Electronic Radar Station from Cuba would be a positive move."

Also today, the chief of the General Staff of the Russian Armed Forces, Army Commander Anatoly Kvashnin, declared that "Russia is withdrawing its military bases from Cuba and Vietnam as a result of the change in the military-political situation in the world, and in view of the savings in financial resources for the army and navy. The annual lease on the Electronic Radar Station is around 200 million dollars, without taking into account the maintenance of staff. With this money we can buy and launch 20 reconnaissance satellites, and purchase around 100 radars."

To avoid any errors or confusion, the Government of Cuba would like to clarify that the two facilities should not have been lumped together in the Russian declaration, because they differ greatly in their origins, functions and importance.

Cam Rahn was a naval base built by the United States some 20 thousand kilometers away from its territory and leased to the USSR in 1979, years after the war had ended. It is of barely any use for a country like Russia, which has had practically no surface vessel fleet since the demise of the Soviet Union.

At this moment, Viet Nam faces no danger of military aggression from the United States since relations between the two countries are normal. For Vie[t] Nam, the United States poses no risk whatsoever. There can be no doubt that the decision was previously discussed and approved by both countries.

The Lourdes Electronic Radar Station was established in 1964, two years after the Missile Crisis. The USSR did not pay a cent for the services it received from Cuba, in view of the close cooperation between the two countries at that time in both the economic and military fields.

In 1992, after the collapse of the Soviet Union, when the Russian Federation fully assumed the rights and privileges of the former Union, Russia unilaterally withdrew the military brigade that had remained in Cuba after the Missile Crisis for a period of some 30 years, all this as a result of negotiations and agreements with the United States. At the same time, however,

Russia expressed interest in maintaining the Lourdes Electronic Radar Station as an important element for its strategic security, particularly as a means of verifying strict compliance with the agreements on nuclear disarmament and nuclear weapons reduction adopted by the United States and Russia.

Despite flagrant violations of agreements, economic losses and risks faced by Cuba, our government allowed the facility to stay with no charge whatsoever for the services that our country provided to Russia. This was the case for a certain period of time only, given that there was no longer the slightest political or ideological connection between Cuba and Russia. The leaders of Russia had unilaterally destroyed all of the agreements between the two countries. There was absolutely no reason left to provide it with free services of any kind.

Russia's reiterated interest in maintaining, expanding and modernizing the Lourdes Electronic Radar Station, for the reasons mentioned above, led to an agreement which included payment to Cuba in Russian commodities or hard currency in exchange for the services provided to the station. That payment totaled 90 million dollars in 1992, 160 million from 1993 to 1995, and the 200 million mentioned by Army Commander Anatoly Kvashnin from 1996 to 2000. This sum is not at all extraordinary when one considers that it is barely 3% of the damage caused to our country's economy by the disintegration of the socialist bloc and the USSR and the unilateral annulment of all agreements. At the same time, Cuba benefited from some of the information obtained related to our own country's security.

The United States has relentlessly pressured Russia over the existence of this facility, despite the fact that the United States itself has maintained a military base in our territory for over 100 years now, against our people's will.

During President Vladimir Putin's visit to Cuba in December of 2000, the heads of state of our two countries spent several hours at the station on December 14. Not a word was said about its closure. On the contrary, there was talk of further developing and modernizing it. President Putin literally said that day; "Russia and Cuba are interested in continuing to foster its activity. It has been fully functioning for some time, in accordance with international standards and regulations. It has done so successfully, and Russia and Cuba declare themselves as countries interested in continuing to foster its activity."

At that time, only minor differences emerged between the Cuban and Russian military authorities involved, since the Russians desired to reduce, by a relatively small margin, the economic compensation paid to Cuba. This had become customary every year during the reviews of the Russian side's repeated failure to meet its obligations.

Months later, a curious change was observed in Russia's policy towards the Lourdes Electronic Radar Station. This took the form of non-compliance with its financial obligations, resulting in an accumulation of unfulfilled payments, and unjustifiable and exaggerated demands for a reduction in the amount paid for services rendered, despite the threefold increase in the price of oil, one of Russia's main exports, and an obvious improvement in the Russian economy, reflected by the growth of its reserves from some 12 billion dollars to over 30 billion, among other factors.

It was at this stage that the current international crisis broke out, creating considerable tension throughout the world. There had been, at all times, contacts and fluid, friendly relations between our two governments, despite the fact that they have adopted rather different positions: Cuba is opposed to terrorism and opposed to the war, while Russia has offered broad support and cooperation for the war unleashed by the United States. But, both fully agree on the fight against terrorism and the need for the United Nations to play its role.

The negotiations we have been carrying out with regard to the Lourdes Electronic Radar Station have yet to be concluded. Yesterday, October 16, at 2:00 p.m., we had not reached an agreement. A special envoy urgently proposed the closing of the station. Our response was that this would be a most untimely measure to adopt. At this very moment, the U.S. government's stance is more aggressive and belligerent than ever, many countries are threatened in light of the U.S. president's speech on September 20, and military operations have already begun in Afghanistan. Under such circumstances, the withdrawal of the station would be a message and a concession to the government of the United States, which would constitute a grave threat to Cuba's security, and therefore we were not in agreement with its closure.

Just last night, we addressed the issue once again, putting forward a great many arguments with the Russian envoy, who had requested an urgent meeting. This envoy had brought another message from the Russian president, proposing something even worse: the advisability of publicly and immediately declaring that the agreement on the Lourdes Electronic Radar Station was cancelled. We responded that we were in absolute disagreement, and proposed that they study other options. We noted that they have a reputation for being good chess players, and were therefore aware that there were a hundred other moves they could make, and not just the one they were proposing.

Russia's urgency, it was explained, stemmed from their wish for President Putin to meet President Bush at the Asia-Pacific Cooperation Forum in Shanghai bearing these two pieces of news. It is easy to understand how much they would please their recipient: the one regarding Cam Rahn, although unimportant in reality, is highly symbolic; the one concerning Cuba would be a special gift.

Consequently, the agreement on the Lourdes Electronic Radar Station has not been cancelled, since Cuba has not given its approval. Russia shall continue negotiating with the Cuban government, given that there are still important issues to resolve with regard to the matter.

Unfortunately, perhaps President Putin, because of the time difference, did not have a chance to hear our well-founded arguments and suggestions on the matter in time, before making his public announcement.

Still, Cuba holds him and the enormous State of Russia in great esteem and deep respect. For this reason, Cuba will refrain for the moment from making any judgments or criticisms regarding what was announced today by the press agencies. It will simply limit itself to offering absolutely factual information to our people, and to hoping that this disagreement can be resolved in a reasonable, fair and honorable manner.

There is something that should be clearly understood by everyone, and on which no one should entertain false illusions: in Cuba there is not and there never will be either panic or fear. This is the perfect atmosphere for serenity, cool-headed wisdom, integrity, dignity, and unlimited courage.

Source: The Government of the Republic of Cuba. Gramma International October 17, 2001.

ROS-LEHTINEN ASKS PRESIDENT BUSH TO CERTIFY RUSSIAN ACCOUNTABILITY IN CLOSING OF LOURDES SPY STATION

In an October 17th letter to President Bush (reprinted below) regarding that day's statement by President Putin, Rep. Ileana Ros-Lehtinen (R-FL) asked for the White House to be resolute in its treatment of Russia's announcement that it would be closing the Lourdes intelligence base in Cuba, after nearly 40 years of Cold War rivalry between the United States and the former Soviet Union. Alluding to the Gulf War period a decade ago, Ros-Lehtinen expressed legitimate security concerns, which rest upon reports that intelligence from Lourdes has in the past been shared with "pariah states as Libya, Iran, and Iraq -- all sponsors of terrorism." She further cites the recent hurried arrest of "Ana Belen Montes, the Senior Analyst at the Defense Intelligence Agency" on charges of spying for Cuba (USCPR, Vol.8, No.9). In a true test reflecting the shift in the geopolitical landscape, whereby Russia has purportedly signed on to America's war on terrorism following the events of September 11th, Ros-Lehtinen asks President Bush to require a "full accounting of the intelligence gathered at the Lourdes base immediately prior to and in the aftermath" of the terrorist attacks. Ros-Lehtinen was the author of the Russian-American Trust and Cooperation Act of 2000 (USCPR, Vol.7, No.5).

LETTER TO PRESIDENT BUSH

**Congress of the United States
House of Representatives
ILEANA ROS-LEHTINEN
18TH DISTRICT, FLORIDA**

October 17, 2001
The Honorable George W. Bush
President of the United States
The White House
Washington, DC 20500
Dear Mr. President:

While I welcome the reports announcing that Russian President Vladimir Putin will be "pulling out" of the Lourdes espionage facility in Cuba, the evidence clearly shows that the Russian Federation considers this espionage base critical to its intelligence needs -- an assessment that was reiterated last December during President Putin's visit to the Communist island.

Further, whereas a January 1, 2002 start date was provided for Russia's withdrawal from Cam Rahn Bay, Vietnam, no specifics were offered concerning the pullout from Lourdes. This leads one to speculate about the veracity and genuine nature of President Putin's announcement.

As you know, intelligence obtained through the Lourdes facility is shared with such pariah states as Libya, Iran, and Iraq -- all sponsors of terrorism. It was this reality which precipitated the arrest of Ana Belen Montes, the Senior Analyst at the Defense Intelligence Agency for [m]atters pertaining to Cuba. Accused of spying for the Castro regime, the FBI believed that the classified data Montes was providing Cuban intelligence would reach those supportive of Osama bin Laden and would compromise U.S. anti-terrorism efforts.

Thus, the only way to safeguard the U.S. against threats posed by sharing intelligence gathering through Lourdes is to eradicate the problem at its source.

Therefore, the U.S. should require that the Russian Federation not just withdraw from Lourdes but that it destroy all its equipment -- rendering the facility inoperable. This will help ensure that neither the Castro regime, nor China which has been expanding its military and intelligence operations in Cuba, nor any other enemy of the United States can use this facility to obtain military, political, and economic intelligence about the United States nor personal data about our leaders.

Further, as the author of the Russian-American Trust and Cooperation Act (RATCA) of 2000, which passed the House with overwhelming bipartisan support, and of 2001, I respectfully request that no further debt re-scheduling be approved for the Russian Federation until it ceases all its operations and completes the full destruction of the Lourdes espionage base.

Lastly, the U.S. should require full accounting of the intelligence gathered at the Lourdes base immediately prior to and in the aftermath of the September 11th terrorist attacks. The U.S. should be provided with specifics on the data obtained and the disposition of such sensitive information.

Russian response will demonstrate the extent of its resolve against terrorism and its vast global network, as well as the extent of its support for the United States.

If your staff has any questions, please have them contact Yleem Poblete of my Subcommittee staff at (202) 225-3345.
Godspeed!

Sincerely,
Ileana Ros-Lehtinen, Chair
Subcommittee on International
Operations and Human Rights

cc: The Honorable Condoleezza Rice
National Security Advisor

The Honorable Colin Powell
Secretary of State

The Honorable Paul O'Neill
Secretary of Treasury

NOTABLE QUOTES

"From a prestige point of view, it is a small slap for Fidel [Castro], but from a practical point of view, the Cubans can continue to run it if they want, alone or with Chinese help. Closure of Lourdes is not the final nail in the coffin of Cuban-Russian ties, but it is one more nail. The Russians still have their petroleum-for-sugar relationship. The Russians would still like to collect their \$19 billion debt -- they're not going to give up on that." Professor **Jaime Suchlicki** is the director of the University of Miami's Institute for Cuban and Cuban-American studies. (AP, "Russia-Cuba ties dim with Lourdes spy base pullout," 10/17/01).

"It is the first real step toward a real partnership with the US. If you wanted a symbol of the Cold War, it was Lourdes. I think it is a clear signal to the U.S. that Russia is changing its position, that we are true allies. It is a very important signal which continues this shift of Mr. Putin toward a clear partnership with the West." **Alexander Golts**, a military expert and a reporter for the weekly *Russian Journal Online*, comments on Russian President Vladimir Putin's decision to close the Lourdes spy station in Cuba. (RL, "Analysis-Cuba base closure signals Putin is courting West," 10/17/01).

"Not only is the Cold War over, the post-Cold War period is also over. In this time of tragedy, this time of anxiety, we should see the opportunity that is before us." Secretary of State **Colin Powell**, while in Shanghai for the Asia Pacific Economic Cooperation (APEC) forum, reacts to the Russian decision the day before announcing it would pullout of the Lourdes spy base in Cuba. (RL, "Anthrax fears, September 11 open doors too- Powell," 10/18/01).

"Now, the military-political situation has changed and there has been a qualitative leap in military equipment. The [Lourdes] station's potential is compensated by the potential of other means and forces on the territory of Russia, including space-based ones." General **Anatoly Kvashnin**, chief of the armed forces' General Staff, comments on the perceived diminished value of Lourdes to the Russians in light of advanced technology and the seismic geopolitical shift since the events of September 11th. Kvashnin was a participant in the meeting at the Defense Ministry of the Russian Federation in Moscow, October 17, 2001. (The Moscow Times.com, "Russia to Shut Down Base in Cuba," 10/18/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

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Volume 8, Number 10

October 31, 2001

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

Ralph J. Galliano, Editor

GERRY ADAMS ADMITS MEMBER OF BOGOTA-THREE IS IRISH REPUBLICAN REPRESENTATIVE IN CUBA

WASHINGTON – The dramatic change in the political climate in Washington and London brought on by the September 11th terrorist attacks in America has led to an admission by Gerry Adams, president of Sinn Fein -- the political wing of the outlawed Provisional Irish Republican Army (IRA), that Niall Connolly, arrested along with two cohorts by the Colombian army on August 11th in Bogota, was indeed Sinn Fein's representative for Latin America based in Havana, Cuba. Ambassador Richard Haas, the State Department director for policy planning warned Adams during his September 9th - 12th trip to the region that the Irish republican movement must sever its relations with the Colombian terrorist group FARC. Adams' admission of Connolly's association followed earlier public denials including that by Washington-based Rita O'Hare who claimed to be the "only authorized Sinn Fein representative in the Americas" (USCPR-SE, "IRA Arrests in Colombia Linked to Cuba," 9/25/01). Sinn Fein had even contradicted Cuba's foreign ministry at the time. The Irish republican movement's presence in Latin America, however, did not start with Niall Connolly. It has been evident for at least the past 10 years, with IRA fugitive Evelyn Glenholmes (1990-1995) reportedly preceding Connolly (1996-2001) as the republican representative in Havana. "This decision [on Niall Connolly] was taken without the knowledge or authorisation of the international department or any other party structure including the party chairperson or myself," Adams stated in an October 22nd press release issued just three hours before giving one of the most important speeches of his political life that dealt with IRA arms decommissioning, the linchpin of the Northern Ireland Good Friday peace agreement. Ambassador to Ireland, Richard Eagan, conducted an urgent review of U.S. policy toward Irish republicanism for the Bush administration in early October following his presence at the Sinn Fein annual conference in Dublin where the *Ard Fheis* entertained leaders representing groups of the "terrorist international" and heard motions on the floor condemning U.S. policy in Colombia and calls to lift the Cuban embargo. Bush administration diplomatic pressure helped to steer Sinn Fein leaders Gerry Adams and Martin McGuinness, both members of the ruling IRA Army Council, closer to achieving decommissioning with McGuinness having won election as the IRA's chief of staff on September 27th facing down decommissioning hardliners like Brian Keenan, who is believed to have authorized the mission of the Bogota-three. The IRA's landmark announcement to begin to place its arms cache *verifiably beyond use* on October 23rd, the day after Adams' Connolly admission, paved the way for Sinn Fein to continue to receive visas and allow it to fund raise in the United States, instead of being banned and coming under the new anti-terrorism legislation signed into law (P.L.107-56) by President Bush on October 26th.

▪ Adams Admits Member of Bogota-Three IRA/Sinn Fein Representative in Cuba.....	1
▪ Cuban Diplomats Movements in U.S. Restricted.....	3
▪ Powell Questioned on Cuba at Terrorism Hearing.....	4
▪ Informal Rate of Cuban Peso Falls to Lowest Level Since 1997.....	5
▪ NSC Official Denounces Cuban Response to September 11th Terrorist Attacks.....	7

CONGRESSIONAL INVESTIGATION PROCEEDS – The IRA's so-called "arms statement" of October 23rd concluded by acknowledging, "This unprecedented move is to save the [Good Friday] peace process and to persuade others of our genuine intentions." Not to be let "off the hook," the Congressional investigation into the arrest of the three Irish republicans in Bogota, Colombia continues. "After first denying [Niall Connolly is the representative to Latin America for the IRA's political ally], Sinn Fein President Gerry Adams has since acknowledged that Connolly does hold that position, but claims that some in the Sinn Fein leadership were unaware of his role, I propose to travel to Cuba, accompanied by Committee staff, as part of the Committee's ongoing investigation into the case," wrote Rep. William Delahunt (D-MA) in his October 31st letter (reprinted below) to Rep. Tom Lantos (D-CA), the ranking member of the House International Relations Committee (HIRC). "We will specifically focus on Connolly's activities in Latin America." The trip is scheduled to take place between November 8 - 10. Delahunt is expected to join the Congressional delegation, led by Western Hemisphere Subcommittee Chairman Cass Ballenger, in Caracas from November 11 - 12. Ballenger's subcommittee hearing of October 10th addressed: "The Western Hemisphere's Response to the September 11, 2001 Terrorist Attack on the United States." In his opening statement Ballenger said, "The involvement of well known international terrorists like the IRA, combined with recent threats made by the FARC's leader, Manuel Marulanda, suggesting that he will hit American targets in response to our nation's support of the drug war, raise real questions about the FARC's role in support of international terrorism." Francis X. Taylor, President Bush's head of counter-terrorism testified that "the most dangerous international group based in this hemisphere is the Revolutionary Armed Forces of Colombia, or FARC." James Mack, Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs expressed "grave concern" over the links established between the IRA and the FARC, which he called a group that "openly engages in illicit narcotics production and trafficking." In his statement to the Inter-American Counterterrorism Committee of the OAS on October 15th, Taylor called the IRA a threat to Americans. "We must recognize that al-Qaida could not have carried out such attacks -- planned over a period of years - without relying on an extensive support network around the world. That network may include cells in some or many OAS member states, including the US," noted Taylor. Citing the IRA, Taylor said, "These groups, when combined with terrorist groups in the Americas such as the FARC, Shining Path, and others - provide more proof that terrorism is a threat to all of us." The course of the investigation into Irish republican activities in the Americas will determine whether an HIRC hearing takes place.

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V8N10

Congress of the United States

House of Representatives

Washington, DC 20515

October 31, 2001

The Honorable Tom Lantos

Ranking Member

House International Relations Committee

2217 Rayburn

Washington, DC 20515

Dear Ranking Member Lantos:

I am writing to request your assistance in authorizing my travel to Cuba and subsequent participation in CODEL, led by Western Hemisphere Subcommittee Chairman Ballenger, to Venezuela. My trip to Cuba would be from November 8-10, 2001; I would then join the Ballenger CODEL in Venezuela from November 11-12.

As you know, three Irish nationals were arrested in Colombia in August and charged with training the FARC, that country's largest guerrilla group. Some of the men are allegedly members of the Irish Republican Army. As you are also aware, International Relations Committee Chairman Hyde has authorized a committee investigation into this case because of its possible impact on US policy regarding both Ireland and Colombia, and is considering possible hearings on the matter.

Soon after the arrests, the Cuban government announced that one of the suspects -- Niall Connolly -- is the representative to Latin America for the IRA's political ally, Sinn Fein, and that he is based in Havana. After first denying this, Sinn Fein President Gerry Adams has since acknowledged that Connolly does hold that position, but claims that some in the Sinn Fein leadership were unaware of his role. I propose to travel to Cuba, accompanied by Committee staff, as part of the Committee's ongoing investigation into the case. We will specifically focus on Connolly's activities in Latin America. While there, I will also participate in a regional counter-narcotics conference, with an eye toward any possible linkages between Colombian or Irish groups and illicit drug trade.

I will then go to Venezuela to join the Ballenger CODEL, already in progress. The purpose of this CODEL is to meet with that country's President, Hugo Chavez, and other key officials. As you know, Venezuela is a major supplier of oil for the US. Because of possible instability in the Middle East, it is critical that we maintain good relations with Venezuela. This visit will enable Members of our Committee to contribute to the sustained quality of those relations.

My flight from the US to Cuba and from Cuba to Venezuela will be by commercial plane; my return from Venezuela to the US will be by military transport.

I would sincerely appreciate it if you would raise my request for authorization for this travel. Thank you very much for your consideration and assistance.

Sincerely,

William D. Delahunt

CUBAN DIPLOMATS MOVEMENTS IN U.S. RESTRICTED

Cuban diplomats assigned to the Interests Section in Washington and to the UN Mission in New York have had the freedom to travel and move about the United States, unlike their American counterparts assigned to Cuba. Travel by Cuban officials had been permitted within a 25-mile radius of the U.S. Capitol requiring prior notification beyond that point. Instances where Cuban government officials based in Washington, for example, were able to communicate with Mariano Faget, the INS official charged (USCPR, Vol.7, No.2), indicted (USCPR, Vol.7, No.3) and convicted (USCPR, Vol.7, No.5) of spying for Cuba, by traveling to Miami without reporting their contacts with U.S. officials to the State Department, as required, would likely have been prevented altogether, had the new rules been in place. In a diplomatic note from the U.S. State Department Office of Foreign Missions, the Cuban government was notified through the Interests Section that the United States would practice reciprocity with regard to diplomatic travel. The Cubans have been granted 6-to-7 times the travel area in Washington than American diplomats have had in Havana, according to Jim Carragher, the State Department coordinator of Cuban Affairs. In the Washington area, Cuban diplomats are now restricted to travel within the Beltway and the Dulles Airport corridor, approximately 706 square kilometers compared to 704 square kilometers granted to U.S. diplomats in Havana. The Bush administration restrictions on Cuban diplomatic travel became effective on Tuesday, October 16th. Although reciprocity lies at the heart of this issue, the Bush administration decision to restrict Cuban diplomatic travel in the post-September 11th period also comes following the arrest of Ana Belen Montes, the Cuba analyst at the Defense Intelligence Agency, for espionage on September 21st (USCPR, Vol.8, No.9). "I commend President Bush for these new restrictions on Castro's so-called diplomats in the United States and for ending the blatant double standard that existed previously in the movement permitted of Castro diplomats here compared to U.S. diplomats in Cuba," said Rep. Lincoln Diaz-Balart (R-FL).

POWELL QUESTIONED ON CUBA AT TERRORISM HEARING

The following remarks by Reps. Ileana Ros-Lehtinen (R-FL) and Bob Menendez (D-NJ), dealing with the issue of Cuba, were made on Wednesday, October 24th during a hearing of the House International Relations Committee. The featured committee witness was Secretary of State Colin Powell. The committee hearing on terrorism was held in room H-140 of the U.S. Capitol.

TEXT: EXCHANGE WITH POWELL BY ROS-LEHTINEN & MENENDEZ

COMMITTEE ON INTERNATIONAL RELATIONS

HENRY J. HYDE, CHAIRMAN

OCTOBER 24, 2001

Wednesday, October 24, 2001, H-140 Capitol.

Hearing: The U.S. Diplomatic Efforts in the War Against Terrorism

Witness: Secretary of State Colin Powell

Committee Member: Rep. Ileana Ros-Lehtinen

Rep. Bob Menendez

The **CHAIRMAN**: Mr. Menendez?

Mr. **MENENDEZ** : Thank you, Mr. Chairman. Mr. Secretary, let me thank you for -- along with my colleagues -- for your service to our country...

And lastly, I just want to raise the question, and I don't know if it has any relationship, but I want to raise the third question and I'd like to hear your responses. You know, I read news reports that two suspected Afghans were arrested in the Cayman Islands after transiting to Cuba. I read the arrest of the defense intelligence analyst spy who was arrested -- our defense intelligence analyst who was arrested who was spying for Cuba, and giving not only us the wrong information, but obviously giving them information. I read from the press the guilty pleas that were issued in the Southern District of Florida by Cuban spies, and how part of what has come out of that record is that they gave detailed information to the regime about the U.S. mail system. That has been in the public record.

And lastly, I look at Castro's recent visit to Iran, as well as the interchanges that have existed between scientists in Cuba and Iran, and of course, knowing terrorists that have sought harbor there and been able to achieve it, and I say are we looking outside of the box here, and looking at these items and looking to what extent does any of this have any connection? And if nothing has any connection to the recent set of events, what does it speak to in terms of our assessment of the regime in a context of challenges that this country faces in a wide variety of harboring terrorists and having other access and venues and transiting of individuals who obviously could offer harm to this country.

Secretary **POWELL**: With respect to Syria's seat on the Security Council, I think as you may know, Mr. Menendez, that was ordained just by the nature of the voting process. There was no way to stop it or lobby against it. It was going to happen.

With respect to Pakistan, I think that

With respect to your comments about Cuba, I'm not familiar with most of the items that you mentioned, but just let me say that we keep a close eye on Cuba. I have no illusions about the nature of that regime as well. It means us no good. It is a spent regime. It is a busted regime that has wasted close to 50 years now under a dictatorial leadership. I don't know that we have seen any linkages that would cause us to believe that the events of 11 September in any way trace back to Havana, but I'm sure our intelligence agencies are keeping their antennae up.

It was interesting that last week, President Putin announced that he was removing the Lourdes station from Cuba, which produced a five-page letter from President Castro raising bloody heck about it, and this was the source of enormous satisfaction and amusement to me personally. Mr. Putin realizes that the Cold War is over and the post-Cold War period is over, and this kind of investment in a regime such as Cuba is no longer worth Russian money.

Ms. **ROS-LEHTINEN**: ... Since this hearing does affect the broader topic of terrorism, I thought I wanted to follow up with Mr. Menendez' Cuban-related question. Recently Ana Belen Montes, the Defense Intelligence Agency's senior analyst for matters relating to Cuba who had access to the most top classified information, was arrested for spying for the Castro regime. Incredibly enough, it actually made the front page of the *Washington Post*. Her arrest was precipitated by the fact that the Castro regime does, in fact, share U.S. intelligence with Iraq, with Libya, and with other supporters of Usama bin Laden, and by fears that the classified data that she had had access to and had provided Cuba might then be turned over to terrorist supporters.

Dr. Ken Alibek, former head of the former Soviet Union and Russia's offensive biological weapons program, recently confirmed that the Castro regime has offensive biological weapons capability that it could use against the United States. There have already been a series of arrests and convictions of Cuban spies operating in the United States, including penetrations of U.S. military installations.

Thus, in the aftermath of these and other grave developments, are you reconsidering the statement which you made earlier this year before the Commerce, Justice and State Appropriations Subcommittee that Cuba does not constitute a threat to the United States?

Secretary **POWELL**: I am not familiar with the kind of capability that you have suggested that Cuba has. What I would like to do is go back and take another look at our intelligence holdings. But I still, having said that, when I compare the threat that Cuba was to us and to the whole hemisphere some 12 or 13 years ago when I was in the Reagan administration, how we fought against that and prevailed over that kind of threat by the election of democracies throughout our region, when I watched the Soviet Union and Russia just pull away from Cuba, it is not the same kind of threat that it used be, and short of the item you mentioned about them having biological capability, which I would like to check, but in terms of the kinds of things that they were doing, I don't think that they present that kind of threat to us now. I will have to look at this unique unconventional threat that you mentioned.

If it is -- if what you have said is actually the case, then, yes this is a very serious matter and a threat to us.

Ms. **ROS-LEHTINEN**: For example, there have been reports that Cuba has sold to one of the states that are listed on the U.S. terrorist states, a shot that can be used for good purposes. But with an additional -- a little supplement added to it can be turned into a biological weapon against our own people. And I would appreciate it if you would get back to us on the recent multi-million dollar sale of such vaccines of Cuba to one of those terrorist states.

INFORMAL RATE OF CUBAN PESO FALLS TO LOWEST LEVEL SINCE 1997

The uncertainty, attributed to the September 11th terrorist attacks on New York and Washington, has had a ripple effect on the world economy, not the least of which brought tourism to a screeching halt in south Florida where layoffs spread throughout the service industries curtailing remittances from Cuban-Americans and severely impacting the tourist and travel industries of Cuba. Sixty percent of the on-island population is estimated to receive dollar remittances from relatives in the United States.

There are some reports the occupancy rate at one chain of hotels, Grupo Sol Melia - a Spanish-Cuban joint venture, is down 25-to-30 percent compared to the same period a year ago. Tourism Minister Ibrahim Ferradaz said at a news conference in Havana on Friday, October 19th that the direct and indirect revenues of almost \$2 billion in 2000, which amounted to 53% of Cuba's hard currency revenues, was in crisis. Some 20 of 225 hotels on the island have been closed. The terrorist attacks appear to have accelerated the downturn in the world economy, particularly in Cuba's tourist industry.

Not since the 35% decline in gross domestic product between 1989-1993, resulting from the collapse of the Soviet Union, has Cuba experienced such an economic slowdown. In response, the Communist government of Cuba legalized use of the U.S. dollar in 1993 and in 1995 established the Cajas de Cambio S.A. (CADEDA) to capture those same dollars. Exchange rates throughout the island are not uniformly maintained, but can vary from one area to another. On average, the peso, Cuba's official currency has been valued at 21 to the U.S. dollar over the past four years. At the height of the "Special Period," the peso was worth as little as 150 to the dollar.

"The situation within the balance of payments is not positive for Cuba," says Jose F. Alonso, the former head of the economic unit of Radio Marti. "It looks very detrimental to the economic prospects of the island. The situation is compounded by a deficit in the balance of trade in addition to a devaluation of the currency." Cuba's current economic situation is further impacted by falling raw sugar and metals prices, which have been on a downward slope all year.

Since September 11th, the informal rate of the peso has depreciated nearly 24 percent, sinking to the level of 26 pesos to the dollar on October 31st. As a result, CADECA, desperate for dollars, no longer exchanges them for pesos at many of its official shops forcing the population into the black market and creating a downward spiral on the value of the peso to the dollar.

"It's a mistake for people to believe the October devaluation of 18.5% was a result of the events of September 11th because the Cuban economy has been experiencing substantial difficulty throughout 2001," explains John Kavulich, who is president of the US-Cuba Trade and Economic Council in New York. "September 11th resulted in the triggering and compression of the stepped devaluation" process of the peso. □

CURRENCIES & COMMODITIES

1 Euro = 0.9008 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 23.42 Cuban Peso

Rates as of October 31, 2001.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 7.24
Year ago nearby = 9.90
Future (Mar. '02) = 6.74
High = 9.75
Low = 6.11

Cash/Spot price as of October 31, 2001.
Source: CSCE/NYBOT.

CRUDE OIL

(\$per bbl.)

- Light Sweet (WTI)
Cash/Spot (fob) = 21.15-21.20
Year ago (Oct. 31) = 32.70
Future (Dec. '01) = 21.18

Cash/Spot price as of October 31, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 4,420
Year ago (Oct. 31) = 7,390

(\$ per metric ton)
Official Price: October 31, 2001.
Source: London Metal Exchange.

Cobalt = 7.50 -7.90
Year ago (Oct. 30) = 16.00 - 16.80

(\$ per pound for 99.8%)
Price: October 29, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

WHITE HOUSE SOUGHT NEW FOOD AND MEDICINE EMBARGO POWER THROUGH ANTI-TERRORISM ACT -- A coalition of farm groups fought hard to hold on to gains made last year with respect to the passage of the *Trade Sanctions Reform and Export Enhancement Act* (TSRA) of 2000 (USCPR, Vol.7,No.10) when language was introduced in the anti-terrorism legislation proposed by the White House following the September 11th terrorist attacks on New York and Washington. Agricultural exporters had more recently sought a rollback in TSRA regulations (USCPR, Vol.8,No.9) issued by the Commerce and Treasury departments when they and their Congressional supporters were derailed by the events of September 11th. The *USA PATRIOT ACT of 2001* (H.R.3162), public law 107-56 signed by the president on October 26th, would have permitted him to impose new sanctions by issuing either an executive order or new regulations on "a foreign entity designated by the United States in connection with terrorism, narcotics trafficking, or the proliferation of missiles or weapons of mass destruction." President Bush's September 23rd executive order 13224, which freezes the assets of terrorist groups held in the United States, also provides for the imposition of food and medical sanctions on those groups based on a provision of TSRA. Rep. George Nethercutt (R-WA) had led the effort to open food and medicine trade with Cuba through TSRA. (RL,"US farm group seeks limits on food embargo measure," 10/15/01).

BUSH ADMINISTRATION SENDS VETO MESSAGE TO CONGRESS OVER TRAVEL TO CUBA -- In an October 11th letter to members of Congress directly involved in the passage of H.R. 2590, the *Treasury and General Government Appropriations Bill, FY 2002*, as passed by the House and Senate, Mitch Daniels, director of the Office of Management and Budget, made it plain the Bush administration would veto the bill if it contained sanctions language permitting travel to Cuba. "The Administration believes that it is important to uphold and enforce the law to the fullest extent with a view towards preventing unlicen[s]ed and excessive travel, enforcing limits on remittances, and ensuring that humanitarian and cultural exchanges actually reach pro-democracy activists in Cuba," stated Daniels in a direct reference to Section 648 of the bill. "If a bill is presented to the President with this provision, his senior advisors would recommend that he veto the bill." Earlier in the year, the House voted 240-to-186 in favor of permitting unlicensed travel to Cuba (USCPR, Vol.8,No.7) in a substitute amendment introduced by Rep. Jeff Flake (R-AZ) on July 25th. "Since 9/11 happened, the Senate agreed not to attach anything controversial to its bill. The timing wasn't good," said Flake. President Bush has called upon the Treasury Department's Office of Foreign Assets Control (OFAC) to enforce the travel regulations regarding illegal travel to Cuba (USCPR, Vol.8,No.8). (RL,"Push to lift Cuba travel ban stalls in US Congress," 10/25/01).

RICE INDUSTRY EXHIBITS AT INTERNATIONAL TRADE FAIR IN HAVANA -- Long in the works prior to September 11th, the USA Rice Federation (USA Rice) is participating in Cuba's week-long (October 28 - November 4) trade fair. This 19th annual trade fair has become the most important for the Cuban government. "USA Rice has been involved from the beginning in the fight to obtain sanctions to reform legislation that allows food and medicine sales from the United States to Cuba," said Jimmy Hoppe, a Louisiana rice producer. It was the intense lobbying of the agricultural sector that brought the *Trade Sanctions Reform and Export Enhancement Act* (TSRA) of 2000 into being acknowledged John Kavulich of the U.S. Cuba Trade and Economic Council in New York. Without cooperation from the Cuban government to place cash orders for U.S. farm products as permitted under TSRA (USCPR,Vol.7,No.10), this effort by the rice growers will be "the last visible effort for the foreseeable future," says Kavulich who monitors trade with Cuba. Unless Havana musters up the "political will" and the "financial wherewithal" to take advantage of TSRA provisions, this will be it for a long time to come. The U.S. Rice Federation's Marvin Lehrer received licenses to ship 350 pounds of rice from nine American companies to be exhibited at the USA Rice booth. Cuba represented the largest export market for the U.S. rice industry before the 1959 Castro revolution. (RL,"Cuba welcomes first U.S. exhibit at trade fair," 10/30/01).

DOMESTIC BRIEFS

U.S. SUPREME COURT DENIES CERTIORARI IN CONSOLIDATED V. SHERRITT CASE -- Consolidated Development Corporation, ET AL's. long journey, that began in July 1996 (USCPR, Vol.4, No.3), to prevent Canadian company Sherritt International from allegedly converting "the oil and gas rights which had belonged to Consolidated before their expropriation by the Castro regime in 1959," has come to an end. The U.S. Supreme Court on Monday, October 1, 2001, refused to hear Consolidated's appeal (USCPR, Vol.8, No.7). Respondents presented the question to the high court: (Case No. 00-1925) as, "Whether the court of appeals correctly found that the district court could not, consistently with the due process clause, exercise general personal jurisdiction over the respondents, because the respondents lacked the 'continuous and systematic' general business contacts with the United States necessary under *Perkins v. Benguet Consolidated Mining Co.*, 342 U.S. 437, 445 (1952), and *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 414 (1984)." Consolidated's petition filed by the Miami law firm of Metsch & Metsch for a writ of certiorari was denied. A joint brief for the respondents was filed by the Miami law firms of Aragon, Burlington, Weil & Crockett and Carlton Fields.

CUBA: A DESIGNATED TERRORIST STATE HAS BIOWARFARE CAPABILITY -- Gillian Gunn Clissold, director of the Georgetown University Caribbean Project Cuba Program, held a meeting on October 11th to discuss "Cuba's Presence on the State Department's List of Countries Supporting Terrorism." The meeting featured speakers Brian Latell and Richard Nuccio. Latell, adjunct professor at Georgetown's School of Foreign Service and former National Intelligence Officer for Latin America, affirmed Cuba's presence on the State Department's list citing historical behavior as well as the Castro regime's harboring of terrorist organizations such as ETA of Spain, and the IRA of Northern Ireland -- whose Latin American base has been located in Havana over the past decade. "The assessment should flow from a perspective of a foreign policy problem not a domestic policy problem," posited Nuccio, the director of the Pell Center at Salve Regina University in Rhode Island and former Special Advisor to the President and the Secretary of State for Cuba during the Clinton administration. Nuccio said he had disagreed with the affirmative view of the 1998 Pentagon study that concluded Cuba did not pose a military threat to the United States. Nuccio revealed he had drafted the language of Senator Bob Graham's (D-FL) amendment requesting the Pentagon study (USCPR, Vol.4, No.11; Vol.5, Nos.4&5). Latell offered five steps the Cuban government should take in the wake of the September 11th terrorist attacks on the United States: 1) renounce terrorism unequivocally; 2) provide the U.S. with actionable intelligence; 3) expel extaditeables; 4) implement financial controls; and, 5) open up the island's biotechnology centers to unannounced international inspection. Latell concluded his remarks saying "Cuba has the capability to conduct biological warfare." [Secretary of Defense Donald Rumsfeld stated on September 23rd that Cuba had a "very active" biological warfare program. (USCPR, Vol.8, No.9)].

NSC OFFICIAL DENOUNCES CUBAN RESPONSE TO SEPTEMBER 11TH -- John F. Maisto, former ambassador to Venezuela and currently Special Assistant to the President and Senior Director for Latin American Affairs (USCPR, Vol.8, No.1), responded to this reporter's question during a breakfast discussion in Washington asking about his reaction to the Cuban government's official statement following the September 11th terrorist attacks on the United States. Cuba, a designated terrorist state, compared the attacks on the World Trade Center and the Pentagon to 40 years of U.S. policy toward Cuba (USCPR, Vol.8, No.9). In response, Maisto strongly denounced the Cuban statement as "An insult to the people of the United States." To equate the events of September 11th to U.S. policy is "disgusting." The October 12th meeting, "Terrorist Attacks on the US: What They Mean for Latin America and for Hemispheric Relations," was sponsored by the Inter-American Dialogue.

NOTABLE QUOTES

"[Ana Belen Montes] was reticent, not outgoing or garrulous. She was scrupulously polite, but very quiet and reserved. Very bright, but quiet and reserved. Like fellow members of the Cuba specialist community, we were both shocked and disturbed by the alleged activities of Ms. Montes." **Gillian Gunn Clissold**, director of the Georgetown University's Caribbean Project, comments on the September 21st arrest in Washington by the FBI of Defense Intelligence Agency (Pentagon) analyst Ana Belen Montes, who was a member of the Caribbean Project's Cuba Study Group. (WP, "An Improbable Spy?" 10/04/01).

"The margin of U.S. tolerance for countries that flirt with terrorists and terrorist regimes is much lower. I don't think the United States will go after Cuba and Venezuela, because we have bigger fish to fry. But the willingness to ignore flirting with violent organizations has gone down significantly, and countries that want to have friendly relations with the United States will need to take that into account." Former Assistant Secretary of State for Inter-American Affairs and a co-chair of the Council on Foreign Relations (CFR) task force on Cuba, **Bernard Aronson**, comments to Miami Herald reporter Andres Oppenheimer. (MH, "Terrorism war to force Cuba, Venezuela to sit tight awhile," 10/07/01).

"If the United States and freedom-loving countries throughout the world are to be victorious in the war against terrorism, we must eradicate this cancer at the root, depriving it of access, intelligence, funds and support. Strengthening U.S. stance against a threat just 90 miles from its shores -- the threat posed by the Castro regime -- must be a priority." Rep. **Ileana Ros-Lehtinen** (R-FL) underscores her concern about the Castro regime's role in the terrorist international at HIRC hearing: Al-Qaeda and the Global Reach of Terrorism. (PR, "Terrorism Experts Respond to Ros-Lehtinen Inquires," 10/11/01).

"Now concerning closing bases in Vietnam and Cuba. This is not a question of Russian-US relations. It is a question of Russian-Vietnamese and Russian-Cuban relations...This cannot in any way be regarded as a kind of a concession [to the United States] and still less as a step capable of damaging our relations with Vietnam and Cuba. Rather on the contrary, as to the funds provided for the base, let them better go to develop our economic relations. The first reaction of the Cubans may have been related to the political situation. But I hope that during our subsequent dialogue, our Cuban partners will see that it is in the interests of our further bilateral relations. We are interested in developing stable, long-term relations with Cuba and we shall show this in practice." Remarks by Russian Minister of Foreign Affairs **Igor Ivanov**. Ministry of Foreign Affairs of the Russian Federation, "...on RTR's Nikolai Svanidze 'Zerkalo' (Mirror) Television Program," 10/27/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 11

November 30, 2001

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

Ralph J. Galliano, Editor

CUBA REJECTS U.S. HUMANITARIAN AID AFTER HURRICANE MICHELLE: OPTS FOR CASH PURCHASE OF FOOD AND MEDICINE

WASHINGTON – Facing the most intense storm of the Atlantic hurricane season – June 1 through November 30 – and the worst since 1944, the Cuban people withstood the ravages of Hurricane Michelle, a Category 4 storm with 135 mile per hour winds, just as they have weathered the oppression of the Castro regime over the past 42 years – hungry, bruised, and battered, but still alive. "Hurricane Michelle appears to have inflicted quite a terrible blow on Cuba," spokesman Richard Boucher informed State Department reporters on November 29th. "As we did with other nations affected by the hurricane, we offered an assessment team to determine if we should provide some kind of disaster assistance. Cuba turned that down, but did respond politically with a request to buy food and medicine. Those sales are permitted under our law, medicine sales since 1992, food sales since 2000" (USCPR, Vol.7,No.10). Although Michelle's devastating path struck Cuba with torrential rain and fierce winds on Sunday, November 4th killing 5 people leaving countless homeless and destroying homes and crops, by mid-day November 8th, the U.S. had not yet received a response from the Cuban government. Philip Recker, deputy spokesman at the State Department, announced on Thursday, November 15th that "in the wake of Hurricane Michelle, the Cuban Government indicated to us its interest in buying US food and medicine with hard currency." By that time, however, Cuba was already receiving humanitarian aid from Venezuela, Russia, and from the Chinese government. Unfortunately, the political response to even such a natural disaster typifies the *modus operandi* of the Castro regime in over four decades of Communist Party rule. But this wasn't the first time Havana has turned down U.S. humanitarian aid. In September of 1998, following a devastating drought in the eastern provinces, the Cuban government rejected U.S. aid as "humiliating, hypocritical, and unacceptable while they maintain the economic, commercial, and financial blockade," a reference to the embargo (USCPR, Vol.5,No.10). Some observers have called "unconscionable" the Cuban government's gambit to leverage the Hurricane Michelle disaster into an appearance of improved U.S.–Cuban relations, which, in fact, have not changed. "The President said he would oppose any effort to weaken sanctions against the Cuban Government until it respects Cubans' basic human rights and civil rights, frees political prisoners, and holds free and democratic elections with international observers," said Boucher. Although Cuba is facing economic disaster following the ripple effects of the September 11th terrorist attacks on America, with a curtailment of remittances from Cuban-Americans along with a severe downturn for the island's tourist industry, the Castro regime's political strategy is to push beyond cash sales of food and medicine in the hope of achieving credit sales and U.S. loan guaranty legislation in the 2nd Session of the upcoming 107th Congress. "This cash purchase by Castro, despite his repeated declarations that he would never make such a purchase unless the U.S. embargo was lifted...seeks to convey the completely incorrect impression of movement toward a relationship with the Bush administration," charged Rep. Lincoln Diaz-Balart (R-FL).

▪ Cuba Rejects Humanitarian Aid After Hurricane Michelle: Opts for Cash Purchase.....	1
▪ Irish Republican Leader Gerry Adams Heads for Cuba.....	3
▪ Unlike Title III of Helms Burton, Title IV is Currently in Effect.....	4
▪ Members of Congress Demand Confirmation Hearing for Otto Reich.....	6
▪ Cuba Revisits Property Issue: Links Compensation to Lifting of Embargo.....	9

USDA CONFIRMS FIRST FOOD SALES TO CUBA IN 41 YEARS – The U.S. Department of Agriculture (USDA), in its weekly export sales report ending November 22nd, confirmed the first sales of American agricultural products, including wheat, rice, corn, and soy products, to Cuba over the last 41 years. According to the report, Cuba purchased 50,000 metric tons of wheat, 12,500 metric tons of rice, 43,000 metric tons of corn, 12,000 metric tons of soybeans, 20,000 metric tons of soy meal, and 5,000 metric tons of soy oil during this period. Actual exports of many of these products are expected to take place in January and February 2002. Although the Cuban government did not make an international aid appeal, the United States was among the first countries to offer humanitarian assistance to the Cuban people. "We would offer assistance through international and other intermediaries to ensure the Cuban people benefit and not the government," said Boucher on November 8th. Having opted for cash purchases instead, Washington expedited the licensing procedures permitting representatives from Cargill, Archer Daniel's Midland (ADM), Riceland Foods, and other U.S. companies to travel to Havana to sign contracts with state-owned company Alimport. Although details have not been released, it is believed the food and medicine sales have been offered either at cost or slightly above cost. Minneapolis-based Cargill is selling corn, wheat, and soybean oil. Decatur, Illinois-based ADM is selling corn, soybeans, vegetable oil, and wheat in a joint venture with Kansas City-based Farmland Industries. Riceland Foods of Stuttgart, Arkansas is selling long grain rice. Other companies likely to sell to Cuba are: Soufflet USA, ConAgra, Gold Kist, Tyson Foods, and Perdue Farms. Crowley Liner Services of Jacksonville, Florida, a subsidiary of the Oakland-based Crowley Maritime Corporation obtained a license from the Treasury's Office of Foreign Assets Control shortly after the passage of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (USCPR, Vol.8, No.4). Crowley expected 20-to-40 refrigerated containers of poultry to reach Cuba by December 15th. Senator Byron Dorgan (D-ND), who considered legislation to temporarily lift restrictions for humanitarian purposes, decided the Farm Bill had to be expedited and is expected to introduce such legislation next year. "We'd oppose it. It's not necessary," said Dennis Hays, the executive vice president of the Cuban American National Foundation's Washington office. "The deal that was made is that Cuba would pay cash for food. Why would we change that deal, particularly considering Cuba's record of payments." Pax Christi reported in June that "investors in Cuba have had a hard time particularly with the Cuban government. One significant problem is the unreliability of the Cuban government to pay its bills." Secretary of Agriculture Ann Veneman stated before the National Association of Farm Broadcasters on Friday, November 16th that she believed Cuba would purchase "about \$30 million" worth of products in cash. Cuba submitted the following list of products to the State Department.

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LIST OF GOODS REQUESTED BY CUBA

Amoxicilina trihidrato	Hierro dextrana	Ciclofosfamida
Ampicilina trihidrato	Clortalidona Enalapril maleato	Doxorubicina 50 mg bbo
Azitromicina	Ranitidina	Hidroxiurea 500 mg
Oxacilina sodica	Omeprazol	Fco x 100 caps
Estromicina estolato	Cis dicloro diamino platino	Rubidomincina 20 mg bbo
Cefazolina sodica esteril	Cloruro de potasio 25meq. Amp	Clorambucil 2 mg
Acido nalidixico	10 ml	Fco x 25 tab
Ornidazol	Gluconato de calico 10% Amp.	Trigo panificable
Secnidazol	10 ml	Harina
Anfotericin B	Gluconato de potasio	Maiz Amarillo
Aciclovir	Amp. 20 ml	Arroz
Hidro cortisona sodio succ est.	Bicarbonato 8% Amp. 10 ml	Manteca de cerdo refinada para
Prednisolona anhidra	Dextrosa 5% Amp. 10 ml	pan
Vitamina A acetate	Aminofilina 250 mg. Amp. 10	Frijol de soya
Vitamina E	ml.	Pollo troceado (cuartos traseros)
Cloruro de Tiamina	Ametopterin 5 mg bbo	Leche en plovero
Vitamina B6	Ametopterin 50mg bbo	(entera/descremada)

GERRY ADAMS HEADED FOR CUBA

"Adams ought to reconsider his planned trip to Cuba, before it is too late," warned Rep. Lincoln Diaz-Balart (R-FL), the influential member of Congress from Miami who sits on the powerful House Rules Committee. "The Cuban regime is a terrorist state and an active member of the global terrorist network. Adams must realize there will be consequences to his actions." Gerry Adams serves as president of Sinn Fein, the political arm of the outlawed Provisional Irish Republican Army (IRA) of Northern Ireland, once listed as a foreign terrorist organization (FTO) by the State Department, but later downgraded and listed among the category of "other terrorist organizations." Adams' earlier plans to visit Cuba in September were derailed by the uproar among American supporters over the August 11th arrest of three Irishmen in Bogota, Colombia and the September 11th terrorist attacks on America. The Bogota-three were connected to the Castro regime and the narco-terrorist organization FARC – the Revolutionary Armed Forces of Colombia, linked to the Communist Party of Colombia. Adams initially flatly denied any knowledge of Niall Connolly's position in Havana as Sinn Fein's representative to Cuba and Latin America (USCPR-SE, "IRA Arrests in Colombia Linked to Cuba," 9/25/01). Even after the Government of Cuba declared it so, only days after the arrests, Adams dismissed the charges as "the hype, the lies and the propaganda." It wasn't until October 22nd that Adams publicly admitted Niall Connolly's association with Sinn Fein (USCPR, Vol.8, No.10). Then on October 23rd, the IRA made a long awaited historic announcement that it would begin to place its arms cache *verifiably beyond use*, a major step toward implementing the Northern Ireland peace accord of 1998, known as the Good Friday Agreement. This critical move by the Irish republicans, at a pivotal point in time, permitted Sinn Fein members to gain good will and to continue to receive U.S. visas, thereby allowing the political arm of the IRA to raise funds in the United States without interruption. The weekly tabloid *Irish Voice*, known as "the voice of Irish America," splashed across its banner headlines "ADAMS CUBA BOUND" in a November issue, reporting Adams would complete his trip to Cuba before Christmas. Rep. Peter King (R-NY) stated, "I think it is a mistake for Gerry to go and I have told him that. I think it undermines the Sinn Fein argument about what Sinn Fein is asking for in Northern Ireland," reported the *Irish Voice*. Praising Sinn Fein's decision at the time to postpone the Adams trip to Cuba, *Irish Voice* correspondent Niall O'Dowd wrote, "The left, in Ireland in particular, and those pushing for Adams to visit Cuba, are the same people who spent decades praising the enlightened regimes in Eastern Europe, especially mad dictators like Josef Stalin in Russia or Nicolae Ceausecu in Romania." One source familiar with the Irish republican movement described the *Irish Voice* as "Sinn Fein-leaning" and "close to Gerry Adams," whose weekly column appears in the publication. As the military adjunct of Sinn Fein, one wonders what most thinking Americans would say if they knew that the IRA is dedicated to the "establishment of a Democratic Socialist Republic" in Ireland!

UNLIKE TITLE III OF HELMS-BURTON — TITLE IV IS CURRENTLY IN EFFECT

By: Nicolás J. Gutiérrez, Jr,

The effective enforcement of Title IV of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, commonly known as Helms-Burton, seems to have created some ambivalence and confusion among well informed U.S.- Cuba policy watchers.

Compared to Title III of LIBERTAD, under which Congress ceded to the President a narrowly constrained waiver authority over that legislation's right-of-action in our federal courts by U.S. citizens against foreign traffickers in confiscated property, no such Presidential waiver exists of the State Department's obligation under Title IV to revoke the U.S. visas of foreign traffickers, their spouses and minor dependent children. Virtually without exception (for certain medical emergencies and to stand trial under Title III), foreign businessmen, whose companies are determined to be trafficking in confiscated U.S. properties without their owner's consent, would be precluded from visiting the U.S. either to do deals or take vacations. Similarly, their spouses would be barred from shopping just as their children would be barred from attending school here. For most foreign businessmen, particularly Europeans, physical exclusion from the world's largest marketplace can be socially stigmatizing, not to mention quite costly.

Notwithstanding these realities, however, leading Cuban-American economists and political scientists have minimized the importance of fully enforcing Title IV. Dr. Paolo Spadoni, a researcher at the University of Florida's Center for Latin American Studies, in a paper that was presented at the 11th Annual Meeting of the Association for the Study of the Cuban Economy (ASCE) held at the Biltmore Hotel in Coral Gables this past summer, in downplaying the significance of implementing the punitive provisions of the LIBERTAD Act, conceded that "Cuba probably lost some deals because of the law but, overall, the picture seems positive for the Cuban government. [See "Helms-Burton Law Fails to Stifle Investment in Cuba, UF Study Says", by Nancy San Martín, *The Miami Herald*, p.1E (Aug. 26th, 2001)].

Unfortunately, this type of analysis misses the basic underlying point entirely. Both Cuba's current Foreign Minister, Felipe Pérez-Roque, and then-Minister of Foreign Investment, Ibrahim Ferradaz, (the latter of these in a meeting with Dutch government officials in the Netherlands two years ago) have admitted that even the threat of Title IV enforcement has significantly reduced the number of new foreign investors that the Castro regime has been able to attract. One can just imagine the economic impact if Title IV were implemented as required by federal law currently in effect.

Among the "deals" lost by the Castro regime, which was apparently also alluded to by Professor Spadoni in his ASCE paper, was one with Grupo Posadas, the largest hotel group in México. It is important to note, before September 11, tourism had emerged as the driving force behind Cuba's economy, becoming its primary source of income while surpassing both sugar and family remittances. According to a wire story carried by México City's *El Financiero* and *Infolatina*, on September 14, 1999, entitled "Helms-Burton Fears Force Posadas Hotels to Withdraw from Negotiations with Cuba," these Mexican hoteliers reportedly abruptly withdrew "from negotiations to acquire two properties in Cuba for fear of reprisals from the United States." Spokespersons for Grupo Posadas stated that their company had "decided it would be wise not to proceed in Cuba", in light of the State Department's ongoing Title IV investigation against Grupo Sol Meliá. [See testimony presented to the United States International Trade Commission by the National Association of Sugar Mill Owners of Cuba, September 19, 2000, Investigation No. 332-413, entitled "The Economic Impact of U.S. Sanctions with Respect to Cuba," pursuant to Section 332(g) of the Tariff Act of 1930, as requested by the House Ways and Means Committee.]

For its part, even the normally defiant Spanish hotel group, Sol Meliá, through a number of its representatives, has publicly admitted the negative impact of looming Title IV sanctions in the U.S. on the company's international operations. Its Cuban Division's Director, Gabriel Cánaves, went as far as to

compare the pending threat of U.S. sanctions against his international hotel chain, to "[a]lways having the Sword of Damocles dangling" over the hotel group's corporate head. Mr. Cánaves added that Sol Meliá views the threatened Title IV visa denials "with much respect". [See "Sol Meliá Continues Expansion Plan in Cuba", by Isabel García-Zarza, *Reuters*, (Jul. 3, 2001).] In fact, on more than one occasion, Sol Meliá's public stock price, as listed on the Madrid exchange, has dropped precipitously on the rumor that the U.S. visas of its officers, directors, controlling shareholders, their spouses and minor dependent children were about to be revoked. This was also reported by *Reuters*, on November 2, 1999 ("Madrid Stocks Add One Percent, Outperform Europe"). The specter of Title IV sanctions sufficiently clouded Sol Meliá's access to the U.S. capital markets, that it was forced to forego an initial public offering in the United States in 1996 and subsequently had to specifically exclude its Cuban operations from its proposed offering on the New York Stock Exchange two years later. [See "Spain's Sol Meliá Readies Listing of Latin Hotels for the Big Board," by Pamela Druckerman, *The Wall Street Journal*, p.A19 (February 4, 1998).]

Title IV has not been even more effective in discouraging foreign financing of the Castro regime because of its minimal enforcement. Visa denial sanctions have only actually been levied against Sherritt International, a Canadian mining company, Grupo Domos, a Mexican telecommunications firm, and Grupo BM, an Israeli citrus producer. Several foreign traffickers, however, have either completely withdrawn their Cuban investments or substantially reduced their offending investments on stolen property, under the threat of Title IV enforcement. This list includes, but is not limited to, Red Path (a Canadian sugar refiner), Tate & Lyle (a British sugar trader), Amerop (a French sugar trader), ING (a Dutch bank), Banque Nationale de France (a French bank), Fransa Bank (a Lebanese bank), CEMEX (a Mexican cement manufacturer) and Aero República (a Colombian airline). Under the imminent threat of Title IV sanctions, STET International, the Italian state telecommunications company – now known as Telecom Italia, even compensated ITT, one of the certified U.S. claimants, to the tune of \$25

million for a ten-year right to use that U.S. company's telephone circuits in Havana, which were confiscated during Castro's revolution.

Importantly, the full enforcement of Title IV, by providing a significant deterrent to new foreign hotels on the island, in addition to defending property rights, also has the added salutary effect of striking at the other twin evils spawned by these investments in Cuba. To the Cuban people, these hotels have basically come to symbolize slave labor, whereby Castro's regime retains the lion's share of the Cuban workers' wages, and *apartheid*, through which only foreign tourists (including even Cuban-Americans) and not the Cuban people themselves can enjoy the island's world-renowned beaches and resorts.

Paradoxically, it has been the relatively obscure and misunderstood Title IV [which was wisely inserted into the bill's final language by then-Congressman Bob Torricelli (D-NJ)], rather than its more dramatic and controversial cousin clause, the Presidentially-suspendable Title III, that has led the way towards international respect for confiscated U.S. property in Cuba. Efforts to continue having Title IV enforced as the existing law of the land by the Bush Administration are one of the few activities currently within the reach of the Cuban exile community, which have proven to have a demonstrable effect on stripping the Castro regime of its crucial foreign financing, thereby hastening the ultimate strategic objective of a free and democratic Cuba. By forcing foreign traffickers to recognize the legitimate owners of confiscated property in Cuba, Title IV ensures that the bedrock principle of respect for private property is enshrined in law. This solid legal foundation is absolutely essential for the establishment of the rule of law in Cuba, without which future long-term economic development, investor confidence, basic human rights and even representative democracy itself will be impossible to attain in a post-Castro Cuba.

Nicolás J. Gutiérrez, Jr. is a practicing attorney and founder and shareholder in the international business law firm of Rafferty, Gutiérrez, Sánchez-Aballi, Stolzenberg & Gelles, P.A., based in Miami, Florid., Gutiérrez has also served as Secretary and General Counsel of the National Association of Sugar Mill Owners of Cuba, since 1990. He is a member of the board of directors at the Washington-based Institute for U.S. Cuba Relations.

MEMBERS OF CONGRESS DEMAND CONFIRMATION HEARING FOR OTTO REICH AS ASSISTANT SECRETARY OF STATE

Reps. Lincoln Diaz-Balart (R-FL), and Ileana Ros-Lehtinen (R-FL) led a press conference at the Rayburn House office building on Thursday, November 29th calling upon Senate leaders to hold a confirmation hearing for Otto Reich, President Bush's nominee for Assistant Secretary of State for Western Hemisphere Affairs. Reich, a former U.S. ambassador to Venezuela and Latin American trade consultant, seemed assured to take his place among Bush administration political appointments when the president announced his intent to nominate him in March (USCPR, Vol.8,No.3), at the time of a Republican majority in the Senate and with Senator Jesse Helms chairing the Foreign Relations Committee. All that changed, however, when defector Jim Jeffords of Vermont shifted the balance of power in the Senate from the Republicans to the Democrats (USCPR, May 28, 2001 – Legislative Alert), who since have paid lip service to giving President Bush "the benefit of the doubt" in confirming his foreign policy choices. In their letter to the current chairman of the Foreign Relations Committee, Joseph Biden, and Ranking Member Jesse Helms, dated November 29th (reprinted below), Members call on the two committee leaders to "schedule a confirmation hearing" citing the "critical national security situation facing the United States" since September 11th. Senator Christopher Dodd (D-CT), the chairman of the Foreign Relations Western Hemisphere Subcommittee, opposes the Reich nomination (USCPR, Vol. 8,No.5) having listed a litany of transgressions in the *Wall Street Journal* Letters to the Editor last October. Supporters argue Reich should be given the benefit of a public hearing in order to dispel such criticisms. With Dodd blocking the Reich nomination, the likelihood becomes greater that President Bush will make a recess appointment when the 1st Session of the 107th Congress adjourns sometime in December.

LETTER TO BIDEN AND HELMS

CONGRESS of the UNITED STATES *Washington, DC 20515*

November 29, 2001

The Honorable Joseph Biden
Chairman
Senate Foreign Relations Committee
United States Senate
Washington, DC 20510

The Honorable Jesse Helms
Senate Foreign Relations Committee
United States Senate
Washington, DC 20510

Dear Senators Biden and Helms:

We are writing to formally ask that you schedule a confirmation hearing for Ambassador Otto Reich. Given the critical national security situation facing the United States, we are very concerned that the important Assistant Secretary of State for Western Hemisphere Affairs position at the Department of State remains vacant, and that Amb. Reich has been unable to publicly defend himself and answer false allegations made against him.

Amb. Reich has served our country honorably, both in the armed forces and as a skillful diplomat. He has been twice confirmed by the Senate, in 1982 and 1986. We are confident that, because of his knowledge and expertise, the Senate would once again confirm Amb. Reich. It is precisely because of that probability that we believe a minority is blocking a vote on his nomination.

The nomination of Amb. Reich has come down to an issue of elemental fairness. If members of your committee have genuine questions of substance, or otherwise, then elemental fairness would allow Amb. Reich the opportunity to face the Committee and answer those questions.

President Bush has spoken eloquently about the importance of our hemisphere and we share his views. With national security, the war on terrorism, and increased trade opportunities hanging in the balance, it is past time that the President's nominee for Assistant Secretary of State for Western Hemisphere Affairs receive a hearing and be confirmed.

Sincerely,
Cass Balanger (R-NC)
Ileana Ros-Lehtinen(R-FL)

Lincoln Diaz-Balart (R-FL)
Chris Smith (R-NJ)

Dan Burton (R-IN)

HURRICANE MICHELLE DAMAGES CUBA'S 2001-2002 SUGAR CROP

The March 2002 contract price for #11 raw sugar cane jumped .94 cents from 6.74 cents per pound at the end of October (USCPR, Vol.8, No.10) to 7.68 cents per pound at the end of November, a 14% increase stemming from concerns over short term supplies attributable to Cuba's damaged production outlook following Hurricane Michelle, the worst Atlantic storm in 50 years. The *Wall Street Journal* reported, "world raw-sugar prices sailed to a nine-week high Wednesday," November 21st on New York's Coffee, Sugar and Cocoa Exchange (CSCE).

The largest hurricane to pound the Caribbean island since 1944 is said to have damaged between 30 and 50% of the Cuban sugar crop, destroying 10%. Michelle's severity flattened sugar plantations, flooded fields, broke and uprooted cane, and tore off mill roofs. West to east, as the storm approached from Central America to landfall on Cuba's south-central coast, the Category 4 hurricane with 135 mile per hour winds inflicted the heaviest damage on five provinces in particular: Havana, Matanzas, Villa Clara, Cienfuegos, and Sancti Spiritus, which are said to account for 40% of Cuba's annual sugar crop. Luis Manuel Avila, the Sugar Ministry's first vice minister said, "Four hundred thousand hectares of cane were damaged in seven provinces by Michelle."

Cuba's 2000-2001 sugar output amounted to 3.53 million metric tons (mt.), down from the previous year by just over half a million metric tons, against a 1999-2000 harvest of 4.058 million mt. Prior to Michelle, Cuba's Sugar Ministry had forecast 2001-2002 production at 4 million mt. With 10% of the crop destroyed, loss estimates are projected at 400,000 mt., bringing next year's harvest to 3.6 million mt. All but 600,000 mt., which are used for internal consumption, consists of exports.

A slowing world economy, island tourism nearly halted, declining metals prices, and now, the toll taken by the devastation of Hurricane Michelle will make it difficult for the Cuban government to afford the necessary inputs required to produce the 2001-2002 sugar harvest. Fuel and other resources set aside for use in harvesting the upcoming crop may be consumed instead in hurricane recovery efforts.

According to state-run media, Sugar Minister Ulises Rosales del Toro has said that Cuba's 2001-2002 harvest will reach the pre-Michelle target for the season of 4 million metric tons insisting the sugar crop will "recover" and Cuba will get "back on track" and "meet goals."

A setback in Cuban sugar production will lead to an even greater output deficit worldwide than already projected for the first half of next year, according to the London trading house, C. Czarnikow Sugar Ltd., says the *Wall Street Journal*. This will place additional upward pressure on prices. Russia, the world's largest consumer of sugar is reported to have been "buying heavily" already. It is questionable whether Cuba will be able to meet its contract orders, especially to its largest customer, Russia.

□ ■

CURRENCIES & COMMODITIES

1 Euro = 0.8961 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 23.30 Cuban Peso

Rates as of November 30, 2001.
Source: Bloomberg/CADECA.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.31
Year ago nearby = 9.75
Future (Mar. '02) = 7.68
High = 9.75
Low = 6.11

Cash/Spot price as of November 30, 2001.
Source: CSCE/NYBOT.

CRUDE OIL (\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 19.45-19.50
Year ago (Nov. 30) = 33.82
Future (Jan. '02) = 19.44

Cash/Spot price as of November 30, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 5,235
Year ago (Nov. 30) = 7,400

(\$ per metric ton)
Official Price: November 30, 2001.
Source: London Metal Exchange.

Cobalt = 7.30 - 7.70
Year ago (Nov. 30) = 13.50 - 14.50

(\$ per pound for 99.8%)
Price: November 30, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

U.S. DEFENDS ITS RIGHT NOT TO TRADE WITH THE CUBAN GOVERNMENT OF FIDEL CASTRO – While Cuban officials were jubilant over the not unexpected United Nation's General Assembly vote calling for an end to the embargo against Cuba, the U.S. expressed its objection to this year's resolution that culminated in a 167-3-16 vote on Tuesday November 27th. "Our trade embargo against the Government of Cuba is a matter of bilateral trade policy and not an issue that the General Assembly should consider," said the United States deputy representative to the UN, James B. Cunningham. "We do not forbid other nations from trading with Cuba – that is their decision. We choose, because of the repressive policies and actions of the Cuban Government, not to trade with the Cuban Government. We have every right to do so." Cunningham pointed out that the embargo was just "one element of our policy at promoting democracy in Cuba." Citing the generous humanitarian assistance to Cuba of \$350 million last year and the often-cited \$800 million in cash remittances to the island from friends and relatives in the United States, the deputy representative painted a picture of a policy that supports the Cuban people instead of the Castro regime. This vote, mirroring last year's tally, was the 10th consecutive vote since 1991 opposing the U.S. trade embargo in the UN General Assembly. Only Israel and the Marshall Islands sided with the U.S., while Latvia, Micronesia, and Nicaragua abstained. A total of 16 nations did not vote, in part because of non-payment of dues.

CUBA'S LEVEL OF ECONOMIC FREEDOM CONTINUES TO BE REPRESSIVE – While "economic freedom expanded during the past year...with more countries easing economic restrictions than imposing them," Cuba slipped from a ranking of 152 to 153 out of 161 countries studied by the Heritage Foundation and the *Wall Street Journal* in their annual worldwide survey, the *2002 Index of Economic Freedom*. The section covering Cuba raises the "fundamental question" of a successor post-Castro government choosing between "rigid Communist policies" and "serious market reforms," clearly a zero sum game. The Heritage report on Cuba acknowledges "rudimentary" economic reforms taken by the Castro regime but also recognizes that the "state retains control of the means of production." Given the combination of "counterproductive rhetoric, the lack of effective rule of law, and constant arrearages to creditor nations," Cuba makes for a poor investment environment, according to the report. In a less than encouraging outlook for the future, the report concludes that a transition will be "hampered by outdated models, habits, and customs." As with the Heritage 2001 Index, Cuba maintained an average score of 4.75 (where free = 1.95 or less, and repressed = 4.00 or higher). Specifically, Cuba scored 5.0 in trade policy, foreign investment, banking and finance, and property rights. Like Cuba, Libya was also ranked at 153, while Iraq and North Korea were both ranked at 155. Notably, all the countries on the State Department's terrorist list, with the exception of Sudan, for which a score was unavailable, were ranked at 145 or greater, signifying a low degree of economic freedom. The 428 page paperback publication is available in both English and Spanish and can be obtained by clicking on to: <http://www.heritage.org/index/2002>. This particular volume of the Index should be especially useful to Cuba watchers interested in property rights. The Index contains several chapters dealing with property including: the Role of Property Rights in Economic Growth; How Latin American Constitutions Weaken the Rule of Law; Property Rights: The Key to Economic Growth; and, Property Rights and Foreign Investment.

CUBA REVISITS PROPERTY ISSUE – LINKS COMPENSATION TO LIFTING EMBARGO – At the United Nations on November 28th, Cuban Foreign Minister Felipe Perez Roque addressed the General Assembly calling for an end to the U.S. embargo and linking resolution of the 5,911 American property claims in Cuba directly to the embargo. This is "not a new development," said Jim Carragher, the State Department coordinator of Cuban Affairs. "The conditions placed on the offer make it a ploy rather than an issue to be considered seriously." Under international law, foreign government expropriation of private property requires compensation be made to owners prior to confiscation. The Castro regime's confiscation of private property after 40 years remains the largest case of uncompensated confiscated property by a Communist government in history, totaling nearly \$8 billion with interest.

DOMESTIC BRIEFS

U.S. RECALLS AMBASSADOR OVER BILATERAL RELATIONS WITH VENEZUELA --

Since his election to the presidency of Venezuela in December of 1999 (USCPR, Vol.5,Nos.11&12), Hugo Chavez repeatedly has slighted the United States at home and abroad as the jailed former army coup leader courts America's enemies and adversaries. Chavez has strengthened ties with China and Russia ostensibly striving to build a multi-polar world where the United States no longer dominates the globe as the sole remaining superpower. Topping Chavez's list of Venezuela's allies is Cuban dictator Fidel Castro, whose repressive regime Chavez subsidizes with petroleum products including massive quantities of crude oil (USCPR, Vol.7,No.10). A leading producer among OPEC nations, Chavez has used Venezuela's position in the oil cartel to befriend Iran, Iraq, and Libya to the consternation of the United States. Since the September 11th terrorist attacks, Venezuela has criticized America's war in Afghanistan, although it signed on to the war on terrorism by adhering to the mutual defense Rio Treaty along with all OAS member nations in good standing, except Cuba. As a result, Ambassador Donna Hrinak was temporarily recalled on Thursday, November 1st. "We have asked our ambassador to return to Washington for consultations," said State Department spokesman Richard Boucher responding to reporters the following day. "We have seen comments by President Chavez that we, frankly, found surprising and very disappointing."

CUBA SUED IN WRONGFUL DEATH CASE UNDER TERRORISM LEGISLATION --

The family of Howard F. Anderson, who was executed by a firing squad on April 19, 1961 for conspiring against the revolutionary government of Fidel Castro, filed a civil suit for unspecified damages against the Republic of Cuba in the 11th Judicial Circuit Court of Miami-Dade County, Florida on Friday, November 30th. Anderson's 79 year old widow Dorothy, along with her four children, Gary, Bonnie, Marc, and Lee, are seeking justice for what they contend is the wrongful death of their husband and father. "We have waited patiently since 1961 for this wrong to be addressed, but now it is time, past time, to make Fidel Castro pay," said Dorothy Anderson McCarthy. A United States citizen and businessman who moved to Havana in 1947, Anderson was arrested on March 16, 1961 and was subsequently tried and convicted under a Cuban law that would have sentenced him to a maximum of 9 years in prison; but Anderson had the unfortunate fate to have had his trial begin on April 17, 1961, the day of the Bay of Pigs invasion. A witness to the trial, the Swiss Embassy's charges d'affairs, wrote of his amazement at "the spectacle of the prosecutor railing against the accused, flinging himself about like a madman, and passionately demanding the death sentence... He harried Anderson in particular as being an American." The bases for the Anderson family litigation are the anti-terrorism laws passed by Congress in 1996 and 2000: *the Anti-Terrorism and Effective Death Penalty Act* and the *Justice for Victims of Terrorism Act* (USCPR, Vol.8,No.2), under which several of the families of the Brothers-to-the-Rescue pilots shot down by the Cuban Air Force on February 24, 1996 over the Florida Straits (USCPR, Vol.3,No.3) were able to receive compensation. Cuba is not expected to respond to the suit. If the plaintiffs prevail, they may be able to collect from the frozen Cuban funds held by the Treasury Department's Office of Foreign Assets Control (OFAC) in Washington.

CUBAN GOVERNMENT BLAMES U.S. LAW FOR DEATHS AT SEA --

With the incidence of trafficking in human cargo by speedboat at \$8,000 to \$10,000 per head increasing rapidly, it is not surprising that overloading and high seas was the likely cause of the loss of 30 Cubans including 11 children in the Florida Straits between November 16 and 20. Blaming the embargo, the lure of capitalism, and U.S. law, specifically the "murderous" *Cuban Adjustment Act of 1966*, the Communist Party newspaper Granma and the Cuban government have launched another propaganda campaign against U.S. policy. Wearing a black armband and green fatigues, Cuban dictator Fidel Castro and a reported 300,000 protesters marched on the U.S. Interests Section in Havana on Tuesday, November 27th protesting U.S. immigration policy (USCPR, Vol.3,No.12). The Cuban government was responsible for the sinking of the "13 de Marzo" tugboat in the summer of 1994 when three other tugboats deliberately sank the vessel carrying 72 people killing 41 including 23 children. U.S. officials attribute the flow of migrants from Cuba to the policy of the Castro regime including: travel and immigration restrictions (USCPR, Vol.4,No.6), conditions created by a failed economy, and the oppressive Communist political system. On November 28th, the House International Relations Committee held a hearing on the Implementation of the Trafficking Victims Protection Act featuring Paula J. Dobriansky, the Under Secretary for Global Affairs.

NOTABLE QUOTES

"The Miami community is heavily penetrated. It's full of provocateurs who try to embarrass and discredit Cuban-Americans. We saw them out in full force during the Elian Gonzalez controversy." **Mark Falcoff**, a resident scholar at the American Enterprise Institute, comments on the FBI's arrest of defense intelligence employee Ana Belen Montes (USCPR, Vol.8,No.9) for being a Cuban spy. Falcoff is the author of the forthcoming book entitled: *The Cuban Revolution and the United States -- A History in Documents 1958 to 1960*. (National Review, "In Castro's Service: The Untold Story of Cuba's Spying and Terror," 11/5/02, p.45).

"Tours through radical Islamic states by Castro and his close Venezuelan ally, President Hugo Chavez, in the months prior to the September attacks indicate some level of complicity or knowledge of what was going to happen." Cuban-born **Lisette Bustamante**, who frequently writes for the Madrid-based Spanish daily newspaper *La Razon*, comments on the September 11th terrorist attacks on the United States. (*Insight Magazine*, "Fidel May Be Part of Terror Campaign," 11/09/01).

"The world needs [America's] principled leadership. It undermines the credibility of this great institution, for example, when the Commission on Human Rights offers seats to the world's most persistent violators of human rights [including Libya, Cuba, and Syria]. President **George W. Bush** addresses the 189 nation UN General Assembly in New York on November 10, 2001. (RL, "Bush scolds UN over loss of rights panel seat," 11/10/01).

"And if [the forces of Taliban and al Qaeda] decide to flee, I doubt that they'll find peace wherever they select. As you know, they have some neighbors and they could attempt to flee there, in Iran or Pakistan. They have some locations where they have previously been located, such as Somalia or Sudan. There are terrorist states that in the past have housed terrorists and terrorist networks, and they're all listed on the list, countries like Iraq and Syria, Libya, Cuba, North Korea, and the like." Secretary of Defense **Donald H. Rumsfeld** answers questions at a Pentagon news briefing regarding America's war against international terrorism. (DOD News Briefing, 11/13/01).

"Fidel Castro is the Osama bin Laden of the Caribbean...Castro is a terrorist. Castro is a criminal." **Jose Cohen**, a former Cuban intelligence officer, comments on security and intelligence matters at the RAND Corporation conference on *Cuba: Security Dimensions in the New Millennium* held in Washington on November 27th.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP - Associated Press; BLP - Bloomberg LP; BG - The Boston Globe; CR - Congressional Record; ENH - El Nuevo Herald; FA - Foreign Affairs Magazine; FP - Financial Post; FT - Financial Times; GI - Granma International; HC - Hartford Courant; JOC - Journal of Commerce; LAT - Los Angeles Times; MH - The Miami Herald; MB - Metal Bulletin; NPR - National Public Radio; NYT - The New York Times; OGI - Oil & Gas Journal; PR - Press Release; PRN - PR Newswire; RL - Reuters Limited; ST - The Seattle Times; WSJ - The Wall Street Journal; TWT - The Washington Times; WP - The Washington Post; WTD - Washington Trade Daily; ZNA - ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 8, Number 12

December 31, 2001

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

Ralph J. Galliano, Editor

IRISH REPUBLICAN LEADER GERRY ADAMS DEFIES U.S. SUPPORTERS TO VISIT CASTRO

WASHINGTON – Until August 11, 2001, Gerry Adams' standing in the international community was likely at its peak in light of the evolving Northern Ireland peace process. The arrest by Colombian authorities of three IRA/Sinn Fein operatives with a Latin American base in Havana (USCPR, SE, "IRA Arrests in Colombia Linked to Cuba," 9/25/01), the denial by Adams and the subsequent retraction of any Sinn Fein involvement (USCPR, Vol.8, No.10), have lowered the Sinn Fein president's standing, especially among supporters in the United States. The U.S. government, which had previously embraced Adams following the 1998 Good Friday Agreement that called for IRA arms decommissioning, took an even dimmer view of IRA links to the narco-terrorist group called the Revolutionary Armed Forces of Colombia – known by the Spanish acronym FARC – in the aftermath of the September 11th terrorist attacks on America. It was widely believed the previously planned Adams trip to Cuba would be shelved; it was not. One White House source close to Ambassador Richard Haass, the point man for Northern Ireland, says the State Department's director for policy planning had told Adams the Cuba trip was "not a good idea." While the United States "needs to do important things to move the peace process forward," it is not likely President George W. Bush will be seen shaking hands with Gerry Adams anytime soon. Clearly, given his trip to Cuba, Adams "did not endear himself" with the Bush administration. He "didn't make it easy" for the Bush administration to work with Sinn Fein. Perhaps less cognizant of the trip's full political impact in the United States, Congressman Peter King (R-NY), the close friend of Sinn Fein and Gerry Adams, said when questioned by the BBC on December 17th that he thought the trip to Cuba was "not going to cause permanent harm." The *Wall Street Journal Europe* editorialized on December 20th, "Cuba may seem a long way from the political struggles in Northern Ireland, but the visit is only the latest indication of just how highly networked the terrorist world – and its Marxist supporters – have been all these years." The BBC reported William Farish, the U.S. ambassador to Britain, as saying of Adams' Cuba trip, "You combine Colombia and 11 September and now the visit to Cuba, it certainly isn't a positive thing." In the Sinn Fein-leaning weekly American tabloid the *Irish Voice*, Adams writes of his trip to Cuba, "Some of our friends might not support or share my view of the world, or my views on Cuba or the U.S.'s economic blockade. That is their right." Adams, who arrived in Havana on Sunday, December 16th and departed on Wednesday, December 19th, did not miss the opportunity to raise the issue with Cuban officials for the release of the three IRA/Sinn Fein members arrested in Bogota.

▪ Irish Republican Leader Gerry Adams Defies U.S. Supporters to Visit Castro.....	1
▪ Henry Hyde Declines Request to Cancel Hearings on IRA/Sinn Fein Terrorist Links.....	2
▪ Enzi Voices Opposition to Recess Appointment of Otto Reich.....	5
▪ Zoellick Assures Ros-Lehtinen Cuba Will Not Participate in FTAA Without Democracy.....	6
▪ Carragher Says Human Rights Abuses and Cuba's Economic Failure to Blame.....	9

HYDE REFUSES TO SWEEP SERIOUS MATTER UNDER THE RUG— If there was ever any question about the importance the U.S. government attaches to the matter of the August 11th arrest of the three-IRA/Sinn Fein operatives in Bogota, Colombia and their alleged ties to foreign terrorist organizations and terrorist states in the Western Hemisphere such as the FARC and Cuba, House International Relations Committee (HIRC) Chairman Henry J. Hyde put such doubt immediately to rest in his firm response to a letter from Father Sean McManus, president of the Irish National Caucus. "Colombia is the third largest recipient of U.S. aid to fight illicit drug production. The American footprint of DEA agents, U.S. military advisors, and civilians on the ground is immense," explains Hyde. "Possible IRA explosives and urban warfare training for the FARC, a designated foreign terrorist organization which kidnaps, targets and kills Americans, as well as supports the illicit drug trade, is not something we can ignore." In a December 14th letter to members of the HIRC and its chairman, McManus called upon the Committee to "not persist in your plans [to hold hearings on the presence of three Irishmen in Colombia]. They will do no good, only a lot of harm – to the great disappointment of many Irish-Americans in your District and across the US." It is arguable whether McManus' blatantly bigoted appeal to Congressman William Delahunt (D-MA), under whose auspices an investigation is being conducted, is shared by the so-called "Congressional Friends" which the Irish National Caucus lists on its letterhead (reprinted below) including Reps. Ben Gilman (R-NY), Tom Lantos (D-CA), Robert Menendez (D-NJ), and Curt Weldon (R-PA), among others, such as Senator Robert Torricelli (D-NJ). "If you were a right-wing, anti-Catholic Republican from the Bible Belt, I could maybe understand," pleads McManus. "But for God's sake, Bill, you are an Irish-Catholic Democrat from Massachusetts! What are you thinking?" Calling for a fact finding investigation, Hyde is unequivocal in his response, "We intend to get to the truth. Embarrassment is not of concern to Congress in conducting an inquiry that involves protecting our national interests." More significantly, however, Hyde in his letter clears up the apparent misunderstanding Sinn Fein/IRA supporters like Rep. Peter King appear to have over the stated U.S. position concerning the arrest of the three Irishmen in Bogota. "So long as contact with Colombia is severed and is not continued past August then the U.S. government is willing to basically consider that part of the past," King told the BBC's Mark Simpson during his interview on December 17th, while Gerry Adams was in Cuba. "The Administration has warned the IRA not to again be involved in Colombia; the Administration has not objected to finding the truth of what happened," clarifies Hyde. "We must know what choice the IRA and its political leadership, Sinn Fein, have made concerning support for global terrorism. There is no room for ambiguity here – the choice is very stark for all of us and this case has a direct bearing on that choice."

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V8N12

IRISH NATIONAL CAUCUS LETTER TO DELAHUNT

December 14, 2001
The Honorable William Delahunt
US House of Representatives
Washington, DC 20515

Dear Bill,

This letter is a follow-up to the telephone conversation I had with you about a month ago, and to a telephone conversation I had with your LA Cliff Stammerman, on December 12, 2001[1].

I continue to be puzzled by your persistent efforts to schedule a Congressional Hearing before the House International Relations Committee (HIRC) on the presence of three Irishmen in Col[o]mbia.

I cannot understand what good it will do. But I do understand the harm it will do.

Whatever the intention, such a Hearing will inevitably be seen as an attempt to embarrass Sinn Fein – thus helping the forces that are intent on sabotaging the Irish Peace Process.

If you were a right-wing, anti-Catholic Republican from the Bible Belt, I could maybe understand. But for God's sake, Bill, you are an Irish-Catholic Democrat from Massachusetts! What are you thinking? I know you were once a Prosecutor, but now you are a Member of Congress and as a Member of the HIRC you should be taking action to assist the Irish Peace Process, not doing stuff that will inevitably be seen as harming it.

The State Department, Ambassador Richard Haass (President Bush's Special envoy to Northern Ireland), and the US. Consul in Belfast have all urged us to put behind us whatever happened in Col[o]mbia (provided it never happens again). But you want to keep it in front of us – even stick it in our face.

Since Ben Gilman became Chairman in 1995, the HIRC has played a key role in helping bring peace to Ireland (and Chairman Hyde now continues that policy) – to the joy of all Irish-Americans. What you are proposing would in effect be seen reversing the direction of the HIRC.

Bill, I know you are an honorable man, who supports peace in Ireland. Please do not persist in your plans. They will do no good, only a lot of harm – to the great disappointment of many Irish-Americans in your District and across the US.

Sincerely,
Fr. Sean McManus
President

Congressional Friends

Sen. Max Cleland (D-GA)
Sen. Daniel K. Inouye (D-HI)
Sen. Joseph I. Lieberman (D-CT)
Sen. Frank H. Murkowski (R-AK)
Sen. Rick Santorum (R-PA)
Sen. Charles E. Schumer (D-NY)
Sen. Arien Specter (R-PA)
Sen. Robert Torricelli (D-NJ)
Rep. Neil Abercrombie (I-HI)
Rep. Gary L. Ackerman (D-NY)
Rep. Thomas M. Barrett (D-WI)
Rep. David E. Bonior (D-MI)
Rep. Robert A. Borski (D-PA)
Rep. Sherrod Brown (D-OH)
Rep. Michael E. Capuano (D-MA)
Rep. William I. Clay (D-MO)
Rep. Jerry F. Costello (D-IL)
Rep. William J. Coyne (D-PA)
Rep. Joseph Crowley (D-NY)
Rep. Elijah F. Cummings (D-MD)
Rep. Pat Danner (D-MO)
Rep. William D. Delahunt (D-MA)
Rep. Norman D. Dicks (D-WA)

Rep. Mike Doyle (D-PA)
Rep. Eliot L. Engel (D-NY)
Rep. Philip S. English (R-NY)
Rep. Lanc Evans (D-IL)
Rep. Mark A. Foley (R-FL)
Rep. Vito Fossella (R-NY)
Rep. Barney Frank (D-MA)
Rep. Benjamin A. Gilman (R-NY)
Rep. James C. Greenwood (R-PA)
Rep. Maurice Hinchey (D-NY)
Rep. Tim Holden (D-PA)
Rep. Henry J. Hyde (R-IL)
Rep. Steve Israel (D-NY)
Rep. Sue W. Kelly (R-NY)
Rep. Dale Kildee (D-MI)
Rep. Peter T. King (R-NY)
Rep. Ron Klink (D-PA)
Rep. Tom Lantos (D-CA)
Rep. Steve LaTourette (R-OH)
Rep. Nita M. Lowey (D-NY)
Rep. Ken Lucas (D-KY)
Rep. Carolyn B. Maloney (D-NY)
Rep. James A. McDermott (D-WA)
Rep. James P. McGovern (D-MA)
Rep. John M. McHugh (R-NY)
Rep. Michael R. McNulty (D-NY)

Rep. Martin T. Meehan (D-MA)
Rep. Gregory W. Meeks (D-NY)
Rep. Robert Menendez (D-NJ)
Rep. Joseph Moakley (D-MA)
Rep. James P. Moran (D-VA)
Rep. Constance A. Morella (R-MD)
Rep. Jerrold Nadler (D-NY)
Rep. Richard E. Neal (D-MA)
Rep. Bob Ney (R-OH)
Del. Eleanor Holmes Norton (D-DC)
Rep. John W. Oliver (D-MA)
Rep. Major R. Owens (D-NY)
Rep. Frank Pallone, Jr. (D-NJ)
Rep. Donald M. Payne (D-NJ)
Rep. Jack Quinn (R-NY)
Rep. Charles B. Rangel (D-NY)
Rep. Jose E. Serrano (D-NY)
Rep. Louise M. Slaughter (D-NY)
Rep. Lee Terry (R-NE)
Rep. John Tierney (D-MA)
Rep. James A. Traficant, Jr. (D-OH)
Rep. Nydia M. Velazquez (D-NY)
Rep. James T. Walsh (R-NY)
Rep. Curt Weldon (R-PA)

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E-mail: sean@irishnationalcaucus.org Web Site: www.irishnationalcaucus.org

HYDE LETTER TO MCMANUS-IRISH NATIONAL CAUCUS

*Congress of the United States
Committee on International Relations
House of Representatives
Washington, DC 20515*

December 19, 2001
Father Sean McManus
President
Irish National Caucus, Inc.
P.O. Box 15128
Washington, DC 20003-0849
Dear Father McManus:

I am in receipt of your letter requesting the Committee on International Relations not to conduct hearings into alleged links between the IRA, Cuba, and the Colombian narco-guerillas.

Our Committee was asked to conduct an investigation into these links by Members of Congress on both sides of the aisle, and this inquiry has strong bipartisan support. Pursuant to these requests, we have been investigating this matter since last August, when the three Irishmen were arrested in Colombia after leaving the FARC-controlled zone (DMZ) where they were alleged to have provided explosive training to this narco-terrorist group.

We need to establish the facts surrounding these events, and then get credible explanations as to why a Sinn Fein representative and some IRA members were in the FARC-controlled DMZ in Colombia on false passports. As a result of these arrests, the foreign policy implications for the United States are many.

Colombia is the third largest recipient of U.S. aid to fight illicit drug production. The American footprint of DEA agents, U.S. military advisors, and civilians on the ground is immense. Possible IRA explosives and urban warfare training for the FARC, a designated foreign terrorist organization which kidnaps, targets and kills Americans, as well as supports the illicit drug trade, is not something we can ignore.

Senior Colombian authorities have alleged that there may have been IRA training of the FARC. If this is indeed the case, American citizens have been put at great risk. If organizations such as the IRA are helping to promote an increase in international terrorism, especially that which targets Americans, we must be concerned.

The Administration has warned the IRA not to again be involved in Colombia; the Administration has not objected to finding the truth of what happened. As President Bush has said after September 11th, "those who are not with us are against us" in the struggle against global terrorism. We must know what choice the IRA and its political leadership, Sinn Fein, have made concerning support for global terrorism. There is no room for ambiguity here – the choice is very stark for all of us and this case has a direct bearing on that choice.

The Committee's inquiry is not yet complete. There may be full Committee hearings based upon our findings, and they could come as early as next spring.

Cuba, a state sponsor of terrorism, has denied the Roman Catholic Church the right to its own schools and adequate priests as requested by Pope John Paul not long ago. Any terrorist-related connections between Sinn Fein or the IRA with Cuban communism or the FARC narco-guerillas in Colombia, should concern you and others in the Irish-American community. I note with interest in yesterday's press accounts that Gerry Adams, President of Sinn Fein, is in Havana meeting with Fidel Castro.

We intend to get to the truth. Embarrassment is not of concern to Congress in conducting an inquiry that involves protecting our national interests. We will be glad to hear from those in Ireland working for the release of these three Irishmen, or any other witness you might recommend.

This Committee has long played a supportive and constructive role in the Irish peace process. Sweeping this very serious matter under the rug will not only harm the Irish peace process, but also damage American national interests in Colombia and in the struggle against global terrorism.

With best wishes,

Sincerely,
Henry J. Hyde
Chairman
HHJ:jpm/mco
cc: The Honorable Richard Haass
U.S. Department of State

IRISH CATHOLIC PRIEST OF OPERATION PEDRO PAN FAME DIES IN MIAMI

As head of the small Catholic Welfare Bureau (CWB) in the quiet late-1950s Florida backwater town of Miami, Father Bryan O. Walsh selflessly labored to care for some 80 children at the adoption agency and unwittingly embarked upon a mission in December of 1960 that would define his work for a lifetime. In the process, the CWB, starting with a 15-year old named Pedro, began to care for the "children whose parents were fighting Castro in the underground and Catholics who had a very strong opposition to the new government," wrote Yvonne M. Conde, author of *Operation Pedro Pan: The Untold Exodus of 14,048 Cuban Children* and a Pedro Pan (Peter Pan) child herself. In desperation, parents who did not wish their children to be sent to the collective farms of the Soviet Union, after Cuban dictator Fidel Castro began to close the Catholic churches and schools, sent them to America by airlift to be placed in temporary camps in Miami and with orphanages and foster homes across the country, until they could be reunited with their parents. Among the prominent Pedro Pan veterans is Secretary of Housing and Urban Development, Mel Martinez. Monsignor Bryan O. Walsh died at the age of 71 in Miami of complications from heart surgery on Thursday, December 20th. Operation Pedro Pan lasted from 1960 to 1962.

ENZI VOICES OPPOSITION TO RECESS APPOINTMENT OF OTTO REICH

Senator Michael B. Enzi of Wyoming may be the only Republican to go on record with President Bush to oppose the recess appointment of Otto J. Reich for whom the White House announced its "intent to nominate" on March 22, 2001, as Assistant Secretary of State for Western Hemisphere Affairs (USCPR, Vol.8, No.5). The unexpected defection of Jim Jeffords of Vermont on May 24th gave Democrats a one-seat majority in the Senate shifting the power to call Foreign Relations Committee hearings from the conservative Jesse Helms of North Carolina to the liberal Joseph Biden of Delaware, who in turn deferred to Senator Christopher Dodd of Connecticut, in matters related to Latin America. *The Wall Street Journal* wrote on December 13th that "Dodd's petulance threatens national security" referring to the Argentine debt crisis, Caracas burning, and Colombia under the control of Marxist guerrillas. While Dodd's opposition, spearheaded by his key committee staffer on Latin America, Janice O'Connell, was well known, first term Senator Enzi's opposition seemed a bit of a surprise to many who follow the conservative's near perfect voting record. In a letter to Bush dated December 20th, Enzi and Dodd write we "strongly urge you not to give a recess appointment" to Reich. The missive claims that Reich "does not have the support of the United States Senate for such an important post" and it "would seriously set back progress that has been made on important hemispheric issues." At a White House press briefing on December 14th, Ari Fleischer was critical of the Democratic controlled Senate for failing "to act upon 157 nominees that President Bush has made." President Bush is expected to begin a series of recess appointments for which he has Constitutional authority. "Given the worsening state of Latin America, and Mr. Dodd's irresponsibility, the President can justify such a move in the urgent national interest," concluded the *Wall Street Journal*.

ENZI-DODD LETTER TO PRESIDENT BUSH

Michael Enzi
Wyoming

United States Senate
Washington, DC 20510

December 20, 2001
The President of the United States
The White House
Washington, DC 20500
Dear Mr. President:

We are writing to strongly urge you not to give a recess appointment to Mr. Otto Reich to the position of Assistant Secretary of State for Western Hemisphere Affairs. Our opposition to this nomination is well known, but what is less well known is that many of our colleagues, including our colleagues on the Foreign Relations Committee have quietly supported our efforts to prevent this nomination from moving forward.

We are aware that some are urging you to circumvent the Senate and give a recess appointment to Mr. Reich. To appoint an individual who does not have the support of the United States Senate for such an important post would seriously set back progress that has been made on important hemispheric issues such as counter narcotics, terrorism, and trade. Furthermore, he has not gone through the requisite committee process and it is clear that the Senate will not act on his nomination.

We have discussed at length with administration officials our reasons for opposing Mr. Reich's nomination, but we stand ready to discuss the matter with you at your request.

Sincerely yours,
Michael B. Enzi (R-WY)
cc: Secretary of State Colin Powell
MBE:kbm

Christopher J. Dodd (D-CT)

U.S. TRADE REPRESENTATIVE ZOELICK ASSURES ROS-LEHTINEN CUBA WILL NOT PARTICIPATE IN FTAA WITHOUT DEMOCRATIC REFORMS

By a one vote margin, the House of Representatives voted 215-214 on Thursday, December 6th to grant the White House sweeping trade promotion authority (TPA), also known as "fast-track." TPA would give the president new powers to negotiate trade agreements with foreign governments subject only to an up or down vote by Congress. Fast track authority, which has been the domain of every chief executive since President Gerald Ford, expired in 1994 eluding President Clinton throughout most of his two terms in office. Rep. Ileana Ros-Lehtinen (R-FL) pushed for strong language requiring the president to notify Congress that the trading countries are: democracies; not harboring, supporting, or sponsoring terrorists; assisting the U.S. in its anti-terrorism efforts; and, complying with FTAA, Summit of the Americas, and OAS democracy, free-market, and anti-terrorism declarations (USCPR, Vol.8,No.3). Falling short of these specifics, however, U.S. Trade Representative Robert B. Zoellick assured Ros-Lehtinen in a letter (reprinted below) dated December 6th that neither would Cuba participate in the Free Trade Area of the Americas nor strike a bilateral free trade agreement with the United States without first implementing democratic reforms. "Free trade agreements, including the FTAA, are a means not only for enhancing economic prosperity but for establishing democratic values," stated Zoellick. "Including Cuba in the FTAA negotiations or in a bilateral free trade agreement would be fundamentally at odds with this principle." Rep. Lincoln Diaz-Balart (R-FL), who also voted to grant President Bush TPA in the House Rules Committee and on the House floor, stated, "The President's successful insistence last April at the Summit of the Americas in Quebec upon democracy for membership in the future Free Trade Area of the Americas was the decisive factor in my decision to support TPA." Although controlled by the Democrats, the Senate is considered more pro-trade than the House and is expected to easily pass TPA when it returns in January.

ZOELICK LETTER TO ROS-LEHTINEN

EXECUTIVE OFFICE OF THE PRESIDENT THE UNITED STATES TRADE REPRESENTATIVE WASHINGTON, DC 20508

December 6, 2001
Congresswoman Ileana Ros-Lehtinen
United States House of Representatives
Washington, D.C. 20515
Dear Congresswoman Ros-Lehtinen:

You have expressed concern that the Administration will negotiate a free trade agreement with Cuba or include Cuba in the negotiation of the Free Trade Area of the Americas (FTAA). It is my view that the United States should not enter into free trade agreements with Cuba until such time as Cuba has taken the necessary steps to embrace democratic values.

Free trade agreements, including the FTAA, are a means not only for enhancing economic prosperity but for establishing democratic values such as openness and freedom. It is the Administration's position – as well as the position of our trading partners throughout the Hemisphere – that free trade and democracy go hand in hand. Including Cuba in the FTAA negotiations or in a bilateral free trade agreement would be fundamentally at odds with this principle.

The countries participating in the Summit of the Americas process, which includes the FTAA negotiations, understand the link between broader regional integration, economic prosperity and preservation of democratic values. In the Final Declaration issued at the end of the Summit of the Americas meeting in Quebec in April of this year, the democratically elected Heads of State and Government of the Americas made a forceful statement in support of this position. The Declaration states clearly that "the values and practices of democracy are fundamental to the advancement of all our objectives. The maintenance and strengthening of the rule of law and strict respect for the democratic system are, at the same time, a goal and a shared commitment and are an essential condition of our presence at this and future Summits." The principles underlying this "democratic clause" were subsequently incorporated into the Inter-American Democratic Charter adopted by the Organization of American States on September 11, 2001.

It is my sincere hope and the hope of this Administration that a post-Castro Cuba will take the necessary steps to transform itself into a democratic society and to rid itself of the ideological constraints that have served only to oppress its people and destroy its economic and social potential. We should continue to urge Cuba to undertake democratic reform. However, Cuba has not demonstrated a commitment to democracy, and until it does so, it will not qualify for participation in the Summit of the Americas process or as a partner in a free trade agreement with the United States.

Sincerely,
Robert B. Zoellick

NEW STUDY REPORTS ON POTENTIAL FOR U.S. ENERGY SECTOR IN CUBA

"Lifting the U.S. embargo against Cuba could provide U.S. energy firms \$2 billion to \$3 billion annually in new revenue" and "a significant market for the importation of American equipment and material," concludes a new report entitled: *The Potential for the U.S. Energy Sector in Cuba*. Amy Myers Jaffe and Ronald Soligo, energy economists commissioned by the Washington-based Cuba Policy Foundation (CPF) say, "This report investigates the state of Cuba's energy industry and the impact on that industry – were US sanctions against Cuba to be lifted." Cuba's energy resources include clean burning offshore natural gas and high sulfur crude oil from the northern coast suitable for domestic usage to operate cement, electricity, and nickel plants say the authors who foresee the "clean fuel" natural gas alternative "potentially for export to Florida by pipeline."

With Cuba importing 80 percent of crude oil needs, the report cites industry experts' belief "that the Cuban sector of the Gulf of Mexico could contain as much as 3 to 4 billion barrels of recoverable reserves" offering "U.S. firms already active in the U.S. Gulf of Mexico an interesting opportunity."

The report examines energy consumption based on the island's current population while projecting a 0.5 percent annual rate of growth from 1998's 11.12 million people to 12 million people where a 1 percent rate of growth would generate an increased "energy demand for 2015 of 408 thousand b/d, an additional 45 thousand b/d." The report relies upon a model (Medlock and Soligo) that utilizes "end sector energy use" based on per capita GDP while acknowledging the difficulty in doing so because "we do not have data on Cuba's per capita income." The authors point out that the "model may still not be reliable in estimating future energy demand for Cuba, because of the 'command' nature of the Cuban economic system." As a result, the report relies largely on inter-country comparisons such as Costa Rica and Jamaica in which case it appears that "Cuba would require additional electric generating capacity of 48-107 megawatts by 2015."

The 17-page report, which reviews foreign energy investment in Cuba, was released on December 17th and is available from the CPF by email request through their website at www.cubapolicyfoundation.org or by calling 202/835-0200. Former diplomat Sally Grooms Cowal, who heads the CPF, believes "lifting the embargo against Cuba would be in America's best economic and national interests, as well as hasten democratic reform on the island."

□ ■

CURRENCIES & COMMODITIES

1 Euro = 0.8878 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 23.08 Cuban Peso

Rates as of December 31, 2001.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 7.96
Year ago nearby = 10.20
Future (Mar. '02) = 7.39
High = 9.75
Low = 6.11

Cash/Spot price as of December 28, 2001.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 19.75-19.80
Year ago (Dec. 29) = 26.80
Future (Feb. '02) = 19.84

Cash/Spot price as of December 31, 2001.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 5,670
Year ago (Dec. 28) = 7,185

(\$ per metric ton)
Official Price: December 28, 2001.
Source: London Metal Exchange.

Cobalt = 6.80 - 7.40
Year ago (Dec. 21) = 12.95 - 13.95

(\$ per pound for 99.8%)
Price: December 28, 2001.
Source: Metal Bulletin (London).

TRADE BRIEFS

WHITE HOUSE OBJECTS TO FARM BILL FINANCING OF FOOD SALES TO CUBA

-- The White House Office of Management and Budget (OMB), which issued a statement urging the Senate to defeat S.1731- the *Agricultural, Conservation, and Rural Enhancement Act of 2001* introduced by Senate Agriculture Chairman Tom Harkin (D-IA), strongly opposed the bill because it would "ultimately harm our farmers and ranchers" by prolonging crop surpluses and driving down prices. Listing eight problems with the bill, including private financing of food sales to Cuba, OMB opposed section 335 of the Harkin bill which calls for the *Repeal of Prohibition of Financing Agricultural Sales to Cuba*. OMB stated: "Because of Cuba's continued denial of basic civil rights to its citizens as well as its egregious rejection of the global coalition's efforts against terrorism, the Administration strongly opposes section 335 which would repeal the prohibition on private financing by U.S. persons of sales of agricultural commodities to Cuba." The House passed a 10-year farm bill in October that would have required reconciliation of differences in conference with the Senate bill before President Bush would sign it, and that didn't happen before the 1st Session of the 107th Congress adjourned in late December. The White House supported the amendment by Senators Roberts (R-KS) and Cochran (R-MS), "which is consistent with the President's principles for sound farm policy," according to the OMB statement issued on December 5th. **FIRST SHIPS ARRIVE IN HAVANA CARRYING FOOD TO CUBA UNDER TRADE SANCTIONS REFORM ACT OF 2000** – The first commercial shipments of American food under the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA) (USCPR, Vol.8,No.4) made their way to Havana on Sunday, December 15th aboard the Express, a ship owned by Crowley Liner Services out of Jacksonville, Florida (USCPR,Vol.8,No.4), and the Mexico-based M.V. Ikan Mazatlan. The Express, which departed Gulfport, Mississippi, carried 500 tons of frozen chicken parts valued at \$300,000. The Mazatlan carried 24,000 metric tons of corn from Archer Daniels Midland Company valued at \$2 million, which left the port of New Orleans late Friday, December 14th. At a dockside press conference, Illinois Governor George Ryan (R) remarked, "Corn is forming a bridge today that we need to build with the people of Cuba." Cuban American National Foundation general counsel, George J. Fowler characterized the press conference as being "a show about lifting the embargo" that would "put money in Castro's pocket." In the aftermath of Hurricane Michelle, Cuba was offered humanitarian aid by the United States (USCPR, Vol.8,No.11) but rejected it in favor of cash sales under TSRA to give the appearance the U.S. embargo had been lifted. TSRA disallows any private or government financing of sales to Cuba. Senator Bob Smith (R) of New Hampshire supports lifting the financing ban only when Cuba is removed from the State Department's list of terrorist nations. North Dakota's Byron Dorgan (D), on the other hand, believes economic engagement would encourage democracy in Cuba and help U.S. farmers, despite the fact that Cuba is free to trade with every other nation in the world. Castro told Associated Press on December 20th that Cuba would spend \$40 million including transportation for American food and medicine shipments through February 2002. **CASTRO, CHAVEZ, AND JAGDEO SEEK ALTERNATIVE TO FTAA AT CARIBBEAN SUMMIT** – The two day Association of Caribbean States (ACS) summit held on Margarita Island, Venezuela from December 12-13 and hosted by Venezuelan President Hugo Chavez was colored by heavy anti-capitalist rhetoric, a denouncement of the U.S. economic embargo against Cuba, and a quest for an alternative to the Free Trade Agreement of the Americas (FTAA), which involves 34 democratic nations, excluding Cuba. The 14 Caribbean nations that comprise the 25-member ACS have unsuccessfully attempted to establish a common market since 1973. Chavez suggested an FTAA alternative called the "Bolivarian Alternative for the Americas." Castro's Cuba warned that the FTAA would lead to U.S. domination of Latin America and Guyana's President Barrat Jagdeo described the call for special treatment for small developing countries contained in the summit's final statement as an "absolute precondition" to participation.

DOMESTIC BRIEFS

CARRAGHER SAYS HUMAN RIGHTS ABUSES AND CUBA'S ECONOMIC FAILURE TO BLAME FOR REFUGEES

– James Carragher, the State Department's coordinator for Cuban Affairs, who led the U.S. delegation in technical talks with Havana on December 3rd, accused the Cuban government of precipitating the continued flow of immigrants to the US. Carragher laid blame on the Castro regime's human rights violations and the failure of its economic model for the exodus. At a news conference, Carragher said, "Cubans are looking to leave a situation in which they can not practice freely human rights" (USCPR, Vol.8,Nos.3&4). Further, Carragher charged the Cuban government with failing to provide the economic opportunities and economic well-being that a free-market economy can." Ricardo Alarcon, the head of the Cuban delegation and president of the Cuban National Assembly for the People's Power, repeated his demand for the repeal of the Cuban Adjustment Act which he claims "violates the spirit" of the 1994-95 migration accords. Carragher side stepped discussion of the 1966 Act. The basis for the semi-annual talks, the accords permit 20,000 Cubans annually to emigrate legally to the United States. Carragher told the USCPR that three areas would be covered in the next round of talks: 1) a new port other than Cabanas for the repatriation of migrants interdicted at sea; 2) improved medical examinations for Cubans emigrating legally; and, 3) greater cooperation on the law enforcement side of the human smuggling issue (USCPR, Vol.8,No.11). The semi-annual talks held alternatively in New York and Havana are considered the highest level of contact between the two governments, which have not had formal diplomatic relations since January 3, 1961. **CONVICTED CUBAN SPIES ARE SENTENCED**

– Five convicted Cuban DGI agents (USCPR, Vol.8,No.6) were sentenced in U.S. federal court in Miami for spying for the Cuban Communist government of Fidel Castro. Eleventh Circuit Court Judge Joan Lenard handed down sentences over the course of two weeks in December in the case of the largest Cuban spy ring known to have been dismantled in the United States. The so-called Red Wasp Network headed by Gerardo Hernandez (36) consisted of 14 defendants indicted in 1998 (USCPR, Vol.5,Nos.9&10), five of whom plead guilty, four became fugitives, and five stood trial and were convicted on June 8, 2001. Hernandez, (a.k.a. Manuel Viramontes, code name Giro), who was convicted of conspiracy to commit espionage and conspiracy to commit murder against the Brothers-to-the-Rescue pilots shot down and killed over international airspace in 1996 (USCPR, Vol.3,No.3), was sentenced (12/12/01) to two concurrent life terms with no possibility of early release and 18 years for lesser charges. Second in command, Ramon Labanino (38) was sentenced (12/13/01) to life in prison. Rene Gonzalez (45), a U.S. citizen, was sentenced (12/14/01) to 15 years in prison for acting as an unregistered foreign agent. Fernando Gonzalez (38) received (12/18/01) 19 years in prison. Antonio Guerrero (43), also a U.S. citizen, received (12/27/01) a life sentence. Cuba admitted the five were in the U.S. to gather information against Cuban exile groups. **RUMSFELD ANNOUNCES PLANS TO USE U.S. NAVAL BASE AT GUANTANAMO BAY TO HOLD TALIBAN AND AL-QAIDA DETAINEES**

– Secretary of Defense Donald H. Rumsfeld announced on Thursday, December 27th that the United States government was planning to use the U.S. naval base at Guantanamo Bay, Cuba as a place to hold Taliban and al-Qaida detainees captured in the war being waged in Afghanistan, following the September 11th terrorist attacks on America. At a Pentagon press conference that began at 2:00 p.m. EST, Rumsfeld said, "We are making preparations to hold detainees there. We have made no plans to hold any kind of tribunal there." Asked whether he was "concerned that we could have trouble with Castro, if we did," Rumsfeld responded, "We don't anticipate any trouble with Mr. Castro in that regard." Cuban officials called the use of Guantanamo for housing Taliban and al-Qaida detainees by the United States as "yet another mistake by the Americans." Referring to the Americans on the base, Cuban Attorney General Juan Escalona was quoted on Saturday, December 29th by Reuters as saying he hoped "15 or 20" Taliban and Al Qaeda prisoners would "get out and kill them." Rumsfeld characterized the location as "the least worst place we could have selected."

NOTABLE QUOTES

"The United States will allow the sales of food and medicines as permitted by U.S. laws; the embargo is still in place." Acting Assistant Secretary of State for Western Hemisphere Affairs, **Lino Gutierrez**, speaks at a news conference in Miami. (RL,"U.S. official says Cuba embargo still stands," 12/05/01).

"We commend the European Union for its principled stand on behalf of freedom and human rights for the Cuban people. Without placing conditions on Fidel Castro, he will just continue to take and take and give nothing in terms of freedom and respect for human rights. The Cuban people deserve no less than the free world's continuing solidarity and support." **Dennis Hays**, Executive Vice President of the Cuban American National Foundation, welcomes the EU's decision to reject increased ties with the Castro regime until it makes significant improvements in its human rights record. (PR,"CANF Welcomes European Union Stance on Cuba," 12/11/01).

"It's the first shipment since 1963. It's dramatically symbolic. It's the first break in the embargo." **Pamela Falk**, a law professor at City University of New York, comments on recently approved food sales to Cuba. (MH,"Freighter with U.S. corn leaving for Cuba today," 12/14/01).

"Anyone voting for Sinn Fein/IRA is voting for a party whose true sympathies lie with the likes of Castro of Cuba and FARC of Colombia. Anyone voting for the failed policies of that model should be aware that under that sort of model they would not be allowed the privilege of voting in free and fair elections." Ulster Unionist **Martin Smyth**, a South Belfast MP, characterizes Gerry Adams' trip to Cuba as undemocratic. (IrishNews.com, "SF 'attached to communist ideals,'" 12/21/01).

"I want to thank you for your invitation to visit this beautiful island of Cuba. As a young man growing up in Ireland in the 1960s, and the 1970s, and as a political activist opposing oppression and injustice in my own country, I have had a keen interest in the Cuban struggle. The people of Ireland, our government and political parties have a long record of solidarity with Cuba." **Gerry Adams**, the president of Sinn Fein – the political arm of the IRA – speaks at the Institute for the Friendship of the People in Havana on December 21st, while on a controversial trip to Cuba. (Independent.co.uk,"Gerry Adams: Two island peoples in the same sea struggle," 12/23/01).

"It's another provocation from the Americans. I hope 15 or 20 [Taliban and Al Qaeda prisoners] get out and kill them." Cuban Attorney General **Juan Escalona** criticizes U.S. Defense Secretary Donald H. Rumsfeld's plan to bring Taliban and al Qaeda prisoners to the U.S. Naval Base at Guantanamo Bay, Cuba. (RL,"Cuba Criticizes Plan," 12/29/01).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

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Volume 9, Number 1

January 31, 2002

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

Ralph J. Galliano, Editor

WHITE HOUSE FINDS NEED TO REASSURE CUBAN-AMERICAN COMMUNITY FOLLOWING HELMS-BURTON TITLE III WAIVER

WASHINGTON – According to one Bush administration official, a series of unrelated events converged in January to suggest the United States was preparing for a rapprochement with the Cuban government, despite the tough rhetorical stance President Bush has taken with regard to the Castro regime (USCPR, Vol.8, Nos.3-5 & USCPR-LA, 5/28/01). Elements of the Cuban-American community believe specific events, plus a disinformation campaign emanating from Havana and fueled by the news media and pro-Castro sympathizers in Miami, are primarily responsible for the rumors swirling around the city that a U.S. - Cuba thaw in relations and government-to-government negotiations are underway. Those events include: the expectation that the initial sale of food and medicine to Cuba after Hurricane Michelle (USCPR, Vol.8, No.11) will be followed by additional sales which the Castro regime's propaganda machine spins as "improved relations with the United States;" remarks by Senator Arlen Specter (R-PA) while in Havana in early January that Cuba's status as a terrorist state should be reviewed and reconsidered by the State Department; the second Bush administration Helms-Burton Title III waiver, following in the footsteps of the Clinton administration's trade policy; conciliatory comments by National Assembly President Ricardo Alarcon and later by General Raul Castro, brother, heir apparent to Cuban dictator Fidel Castro, and Minister of the Revolutionary Armed Forces, while on a visit to Guantanamo Province overlooking the Taliban-al Qaida detainees being held in the U.S. Naval Base at Guantanamo Bay; and, a luncheon speech to some 200 businessmen in Palm Beach, Florida by Counselor and head of the Cuban Interests Section from Washington, Dagoberto Rodriguez, in spite of an earlier administration announcement to impose reciprocal travel restrictions on Cuban diplomats in Washington and New York (USCPR, Vol.8, No.10). Even Rep. Ileana Ros-Lehtinen (R-FL) speculated to *Miami Herald* reporter Nancy San Martin in early January, "It makes me wonder if there's been any secret negotiations taking place." White House spokeswoman to the Hispanic community, Mercy Viana, communicated with the Cuban-American community on at least two occasions during the month of January over Radio Mambi-WAQI in Miami, ostensibly to discuss and reinforce President Bush's overall policy toward Cuba. However, it did little to reassure a politically restless exile community that there is no adverse change in policy taking place. Later in the month, ten Cuban exile organizations including: the Cuban American National Foundation, Brothers to the Rescue, and Directorio Revolucionario Democratico Cubano also suggested that "possible negotiations" were taking place. On January 28th, State Department spokesman Richard Boucher was unequivocal saying, "Cuba has not taken any of the steps necessary to make improvement of relations possible."

▪ White House Finds Need to Reassure Cuban-American Community.....	1
▪ Cuba Policy Review Announced Following Title III Waiver	2
▪ President Bush Announces Recess Appointment of Otto Reich.....	4
▪ WTO Reverses Dispute Panel Over Havana Club Trademark Challenge.....	6
▪ Condoleezza Rice Links Closure of Lourdes Spy Base to US – Russian Relations.....	7

CUBA POLICY REVIEW ANNOUNCED FOLLOWING TITLE III WAIVER –

Apart from reaffirming President Clinton's policy of standing with the European Union (EU) in opposition to law suits by the American owners of confiscated property in Cuba against traffickers who perpetuate the Castro regime's oppression of the Cuban people by entering into foreign joint ventures, most notably in the tourism industry undertaken through the construction of hotels and resorts, the Bush administration quietly departs from that line presented by the president in his first Title III waiver statement issued on July 16, 2001 (USCPR, Vol.8, No.7). Perhaps the most significant message issued to date by the Bush White House regarding Cuba is the long-awaited "policy review" announcement which appears as the final item in the administration's Title III Fact Sheet, reprinted below. "The recent appointment of Otto Reich as Assistant Secretary of State for Western Hemisphere Affairs completes the President's foreign policy team. With it, a full review of the tools we are using to achieve our policy goal in Cuba is now appropriate," it concludes. Expressing disappointment over the waiver, Cuban American National Foundation Executive Director Joe Garcia noted in Miami, "The Europeans mistakenly fear Title III and we will continue to work with them to demonstrate why it is also in their interests to have the legitimate property concerns of all parties considered sooner, rather than later." Rep. Bob Menendez (D-NJ), Ranking Member on the International Relations Western Hemisphere Subcommittee, calling the EU's "double-standards...reprehensible," criticized Bush for again waiving Title III. "Last July, President Bush reversed course on his most fundamental campaign promise to the Cuban-American community by waiving Title III, even though, days earlier, he promised to fully enforce the law on Cuba – six months later, he fails us again," charged Menendez. Peter Bernal, host of the Miami TV program "Opiniones," referred to Menendez's remarks and cited the president's Title III waiver as a sign of the coming rapprochement with the Cuban government. There is every indication that this contagion of discontent is spreading rapidly. There is also a gathering sense on the streets of Miami, particularly in Little Havana, that the only way their voices can be heard in Washington is for Cuban exiles to become more politically independent, beginning with the upcoming Florida governor's race where the president's brother Jeb Bush is running for reelection in November. When perception is more important than reality, talk of sitting out the election appears to be a growing consideration. Where Sen. Jesse Helms (R-NC) is considered an icon, enforcement of the Helms-Burton Act, as it is commonly known, remains a high priority with the Cuban-American community. Unless rescinded, the president's waiver remains in effect for a period of six months. Not until July, then, will it be known whether under the full policy review a waiver of Title III will continue to be a Clinton-era tool used by the Bush administration to achieve its "policy goal in Cuba."

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V9N1

WHITE HOUSE TITLE III FACT SHEET

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 17, 2002

FACT SHEET

Title III of the Cuban *Liberty and Democratic Solidarity (LIBERTAD)* Act

- Title III of the Cuban *Liberty and Democratic Solidarity (LIBERTAD)* Act allows U.S. nationals that own claims to confiscated property in Cuba to file suit in U.S. courts against those who traffic in such property.
- The title includes waiver authority, if the President determines that a suspension of this provision is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba. The waiver must be renewed every six months for the suspension to remain effective.
- Using this authority, the President has suspended application of Title III for an additional six months, effective February 1, 2002. He has reported his determination to the appropriate congressional committees.

Basic Policy Commitments

- The President remains firmly and fully committed to encouraging a rapid, peaceful transition to a democratic government characterized by strong support for human rights and an open market economy.
- The President likewise remains committed to the use of the embargo and travel restrictions to encourage a rapid transition. As he indicated last July, the administration will oppose any effort to loosen sanctions against the Cuban regime until it frees political prisoners, holds democratic, free elections and allows for free speech.
- The Cuban regime is a repressive, totalitarian anachronism in a region where democracy and open markets prevail. Its leaders continue to carry out misguided and failed policies which have deeply damaged the Cuban people and left its economy in ruins.
- The Cuban government also properly remains on the Terrorist List, due to its continued support for terrorism, including the fact that it continues to harbor fugitives from justice in the United States wanted for terrorism-related offenses.

Increasing Outreach to the Cuban People

- The President is determined to encourage and deepen our outreach to the Cuban people, especially those brave and independent activists for democracy and human rights.
- In order to move toward this goal, the U.S. Government has increased the resources available to support civil society development and information exchange in Cuba. Despite obstacles created by the Cuban regime, the U.S. Interests Section in Havana has expanded its outreach to the Cuban people in innovative ways.
- A big part of this effort is a major increase in public diplomacy on-island, so that more Cubans have more accurate and broader information about the world around them. Independent journalists, libraries, and Non-governmental organizations are the beneficiaries of these efforts.
- The President has also committed to increasing the listenership of Radio Marti and the viewership of TV Marti in Cuba. Radio Marti in particular has an increasingly popular product and appears to be making real gains in terms of its audience.
- We will be exploring new ways, including the use of cutting-edge technology, to increase the Cuban people's access to Radio and TV Marti.

Policy Review

- The recent appointment of Otto Reich as Assistant Secretary of State for Western Hemisphere Affairs completes the President's foreign policy team. With it, a full review of the tools we are using to achieve our policy goal in Cuba is now appropriate.

###

PRESIDENT BUSH ANNOUNCES RECESS APPOINTMENT OF OTTO REICH

When contacted, a spokesman for Senator Mike Enzi declined to specify the reasons why the conservative Republican from Wyoming continues to oppose President Bush's appointment of Otto Reich to the post of Assistant Secretary of State for Western Hemisphere Affairs. Instead, Enzi issued a statement, which is reprinted below, where he concedes the president's Constitutional right to make recess appointments. "Although I opposed the recess appointment of Mr. Reich, I am aware recess appointments are a prerogative of the President and support his right to do so," states Enzi. The January 11th recess appointment was praised by the State Department which issued a statement noting that "Secretary of State Powell is pleased" with the president's appointment of Reich extending him a "warm welcome." Enzi complains that Reich "did not go before the Foreign Relations Committee in a hearing nor did the committee vote on his nomination." Ranking Republican on the Foreign Relations Committee, Senator Jesse Helms, commended the president's recess appointment saying, "Had Otto Reich been allowed a hearing by even two or three Foreign Relations Committee Senators, his nomination would have been promptly and long ago approved by the Senate." Rep. Lincoln Diaz-Balart (R-FL), alluding to the opposition of Senator Christopher Dodd (D-CT) (USCPR, Vol.8, No.12) who is the chairman of the Western Hemisphere Subcommittee, also praised the appointment. "This hemisphere is too important to allow one Senator to attempt to sabotage the President's fine choice for Assistant Secretary of State," said Diaz-Balart. "The President is committed to the Western Hemisphere. Ambassador Reich is highly-qualified and I have confidence he will do an excellent job. Now it is time to get to work on the need for democracy in Cuba, the narco-terrorist insurgency in Colombia, the economic collapse in Argentina, and many other critical issues." Under Article II, Section 2 of the U.S. Constitution, the president is authorized to make appointments when the Senate is in recess. However, since the appointment was an inter-session appointment rather than an intra-session appointment, Reich's term expires at the end of the Second Session of the 107th Congress, instead "at the End of the following Session." An intra-session appointment would have expired at the end of the First Session of the 108th Congress.

SENATOR ENZI ISSUES STATEMENT ON RECESS APPOINTMENT

News Statement

For Immediate Release
Date: Jan. 11, 2002

Contact: Coy Knobel, phone 202-224-3424
Web address: enzi.senate.gov
Email: Coy_Knobel@enzi.senate.gov

Enzi statement on Reich, Scalia appointments

Washington, D.C. – President Bush appointed Otto Reich Assistant Secretary of State for Western Hemisphere Affairs and Eugene Scalia Labor Department Solicitor.

U.S. Sen. Mike Enzi, R-Wyo., made the following statement.

"Be assured that I will continue to support the President and will continue to work with the Administration to advance the foreign and labor policy of the United States."

Reich

"Although I opposed the recess appointment of Mr. Reich, I am aware recess appointments are a prerogative of the President and support his right to do so.

"While I remain opposed to Mr. Reich's appointment, I have not been opposed to a hearing for Mr. Reich, nor will I oppose a hearing if the Administration re-submits Mr. Reich's nomination.

"I shared my reasons for opposing the Reich nomination with the Administration and I will continue direct communication of my concerns on this matter with the Administration rather than indirectly through media channels."

Scalia

"I was one of the strongest advocates for a nomination hearing for Eugene Scalia to be the Solicitor for the Department of Labor. I worked with my colleagues on the Labor Committee and welcomed the decision to hold a hearing for Mr. Scalia. Senate nomination hearings are an important and integral part of our American system. I was also one of the strongest advocates of bringing his nomination to the floor for a vote after he was favorably voted out of committee.

"I would have preferred a floor vote on Mr. Scalia's nomination rather than a recess appointment after my Labor Committee colleagues and I were given the opportunity for a vote on his nomination and we reported it to the Senate floor favorably. That is a major difference between the Scalia appointment and Reich appointment. Mr. Reich did not go before the Foreign Relations Committee in a hearing nor did the committee vote on his nomination.

"Mr. Scalia is highly qualified for this important job and after the stall on a floor vote filling the vacancy was long overdue."

-end-

WILL RUSSIAN OIL BEGIN TO SUPPLY U.S. AND REPLACE VENEZUELA IN VIEW OF CHAVEZ'S SUBSIDIES TO CUBA

The deteriorating relationship between the United States and Venezuela, particularly since the September 11th terrorist attacks on America, may lead that oil rich nation's elected leader, President Hugo Chavez, to erroneously conclude that the U.S. cannot do without its Venezuelan source of petroleum not unlike Cuba's Fidel Castro who after 1959 mistakenly believed that the United States could not do without its source of Cuban sugar. The subsequent rupture in bilateral relations and the Cuban fallback on the former Soviet Union, which developed into a long term oil-for-sugar arrangement subsidized by Moscow, kept Cuba afloat for three decades. The irony today would be an oil rich Russia, the number two producer and exporter of crude oil after Saudi Arabia, beginning to supplant Venezuela as a supplier of petroleum to the United States.

Unlike Venezuela, Russia is a non-OPEC member as are Mexico and Norway the largest producers of crude oil outside of OPEC, which has demanded that Russia curtail its output in order to stabilize falling world oil prices. With Russia's budget relying on oil and gas revenues, President Vladimir Putin is not likely to substantially curtail crude oil production anytime in the near future, especially in light of the expansion of the country's petroleum industry brought about by the sharp rise in oil prices during the period 1999-2000.

In 2000, Venezuela was among the top four petroleum exporters (million barrels per day: mbl/d) to the United States: 1) Canada 1.6 mbl/d; 2) Saudi Arabia 1.5 mbl/d; 3) Venezuela 1.5 mbl/d; and, 4) Mexico 1.3 mbl/d, in the aggregate accounting for 60% of U.S. imports. During the 2000 period, the United States consumed 19.5 mbl/d of which it produced 9 mbl/d and imported 9.8 mbl/d, according to the U.S. EIA. In 2001, Russia produced 7.12 mbl/d, of which 2.38 mbl/d was for internal consumption.

The Caracas Energy Cooperation Accord (CECA) between Venezuela and Cuba signed in October 2000 (USCPR, Vol.7, No.10) was reported by the USCPR as "by far the most significant turn of events for Cuba since the massive Soviet oil-for-sugar swap subsidies ended in 1991." Unlike other oil supply deals, the secretive CECA deal does not prohibit end-user resale to third parties garnering Havana substantial foreign exchange earnings. As with the former Soviet Union, Venezuela is following in its footsteps when Russia's oil production in the 1990s plummeted due to the decline in drilling and capital investment.

At risk for Venezuela's left-leaning Hugo Chavez is the country's state-owned oil and refining company's, Petroleos de Venezuela (PDVSA), market share through its CITGO gasoline distribution system in the United States. Similarly, Russia's largest oil company, Lukoil, has purchased the American-based gasoline distribution system Getty Oil and has picked up additional stations due to the recent Chevron-Texaco merger. □ ■

CURRENCIES & COMMODITIES

1 Euro = 0.8607 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 22.38 Cuban Peso

Rates as of January 31, 2002.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 7.10
Year ago nearby = 9.95
Future (Mar. '02) = 6.38
High = 9.75
Low = 6.11

Cash/Spot price as of January 31, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 19.45-19.50
Year ago (Jan. 31) = 28.66
Future (Mar. '02) = 19.48

Cash/Spot price as of January 31, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,015
Year ago (Jan. 31) = 7,110

(\$ per metric ton)
Official Price: January 31, 2002.
Source: London Metal Exchange.

Cobalt = 7.20 - 7.50
Year ago (Jan. 29) = 12.95 - 13.75

(\$ per pound for 99.8%)
Price: January 31, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

WTO APPELLATE BODY REVERSES DISPUTE PANEL OVER HAVANA CLUB TRADEMARK CHALLENGE TO SECTION 211 LAW

– Section 211 of the Omnibus Appropriations Bill of October 1998 protects marks, trademarks, or commercial names "used in connection with a business or assets that were confiscated," unless there is express consent by the "original owner." Opposition to this U.S. law at the WTO was raised by France, the home-base of wine and spirits producer Grupo Pernod Ricard. The disputed claim to the trademark created by its joint venture with the Cuban government which confiscated the Havana Club brand in 1959 has met with mixed results, first losing at the U.S. Supreme Court level. On January 2nd, the WTO Appellate Body reversed the original WTO dispute panel decision of June 11, 2001 (USCPR, Vol.8,No.6) which had found Section 211 violated only one part of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The Appellate Body decision is viewed as a win for the EU. Competitor Bacardi-Martini USA, which also claims the trademark rights to the rum brand, helped to pass the Section 211 law that prevents Pernod Ricard from registering Havana Club in the lucrative U.S. market. Although the EU seeks to ultimately repeal Section 211, the USTR has hinted there could be an amendment.

2000 CUBA HANDBOOK OF TRADE STATISTICS AVAILABLE

– The Central Intelligence Agency's (CIA) *Cuba Handbook of Trade Statistics, 2000* covering the period 1994 through 1999 has been issued. Availability of this annual unclassified publication, announced on January 9th, is exclusively through the Internet and can be obtained by downloading from: http://www.cia.gov/cia/di/products/cuba_hbk2000/. Data contained in the handbook is derived primarily from Cuba's trading partners with the exception of exports for the commodities of sugar and nickel, which the Cuban government is obligated to accurately report to international trade organizations. The handbook is divided into two sections: "Direction and Composition of Trade" and "Composition of Bilateral Trade." The first section breaks down Cuba's trade by country and commodity, while the second section provides the bilateral commodity breakdown for 39 countries or regions, including the EU. Exports or imports that are less than \$10 million are omitted from the tables resulting in the component totals not always adding up and often being rounded. The web site specifies that "Information available as of 1 December 2000 was used in this report." Figures from 1994-98 have been revised where more complete data has become available.

PRESIDENT BUSH IN STATE OF THE UNION ADDRESS URGES PASSAGE OF FAST TRACK AND SPECIFIES PRIVATE PROPERTY RIGHTS

– President George W. Bush in his first State of the Union Address called for passage of "fast track" legislation (USCPR, Vol.8,No.12), which would grant the White House sweeping trade promotion authority (TPA). The president's Tuesday, January 29th speech urged the Democrat-controlled Senate to pass fast track authority. TPA passage in the House on December 6th was by a one-vote margin, but not before key Republicans received assurances from U.S. Trade Representative Robert B. Zoellick that "Including Cuba in the FTAA negotiations or in a bilateral free trade agreement would be at odds with this principal [of first implementing democratic reforms]." Bush called America's war on terrorism "A time of adversity [which] offers a unique moment of opportunity." Alluding to countries like Cuba, a country on America's list of state sponsors of terrorism, the president said that "no people on Earth yearn to be oppressed, or aspire to servitude, or eagerly await the midnight knock of the secret police." Bush vowed that "America will always stand firm for the non-negotiable demands of: human dignity; the rule of law, limits on the power of the State; respect for women; private property; free speech; equal justice; and religious tolerance." Since 1954, the Foreign Claims Settlement Commission has administered 44 claims programs under Title V of the *International Claims Settlement Act of 1949* including claims of nationals of the United States against the government of Cuba as a result of expropriations of private property by the Castro regime in 1959 without compensation worth billions of dollars. The *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, commonly known as the Helms-Burton Act also offers "Protection of Property Rights of United States Nationals" under its Title III and Title IV provisions which calls for the "Exclusion from the United States of Aliens Who have Confiscated Property of United States Nationals or Who Traffic in Such Property."

DOMESTIC BRIEFS

NATIONAL SECURITY ADVISOR CONDOLEEZZA RICE LINKS CLOSURE OF LOURDES SPY BASE TO U.S.-RUSSIAN RELATIONS – In a letter to a Member of Congress, Assistant to the President for National Security Affairs Condoleezza Rice linked "the Russians' willingness to end all their operations at Lourdes" Cuba to their "seriousness about entering a new relationship with the United States." The January 8th letter from Rice to Rep. Ileana Ros-Lehtinen (R) was in response to the Florida Congresswoman's letter to the president of October 17, 2001 (USCPR-SE, "President Bush Hails Russian Decision to Close Lourdes Listening Post in Cuba," 10/26/01), where she asked President Bush to require a "full accounting of the intelligence gathered at the Lourdes base immediately prior to and in the aftermath" of the September 11th terrorist attacks on America. Russian President Vladimir Putin became the first head of state to telephone President Bush to express his condolences and to stand down Russia's military following the attacks on New York and Washington. On October 17th, Putin announced before a meeting of the Russian defense ministry in Moscow the closing and dismantling of the 40-year old Lourdes signals intelligence station just outside of Havana, which employed and housed about 1,500 Russian technicians and their families. Ros-Lehtinen raised specific concerns over reports that intelligence from Lourdes had been shared with terrorist states such as Libya, Iran, and Iraq during the Gulf War period a decade ago. On Saturday, December 30th, Russian and Cuban officials held farewell ceremonies, ending four decades of direct hands-on military cooperation between the two Cold War allies. While the antennae have been dismantled and the facility closed, the January 15th departure date to ship the equipment back to Russia is said to have been delayed. "We will carefully monitor the steps the Russian government now takes to permanently close the Lourdes facility so that it can no longer be directed against American interests," Rice wrote to Ros-Lehtinen.

ROS-LEHTINEN PRAISES HOUSE DECISION TO INVESTIGATE IRA-FARC-CUBA CONNECTION – A member of the House International Relations Committee (HIRC), Rep. Ileana Ros-Lehtinen (R-FL), praised HIRC Chairman Henry Hyde (R-IL) for stating unequivocally there would be hearings (USCPR, Vol.8, No.12) to investigate the August 11, 2001 arrest in Bogota by Colombian authorities of three IRA/Sinn Fein Irishmen associated with the narco-terrorist group FARC having links to Cuba (USCPR-SE, "IRA Arrests in Colombia Linked to Cuba," 9/25/01). "The FARC, Latin America's largest and deadliest insurgent group got it's Marxist orientation from Fidel Castro who today heads the only state-sponsor of global terrorism in the Western Hemisphere," said Ros-Lehtinen. Specialists in urban guerilla warfare, the IRA was caught exiting FARC-controlled territory when the three Irishmen were apprehended at El Dorado airport last year. They have been in custody in Bogota while separate investigations were conducted by both the United States and the Colombian government in an effort to ascertain the facts which will be presented in an HIRC hearing this Spring. "Possible IRA explosives and urban warfare training for the FARC, a designated foreign terrorist organization which kidnaps, targets and kills Americans, as well as supports the illicit drug trade, is not something we can ignore," said Hyde in a December 19th letter responding to Father Sean McManus of the Irish National Caucus, who requested there be no hearings. Since the arrests of the IRA/Sinn Fein representatives, FARC has spearheaded attacks aimed at Colombia's infrastructure including bridges, water facilities, and electrical towers, out of character for the rural guerrilla group. In a new wave of violence, car bombs in downtown Bogota have killed police officers and children. Colombia's newspaper *El Espectador* and Dublin's *Evening Herald* have reported FARC defectors' revelations that "up to 25 IRA members may have entered the country to train local terrorists over the past decade," according to a report in *The Times* of London (01/08/02).

NOTABLE QUOTES

"I believe that there are areas where there could be greater assistance by Cuba in the war on terrorism...My own personal analysis is that Cuba has vast intelligence sources, at a minimum, around the world, which could be of great aid." Senator **Arlen Specter** (R-PA), a past chairman of the Intelligence Committee, is quoted by NBC News while in Havana leading a Congressional delegation that included Sen. Lincoln Chafee (R-RI), a member of the Senate Committee on Foreign Relations. (MSNBC, "Castro urged to aid war on terror," 1/4/02).

"Sinn Fein leader Gerry Adams' decision to visit Fidel Castro's Cuba was an insult to all Americans. But it was especially duplicitous towards those who have worked for peace and justice in Ireland, and to include Sinn Fein in the Irish peace process. While Adams' actions may not ultimately damage the peace process, they have already seriously damaged his relationship to Irish America." **Grant M. Lally** assesses Gerry Adams' December 2001 trip to Cuba. Lally, who practices law in New York, served as the National Chairman of Irish for Bush/Cheney, and serves on the boards of the Irish American Republicans, the Institute for U.S.- Cuba Relations, and the journal Security Studies. Lally contributed to the USCPR-SE, "IRA Arrests in Colombia Linked to Cuba," 9/25/01. (*Irish Voice*, "Adams Cuba Trip was Fatal Mistake," 1/9/02).

"U.S. investors would quickly discover that they were operating on Castro's turf. Private property is still outlawed in Cuba, and workers are not permitted to contract with companies. If a foreign company needs local workers, it must go through the regime, which then assigns workers and collects their wages in dollars. The regime then pays its workers in worthless pesos. Translation: Foreign investment bankrolls Castro and leaves the workers destitute." **Jaime Suchlicki** is Emilio Bacardi Moreau professor of history and international studies and the director of the Institute for Cuban and Cuban-American Studies at the University of Miami. (MH, "Soft stance strengthens Castro," 1/15/02).

"What we are hearing from the American people is a great desire to have normal and civilized relations. From what we're hearing from U.S. government officials, there isn't much hope of that happening soon. We are willing to sit down in a civilized manner to discuss any issue of a bilateral nature, but not our internal affairs [democracy]." **Dagoberto Rodriguez**, who is the Counselor and head of the Cuban Interests Section in Washington, DC, spoke to reporters at the Sheraton Hotel in West Palm Beach, Florida following a closed to the press luncheon address to a social club known as the Palm Beach Pundits headed by Allan Manning. (MH, "Cuban envoy speaks out against the U.S. embargo," 1/22/02, p.9B).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

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Volume 9, Number 2

February 28, 2001

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

Ralph J. Galliano, Editor

SENATOR DORGAN OPPOSES TRAVEL BAN TO CUBA: HOLDS SUBCOMMITTEE HEARING CRITICAL OF ENFORCEMENT

WASHINGTON – The existence of a U.S. government imposed "travel ban" is a misnomer, if one listens to R. Richard Newcomb, the director of the Treasury Department's Office of Foreign Assets Control (OFAC), who testified at Senator Byron Dorgan's (D-ND) Appropriations Subcommittee hearing on travel to Cuba. "When I speak about travel during the course of this testimony, I refer specifically to restrictions on 'transactions related to travel,' rather than simply to 'restrictions on travel,'" said Newcomb in his prepared statement to the subcommittee at the February 11th hearing. "OFAC's jurisdiction under the Trading With the Enemy Act (TWEA) is to prohibit or regulate commercial or financial transactions, not travel *per se*. The licensing criteria set forth in the Cuban Assets Control Regulations, 31 CFR Part 515 (the 'Regulations'), implemented under the authority of this statute, address transactions incident to travel and other transactions that are directly incident to those activities deemed consistent with U.S. foreign policy." In an effort to prevent the Clinton administration from further liberalizing restrictions on travel to Cuba during its final days, the 106th Congress prohibited travel related to tourism when it passed the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA) (USCPR, Vol.7, No.10). Specifically, Section 910(b) 'Prohibition on Travel Relating to Tourist Activities' forbade the Secretary of the Treasury from issuing general licenses or specific licenses "for travel to, from, or within Cuba for tourist activities." It was the Clinton administration that formulated the so-called people-to-people policy of contact with the Cuban people and family reunification, thereby widening the breach in permissible activities such as "educational exchanges, religious activities, athletic competition and public performances and exhibitions," according to Newcomb. President Bush asserted his commitment to the embargo on the seventh anniversary of the Castro regime's sinking of the "13 de Marzo" tugboat carrying 72 men, women, and children. So far, stepped-up enforcement of the TWEA regulations has become the hallmark of this administration's Cuba policy. On July 13, 2001 (USCPR, Vol.8, No.7), President Bush announced at the White House, "In order to manage more effectively the sanctions against the Cuban regime and enforce the federal regulations governing the embargo, I have asked the Treasury Department to enhance and expand the enforcement capabilities of the Office of Foreign Assets Control in this area". Currently, general or specific licenses cover "twelve regulatory categories of activities for which travel-related and other transactions are authorized," points out Newcomb in testimony."

▪ Senator Dorgan Opposes Travel Ban to Cuba – Holds Hearing.....	1
▪ Prohibiting or Regulating Financial or Commercial Transactions – Not Travel.....	4
▪ Ros-Lehtinen Calls for Indictment of Castro Brothers.....	5
▪ Cuba Says Radio Marti Report a Provocation.....	6
▪ Bush Resubmits Otto Reich Nomination to Senate.....	9

PRESSURE FOR UNLICENSED TRAVEL MOUNTS — Senator Dorgan's travel related interests deal with philosophy, agriculture, and OFAC's added responsibility having to do with America's post-September 11th 'War on Terrorism'. "As one who would love to see democracy in Cuba, I believe that the best way to achieve that vision is to allow Cubans to get a sense of what they are missing. And the best way to do that is for Cubans to meet Americans in person," explains Dorgan with a reference to the people-to-people policy in his opening statement (reprinted below) before the subcommittee. He believes the restriction on travel "hinders" the "family farmers in my state [to] be able to sell their crops to Cuba." Dorgan, who chairs the Democratic Policy Committee, suggests that OFAC is overburdened and preoccupied having become the "center of the fight against terrorism" since it was "directed to take the lead on tracking terrorist assets." On August 17, 2001 (USCPR, Vol.8, No.8), Dorgan wrote a letter to Treasury Secretary Paul O'Neill calling the enforcement of Cuba travel restrictions "heavy-handed and ill-advised," in part a reference to the heavy fines imposed by OFAC against violators such as "Donna Schultz, a retired 64-year old social worker" who joined a Canadian bicycle tour of Cuba and was fined \$7,600. Under TWEA regulations, U.S. travelers can be assessed fines of up to \$55,000 for violating the law. "Lawful travel to Cuba may be undertaken for a very wide variety of purposes, including visits with family members, work with humanitarian and religious groups, academic research or the pursuit of news stories," said Dennis Hays, the executive vice president of the Cuban American National Foundation. "Such travel can help provide a flow of information to and from the Island and can – if undertaken for such a purpose – bring comfort and support to the Cuban people as they struggle to free themselves from over four decades of repressive, authoritarian rule." Hays said the Foundation opposes "unrestricted tourist and business travel" because it "strengthens the regime and legitimizes the violation of the rights of the eleven million citizens of Cuba who are not part of the ruling elite." Last year's House vote of 240-186 in favor of permitting unlicensed travel to Cuba has become a benchmark in the campaign battle to lift the travel restrictions (USCPR, Vol.8, No.7). With farm state Republicans anxious to open export markets for their farmers in Cuba, bipartisan majorities in both the House and Senate now exist in the 107th Congress to lift the restrictions against unlicensed travel to Cuba.

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OPENING STATEMENT BY SENATOR DORGAN AT U.S. SENATE APPROPRIATIONS SUBCOMMITTEE HEARING ON ISSUES RELATED TO THE CUBA TRAVEL BAN

(WASHINGTON, D.C.) — U.S. Senator Byron Dorgan (D-ND) presided Monday [February 11, 2002] at hearing by the Senate Appropriations Subcommittee on Treasury and General Government on issues related to the ban on travel by U.S. citizens to Cuba. The text of his opening remarks at the hearing follows:

TEXT OF REMARKS by U.S. Senator Byron Dorgan (D-ND) at a hearing by the U.S. Senate Appropriations Subcommittee on Treasury and General Government Washington, DC
Monday, February 11, 2002
Good morning.

Today we will hear from witnesses regarding the implementation of U.S. restrictions on travel to Cuba. Cuba is one of four countries against which the US maintains travel restrictions. The others are Libya, Iraq and North Korea.

I would like to thank all of our witnesses for being here today. I particularly appreciate that several of you have traveled a long way to get here for this hearing.

I am chairing this hearing because I believe that the Administration is using precious resources to increase enforcement of restrictions on travel to Cuba at a time when our nation should be focusing those resources on the war against terrorism.

Since the events of September 11, we have worked hard to give the President the resources he needs to combat terrorism. Last week, the President proposed a budget that places top priority on defending our nation from the very real threat of attack, and I am sure that we all agree that this is a top priority.

The Office of Foreign Assets control is at the center of the fight against terrorism. Subsequent to the events of September 11, OFAC was directed to take the lead on tracking terrorist assets. In fact, the National Terrorist Asset Tracking Center is housed within OFAC. Working with the Financial Crimes Enforcement Network, OFAC leads "the Nation's war against global terrorist financing" with a relatively small budget. Indeed, the President's budget proposes to increase OFAC's budget by less than \$2 million in fiscal year 2003. I firmly believe these funds should be used to track terrorists, not tourists. I find it troubling, therefore, that I continue to receive numerous reports that the Office of Foreign Assets Control has dramatically increased the number of enforcement actions against U.S. citizens traveling to Cuba. Particularly in the aftermath of September 11, I believe that OFAC should be focusing its resources on tracking the U.S. assets of terrorists - thereby helping to prevent future attacks - rather than going after U.S. citizens who pose no such threat. At the outset, let me dispel any doubts about my stance on restrictions to travel to Cuba. I have no truck with Fidel Castro. He is a dictator whose mismanagement of the Cuban economy and human rights violations have brought untold misery to the Cuban people.

Nevertheless, I am philosophically opposed to the restrictions on American travel to Cuba. As one who would love to see democracy in Cuba, I believe that the best way to achieve that vision is to allow Cubans to get a sense of what they are missing. And the best way to do that is for Cubans to meet Americans in person.

People-to-people interactions worked to bring down the Soviet Union and to bring about significant reforms in communist China. They can do the same in Cuba.

Furthermore, as a senator from North Dakota, a farm state, I would love to see family farmers in my state be able to sell their crops to Cuba. The travel ban only hinders such sales.

I will cite just one example of how these travel restrictions can impede our agricultural sector. In January of this year, the Farm Foundation applied for a license to send a delegation of about 100 people to Cuba, and got turned down. This is a non-profit group based in Illinois. Former Secretary of Agriculture Dan Glickman is a member, and was going to join the delegation. Former Secretary of Agriculture Mike Espy is also a member, and was also going to join the delegation. By the way, Secretary of Agriculture Ann Veneman, Deputy Secretary James Moseley, and Undersecretary for Farm and Foreign Agricultural Services J.B. Penn all served on the board of the Farm Foundation board before resigning to take their positions at USDA. I do not know why OFAC did not approve the Farm Foundation's request for a license. I am sure OFAC can cite what it considers to be a good reason. But, at the end of the day, this incident underscores the absurdity of our travel policy. It just makes no sense that a delegation looking to promote sales of American farm products to Cuba has to apply for a license, and jump through a lot of hoops, just to be able to travel to that country.

I am convinced the great majority of Americans support ending restrictions on travel to Cuba. I do not know if that is true of most Cuban-Americans. But I would note that just last Thursday, I received a letter from the Cuban Committee for Democracy, informing this Subcommittee that nearly 2,000 signatures have been collected from the Cuban-American community in Miami in support of a petition to lift the travel ban.

I am all too aware that the Administration does not share this view. On July 13 of last year, President Bush announced that he had asked the Treasury Department and the Office of Foreign Assets Control to step up enforcement of federal regulations governing the embargo "with a view toward preventing unlicensed and excessive travel."

Not surprisingly, the pattern of enforcement actions by OFAC changed drastically around the time that the President made his statement. As you can see from this chart, the number of enforcement actions pertaining to travel to Cuba quadrupled between 2000 and 2001, with the change of administrations. That pattern has continued, even in the aftermath of September 11.

Indeed, we have received numerous reports from U.S. travelers who have been assessed fines on the order of \$7,500 to \$10,000. I have even chatted with a young man who was assessed a fine of \$19,020. Whatever the reason for their desire to travel to Cuba - and the reasons are many - these people are not terrorists, and they do not pose an imminent threat to the United States. Most are just regular, well-intentioned people who have found themselves in technical violation of a complex set of travel restrictions. We will hear from several such witnesses today.

I have also received reports of significant delays in the processing of applications for licenses to travel to Cuba, as well as for renewals of such licenses. We will hear the experiences of one witness in this regard. I would note that this subcommittee has also received several letters from those who have applied for licenses from OFAC and have encountered no problems. I do not doubt that in the majority of cases, OFAC does the best it can given a difficult mandate and limited resources. But we do get reports of significant delays in the processing of applications, and this is an area of concern to me.

After we hear from our first panel of witnesses, we will hear the Administration's views. Let me say that I understand that the Office of Foreign Assets Control is in a difficult position. While I believe our laws about travel to Cuba are counterproductive and should be changed, I respect that it is OFAC's job to enforce those laws. And I sympathize with those OFAC employees who are often forced to deny licenses to individuals who have compelling needs to visit Cuba, but whose requests do not fall within one of the authorized categories.

In that regard, I received a letter last week from Manuel Lopez, a Cuban-American businessman in Wyoming who wrote, and I quote, that "our government should not put a bureaucrat in the position of having to pass judgment as to whether or not to allow our children to visit their grandparents' graves." I would not want to be in the position to have to make those judgment calls, particularly when my office was also responsible for tracking terrorist assets.

With that, I would invite the first panel of witnesses to come to the table. We will hear first from Ms. Marylin Meister, who has traveled from Milton, Wisconsin, to be with us this morning.

--END--

EXCERPT FROM PREPARED STATEMENT BY OFAC DIRECTOR R. RICHARD NEWCOMB: PROHIBITING OR REGULATING FINANCIAL OR COMMERCIAL TRANSACTIONS – NOT TRAVEL

The following is the text of a footnote excerpted from the statement presented by R. Richard Newcomb, the director of the Office of Foreign Assets Control at the United States Department of the Treasury, pp. 2 & 3 on Monday, February 11, 2002 before the Subcommittee on Treasury and General Government Appropriations.

The Supreme Court upheld restrictions on travel-related transactions with Cuba in Regan v. Wald, 468 U.S. 111 (1984). The Court held that TWEA [Trading With the Enemy Act] provides an adequate statutory basis for the 1982 amendment to the Regulations restricting the scope of permissible travel-related transactions with Cuba and Cuban nationals. The Court rejected the argument that such a regulation violates the right to travel guaranteed by the Due Process Clause of the Fifth Amendment to the Constitution. It held that, in light of the traditional deference given to executive judgment in the realm of foreign policy, the Fifth Amendment right to travel did not overcome the foreign policy justifications supporting the President's decision to curtail the flow of currency to Cuba by restricting financial transactions relating to travel to Cuba. The Court rejected the respondents' argument that a restriction on travel was inappropriate because, in their view, there was no "emergency" at the time with respect to Cuba and that the relations between Cuba and the United States were then subject to "only the 'normal' tensions inherent in contemporary international affairs." 468 U.S. at 242. The Court declined to second-guess the Executive branch on this foreign policy issue. Id. See also: Freedom to Travel Campaign v. Newcomb, 82 F 3d 1431 (9th Cir. 1996).

ROS-LEHTINEN CALLS FOR INDICTMENT OF CASTROS

Since the terrorist attacks on America of September 11, 2001, events worldwide are filtered through a different lens, including recent past events such as the missile shootdown OF TWO American planes by Cuban Air Force Mig 29 jet fighters on February 24, 1996 (USCPR, Vol.3, No.3). This incident over international waters in the Florida Straits resulted in the deaths of "three Americans and a U.S. resident," writes Rep. Ileana Ros-Lehtinen (R-FL) in her letter to President George W. Bush dated February 22nd (reprinted below). In "an act of terrorism by the Castro regime which resulted in the murder of Carlos Costa, Armando Alejandro, Mario de la Pena and Pablo Morales," the south Florida Member of Congress calls for the indictment of the Castro brothers in their "roles as Commander-in-Chief and Chief of Cuba's Revolutionary Armed Forces, respectively," referring to Fidel and Raul Castro. Cuba is one of seven countries designated as terrorist states by the U.S. Department of State.

Ros-Lehtinen likened the "murders" of the Brothers-to-the-Rescue pilots "conducting search and rescue missions for refugees in the treacherous waters of the Atlantic" to the more recent "murders of brave Americans like Daniel Pearl and John Michael Spann" that took place in Afghanistan in the prosecution of America's war on terrorism. The mother of Pablo Morales, Mrs. Barbas, "preferred to pursue the criminal indictment of Fidel Castro for the murder of her son and the others," (USCPR, Vol.8, No.3) while former U.S. ambassador to the United Nations Jeane Kirkpatrick and Rep. Christopher Smith (R-NJ) requested Attorney General John Ashcroft to investigate the deaths leading to the indictment of Cuban dictator Fidel Castro (USCPR, Vol.8, No2). Ros-Lehtinen says in her letter to the president, "it is my hope that you will work to secure an expeditious conclusion to the investigation of the deplorable act committed by the Castro regime on February 24, 1996."

ROS-LEHTINEN LETTER TO PRESIDENT BUSH

Congress of the United States House of Representatives

February 22, 2002
The Honorable George W. Bush
The White House
Washington, DC 20500
Mr. President,

As you know, this Sunday marks the 6th anniversary of the downing of the Brothers to the Rescue planes by Cuban Migs – an act of terrorism by the Castro regime which resulted in the murder of Carlos Costa, Armando Alejandro, Mario de la Pena and Pablo Morales – three Americans and a U.S. resident who were conducting search and rescue missions for refugees in the treacherous waters of the Atlantic.

After six years, those responsible are yet to be held accountable for this criminal act.

I am confident of your commitment to ensure that justice is finally served and ask that you direct Attorney General Ashcroft and key members of your Administration to guarantee that those directly involved and throughout the chain of command which authorized these murders, inclusive of Fidel and Raul Castro, will be indicted. Their roles as Commander-in-Chief and Chief of Cuba's Revolutionary Armed Forces, respectively, cannot be removed from the planning and execution of this barbarous act which violated international legal and moral standards.

As you rightly and vigorously pursue those responsible for the terrorist attacks of September 11th and for the murders of brave Americans like Daniel Pearl and John Michael Spann, it is my hope that you will work to secure an expeditious conclusion to the investigation of the deplorable act committed by the Castro regime on February 24, 1996 and bring these terrorists to justice as well. The Castro regime cannot continue to believe that it can act with impunity.

Thank you for your efforts and Godspeed!

Sincerely,
Ileana Ros-Lehtinen
Member of Congress

CUBA SAYS RADIO MARTI REPORT A PROVOCATION

If there was ever any question about the effectiveness of Radio Marti to transmit a message to the Cuban people at a critical point in time or about whether the Cuban people listen to Radio Marti programs broadcast to the Communist-controlled island, they were put to rest when Radio Marti aired a news item reporting Mexican Foreign Minister Jorge Castaneda's own words the night before in Miami welcoming Cubans while inaugurating the opening of the Cultural Institute of Mexico. "I know the Cuban government has said that it's not being listened to; but, on the other hand, now they're blaming a broadcast on Radio Marti," said State Department spokesman Richard Boucher in response to a reporter's question on Thursday. The Cuban government said of the Radio Marti broadcast, "This is a vulgar provocation openly organized by an official radio station of the U.S. government."

The incident that occurred at the Mexican embassy in Havana on Wednesday, February 27th involved a bus commandeered by about 20 Cubans who crashed through the gates. There were reports of asylum-seeking Cubans shouting anti-Castro slogans from the roof-top of the embassy and that they would stay there for years and would not leave. Castro, accompanied by Foreign Minister Felipe Perez Roque and Vice President Carlos Lage, appeared at the embassy gates in an attempt to prevent any kind of mass protest from developing similar to the 1980 events at the Peruvian Embassy that led to the so-called Mariel boat lift which brought over 100,000 Cubans to Miami.

Following a trip to Havana, Castaneda is quoted as having said that "the doors of the embassy of Mexico on the island are open to all Cuban citizens." One experienced Cuba watcher described the incident at the Mexican embassy in Havana as having allowed Fidel Castro to embarrass President Vicente Fox, who, when he visited Cuba February 3-5, met with dissidents at the Mexican embassy in Havana to the consternation of the Cuban government. The discernable shift in U.S. Mexican relations vis-à-vis Cuba in the midst of the Bush and Fox administrations (USCPR-SE: Secretary of State Colin Powell, 2/23/01) also resurfaces in the Castro regime's pedantic admission of Castaneda's diplomatic description: "Mexico's relations with the Cuban Revolution have ceased to exist, and have begun with the Republic of Cuba."

The following statement was issued by the Cuban government through its Communist Party newspaper Granma.

Granma International

February 28, 2002

Official Note: Radio Martí provokes serious incident at Mexican embassy

ON the evening of Wednesday, February 27, an incident took place at the Mexican embassy in Cuba, when a group of lumpen [contemptible, unproductive, and degenerate] and anti-social elements tried to force their way into that diplomatic headquarters, located in the Miramar district of Havana, and were able to partially enter.

Starting in the afternoon, several dozen people had been loitering in the area nearby the embassy and later dispersed. That night, at approximately 9:30 p.m., several apparently coordinated groups moved toward the embassy between 12th and 14th Streets. Minutes later, about 20 individuals who had taken over a bus on 10th Street, between 5th and 7th Avenues in Miramar, drove the car at full speed along 12th Street, smashed the vehicle into the embassy and went inside the building. Meanwhile, those arriving on foot tried to enter through the gap opened by the bus, but they were impeded by a detachment of 40 men from the Specialized Police in Playa municipality, sent to the scene as soon as there were indications of an abnormal situation at the embassy.

What happened? What was the immediate and direct cause of these events?

On the night of Tuesday, February 26, Mexican Foreign Minister Jorge Castañeda, while inaugurating the Cultural Institute of Mexico in Miami, stated – according to a wire story released by the EFE news agency early yesterday morning – "This cultural institute belongs to all Mexicans, all Latin Americans and naturally, all Cuban-Americans." He invited the Latin American community of Miami, especially the Cuban community, to consider that institution their home, EFE continued.

According to ANSA news agency, Castañeda added, "The doors of the Mexican embassy in Havana are open to all Cuban citizens, as is Mexico."

These words, spoken on the night before the incident by Mr. Castañeda, were immediately picked up and cynically manipulated by the improperly named Radio Martí.

At 7:31 the next morning, that radio station broadcast the following news item in a spectacular manner: "Foreign Minister Jorge Castañeda reiterated in Miami that the doors of his country's embassy in Havana are open to all Cuban citizens, as is Mexico."

The radio station added that the Mexican foreign minister had also voiced that position after returning to Mexico from his visit to Cuba: "Mexico's relations with the Cuban Revolution have ceased to exist, and have begun with the Republic of Cuba." This phrase was framed in such a way that it could be interpreted that diplomatic relations between Mexico and Cuba had just been broken. This news was rebroadcast constantly throughout the day: at 8:33 a.m., 9:00 a.m., 9:32 a.m., 10:31 a.m., 4:04 p.m., 6:07 p.m. and 8:01 p.m. In all, the false and treacherous news item went on the air eight times. It was an open call to occupy the Mexican embassy in Cuba.

Incited by mercenary elements who in Cuba act at the service of the United States, common criminals and lumpen proletariat encouraged by the murderous Cuban Adjustment Act immediately saw the possibility of taking advantage of Castañeda's invitation, as they interpreted it, to force their way into the Mexican embassy and travel to the United States.

This is a vulgar provocation openly organized by an official radio station of the U.S. government.

February 28, 2002

2:55 a.m.

CUBA SEEKS FOREIGN INVESTMENT TO EXPAND NICKEL AND COBALT MINING

Just behind sugar or tourism revenue, nickel/cobalt production ranks second in export earnings for the Cuban government. With Cuba's nickel/cobalt production near capacity at its three operating mines (USCPR, Vol.8, No.8) Nicaro (30,000), Moa Bay (24,000), and Punta Gorda (30,000), the Cuban government continues to seek foreign investment to open new mining projects at either San Felipe in eastern Camaguey Province or Pinares de Mayari in Holguin Province. The Cupey nickel/cobalt project at Las Camariocas (30,000), which remains 80 percent completed, was halted when the Soviet Union collapsed in December 1991. In Cuba where cobalt is a byproduct of nickel, the opening of another nickel mine at San Felipe or Pinares can produce substantial quantities of cobalt.

The incorporation of Geominera S.A. by the Cuban government in 1993 was an invitation for foreign investors to develop nickel/cobalt and gold resources. QNI Ltd. received approval from the Cuban government in February 1998 to "explore and assess the San Felipe nickel project." San Felipe is a joint venture between Geominera (25%) and QNI (75%) of Queensland, Australia. QNI is part of BHP Billiton's Stainless Steel Materials group where "QNI is involved in the exploration, processing and marketing of high quality nickel and cobalt." QNI conducts "laterite exploration projects in Indonesia, New Caledonia, the Philippines, Cuba, and Colombia." BHP Billiton reported that its "nickel division has a number of major laterite projects *under consideration* including...San Felipe in Cuba." Low base metals prices have prevented development of the San Felipe and Pinares properties.

The Pinares project is a joint venture between Geominera (35%) and Melbourne, Australia-based Western Mining Corporation (WMC) (65%). Both the Pinares and San Felipe nickel laterite deposits can produce ferro nickel as a primary product or nickel and cobalt with cobalt as a byproduct. Base metal experts describe San Felipe and Pinares as the same type of ore deposit as Moa Bay, where developers have the option of producing nickel or nickel and cobalt.

Sponsored by Heinz H. Pariser Alloy Metals & Steel Market Research of Germany, the 2nd International Nickel Conference is being held in Cuba between April 24-27. According to the program, "Papers will include presentations of leading executives of the Cuban Ministry of Basic Industry, Foreign Investment, Economic Cooperation and Foreign Trade, [and] Union Cubaniquel." The conference will be preceded by the International Nickel Study Group (INSG) spring meeting from April 21 - 23. To date, only the Moa Bay operation functions under foreign investment run by the Canadian mining company Sherritt International Corporation in a 50-50 joint venture with General Nickel Company S.A., which includes a nickel refinery in Ft. Saskatchewan, Canada. Cobalt, of which Cuba claims the world's second largest reserves, is primarily used in the manufacture of superalloys for the airline industry and rechargeable batteries. □

CURRENCIES & COMMODITIES

1 Euro = 0.8684 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 22.58 Cuban Peso

Rates as of February 28, 2002.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 6.81
Year ago nearby = 9.28
Future (May '02) = 5.69
High = 9.64
Low = 5.31

Cash/Spot price as of February 28, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 21.70-21.75
Year ago (Feb. 28) = 27.39
Future (April '02) = 21.74

Cash/Spot \$ price as of February 28, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,025
Year ago (Feb. 28) = 6,330

(\$ per metric ton)
Official Price: February 28, 2002.
Source: London Metal Exchange.

Cobalt = 6.90 - 7.30
Year ago (Feb. 26) = 13.75 - 14.35

(\$ per pound for 99.8%)
Price: February 28, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

POWELL DESIGNATES TAFT FOR TITLE IV ENFORCEMENT – Then Senate Foreign Relations Committee Chairman Jesse Helms (R-NC) presented a Helms-Burton Title IV (LIBERTAD Act of 1996) enforcement question at the March 27, 2001 confirmation hearing to State Department Legal Adviser-Designate William H. Taft, IV (USCPR, Vol.8,No.4), to which Taft responded, "If confirmed, I would advise that the requirements of the law, *and not other concerns*, must guide the Department." One year later, the enforcement of Title IV, especially with respect to Spanish hotel company Grupo Sol Melia (GSM), remains an elusive goal of the Bush administration, at best. The Sol Melia trafficking case began to take shape in 1998 during the Clinton administration. "I find it unbelievable that, despite GSM's tacit admission that it is liable for immediate sanction under Title IV, the State Department has failed to enforce the law and, in fact, has given the company even more time to flout U.S. law," wrote Helms in a letter dated September 1, 2000 to then-Secretary of State Madeleine Albright (USCPR, Vol.7,No.9). Since 1998, State has managed to exercise a tacit waiver with regard to Title IV (USCPR, Vol.6,No.7). "Compared to Title III of LIBERTAD, under which Congress ceded to the President a narrowly constrained waiver authority over that legislation's right-of-action in our federal courts by U.S. citizens against foreign traffickers in confiscated property, no such Presidential waiver exists of the State Department's obligation under Title IV," the attorney for the property owners Nicolas J. Gutierrez recently wrote (USCPR, Vol.8,No.11). Under the Title IV implementation Guidelines issued by the Department of State on June 12, 1996 (USCPR, Vol.3,No.6), the Secretary of State had "delegated authority to the Assistant Secretary of State for Inter-American Affairs to make determinations of excludability and visa ineligibility under section 401(a) of the Act." According to sources, Secretary of State Colin Powell recently told Senator Helms that Taft had been designated as the Title IV enforcement officer. While Acting Assistant Secretary of State Peter Romero recused himself (USCPR, Vol.7,No.6), Assistant Secretary Otto Reich has not done so.

HAVANA'S OFF-AGAIN, ON-AGAIN FOOD PURCHASES -- Angling to cut its shipping costs and to project the image of improved relations with the United States, the Castro regime is using the American agribusiness community as leverage to loosen restrictions on the sale of food to Cuba. Permitted under the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA) (USCPR, Vol.7,No.10), the first commercial shipments of American food arrived in Havana on December 15, 2001 (USCPR, Vol.8,No.11), nearly a year after passage of TSRA. The requirement of cash sales and the prohibition on financing and credits led the Cuban government to reject the purchase of any food stuffs under TSRA, until Hurricane Michelle hit the island in November of 2001. Cuba then bought \$35 million worth of food at the first round of sales indicating it was going to be a one-time deal unless financing was provided as with other countries with which the United States trades. The 13 American companies that provided Cuba with mainly rice, chicken, pork, corn, and wheat included: Gold Kist, ConAgra, AJC, Marsh Supermarkets, Perdue Farms, Pilgrim's Pride, Tyson Foods, The Rice Company, Riceland Foods, Soufflet USA, Louis Dreyfuss, Cargill, and Archer Daniels Midland (ADM), the largest seller. Louis Dreyfuss and Soufflet USA are French subsidiaries whose government heavily subsidizes Cuban food purchases from its companies. Of the cash sales, Dennis Hays told the USCPR that Cuba missed its December debt payment to Japan. "They are robbing Peter to pay Paul," said Hays, the executive vice president of the Cuban American National Foundation in Washington. "They are taking the money they had to pay down the debt to the Europeans and Japanese and using it to make these purchases." As they look to a second round of new orders, Cuban officials now suggest the purchase of American food stuffs will cease completely unless financing is provided in the coming year.

DOMESTIC BRIEFS

THE U.S. EMBASSY IN HAVANA, CUBA? – Visitors to the web site of the U.S. Interests Section in Havana, Cuba (<http://usembassy.state.gov/posts/cul/wwwmain.html>) may not have noticed (10/1/99) the seemingly innocuous change in the web address designated "usembassy" when clicking to the site, for which the URL was previously listed under USIA/posts and redirected until October 1, 2001. Technically, U.S. interests in Cuba have been represented by the Embassy of Switzerland ever since the United States terminated diplomatic and consular relations with Cuba on January 3, 1961. The current Principal Officer in Havana, Ambassador Vicki Huddleston, is the highest ranking State Department official with the title of ambassador to hold the post (09/01/99) since the last U.S. ambassador, Philip W. Bonsal, served in that position from March 1959-to-October 1960. Huddleston is the former U.S. ambassador to the Republic of Madagascar.

FENCE-LINE TALKS – The term "fence-line talks" is the label given to discussions taking place literally at the fence line separating the Republic of Cuba and the 45-square-mile U.S. Naval Base at Guantanamo Bay, according to James Carragher, the Coordinator for Cuban Affairs at the U.S. Department of State. These fence-line talks which have been ongoing since 1995 are for the purpose of "force protection" involving the 4,500 military and civilian personnel currently at the base. They deal with "operational issues which come into play involving our interests in protecting our forces at GITMO," said Carragher. Navy Captain Albert J. Shimkus who heads the Naval Hospital at the base has indicated that four of the 300 Taliban and Al-Qaida detainees (USCPR, Vol.8,No.12) being held at Camp X-Ray are infected with the mosquito borne malaria disease. The February 8th fence-line talks involved three U.S. personnel and three Cuban personnel. In a letter to Shimkus dated January 29th, Rep. Ileana Ros-Lehtinen (R-FL) inquired about the nature of these meetings. "This is particularly disconcerting within the context of attempts by this regime to legitimize itself by attempting to expand the government-to-government contacts and creating a façade of 'cooperation' with the U.S.," she wrote.

BUSH CONTINUES NATIONAL EMERGENCY RELATING TO CUBA – Near the sixth anniversary of the shootdown (February 24, 1996) by the Cuban Air Force of two Brothers-to-the-Rescue planes killing four onboard, President Bush has for the second time in his term invoked the national emergency proclaimed by President Clinton (USCPR, Vol.8,No.2) on March 1, 1996. The executive action is authorized under Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)). "I am continuing the national emergency with respect to Cuba and the emergency authority relating to the regulation of the anchorage and movement of vessels set out in Proclamation 6867," stated Bush in his Notice of February 26th. The White House placed the continuation notice under the rubric of "America Responds to Terrorism" and "Homeland Security." Calling it "an act of terrorism," Rep. Ileana Ros-Lehtinen wrote to President Bush in a letter dated February 22nd asking that the Castro brothers be indicted for the murders of February 24, 1996 (see related story).

BUSH RESUBMITS OTTO REICH NOMINATION TO SENATE – Hoping for a Senate confirmation hearing, President Bush has resubmitted the name of Otto Reich as Assistant Secretary of State for Western Hemisphere Affairs, just six weeks after he announced an inter-session recess appointment (USCPR, Vol.9,No.1). The resubmission is an attempt by the White House to work with the Democrat-controlled Senate. It also gives the president the opportunity for another recess appointment of Reich if the Senate refuses, for which lawfully Reich could receive no pay. Only if Republicans recapture their Senate majority in the November elections would Reich likely receive a Foreign Relations Committee hearing and be confirmed by the full Senate. The average tenure for this position appears to be just over two years. Reich's official swearing-in is scheduled for Monday, March 11th. According to the State Department, "The Bureau of Western Hemisphere Affairs, headed by Assistant Secretary of State Otto J. Reich, is responsible for managing and promoting U.S. interests in the region by supporting democracy, trade, and sustainable economic development, and fostering cooperation on issues such as drug trafficking and crime, poverty reduction, and environmental protection." Reich's appointment will expire at the end of the Second Session of the current 107th Congress.

NOTABLE QUOTES

"It's like an unstoppable snowball. We are waiting for responses to move ahead. Cuba is ready for this...cooperation in some areas in the last months show that normal and respectful relations are possible between Cuba and the United States." Comments of Cuban Foreign Minister **Felipe Perez Roque** carried by Prensa Latina news agency. (MSNBC, "Cuba's foreign minister says the American opposition to embargo beginning to 'snowball'," 02/02/02).

"Relations have not improved...Nothing has changed. You cannot say there is a change because Cuba wants to say there is one. There has to be a fundamental change here and there has not been one." **Vicki Huddleston**, the Principal Officer assigned to the U.S. Interests Section in Havana, makes remarks at a breakfast meeting of foreign correspondents in Havana. (RL, "Top U.S. diplomat in Cuba denies thaw in relations," 2/7/02).

"The Cuban government portrays the fundamental issue as being one between Cuba and the United States, but that's not really it. It's not a question of our relationship. It's a question of the Cuban government's continued denial of human rights." State Department Spokesman **Richard Boucher** attempts to characterize U.S. Cuba relations at a recent press briefing. (RL, "Top U.S. diplomat in Cuba denies thaw in relations," 02/07/02).

"I would say we were in a defining moment, with risks and challenges on one side ... and at the same time showing great possibilities, possibilities for important steps. I do not remember any other period in history that we have received so many Americans." Referring to thousands of Americans who have visited Cuba with U.S. government approval, the President of the Cuban National Assembly for the People's Power, **Ricardo Alarcon**, speaks to nearly 100 Americans in Havana who are attending a conference on Cuba-U.S. sister cities. (AP, "US Cuba Relations at Crucial Point," 2/19/02).

"Uruguay's President Jorge Batlle was engaged on February 15 in a cordial Oval Office conversation with President George W. Bush, pledging his support for the war against terrorism, when the South American visitor hit a raw nerve. It would help the anti-terrorist cause, said Batlle, if the U.S. ended its 'blockade' of communist Cuba. Bush made emphatically clear that he would have none of this. He told Batlle it is absolutely necessary to continue 'what you call the blockade' – actually, the long-standing U.S. trade sanctions against Cuba – so long as 'that tyrant' continues his present anti-democratic, anti-human rights rule. That tyrant is Fidel Castro." **Robert Novak** is a Chicago Sun-Times columnist writes in an Op-ed that appeared in the *Washington Post*. (WP, "Marching orders on Cuba," 02/25/02, p.A23).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 3

March 31, 2002

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

Ralph J. Galliano, Editor

HOUSE MEMBERS FORM CUBA WORKING GROUP: BIPARTISAN AIM IS TO PRODUCE OWN POLICY REVIEW

WASHINGTON – Some have asked, "What is different about the formation of the Cuba Working Group (CWG) and past efforts to change U.S. policy toward the Castro regime in Cuba, particularly lifting the 40-year old trade embargo against the Communist government? The answer to this question involves several factors. First, staunch Republicans like George Nethercutt (WA:88-ACU), Wally Herger (CA:95-ACU), Jo Ann Emerson (MO:80-ACU), Kevin Brady (TX:100-ACU), Jeff Flake (AZ:NA-ACU) Butch Otter (ID:NA-ACU), and libertarian Ron Paul (TX:76-ACU), who generally hail from conservative congressional constituencies and vote conservative on traditional issues like partial-birth abortion, displaying the 10 Commandments, gun control, right-to-work, and taxes, will also vote to lift the travel restrictions to the island and favor trade with the Cuban government. All, perfunctorily denounce the repressive Communist regime of Fidel Castro on the one hand, but on the other hand, these hardy Republicans, highly rated by the American Conservative Union (ACU), hail from safe Republican districts with strong agricultural interests. Second, eight years of Clinton administration policies, eager-to-engage the Cuban government, permitted and encouraged the licensing of business related group travel to Cuba (USCPR, Vol.7,No.5), often disguised as humanitarian activities. President Clinton called it "people-to-people" contact (USCPR, Vol.6,No.8), ushering in a new era in U.S.-Cuba relations with an ever increasing number of OFAC issued travel licenses, beginning with the occasion of Pope John Paul's 1998 historic visit to Cuba (USCPR, Vol.5,No.2). Finally, Congressional passage and a presidential signature on October 28, 2000, of the *Trade Sanctions Reform and Export Enhancement Act* (TSRA) paved the way for cash sales between U.S. agri-business (USCPR, Vol.7,No.10) and the Cuban government. Cuba, a State Department designated terrorist state, was permitted to freely circulate its diplomats-cum-intelligence officers throughout Capitol Hill of both Democrat and Republican Members of Congress to lobby in favor of the TSRA legislation specifically and, in general, its travel was liberalized nationwide (USCPR, Vol.7,No.9), allowing them to lobby in farm states to urge the lifting of the trade embargo. It was intense late night negotiations by Reps. Lincoln Diaz-Balart (R-FL), Ileana Ros-Lehtinen (R-FL) and others over the so-called Nethercutt language, containing severe restrictions, that moved the stalled *FY 2001 Agricultural Appropriations* bill (USCPR, Vol.7,No.6) in late June 2000 through Congress to permit the sale of food and medicines to terrorist designated states, like Iran and Cuba. Privately, Diaz-Balart says Nethercutt promised him that he would not come back again on the Cuba issue for three years, if his TSRA language was agreed to.

▪ House Members Form Bipartisan Cuba Working Group.....	1
▪ Otto Reich Sworn-In as Assistant Secretary for Western Hemisphere Affairs.....	4
▪ Caught Spying for Cuba: Senior Defense Intelligence Analyst Pleads Guilty.....	5
▪ Hyde Announces Congressional Hearing: IRA in Colombia and International Terrorism.....	5
▪ State Department Official Says Cuba Poses Biological Weapons Threat.....	6

ENGAGEMENT TO PROMOTE DEMOCRACY AND HUMAN RIGHTS —

"Quite simply, our Cuba policy has failed," said Rep. Jeff Flake (R-AZ) at the inaugural press conference for the Cuba Working Group held in the Capitol on Thursday, March 21st. "After forty years, the U.S.'s policy toward Cuba has yielded few results," continued Flake, the apparent Republican leader of the new group. "I think it's time to try something new. Only through engagement can we promote democracy and improve human rights." The bipartisan group of House Members intends to conduct its own "policy review" to counteract the Bush administration's announcement of the U.S. government's Cuba policy review following the president's recess appointment of Otto Reich as Assistant Secretary of State for Western Hemisphere Affairs (USCPR, Vol.9, No.1). Rep. William Delahunt (D-MA), the vociferous Democratic leader of the bipartisan CWG, echoed his colleague saying, "Our current policy has failed the Cuban people because it hasn't brought them more freedom," and, "It has failed the American people" because it has deprived them of their Constitutional right to travel. "This policy is inconsistent and hypocritical," asserts the Congressman from Massachusetts. CWG's legislative priorities are to end the travel ban and to promote private financing of food and medicine with the Castro regime. Private American businesses are not permitted by the Cuban government, however, to trade with the few private Cuban businesses that exist within the state controlled tourist industry, such as bed and breakfasts, restaurants, and taxis. In a letter to Rep. Flake dated March 19th (reprinted below), anticipating the launch of the CWG, Dennis Hays, the executive vice president of the Cuban American National Foundation, writes: "If you must travel to Cuba on official or humanitarian business, you can stay at a 'casa particular,' a privately owned home, eat at a 'paladar,' a privately owned restaurant (the food will be much better than in a state run establishment), and get around in a privately owned taxi. Although there are still legitimate questions about Castro's ability to capture foreign exchange from these operations, they at least do not engage in the forms of discrimination discussed." Hays points out that "The Castro regime systematically discriminates against blacks in employment in the hotel industry, segregates the Cuban people from hotels and resort areas (tourist apartheid), and violates every standard of worker rights while beating and imprisoning union activists." Nethercutt stated at the press conference, "We all believe that food should not be used as a weapon in our foreign policy." While Rep. Vic Snyder (D-AR) opened his remarks declaring, "The threshold issue should be what is in the national security interests of the United States," later dismissing the previous day's indictment of Ana Belen Montes on espionage charges as a case of "we spy, they spy" that's not anything new. Delahunt announced CWG's informal advisors would be the Lexington Institute's Phil Peters and the Cuba Policy Foundation's Sally Grooms Cowal (USCPR, Vol.8, No.12). Both Flake and Delahunt are HIRC members. A listing of CWG members is provided below.

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FLAKE PRESS RELEASE ANNOUNCES CUBA WORKING GROUP

Office of Congressman Jeff Flake

NEWS RELEASE

FOR IMMEDIATE RELEASE: Thursday, March 21, 2002

CONTACT: Matthew Specht (202) 225-2635

Congressman Flake Confident Cuba Working Group Will Hasten Change in U.S. Cuba Policy *Group Will Conduct Its Own Policy Review*

Washington, D.C. – Arizona Congressman Jeff Flake, a member of the House International Relations Committee, is confident that the House Cuba Working Group (CWG) will achieve its goal of changing U.S. policy towards Cuba.

The CWG announced today that it will conduct its own policy review of the U.S.'s policy towards Cuba in the coming months and will release their findings this spring.

"Quite simply, our Cuba policy has failed. After forty years, the U.S.'s policy toward Cuba has yielded few results. I think it's time to try something new," said Flake. "Only through engagement can we promote democracy and improve human rights."

The CWG is a bipartisan group comprised of Members of Congress interested in changing United States policy towards Cuba. Specifically, the CWG is focused on two legislative priorities: lifting the ban on travel to Cuba and permitting private financing for agricultural sales to Cuba.

###

CUBA WORKING GROUP MEMBERS

* House International Relations Committee (HIRC) Members

Democrats

Republicans

1. Neil Abercrombie (HI)	1. John Boozman (AR)
2. Howard Berman* (CA)	2. Kevin Brady (TX)
3. Marion Berry (AR)	3. Jo Ann Emerson (MO)
4. William Lacy Clay (MO)	4. Jeff Flake* (AZ)
5. Peter DeFazio (OR)	5. Wally Herger (CA)
6. William Delahunt* (MA)	6. Ray LaHood (IL)
7. Sam Farr (CA)	7. Jim Leach (IA)
8. Nick Lampson (TX)	8. Jerry Moran (KS)
9. Stephen Lynch (MA)	9. George Nethercutt (WA)
10. Jim McGovern (MA)	10. Tom Osborne (NE)
11. Collin Peterson (MN)	11. Butch Otter (ID)
12. Charles Rangel (NY)	12. Ron Paul* (TX)
13. Tim Roemer (IN)	13. Jim Ramstad (MN)
14. Vic Snyder (AR)	14. Dennis Rehberg (MT)
15. Hilda Solis (CA)	15. Chris Shays (CT)
16. Charlie Stenholm (TX)	16. Nick Smith* (MI)
17. Mike Thompson (CA)	17. John Thune (SD)

CANF LETTER TO CUBA WORKING GROUP

THE
CUBAN
AMERICAN
NATIONAL
FOUNDATION

The Honorable Jeff Flake
US House of Representatives
Washington, DC
Via fax: (202)226-4386
March 19, 2002
Dear Congressman Flake:

I look forward to working with you and your new group, the Congressional Cuba Working Group (CWG), to advance the cause of freedom and human rights in Cuba. Although I suspect we will disagree on tactics, I know you are concerned about the continuing repression of the Castro regime and dedicated to helping free the Cuban people from their long nightmare. Through informed discussion and debate, I am confident we can all contribute to the day when the dignity of the individual is again recognized on island.

Although much can, and will, be said on how best the United States can promote rapid democratic reform, I am confident we can agree that care should be taken to neither inflict additional harm onto the Cuban people nor legitimize abhorrent behavior that undermines the values we believe in. I would strongly urge, therefore, that you and the CWG make clear from the very start that racial discrimination, citizen apartheid, and the abuse of workers in Cuba cannot be tolerated, now or in the future.

As you know, the facts are not in dispute. The Castro regime systematically discriminates against blacks in employment in the hotel industry, segregates the Cuban people from hotels and resort areas (tourist apartheid), and violates every standard of worker rights while beating and imprisoning union activists. If you stay in a government owned hotel (the only kind of hotel there is in Cuba), you willingly accept and legitimize these practices.

There is an alternative. If you must travel to Cuba on official or humanitarian business, you can stay at a "casa particular," a privately owned home, eat at a "paladar," a privately owned restaurant (the food will be much better than in a state run establishment), and get around in a privately owned taxi. Although there are still legitimate questions about Castro's ability to capture foreign exchange from these operations, they at least do not engage in the forms of discrimination discussed above.

Mr. Congressman, permit me to be blunt. I know you would never patronize a hotel in the United States that discriminated against a class of people, segregated the local population from visitors, or brutalized its workers. Nor would you knowingly stay in such a hotel in France, Mexico, or South Africa. I likewise do not believe you would willingly lend your good name to these practices in Cuba.

At your upcoming news conference, it would be helpful if you could re-emphasize this point. I ask that the CWG members pledge not to stay at regime owned hotels in Cuba. If you, your staff, and the CWG make it clear that you will not accept racial and societal discrimination or the abuse of workers, you will directly help in consigning these practices to the trash heap. You also would add a plank toward a common platform for all of us concerned about Cuba's future to stand on. If, on the other hand, you believe it justified to stay at such a hotel, I would respectfully ask that you explain why racial discrimination, segregated beaches, and employee abuse are secondary to your concerns.

I look forward to working with you and the CWG. I would be happy to provide additional specific information on any or all of the issues discussed above.

Sincerely,

Dennis Hays

Exec. Vice President

cc: Members of the Congressional Cuba Working Group

Members of the Press

OTTO REICH SWORN-IN AS ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS

On Monday, March 11th, Secretary of State Colin Powell presided over the swearing-in of Otto J. Reich as Assistant Secretary of State for Western Hemisphere Affairs. The ceremony took place in the Benjamin Franklin Room at the U.S. Department of State. Coincidentally, Reich took the oath of office six months to the day of the "tragic events of September 11th." Said Powell, "I was in Lima, Peru, that day for an OAS meeting to adopt the Inter-American Democratic Charter." Calling for the promotion of human rights "of each individual" in the Western Hemisphere, Powell said, "That means addressing the hemisphere's only remaining dictatorship – Cuba. I know that Otto and his team will vigorously use the tools available to us to advance our goal of a rapid, peaceful transition to democracy in Cuba." Acknowledging the circumstances of President Bush's recess appointment of Reich (USCPR, Vol.9, No.1), Powell explained to the packed room, "At the time of Otto's nomination, the President and I strongly urged the Senate Foreign Relations Committee to hold a hearing. The Committee did not, thereby preventing their Senate colleagues from providing advice and consent for this appointment."

CAUGHT SPYING FOR CUBA: SENIOR DEFENSE INTELLIGENCE ANALYST PLEADS GUILTY

In a hearing set for 11:00 am on Tuesday, March 19th before Judge Ricardo M. Urbina, Ana Belen Montes pled guilty in the U.S. District Court for the District of Columbia to a "one count Indictment charging her with conspiracy to Commit Espionage." Under the plea agreement, Montes is willing to accept the imposition of "300 months (25 years) of imprisonment to be followed by 5 years of supervised release," thereby avoiding the death penalty; there is no possibility of parole. The "Factual Proffer in Support of the Guilty Plea" revealed Montes, 45, a Puerto Rican-American born on a U.S. military base in Germany, had been spying for the Cuban government since starting work at the Defense Intelligence Agency (DIA) in 1985, even before she became DIA's Senior Intelligence Analyst in 1992 tasked with covering Cuba. Montes was partially responsible for the 1998 Pentagon assessment that Cuba no longer posed a conventional military threat to the United States (USCPR, Vol.4,No.11; Vol.5,Nos.4&5; Vol.8,No.10), perhaps the most effective propaganda repeatedly used by the Castro regime in its campaign to lift the U.S. embargo.

According to the joint U.S. government announcement, "Since 1985, Montes committed espionage for the Cuban Intelligence Service," which included the compromise of "both 'Secret' and 'Top Secret' classified information relating to the national defense as well as the identities of four covert United States intelligence officers." Asked by Judge Urbina whether the charges were true, Montes responded in open court, "Yes, those statements are true and accurate." Montes was arrested by the FBI on Friday, September 21st (USCPR, Vol.8,No.9) to "get her off the streets" following the terrorist attacks on America of September 11th. Montes must "fully cooperate with law enforcement" to, in part, provide information describing Cuban intelligence activities. Sentencing is scheduled for September 24th.

HYDE ANNOUNCES CONGRESSIONAL HEARING: THE IRA IN COLOMBIA – THE GLOBAL LINKS TO INTERNATIONAL TERRORISM

Rep. Henry Hyde (R-IL), chairman of the House International Relations Committee (HIRC) has set April 24th at 10:15 a.m. as the date and time for the hearing on "The IRA in Colombia – Global Links of International Terrorism." The investigation into the activities of the three Irishmen arrested in Bogota, Colombia on August 11, 2001 (USCPR-SE, "IRA Arrests in Colombia Linked to Cuba," 9/25/01) has been completed and the Congressional hearing will go forward despite complaints from many in the Irish-American community, especially one Father Sean McManus, president of the Irish National Caucus, who believe the hearing will harm the Irish peace process. Invited to testify are: Gerry Adams, president of Sinn Fein; Francis Taylor, coordinator for counter-terrorism at the State Department; Colombian General Fernando Tapias, Chairman of the Joint Chiefs of Staff; Director General Luis Ernesto Gilbert of the Colombian National Police; and, Attorney General John Ashcroft. In a letter to Ashcroft dated March 21st, Hyde writes: "FARC and the ELN, in the past 10 years, have kidnapped 50 Americans and killed ten of them. This is a national security threat in our own backyard. The Colombian military reports that the Basques, Cubans, North Koreans, Iranians and IRA terrorists have been operating in a safe zone, twice the size of New Jersey, which the FARC once controlled in Colombia." James Monaghan, Martin McCauley, and Niall Connolly, the Sinn Fein representative in Havana were charged with training the Marxist FARC guerillas with urban warfare techniques and traveling under false passports. Rep. William Delahunt (D-MA), who called for a hearing, stated at a recent press conference held on Thursday, March 21st that based on his investigative trip to Cuba he has concluded, "There's absolutely no evidence the Cuban government was involved with the three IRA men arrested in Bogota." Questioned about the source of his evidence, he responded: the Cuban government. The upcoming hearing is expected to reveal closer ties by the Cuban government with Sinn Fein, the political arm of the IRA, which is considered an international terrorist organization.

STATE DEPARTMENT OFFICIAL SAYS CUBA POSES BIOLOGICAL WEAPONS THREAT

Before the Committee on Foreign Relations chaired by Senator Joseph Biden (D-DE), Carl W. Ford, Jr. testified at a hearing on "Reducing the Threat of Chemical and Biological Weapons" (CBW). Ford, who is Assistant Secretary of State for Intelligence and Research at the State Department, testified on Tuesday, March 19th that "Since the worldwide CBW threat is growing in breadth and sophistication, the use of these weapons anywhere in the world would affect the United States." In a country-by-country review, Ford stated that "Cuba has provided dual-use biotechnology to rogue states."

Ford called the threat of CBW "very real." Regarding the legitimate dual-use technology, "particularly if a group is already in the United States and therefore not subject to many of the controls in place that monitor and limit the export of these technologies, coupled with the relative ease of producing chemical and biological agents, makes the threat very real," said Ford. An exchange between Reps. Lincoln Diaz-Balart (R-FL) and Charles Rangel (D-NY) on CNN *Late Edition* with Wolf Blitzer aired March 31st was also revealing: "So on the terrorist state, just last week the State Department said that the Cuban regime has a biological weapons component that it has shared with anti-American terrorist states, and it's 90 miles away," said Diaz-Balart. "The United States has Cuban spies convicted by the dozens" (USCPR, Vol.8, No.12).

Secretary of Defense Donald Rumsfeld, in an interview with Bob Schieffer on CBS *Face the Nation* on Sunday, September 23, 2001, said of Cuba, "we know that the countries that I just listed, that have sponsored terrorism for decades, are countries that have a very active chemical and biological warfare programs" (USCPR, Vol.8, No.9). Ken Alibek, (f.k.a. Kanatjan Alibekov) coauthor of *Biohazard* (Random House, 2000) with Stephen Handelman, wrote in his book: "When Yuri Ovchinnikov died in 1987, I joined a group of Biopreparat scientists at his funeral services in Moscow. The conversation eventually turned to Cuba's surprising achievements in genetic engineering. Someone mentioned that Cuban scientists had successfully altered strains of bacteria at a pharmaceutical facility just outside of Havana." Alibek, who defected in 1992, is a former Soviet scientist; he holds a Ph.D. in "microbiology for research and development of plague and tularemia biological weapons and in biotechnology for developing the technology to manufacture anthrax biological weapons on an industrial scale."

Brian Latell, adjunct professor at Georgetown University's School of Foreign Service and the former National Intelligence officer for Latin America at the CIA, has called for Cuba to open up the island's biotechnology centers to announced international inspection. Latell recently remarked that "Cuba has the capability to conduct biological warfare" (USCPR, Vol.8, No.10).

The specific language pertaining to Cuba, excerpted from Ford's prepared statement, is reprinted below in its entirety.

INTELLIGENCE STATEMENT BY
ASSISTANT SECRETARY OF STATE FOR INTELLIGENCE AND RESEARCH
CARL W. FORD, JR.
BEFORE THE
SENATE COMMITTEE ON FOREIGN RELATIONS
HEARING ON
REDUCING THE THREAT OF CHEMICAL AND BIOLOGICAL WEAPONS
MARCH 19, 2002

Cuba

The United States believes that Cuba has at least a limited, developmental offensive biological warfare research and development effort. Cuba has provided dual-use biotechnology to rogue states. We are concerned that such technology could support BW programs in those states. We call on Cuba to cease all BW-applicable cooperation with rogue states and to fully comply with all its obligations under the Biological Weapons convention.

CUBAN GOVERNMENT RESTRUCTURES SUGAR INDUSTRY: FORMS THE INTERNATIONAL SUGAR CORPORATION

Cuba's sugar industry has long been in decline (USCPR, Vol.8,Nos.3,4,7). Hurricane Michelle, which struck the Caribbean island with fierce wind and rain on November 4th (USCPR, Vol.8,No.11), may have been the final nail driven into the coffin of the Cuban Foreign Trade Ministry's state-owned subsidiary Cubazucar. Michelle damaged between 30% and 50% of the Cuban sugar crop, destroying 10%. Knowledgeable sources say that of 156 sugar mills, 75-to-80 mills are now operating with the last mill having been constructed in 1929 and only refurbishing done since 1959.

Although the highly secretive restructuring of the Cuban sugar industry and creation of the Compania Azucarera Internacional, S.A. (CAISA) to replace the decades-old Cubazucar just surfaced publicly, it was underway in December and was likely triggered by the onslaught of Hurricane Michelle. Quoting from the daily Official Gazette: "The joint venture enterprise Compania Azucarera Internacional, S.A. [was] approved December 6, 2001, for a period of 30 years," according to the report by Marc Frank writing for Reuters.

CAISA, now in charge of exporting sugar, will be open to direct foreign investment marking the first time outside participation in the Cuban sugar industry has been permitted since Fidel Castro came to power. Sources speculate the arrangement involves the French sugar company Pacol, which according to the March 7th article, denies any role in the new joint venture. It is assumed that either Paris-based Pacol or its agents acting on behalf of Pacol are involved in the landmark change taking place in Cuba's sugar industry.

Pacol describes itself as "a leading international commodity company specializing in the trading, marketing and distribution of sugar" whose strengths lie in "its significant relationships with trading partners at both origin and destination."

Information appears to be scant, however, because of concern over the four-decade-old U.S. economic embargo in general and specifically over the threat posed by the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, also known as the Helms-Burton Act. Foreign investors run the risk of trafficking in confiscated property owned by a U.S. national. Running afoul of the trafficking provisions of Helms-Burton could land foreign investors doing business in the U.S. into federal court and/or deprive them and their families of entry visas into the country.□

CURRENCIES & COMMODITIES

1 Euro = 0.8711 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 22.65 Cuban Peso

Rates as of March 29, 2002.
Source: Bloomberg/CADECA.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 7.47
Year ago nearby = 8.52
Future (May '02) = 5.93
High = 9.64
Low = 5.31

Cash/Spot price as of March 28, 2002.
Source: CSCE/NYBOT.

CRUDE OIL (\$per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 26.30-26.35
Year ago (Mar. 28) = 26.31
Future (May '02) = 26.31

Cash/Spot \$ price as of March 28, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,710
Year ago (Mar. 28) = 6,000

(\$ per metric ton)
Official Price: February 28, 2002.
Source: London Metal Exchange.

Cobalt = 6.50 -6.70
Year ago (Mar. 29) = 13.20 - 14.00

(\$ per pound for 99.8%)
Price: March 28, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

CANADIAN BUSINESSMAN ON TRIAL FOR VIOLATING U.S. TRADE EMBARGO WITH CUBA

Jury selection began on Monday, March 11th in the federal trial being held in Philadelphia of James Sabzali the 42 year-old salesman from Ontario is a Canadian citizen accused of violating the Trading with the Enemy Act (TWEA), under which come the enforcement provisions of the U.S. economic embargo against the Cuban government. The U.S. Department of Justice conducted a five year investigation and in October 2000 and brought a 76 count indictment against Sabzali after he moved to the Philadelphia area while working for Puro-lite, the water purification company. Thirty-four of the charges stem from business activities conducted while working in Hamilton, Ontario. Under a 1992 Canadian law known as the Foreign Extraterritorial Measures Act, Canada bars compliance by its citizens of U.S. law. If convicted, Sabzali could face 10 years in prison and a \$250,000 fine.

AGRICULTURE SECRETARY OPPOSES CHANGE IN CUBA TRADE RULES -- Secretary of Agriculture Ann Veneman stated on Wednesday, March 13 in a letter to Rep. Larry Combest, chairman of the House Agriculture Committee, "The administration strongly objects to any changes in existing law regulating the sale of food and medicines to Cuba," said Veneman. "We oppose repeal of the prohibition on private financing by U.S. persons of sales of agricultural commodities to Cuba." The Cuban government is required under the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA) to pay cash for the purchase of any foods or medicines from the United States.

REPORT REVEALS 25 OF 50 STATES PARTICIPATE IN SALES OF FOOD TO CUBA

-- The New York-based U.S. Cuba Trade and Economic Council headed by John S. Kavulich II released its periodic newsletter, *Economic Eye on Cuba*, reporting on sales of agricultural commodities to Cuba by American companies. Such sales are permitted under the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA) on a cash and carry basis only (USCPR, Vol.7, No.10). The March 25 – March 31 issue details the companies, products, and quantities of products shipped by these U.S. companies to the Cuban state-run company, Alimport, operated under the Ministry of Foreign Trade. The report reveals an emerging agri-business strategy by companies such as ADM, Cargill, Gold Kist, Riceland Foods, and Tyson Foods to spread the food sales, ranging from wheat, corn, rice and soybeans to frozen chicken leg quarters and eggs, throughout key agricultural and dairy states in the nation from Alabama to Wisconsin, including Arkansas, Illinois, Iowa, Kansas, Texas, and Washington. Florida is not included in the array of states totaling 25, thus far. Ports of embarkation are New Orleans, Galveston, Gulfport and Pascagoula according to the newsletter report. Kavulich points out that the 25 states comprise "52% of members of the Republican Party" in the House and "55% of members of the Republican Party" in the Senate. Cuba rejected U.S. humanitarian aid following Hurricane Michelle and opted for the cash purchase of agricultural commodities (USCPR, Vol.8, No.11). Since November 2001 writes Kavulich, "approximately US\$73 million from at least fifteen United States-based companies" in agricultural commodities have been sold to Cuba. Some observers believe this strategy is intended to break the U.S. economic embargo on Cuba.

ASSISTANT SECRETARY OTTO REICH WEIGHS-IN ON REVOCATION OF CUBAN VISAS – Sometime during the early part of the week of Monday, March 25th, Otto Reich, recently sworn-in as Assistant Secretary of State for Western Hemisphere Affairs (see related story), weighed-in on the visa status for six-to-eight individuals, but fewer than ten, who were senior Alimport officials including its president, Pedro Alvarez Borrego. In the process, it was determined that the visit by Alimport officials was shaping up in a way that had less to do with food sales than it had to do with "public diplomacy." Empresa Cubana Importadora de Alimentos is the state-owned entity known as Alimport, through which all U.S. agricultural and dairy products have passed since sales began. Under § 212 (f) and pursuant to a 1985 presidential proclamation, the entry into the United States of Cuban government officials and Communist Party officials was suspended. Two previously issued visas were revoked and a number of others were not approved because the purpose of the visit appeared to be to further undermine U.S. policy, rather than a legitimate business purpose. To date, all such sales have been made from Alimport's offices in Havana and travel to the United States by Cuban government officials was deemed unnecessary.

DOMESTIC BRIEFS

TELECOMMUNICATIONS PAYMENTS MADE TO CUBA – On March 12th, President Bush delivered his third in a series of twelve semi-annual telecommunications reports to Congress (USCPR, Vol.8,No.9) "detailing payments made to Cuba by any United States person as a result of the provision of telecommunications services." Since Cuba cut off direct telephone calls in December 2000, the report submitted shows a transfer of funds to "various third-country carriers for transfer of U.S.-Cuba telecommunications traffic to Cuba" by AT&T, Sprint, WorldCom, and Telefonica Larga Distancia de Puerto Rico totaling \$31,955,962.90, which reflects payments for services provided during the period July 1, 2001 through December 31, 2001. A total of \$381,303,197 has been received by the government of Cuba or a Cuban entity since reporting began on September 23, 1996 (USCPR, Vol.3,No.10).

DIAZ-BALART AND ROS-LEHTINEN CALL FOR TREASURY SECRETARY O'NEILL'S OUSTER – Senator Byron Dorgan (D-ND) has held hearings concerning the aggressive enforcement of the Treasury Department's Office of Foreign Assets Control (OFAC) travel regulations by the Bush administration (USCPR, Vol.9,No.2). At a more recent hearing of the Senate Appropriations Subcommittee on Treasury and General Government featuring Treasury Secretary Paul O'Neill, Dorgan stated in his welcoming remarks, "I want to address the aggressive pursuit of U.S. citizens traveling to Cuba by the Office of Foreign Assets Control instead of the aggressive pursuit of foreign terrorists' assets." At the March 14th hearing, O'Neill responded by saying, "If I had the discretion for applying the resources, I would agree with you completely." O'Neill's response apparently got him into trouble with two Florida Republican Reps., Lincoln Diaz-Balart and Ileana Ros-Lehtinen, who on March 15th called for O'Neill's termination. Asking President Bush to fire O'Neill, they said the Treasury Secretary showed an "incredible and condemnable lack of knowledge with regard to the terrorist nature of the Castro dictatorship."

BUSH ADMINISTRATION RULES OUT U.S.-CUBA DRUG COOPERATION AGREEMENT -- The arrest of Colombian drug trafficker Rafael Bustamante by the Cuban government has prompted questions as to whether or not the Bush administration intends to act on the overtures made by Havana that would lead to a bilateral drug cooperation agreement. Bustamante, a convicted drug trafficker and escapee from an Alabama jail 10 years ago, is wanted in the United States. According to State Department spokesman Richard Boucher, the Cuban government recently deported two individuals to the United States. At a press briefing on Tuesday, March 19th, Boucher pointed out that the "cases involve deportation from Cuba, not extradition. We don't have an extradition relationship with Cuba." The Cuban Foreign Ministry is reported to have approached the Bush administration with proposals for agreements on drug trafficking, terrorism, and human smuggling. Boucher said that "across the board" cooperation from Cuba on law enforcement issues has not been forthcoming. "That kind of global commitment from Cuba is completely absent," explained Boucher.

CASTRO INVITES FORMER PRESIDENT JIMMY CARTER TO CUBA – Former President Jimmy Carter (1977-1980) has told CNN on Friday, March 22nd that he has accepted an invitation from Fidel Castro to travel to Cuba. Carter would be the first U.S. president to do so since the 1959 Communist revolution. Acknowledging that the Bush administration would not like it, he felt they would not stand in the way. Carter, who is opposed to the embargo, acted to lift all travel restrictions to Cuba almost immediately after becoming president. Carter spokeswoman Deanna Congileo said the invitation was prompted by The Carter Center's "Americas Program" to reconcile leaders of the Cuban-American exile community with the Cuban government. The Bush administration is likely to approve the OFAC license request. White House press spokesman Ari Fleischer said on Monday, March 25th, "If President Carter were to travel to Cuba, the president hopes that his message would be a very direct and straightforward message, that in order to have human rights in Cuba, it's important for Fidel Castro to allow democracy to take root, to stop the repression and to stop the imprisonments, to bring freedom to the people of Cuba."

NOTABLE QUOTES

"One way we can help is not throwing a lifeline to a failed, corrupt, dictatorial, murderous regime... We are not going to help Fidel Castro stay in power by opening up our markets to Cuba." **Otto J. Reich**, sworn-in as Assistant Secretary of State for Western Hemisphere Affairs by Secretary Powell on March 11th, makes his first public speech before the Center for Strategic and International Studies in Washington. (TWT, "U.S. official sees tougher policy, not softer one," 3/13/02, p.A.11).

"It's more than appropriate to have a review of Cuba policy and indeed perhaps all of our policy in the hemisphere as we have a new Assistant Secretary [for Western Hemisphere Affairs -- Otto Reich]. So I welcome this and think it's very appropriate to look at how we're using all our resources in Cuba." **Vicki Huddleston**, the Principal Officer assigned to the U.S. Interests Section in Havana, in an interview, endorses the upcoming review of Cuba policy (USCPR, Vol.9, No.1). (MSNBC, "U.S. maintains hard line on Castro," 3/14/02).

"She engaged in these activities because of her belief that U.S. policy does not afford Cubans respect, tolerance and understanding. She was motivated by her desire to help the Cuban people and did not receive any compensation." Attorney **Plato Cacheris** states the reasons why his client, Ana Belen Montes, the Senior Defense Intelligence Analyst committed espionage by working for the Cuban Intelligence Service. (WP, "Defense Analyst Pleads Guilty to Spying for Cuba," 3/20/02, p.A16).

"I'm just going to remind the [UN] Human Rights Commission to remember that Cuba is an incredibly repressive regime. It's the one non-democratic government [in the Western Hemisphere]. They put people in prison if they don't agree with you... there's no rule of law there. It's the rule of one person. He's been there for a long period of time and, unfortunately, the people of that country are suffering as a result of him. So it's a vote for liberty and freedom, and that's something Castro doesn't believe in." President **George W. Bush** condemns Cuba's human rights record prior to his departure on his three-nation visit to Latin America. (AFP, "Bush lashes Cuba before Latin American Trip," 3/20/02).

"I don't think that the Cuban system is less democratic than yours." **Ricardo Alarcon** compares the Cuban electoral system to the American electoral system. As the president of the Cuban National Assembly of the People's Power, Alarcon is widely considered the number three man in the Communist power structure after Fidel and Raul Castro. (National Review Online, "Life After Castro," 3/27/02).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 4

April 30, 2002

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

Ralph J. Galliano, Editor

HOUSE HEARS TESTIMONY OF CUBA-BASED IRA LINKS TO FARC NARCO-TERRORISTS IN COLOMBIA

WASHINGTON – Rep. Henry J. Hyde (R-IL), who chaired the long-awaited House International Relations Committee (HIRC) hearing held on Wednesday, April 24th following the months-long Congressional investigation into the activities of the three Irishmen arrested in Bogota, Colombia on August 11, 2001 (USCPR-SE: "IRA Arrests in Colombia Linked to Cuba," 9/25/01), faced near rebellion from the start of this contentious hearing that was to deal with "International Global Terrorism: Its Links with Illicit Drugs As Illustrated by the IRA and Other Groups in Colombia." Witnesses listed were: DEA Administrator Asa Hutchinson; Deputy Coordinator for Counterterrorism, Office of the Secretary of State, Mark Wong; Chairman of the Joint Chiefs of Staff, Armed Forces of Colombia, General Fernando Tapias; and, Sinn Fein president, Gerry Adams, who did not appear. The line, between court evidence and testimony at a public hearing, was blurred intentionally by the questions from several committee members answerable to their Irish-American constituencies and blindly protective of the so-called Good Friday Agreement and the Northern Ireland peace process. The generally stalwart anti-Castro Rep. Peter King (R-NY) and his cohorts, Reps. Ben Gilman (R-NY), Chris Smith (R-NJ), and William Delahunt (D-MA), sought to drive home a series of points in their opening statements and questioning of witnesses. King, a close Adams ally, said the investigation produced: no evidence there were IRA connections to drug dealing in Colombia; no evidence the three Irishmen arrested by Colombian authorities were sanctioned by the IRA; and, no evidence whatsoever, Sinn Fein, the political wing of the outlawed Provisional Irish Republican Army (IRA), had any involvement in the activities of the three IRA/Sinn Fein operatives – Niall Connolly, James Monaghan, and Martin McCauley – all traveling on false passports. Connolly, fluent in Spanish, coordinated the IRA/Sinn Fein visit of the three to the FARC safe haven territory in Colombia. Adams, who had initially denied that Niall Connolly was, in fact, Sinn Fein's long-standing representative for Latin America based in Havana, Cuba (USCPR, Vol.8, No.10), clearly had more to lose than to gain by appearing in Washington and offering testimony at the HIRC hearing. Adams' subsequent retraction of Connolly's official position in Cuba along with his defiant visit with Fidel Castro last December (USCPR, Vol.8, No.12) served to lower his standing among Irish-American supporters in the United States. John Mackey, HIRC investigative counsel, said of the hearing that it was "not about the three Irish nationals" nor "about the Irish peace process," but "about U.S. national interests in our backyard." This is especially valid in the post-September 11th world in which Americans now live; the mood of Americans has changed.

▪ House Hears Testimony of Cuba-Based IRA Links to FARC Narco-Terrorists.....	1
▪ UN Human Rights Commission Calls for Cuba Monitor.....	4
▪ Havana Club Trademark: Will Bush Administration Amend or Repeal Section 211?.....	6
▪ Transparency Lacking in Cuban Cash Payments for U.S. Food Exports.....	8
▪ Pentagon Assigns Cuba to Newly Created Northern Command.....	9

COMMITTEE RELEASES SUMMARY OF INVESTIGATIVE FINDINGS —

The HIRC majority staff released a five-page summary of its months-long investigation that covered a wide swath of territory including: Ireland, Northern Ireland, Mexico, Colombia, and Cuba. "On August 11, 2001, two members of the Irish Republican Army (IRA), along with a representative of Sinn Fein, the IRA's political wing, who was known to be stationed in Cuba and reportedly on the payroll of the Cuban Communist Party, were arrested by Colombian authorities at the El Dorado airport in Bogota after leaving territory in southern Colombia controlled by the Revolutionary Armed Forces of Colombia (FARC), a designated foreign terrorist organization," states the Summary of the investigative report conducted by the HIRC. "The three men were carrying false identification documents (passports) and were found to have traces of explosives on their clothing and on items in their luggage. Two of the Irish nationals were the IRA's leading explosives engineer and a mortar expert." Colombian General Fernando Tapias testified before the Committee that the three arrested in Bogota were among seven Irishmen, possibly 15, linked to the IRA that have been training the FARC since 1997. Tapias said that Nicaraguans, El Salvadorans, Israelis, and Germans were involved with the FARC. Venezuelan and Iraqi currency was found in the FARC safe haven. While acknowledging that Cuba had been involved with the terrorist group known as the ELN, Tapias said, "I have no evidence that Cuba is involved with terrorist activities in Colombia today." Hyde said in his opening statement, "The FARC's war against Colombia is being financed by illegal drugs." Warned Hyde, "Worse may yet come. Already, the disorganization in Colombia is such that it has become familiar ground to a wide range of terrorists, including Iranians, Cubans, and the ETA, among others. [Colombian] President Pastrana has stated that 'Like the United States in the fight against al-Qaeda, we are fighting a multinational terrorist network.'" In its conclusion, the Summary of the committee investigation states: "Explosives management training for the FARC by the IRA, and possibly by other foreign-based terrorists suspected by the Colombians, such as Cubans, Iranians, ETA (the Spanish Basque terrorist group), among others, has markedly improved the FARC's proficiency in urban terrorism in the last few years. ETA has had past relations with the IRA, is active in both Cuba and Colombia, and may provide the link which brought the FARC and the IRA together. (Note: The Sinn Fein representative arrested August, 2001 in Colombia was Cuban-based and Spanish speaking)." Although Connolly's route to Bogota in meeting up with Monaghan and McCauley began in Havana, it took him first to Ireland, Spain, and Venezuela, before arriving in Colombia.

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DIAZ-BALART'S HEARING STATEMENT FOR THE RECORD

STATEMENT OF REP. LINCOLN DIAZ-BALART BEFORE THE HOUSE INTERNATIONAL RELATIONS COMMITTEE REGARDING INTERNATIONAL GLOBAL TERRORISM AND THE LINKS BETWEEN THE IRA, CUBA, AND COLOMBIAN MILITANT GROUPS ON APRIL 24, 2002

Thank you Mr. Chairman for calling this important hearing and for allowing me to address the Committee regarding the connection that exists not only between the IRA and the FARC, but also the dictatorship in Cuba. With your permission Mr. Chairman, I would like to submit for inclusion in the record a special edition of the authoritative newsletter *U.S. Cuba Policy Report* edited by Mr. Ralph Galliano entitled: IRA Arrests in Colombia Linked to Cuba, along with additional articles by Mr. Grant Lally and Mr. Daniel W. Fisk.

Mr. Chairman, the network of terrorism which encircles our globe neglects no attempts to develop relationships with morally bankrupt regimes. As we have seen with Al Qaeda links to state sponsors, it is also crucial when analyzing the links between the Irish Republican Army (IRA) and the Revolutionary Armed Forces of Colombia (FARC) to note their shared connection with the Cuban dictatorship.

As this Committee has brought to the forefront today, the arrest in Bogota on August 11th of three IRA members highlights the link between the IRA and the FARC. As we know, the FARC has fostered support from other radical organizations, including the IRA. As the FARC intends to take its terrorist efforts to the cities of Colombia, the insidious knowledge of urban bombing techniques provided by the IRA fits the pattern of the FARC's continued terrorist practices. Indeed, the recent rash of urban bombings in Colombia carried out by the FARC closely resembled those seen in Northern Ireland over the past several decades. Castro's regime has encouraged the relationship between these two groups – to increase the blight of terrorism within our own hemisphere.

The relationship between the FARC and Castro's Cuba is well known. According to the State Department's Terrorist List, "Havana also maintained ties to other state sponsors of terrorism and Latin American insurgents. Colombia's two largest terrorist organizations, the Revolutionary Armed Forces of Colombia and the National Liberation Army, both maintained a permanent presence on the island." Castro's Cuba – safe haven to some of the world's worst terrorists – has also harbored the IRA.

Niall Connolly, the leader of the three arrested IRA terrorists, has resided in Havana, Cuba for at least the past five years – and according to a Cuban foreign ministry spokeswoman, "Mr. Niall Terrence Connolly is the official representative of Sinn Fein for Cuba and Latin America."

ROS-LEHTINEN QUESTION TO MARK WONG

At the HIRC hearing held on Wednesday, April 24th, Rep. Ileana Ros-Lehtinen (R-FL), a senior member of the House International Relations Committee, questioned hearing witness Mark Wong, who is the Deputy Coordinator for Counterterrorism, Office of the Secretary of State, about the involvement of Cuban doctors with the Colombian narco-terrorist group known as the FARC. Senator Jesse Helms, then Chairman of the Foreign Relations Committee, established at a full committee hearing on September 20, 2000, the Cuban government's political use of so-called "medical missions" abroad where teams of medical workers ostensibly provide medical care to the poor. Doctors Leonel Cordova and Noris Pena, both Cuban defectors at the time, described Cuba's two-tiered medical system and the political activities of such medical missions. This current direct Cuban government connection with both the IRA/Sinn Fein (Connolly in Havana) and the FARC (albeit, under humanitarian cover) would tend to dispel Cuban claims of non-involvement with terrorist organizations based in the Western Hemisphere and having international ties. Cuba is one of seven sponsors of state terrorism listed by the State Department.

ROS-LEHTINEN: Is it true that Cuba provides doctors and trainers to the FARC, and aren't FARC wounded and ill commanders often treated in Havana?

WONG: I believe that is the case.

UN HUMAN RIGHTS COMMISSION VOTES AGAINST CUBA: RESOLUTION CALLS FOR HUMAN RIGHTS MONITOR

While not quite the condemnation the United States had hoped for this year, the United Nations Human Rights Commission (UNHRC) voted 23 in favor, 21 opposed, with 9 abstentions to censure the Cuban government's human rights practices as compared to a vote of 22 in favor, 20 opposed, and 10 abstentions of last year's Czech-sponsored motion (USCPR, Vol.8, No.4) at the annual six-week session. This, the 58th Session of the Geneva-based UNHRC marked the first time Latin American nations headed any such effort, which was led by the Republic of Uruguay. "There is only one country in the Western Hemisphere whose government has not been democratically elected and that systematically violates human rights. That is why Nicaragua focuses its attention on the human-rights violations perpetrated by Castro's regime," proclaimed Ana Navarro who headed her country's delegation.

Although the United States could not vote, having lost its seat on the 53-nation commission last year (USCPR, Vol.8, No.5), it was permitted to co-sponsor Uruguay's resolution, to which Cuba strenuously objected. Cuban dictator Fidel Castro angrily called Uruguayan President Jorge Batlle a "Judas" and vilified Uruguay as a "servile tool" of the United States. Rep. Lincoln Diaz-Balart (R-FL) later commended Batlle saying, he "will be remembered by history as a statesman of character, dignity, and principle." State Department Coordinator of Cuban Affairs, James Carragher, commented to reporters that this was "the first time Latin American countries have said that human rights issues in Cuba are a matter of concern."

"Even though the margin of victory was slim, the fact that a Latin American country introduced the resolution makes this victory all the more significant."

Ileana Ros-Lehtinen

Considered a mildly worded document, Resolution 2002/18, reprinted below, calls for a human rights monitor to visit Cuba. The resolution "Requests the United Nations High Commissioner for Human Rights [Mary Robinson] to send a personal representative with a view to cooperation between her Office and the Government of Cuba in the implementation of the present resolution." Without the cooperation of the Cuban government, however, a UNHRC monitor cannot complete its mission. In fact, Cuban Foreign Minister Felipe Perez Roque told reporters that the idea of a monitor was a "vain illusion" of the countries involved.

To further promote democracy and human rights in the region, the UNHRC resolution invokes the Inter-American Democratic Charter signed in Lima, Peru on September 11, 2001, which recognizes "representative democracy" as a purpose of the OAS. Cuba and Venezuela opposed the Charter.

Rep. Ileana Ros-Lehtinen (R-FL), Chair of the Subcommittee on International Operations and Human Rights, led a strong effort to obtain approval of the resolution both personally and through her Subcommittee Staff Director, Yleem Poblete, who traveled to Geneva to work on tests and lobby officials from key member commission countries. "We had anticipated a certain amount of difficulty this year, given the composition of the Commission," Ros-Lehtinen said, alluding to the U.S. absence. She added, "Even though the margin of victory was slim, the fact that a Latin American country introduced the resolution makes this victory all the more significant." Cuban American National Foundation Chairman, Jorge Mas Santos, described the votes as "a moral rebuke to the Castro regime."

**UN HUMAN RIGHTS COMMISSION RESOLUTION ON CUBA:
58 SESSION – GENEVA, SWITZERLAND --**

RESOLUTION

**UNITED
NATIONS**

E

**Economic and Social
Council**

**Distr.
GENERAL
E/CN.4/RES/2002.L.30
19 April 2002**

Original: ENGLISH

**Situation of human rights in Cuba
Commission on Human Rights resolution 2002/18**

Bearing in mind the Vienna Declaration and Programme of Action, which was adopted by the 1993 World Conference on Human Rights and provides that all human rights are universal, indivisible and interdependent and interrelated,
Taking account of Commission resolution 2000/47, which provides that there is an indissoluble link between human rights as enshrined in the Universal Declaration of Human Rights, international human rights treaties and the foundations of any democratic society,
Drawing attention to the various universal declarations and instruments designed to promote democracy and human rights, as well as to regional instruments such as the Inter-American Democratic Charter, which was adopted for that purpose in 2001,
Recognizing that action to combat poverty is essential for the promotion and consolidation of democracy and is the common and shared responsibility of States,

1. *Invites* the Government of Cuba, whose efforts to give effect to the social rights of the population despite an adverse international environment are to be recognized, to make efforts to achieve similar progress in respect to human, civil and political rights, in accordance with the provisions of the Universal Declaration of Human Rights and the principles and standards of the rule of law;
2. *Encourages* the Government of Cuba to accede to the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights;
3. Requests the United Nations High Commissioner for Human Rights to send a personal representative with a view to cooperation between her Office and the Government of Cuba in the implementation of the present resolution;
4. *Urges* the Government of Cuba to take all the necessary measures so that such a visit may take place as soon as possible;
5. *Decides* to consider this matter further at its fifty-ninth session, under the same agenda item, in connection with which the personal representative of the High Commissioner will submit his report on the implementation of the present resolution.

48th meeting
19 April 2002

[Adopted by a recorded vote of 23 votes to 21,
with 9 abstentions. See chap.IX.]

UN COMMISSION ON HUMAN RIGHTS VOTES

The 53-member UN Commission on Human Rights cast their votes on Wednesday, April 18, 2001 in Geneva, Switzerland for a Uruguayan -sponsored resolution (E/CN.4/RES/2002/18) condemning the human rights practices by the Castro regime in Cuba. The members voted, 23-21-9 in a breakdown as follows:

IN FAVOR Argentina, Austria, Belgium, Cameroon, Canada, Chile, Costa Rica, Croatia, Czech Republic, France, Germany, Guatemala, Italy, Japan, Mexico, Peru, Poland, Portugal, Republic of Korea, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland, and Uruguay.

AGAINST Algeria, Bahrain, Burundi, China, Cuba, Democratic Republic of the Congo, India, Indonesia, Libyan Arab Jamahiriya, Malaysia, Nigeria, Pakistan, Russian Federation, Saudi Arabia, South Africa, Sudan, Syrian Arab Republic, Togo, Venezuela, Viet Nam and Zambia.

ABSTAIN Armenia, Brazil, Ecuador, Kenya, Senegal, Sierra Leone, Swaziland, Thailand and Uganda.

HAVANA CLUB TRADEMARK: WILL BUSH ADMINISTRATION AMEND OR REPEAL SECTION 211 TO COMPLY WITH WTO DECISION?

In his April 30th letter to U.S. Trade Representative Robert Zoellick, reprinted below, Rep. Charles B. Rangel (D-NY) calls for the repeal of Section 211 of the Omnibus Appropriations Bill of October 1998 which sought to protect trademarks "used in connection with a business or assets that were confiscated," unless express consent was given by the "original owner." Rangel, the ranking member of the House Ways and Means Committee, suggests that short of outright repeal "a substantial risk of damage to U.S. companies that have trademarks registered in virtually every country" would be created and he urges the Bush administration not to attempt to amend Section 211 "which currently applies only to Cuban-origin trademarks." The matter involves the French wine and spirits producer Grupo Pernod Ricard and Bacardi-Martini USA. On February 1st, the WTO adopted as final the January 2nd WTO Appellate Body reversal of the Dispute Panel decision over the Havana Club challenge to Section 211 rendered on June 11, 2001 (USCPR, Vol.9, No.1), holding the U.S. law discriminates against Cuba. Section 211 prevented the Office of Patent and Trademarks from granting the French-Cuban joint venture the U.S. rights to the Havana Club label. Rangel, who called Section 211 an "ill-conceived provision," asks the Bush administration "to work closely with Congress to ensure the repeal of Section 211 before the end of this Congress." In addition to Section 211, the Bush administration faces mounting pressure to dilute the Cuban embargo by allowing private financing for exports to Cuba and to remove restrictions on travel. Organizations like USA-Engage and the National Foreign Trade Council have lobbied hard and are now joined by the bipartisan Cuba Working Group (CWG) whose formation was announced at a March 21st Capitol Hill news conference (USCPR, Vol.9, No.3) and followed by a foray into south Florida by Reps. Jeff Flake (R-AZ) and William Delahunt (D-MA), both CWG members.

RANGEL LETTER TO TRADE REPRESENTATIVE ZOELICK

Congress of the United States Washington, DC 20515

April 30, 2002
Ambassador Robert Zoellick
United States Trade Representative
600 17th Street, NW
Washington, DC 20508
Dear Mr. Ambassador:

As you know, on February 1, 2002, the World Trade Organization (WTO) adopted formally its Appellate Body's conclusion that section 211 violates U.S. obligations under the TRIPs Agreement. This action by the WTO offers the Administration an ideal opportunity to reaffirm its commitment to the appropriate and effective protection of intellectual property rights upon which so much U.S. export trade depends. The Administration can do this by simply supporting the expeditious repeal, in its entirety, of section 211 during this Congress.

Reports suggest that the Administration may be considering amending rather than repealing section 211, for example, by attempting to remove the discriminatory features of section 211, which currently applies only to Cuban-origin trademarks. The Administration is reported even to be considering seeking such an amendment in the context of the fast track legislation currently before the Senate. Whether such an amendment would bring the United States into compliance with its WTO obligations in the narrow context of the WTO decision is unclear. However, regardless of whether it would do so, such an approach would create a substantial risk of damage to U.S. companies that have trademarks registered in virtually every country and rely on a multiplicity of reciprocal treaties to enforce those marks.

In particular, such an approach could well create conflicts between the United States and other countries over the enforcement of reciprocal intellectual property rights arising from scores of bilateral and multilateral treaties. Moreover, taking that approach could lead to tit-for-tat retaliation against U.S. trademark owners on the basis of violations of numerous treaties for the protection of intellectual property arising out of an expanded section 211.

It is the breach and further potential breach of those obligations that have put at risk nearly 5,000 U.S. trademarks registered in Cuba. The problem with expanding the provision beyond its current Cuba-specific terms, i.e. by making it apply to trademarks that originate in every country in the world, is that it simply extends the range of trademarks that the United States will fail to honor, as it is obliged to do under a large number of intellectual property agreements that are separate from the TRIPs Agreement. Those trademarks will remain at risk until section 211 is repealed.

In short, broadening and extending section 211 would compound rather than correct the error of enacting this ill-conceived provision in the first place. Undercutting intellectual property protections in the ways done by section 211 - or by its amendment or extension - is poor policy and would create substantial risks for U.S. workers and businesses that rely on protection of intellectual property around the world.

Accordingly, I ask the Administration to work closely with Congress to ensure the repeal of section 211 before the end of this Congress.

Sincerely,
Charles B. Rangel
Ranking Democrat

CUBA, VENEZUELA, AND OPEC: THE POLITICAL DIMENSION OF OIL

Cuba's dependence upon subsidized Venezuelan oil, along with the discontent of Petroleos de Venezuela SA (PDVSA) management and the oil workers' union, were the principal catalysts in the ensuing chaos and cold blooded killing of peaceful demonstrators that led to the military coup and counter-coup in Caracas of President Hugo Chavez's leftist government from April 11 – 13.

Joining a slow down with PDVSA white-collar employees, Venezuela's largest labor organization called a general strike intended to bring production and oil shipments to a halt after Chavez replaced the board of directors and key oil company executives with political loyalists in an attempt to exert full control over Latin America's largest corporation and Venezuela's major source of foreign exchange. Venezuela, vying with Canada, Mexico, and Saudi Arabia, is among the top exporters of petroleum to the United States, with average exports of 1.484 million b/d comprising nearly half of Venezuela's oil production.

Since signing the Caracas Energy Cooperation Accord (CECA) with Havana in October 2000 (USCPR, Vol.7, No.10), Cuba has received 38.69 million barrels or 5.3 million metric tons of crude oil annually without an end-user resale prohibition, earning the Cuban government substantial foreign exchange beyond its own petroleum requirements. Cuba has been permitted to pay for the oil in goods and services, including the provision of doctors and sports trainers. In addition, the lack of transparency in Venezuela's oil transactions with Cuba has raised questions of presidential corruption.

A leading member of OPEC, Venezuela played a pivotal role in cutting production quotas that caused New York spot prices for crude oil to double from \$12.75 per barrel in January 1999 to \$27.64 per barrel in January 2000.

The production and shipment of Venezuelan oil to Cuba was seriously threatened by the paralyzing strikes in early April. Although shocked by the ensuing violence, some observers were not surprised that on April 11th Chavez had called upon the Cuban trained-and-armed Bolivarian Circles to fire on unarmed demonstrators approaching Miraflores, the presidential palace. The subsequent call for Chavez's resignation and the rise of an interim government brought the newly appointed foreign minister, Jose Rodriguez Iturbe, to announce on April 12th that Venezuela was halting oil shipments to Cuba and canceling the accord.

Since Chavez's reinstatement, Ali Rodriguez Araque, the secretary general of OPEC and former Venezuelan oil minister in 1999, is set to become chairman of PDVSA in June in an attempt by Chavez to quell the discontent among oil company workers and management and help steady the country's flagging oil dependent economy. Rodriguez is expected to adhere closely to OPEC production quotas and maintain Venezuela's energy accord with the Cuban government. He will become the fifth chief executive of PDVSA since Chavez was elected president in 1998.□

CURRENCIES & COMMODITIES

1 Euro = 0.8999 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 23.39 Cuban Peso

Rates as of April 30, 2002.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 7.17
Year ago nearby = 9.50
Future (July '02) = 5.36
High = 9.60
Low = 4.83

Cash/Spot price as of April 30, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 27.25-27.30
Year ago (Apr. 30) = 28.46
Future (June '02) = 27.29

Cash/Spot \$ price as of April 30, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,050
Year ago (Apr. 30) = 6,465

(\$ per metric ton)
Official Price: April 30, 2002.
Source: London Metal Exchange.

Cobalt = 7.70 -8.25
Year ago (Apr. 30) = 10.70 - 11.70

(\$ per pound for 99.8%)
Price: April 29, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

TRANSPARANCY LACKING IN CUBAN CASH PAYMENTS FOR FOOD EXPORTS – Although the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA) signed into law by President Clinton on October 28, 2000 (USCPR, Vol.7, No.10) requires the "payment of cash in advance" for commercial exports of farm products to Cuba (USCPR, Vol.9, No.3), tracking such payments has proved difficult, if not altogether impossible, even for Members of Congress. Violations of the law, however, call for penalties "provided in the Trading With the Enemy Act." While the Treasury Department's Office of Foreign Assets Control monitors cash transactions to-and-from Cuba and the Commerce Department's Office of Export Controls monitors product exports to Cuba, neither agency could provide information involving transactions having to do with recent and ongoing sales of food exports to the Cuban government. TSRA does not call for reporting requirements of such cash transactions.

CANADIAN BUSINESSMAN CONVICTED FOR VIOLATING U.S. TRADE EMBARGO WITH CUBA – Indicted following a five year investigation (USCPR, Vol.9, No.3), James Sabzali, a 42 year-old water purification salesman originally from Ontario, Canada was convicted by a jury in Philadelphia federal court on Wednesday, April 3rd. Sabzali was convicted on 20 charges including one count of conspiracy to use foreign subsidiaries to trade with Cuba, a violation of the Trading with the Enemy Act (TWEA) under the U.S. embargo. Two American citizens, Donald Brodie and Stefan Brodie, owners of Bro-Tech Corporation, the U.S. company where Sabzali worked at the time, were also convicted. Sabzali faces a life sentence and fines of up to \$19 million; however, prosecutors have recommended a five year sentence. Sentencing is June 28th. Sabzali, a Canadian citizen, plans to appeal.

CUBAN OFFICIAL TRAVELS FREELY ACROSS U.S. TO LOBBY AGAINST EMBARGO – Dagoberto Rodriguez Barrera, the head of the Cuban Interests Section at the Embassy of Switzerland in Washington, spoke to an assembly of over 100 business and academic leaders at the IDS Center in Minneapolis-St. Paul, Minnesota on Friday, April 19th to discuss trade. The event was sponsored by the Minnesota International Center and the University of St. Thomas. Minnesota Governor Jesse Ventura, who also opposes the U.S. trade embargo against the Castro government, plans to travel to Cuba later in the year. Minnesota-based Cargill ships agricultural products to Cuba permitted by the passage of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA). With more than 25 states participating in the sale of food products to Cuba under the new law, the Castro regime is using the American agribusiness community to leverage the Bush administration and Congress to loosen financial and travel restrictions against the Communist-controlled island. In the meantime, the State Department continues to permit Cuban diplomats to freely travel across the country to lobby against U.S. policy.

HOUSE VOTES TO EASE PRIVATE FINANCING ON EXPORTS TO CUBA – Rep. Cal Dooley, from California's agriculturally rich Central Valley, who brought to a vote on the House floor a Cuba amendment to the Farm Bill late Tuesday, April 23rd, saw his non-binding measure prevail in a 273-to-143 vote. The Dooley amendment to "instruct" House-Senate conferees to accept the Senate language and allow private financing of agricultural sales included 92 Republicans voting yea. While Dooley's amendment would permit private financing of exports, which was precluded in the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA), the prohibition on U.S. government financing would continue (USCPR, Vol.7, No.10). In a final compromise agreement on Friday April 26th, Conferees (H.R. 2646 – *Farm Security and Rural Investment Act of 2002*) dropped the provision in the Farm Bill that would have permitted private financing of food sales to Cuba. Dooley said in an earlier statement, "The federal government should not be in the position of denying private entities the right to finance sales of agricultural goods to Cuba."

DOMESTIC BRIEFS

CARTER ANNOUNCES HE WILL VISIT CUBA – The Atlanta-based Carter Center issued a statement on Thursday, April 18th announcing that former President Jimmy Carter and his wife Rosalyn would be heading a delegation to Cuba beginning on Sunday, May 12th through Friday, May 17th. "I look forward to this opportunity to meet with Cuban people from all walks of life and to talk with President Castro," said Carter. The Treasury Department's Office of Foreign Assets Control (OFAC) is reported to have issued a license for Carter and his delegation to travel to the Communist-controlled Caribbean island. At the behest of Castro (USCPR, Vol.9,No.3), Carter will become the highest ranking former U.S. official to visit Cuba since the Castro takeover in January 1959. In the 1970s when Carter served as President of the United States, he initiated a rapprochement with the Castro regime. The parade of businessmen and Members of Congress who have visited Fidel Castro over the decades he has maintained power have accomplished little in altering Cuba's path. While the Clinton administration's great expectations that preceded the visit of Pope John Paul II to Cuba in January 1998 (USCPR, Vol.5,No.2) brought about changes in the direction of U.S. policy (USCPR, Vol.5,No.3), there have been no noticeable reciprocal changes by the government of Cuba.

USAID ANNOUNCES A REQUEST FOR APPLICATIONS (RFA) IN OUTREACH TO CUBAN PEOPLE PROGRAM – In a continuation of the so-called Section 109 funding authorized under the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, also known as the Helms-Burton Act, as well as Section 1705 of the *Cuban Democracy Act of 1992*, the United States Agency for International Development (USAID) announced on April 22nd that it "is seeking applications for an Assistance Agreement from an organization/consortium for funding a program for Outreach to the Cuban People." Specifically, USAID seeks applications for grant funding from "U.S. non-governmental organizations" and "[a]ccredited U.S. colleges and universities." Recipients in the past have included the International Republican Institute, the American Center for International Labor Solidarity, the U.S. Cuba Business Council, the University of Florida, and Rutgers University (USCPR, Vol.5,No.9). According to the RFA, "it is USAID's intent to issue several awards, not exceeding \$400,000 each for a period of one to two years" subject to the availability of funds. Additional information can be obtained on the Internet at: www.usaid.gov by selecting "Business and Procurement" from their home page, then "USAID Procurements."

CUBA TO BECOME PART OF NEW NORTHERN COMMAND – The terrorist attacks of September 11, 2001 have recast the Pentagon's unified command structure where Cuba is currently part of the Southern Command (USSOUTHCOM) that is headquartered in Miami. Although Southcom will remain in South Florida, Cuba and the U.S. Naval Base at Guantanamo will be a part of the new Northern Command which will become operational on October 1st. In part, its mission will be to deal with air defenses, coastal defenses, and, cyber terrorism. The Northern Command, headquartered in Colorado Springs, Colorado, will oversee homeland defense and stretch from Canada to Cuba, including the United States and Mexico. Cuba will be dealt with separately from the rest of Latin America.

U.S. COAST GUARD UPDATES SECURITY ZONE INFORMATION – The U.S. Security Zone near Cuba is maintained by the Seventh District of the U.S. Coast Guard. In its "Security Zone Information for Cuba Voyages," the Coast Guard warns "Persons Contemplating Voyages to the Cuban territorial sea" that their actions may be in violation of U.S. law. Specifically, the prohibitions include but are not limited to maritime "entry, docking, and exit fees" paid to the Cuban government. A Bush administration source indicated that this tightening of embargo regulations is intended to discourage American-owned vessels from what has become the casual use of the Hemingway Marina located in Havana harbor where such fees may be required. "OFAC presumes that any boater who sails to Cuba has made expenditures in Cuba unless that presumption is rebutted as set forth in 31 C.F.R. 515.420," states the warning.

NOTABLE QUOTES

"They're having vain illusions if they think Cuba would let a [human rights] inspector in the service of the United States government come here under these [embargo] conditions." Cuban Foreign Minister **Felipe Perez Roque** criticizes supporters of the Uruguay sponsored human rights resolution voted in Geneva, Switzerland to censure the Cuban government. (MH,"U.S. backs U.N. resolution to censure Cuba on rights: Latin America leads effort," 4/13/02, p.5A).

"It's gratifying that the international community, particularly our hemispheric neighbors, have decided once again to expose the grim reality of the regime's deplorable human rights record and its abuse of the Cuban people. We may have won this battle, but we will not rest in our fight for human rights and our mission to bring liberty to Cuba." **Ileana Ros-Lehtinen** (R-FL) comments on the final vote by the UN Human Rights Commission in Geneva, Switzerland. (PR,"Human Rights Commission in Geneva Passes Resolution Condemning Castro Regime," 4/19/02).

"Some had hoped that there would be no resolution on Cuba this year since the United States was not a member of the [United Nations Human Rights] Commission. This was naïve. The United States needed this resolution in order to justify its genocidal policy of economic blockade against Cuba, and had secretly and conspiratorially drafted other countries, who had surrendered to the superpower, to introduce the resolution. The Latin American countries, which were involved in this matter, would not do anything like this unless they were under the brutal pressure of the US Government. This reflected their full surrender and complete subordination to Washington's dictates." **Juan Antonio Fernandez Palacios**, Cuba's representative to the UN Human Rights Commission states his government's position on the vote to censure the Castro regime for its human rights violations. (Office of the United Nations High Commission for Human Rights in Geneva, Switzerland, 4/19/02).

"The Bush administration, starting with President Bush himself, deserves great credit for tirelessly working to advance the cause of freedom in Cuba. The White House, the State Department, and our embassies overseas can all be justly proud of their efforts to bring hope to the Cuban people." **Dennis Hays**, Executive Vice President of the Cuban American National Foundation salutes the Bush administration for its success in supporting the passage of the resolution censuring the Cuban government for its human rights abuses. (PR,"CANF Welcomes U.N. Commission's Indictment of Cuba for Rights Violations," 4/19/02).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S.☆ CUBA *Policy Report*

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Institute for U.S. Cuba Relations ♦ Washington, D.C. USA
Ralph J. Galliano, Editor

May 29, 2002

Special Edition

BUSH PRESENTS POLICY REVIEW IN WHITE HOUSE SPEECH: "INITIATIVE FOR A NEW CUBA" BURIES HELMS-BURTON

WASHINGTON – President George W. Bush, during his White House speech on Monday, May 20th, the occasion of the 100th anniversary of Cuban independence, articulated an understanding of the Cuba issue and, in his speech later in Miami, he conveyed an innate sense of the Cuban-exile and Cuban-American experiences in a manner unparalleled by any of his predecessors. Bush specifically recognized the absence of freedoms and liberties experienced by the people in Cuba today. This is marked by the second-class treatment ordinary Cubans receive from their central-government in Havana, as compared to the privileges bestowed upon the Communist Party elite and foreign tourists who frequent the otherwise restricted facilities throughout the island such as hotels, restaurants, and beaches along the unlimited miles of confiscated property. Analogous to the "Whites Only" signs mounted on drinking fountains and the doors of public toilet facilities during the long years of segregation in America, especially in the 1940s, '50s, and early '60s, Bush called for the taking down of "signs in hotels reading 'Solamente Turistas'," often referred to as 'tourist apartheid' by detractors of the Cuban government. "If the Cuban government truly wants to advance the cause of workers, of Cuban workers, surely it will permit trade unions to exist outside of government control. If Cuba wants to create more good-paying jobs, private employers have to be able to negotiate with and pay workers of their own choosing, without the government telling who they can hire and who they must fire," stated the president at the White House. "If Cuba wants to attract badly needed investment from abroad, property rights must be respected. If the government wants to improve the daily lives of its people, goods and services produced in Cuba should be made available to all Cuban citizens." Concurrently "issuing a proposal and a challenge" to the Cuban government, Bush presented his administration's "Initiative for a New Cuba," calling for "meaningful market-based reforms" as well as "elections" that "are certifiably free and fair" within the existing political structure in return for his commitment to "work with the United States Congress to ease the ban on trade and travel between our two countries." Seeking to communicate beyond the Cuban-exile community in the United States, Bush said, "It's important for Americans to understand, without political reform, without economic reform, trade with Cuba will merely enrich Fidel Castro and his cronies."

▪ Bush Presents Policy Review in White House Speech: Initiative for a New Cuba.....	1
▪ Is Helms-Burton Dead?.....	2
▪ Free and Fair Elections With Castro Remaining in Power?.....	3
▪ President Bush's White House Speech.....	4
▪ Assistant Secretary Otto Reich Calls Initiative for a New Cuba Just the Beginning.....	6

IS HELMS-BURTON DEAD? – The May 20th version of the White House "Fact Sheet," points out that the president's *Initiative for a New Cuba* "is the beginning of an ongoing, flexible, and responsive campaign designed to generate rapid and peaceful change within Cuba." Conspicuously absent, from both the president's speech in Washington and his subsequent speech in Miami the day of May 20th, was any mention or reference to the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, also known as the Helms-Burton Act, which embodies current U.S. policy toward Cuba and codifies the embargo. Other than the not unimportant reference made to respecting "property rights" in order for Cuba "to attract badly needed investment from abroad," both of the president's *Initiative* speeches neglected to mention either Title III – *Protection of Property Rights of United States Nationals* or Title IV – *Exclusion of Certain Aliens* who traffic in such confiscated property. On two separate occasions (USCPR, Vol.8, No.7 & Vol.9, No.1), President Bush has continued the Clinton administration policy of waiving Title III, while the State Department has failed to enforce Title IV of the Helms-Burton Act in order to placate U.S. allies, particularly the Europeans. Alive and well, however, is Helms-Burton Section 109 – *Authorization of Support for Democratic and Human Rights Groups and International Observers*, which, as administered, has become largely ineffective absent the cooperation of the Castro regime and is viewed by many as a political boondoggle. President Bush's embrace of the so-called Varela Project, named after the 19th-century Roman Catholic priest and independence activist, Felix Varela, is highly suspect among Cuban-Americans, inasmuch as it relies upon Article 88 of Cuba's 1976 Communist Party constitution allowing for a referendum upon the collection of at least 10,000 signatures to petition the National Assembly. Bush genuinely believes, as he said in Miami, the Varela Project "can be a prelude to real change in Cuba." While in his White House speech Bush cited and quoted Article 71 of the Cuban constitution that describes the National Assembly as being "composed of deputies elected by free, direct, and secret vote," in his challenge for free and open multi-candidate National Assembly elections in 2003, some believe that in doing so he has unwittingly legitimized Castro's Communist system. So sensitive is this issue that Bush omitted the reference to the Cuban constitution, altogether, in the presentation of his Miami *Initiative* speech.

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FREE AND FAIR ELECTIONS WITH CASTRO REMAINING IN POWER? – Saying that "all elections in Castro's Cuba have been a fraud," President Bush's *Initiative* espouses a democratic revolution by calling on the Cuban government to hold certifiably free and fair elections. "Opposition parties should have freedom to organize, assemble, and speak, with equal access to all airwaves," explains Bush in his White House speech. "All political prisoners must be released and allowed to participate in the election process." It is inconceivable that this vision of a democratic revolution in Cuba ultimately would result in Fidel Castro remaining in power, not unlike the 1990 Nicaraguan elections that witnessed the ouster of Daniel Ortega and his Communist Sandinista government, but ignored property rights at the expense of free market policies and nationwide economic development. Contrary to Section 205(a)(7) of the Helms-Burton Act which reads: "A transition government in Cuba is a government that does not include Fidel Castro or Raul Castro," the State Department's own *Washington File* staff writer Scott Miller reported on May 29th, "President Bush may consider easing the U.S. trade embargo and travel ban even if Cuban dictator Fidel Castro remains in power," according to an unnamed "senior administration official" who "clarified the evolution of U.S. policy toward Cuba as outlined by the president during his Cuban Independence Day speech at the White House on May 20." Clearly, this trial balloon represents the view of the entrenched State Department bureaucracy, which is inherently responsible for Castro's rise to power in the first place some 43 years ago, as critically detailed by former U.S. Ambassador Earl E.T. Smith in his classic book entitled, *The Fourth Floor: An Account of the Castro Communist Revolution*, now in its Third Edition published by the U.S. Cuba Press in Washington, DC. The idea of free and fair elections in Cuba with Castro or his apparatus remaining in power is an oxymoron.

FACT SHEET: INITIATIVE FOR A NEW CUBA

For Immediate Release
Office of the Press Secretary
May 20, 2002

President Bush Announces Initiative for a New Cuba

The President announced today his Initiative for a New Cuba. This initiative, the result of a policy review conducted by the White House, is an effort to bring Cuba into the Western Hemisphere's community of democracies.

- The Initiative calls on the Cuban government to undertake political and economic reforms and conduct free and fair elections next year for the National Assembly.
- The Initiative challenges the Cuban government to open its economy, allow independent trade unions, and end discriminatory practices against Cuban workers.
- If the Cuban government takes these concrete steps toward democracy, President Bush will work with the United States Congress to ease the ban on trade and travel between the United States and Cuba.

With reform, trade can benefit the Cuban people and allow them to share in the progress of our time. Without major reform, trade with Cuba will only help the Castro regime, not the Cuban people.

The United States has long maintained that the Cuban government must move to a democratic system that fully respects the human rights of its people. This will remain the Administration's policy.

The Initiative for a New Cuba reaches out to the Cuban people immediately with the following new steps to make life better for people living under Castro's rule:

- facilitating meaningful humanitarian assistance to the Cuban people by American religious and other non-governmental groups;
 - providing direct assistance to the Cuban people through non-governmental organizations;
 - calling for the resumption of direct mail service to and from Cuba; and
- establishing scholarships in the United States for Cuban students and professionals trying to build independent civil institutions and for family members of political prisoners.

The Initiative for a New Cuba also states that the United States is not a threat to Cuban sovereignty.

Under the Initiative for a New Cuba, the Administration will continue to work to mitigate the suffering of the Cuban people. This Initiative is the beginning of an ongoing, flexible, and responsive campaign designed to generate rapid and peaceful change within Cuba.

PRESIDENT BUSH'S WHITE HOUSE SPEECH

For Immediate Release
Office of the Press Secretary
May 20, 2002

President Bush Announces Initiative for a New Cuba
Remarks by the President on Cuba Policy Review

The East Room
10:15 A.M. EDT

THE PRESIDENT: Bienvenidos. Welcome to the White House for the 100th anniversary of Cuban independence. Today we honor the ties of friendship, and family, and faith, that unite the Cuban people and the people of the United States.

We honor the contributions that Cuban-Americans have made to all aspects of our national life. And today, I am issuing a proposal and a challenge that can put Cuba on the path to liberty.

I appreciate our Secretary of State being here. He and I take this issue very seriously. He loves freedom as much as I love freedom. I want to thank Mel Martinez, a graduate of Pedro Pan, for being here; Mr. Secretary, you're doing a great job. Welcome.

I appreciate members of the diplomatic corps who are here. Thank you all for coming; I'm honored to have you here. I want to thank Senator George Allen from the Commonwealth of Virginia. I want to thank Congressman Dan Burton; Mr. Chairman. And, of course, two great members of the United States Congress, people who have got a lot to offer, a lot of sound advice: Ileana Ros-Lehtinen and Lincoln Diaz-Balart. Thank you all for coming. (Applause.)

Cuba's independence one century ago today was the inspiration of great figures such as Felix Varela. It was the result of determination and talent on the part of great statesmen such as Jose Marti, and great soldiers such as Antonio Maceo and Maximo Gomez. Most of all, Cuba's independence was the product of the great courage and sacrifice of the Cuban people.

Today, and every day for the past 43 years, that legacy of courage has been insulted by a tyrant who uses brutal methods to enforce a bankrupt vision. That legacy has been debased by a relic from another era, who has turned a beautiful island into a prison. In a career of oppression, Mr. Castro has imported nuclear-armed ballistic missiles, and he has exported his military forces to encourage civil war abroad.

He is a dictator who jails and tortures and exiles his political opponents. We know this. The Cuban people know this. And the world knows this. After all, just a month ago the United Nations Commission on Human Rights, in a resolution proposed by the nations of Latin America, called upon Cuba's government to finally -- to finally -- begin respecting the human rights of its people.

Through all their pains and deprivation, the Cuban people's aspirations for freedom are undiminished. We see this today in Havana, where more

than 11,000 brave citizens have petitioned their government for a referendum on basic freedoms. If that referendum is allowed, it can be a prelude, a beginning for real change in Cuba.

The United States has no designs on Cuban sovereignty. It's not a part of our strategy, or a part of our vision. In fact, the United States has been a strong and consistent supporter of freedom for the Cuban people. (Applause.) And it is important for those who love freedom on that beautiful island to know that our support for them will never waver. (Applause.)

Today, I'm announcing an Initiative for a New Cuba that offers Cuba's government a way forward towards democracy and hope, and better relations with the United States.

Cuba's scheduled to hold elections to its National Assembly in 2003. Let me read Article 71 of the Cuban Constitution. It says, "The National Assembly is composed of deputies elected by free, direct, and secret vote." That's what the constitution says. Yet, since 1959, no election in Cuba has come close to meeting these standards. In most elections, there has been one candidate, Castro's candidate.

All elections in Castro's Cuba have been a fraud. The voices of the Cuban people have been suppressed, and their votes have been meaningless. That's the truth. Es la verdad. In the 2003 National Assembly elections in Cuba, Cuba has the opportunity to offer Cuban voters the substance of democracy, not its hollow, empty forms.

Opposition parties should have the freedom to organize, assemble, and speak, with equal access to all airwaves. All political prisoners must be released and allowed to participate in the election process. Human rights organizations should be free to visit Cuba to ensure that the conditions for free elections are being created. And the 2003 elections should be monitored by objective outside observers. These are the minimum steps necessary to make sure that next year's elections are the true expression of the will of the Cuban people.

I also challenge Cuba's government to ease its stranglehold, to change its stranglehold on private economic activity. Political and economic freedoms go hand in hand, and if Cuba opens its political system, fundamental questions about its backward economic system will come into sharper focus.

If the Cuban government truly wants to advance the cause of workers, of Cuban workers, surely it will permit trade unions to exist outside of government control. If Cuba wants to create more good-paying jobs, private employers have to be able to negotiate with and pay workers of their own choosing, without the government telling who they can hire and who they must fire.

If Cuba wants to attract badly needed investment from abroad, property rights must be respected. If the government wants to improve the daily lives of its people, goods and services produced in Cuba should be made available to all Cuban citizens. Workers

employed by foreign companies should be paid directly by their employers, instead of having the government seize their hard-currency wages and pass on a pittance in the form of pesos. And the signs in hotels reading "Solamente Turistas" should finally be taken down.

Without major steps by Cuba to open up its political system and its economic system, trade with Cuba will not help the Cuban people. (Applause.) It's important for Americans to understand, without political reform, without economic reform, trade with Cuba will merely enrich Fidel Castro and his cronies. (Applause.)

Well-intentioned ideas about trade will merely prop up this dictator, enrich his cronies, and enhance the totalitarian regime. It will not help the Cuban people. With real political and economic reform, trade can benefit the Cuban people and allow them to share in the progress of our times.

If Cuba's government takes all the necessary steps to ensure that the 2003 elections are certifiably free and fair -- certifiably free and fair -- and if Cuba also begins to adopt meaningful market-based reforms, then -- and only then -- I will work with the United States Congress to ease the ban on trade and travel between our two countries. (Applause.)

Meaningful reform on Cuba's part will be answered with a meaningful American response. The goal of the United States policy toward Cuba is not a permanent embargo on Cuba's economy. The goal is freedom for Cuba's people. (Applause.)

Today's initiative invites the Cuban government to trust and respect Cuban citizens. And I urge other democracies, in this hemisphere and beyond, to use their influence on Cuba's government to allow free and fair National Assembly elections, and to push for real and meaningful and verifiable reform.

Full normalization of relations with Cuba -- diplomatic recognition, open trade, and a robust aid program -- will only be possible when Cuba has a new government that is fully democratic, when the rule of law is respected, and when the human rights of all Cubans are fully protected. (Applause.)

Yet, under the Initiative for a New Cuba, the United States recognizes that freedom sometimes grows step by step. And we'll encourage those steps. The current of history runs strongly towards freedom. Our plan is to accelerate freedom's progress in Cuba in every way possible, just as the United States and our democratic friends and allies did successfully in places like Poland, or in South Africa. Even as we seek to end tyranny, we will work to make life better for people living under and resisting Castro's rule.

Today I'm announcing a series of actions that will directly benefit the Cuban people, and give them greater control of their economic and political destiny. My administration will ease restrictions on humanitarian assistance by legitimate U.S. religious and other non-governmental organizations that directly serve the needs of the Cuban people and will help build Cuban civil society. And the United States will provide such groups

with direct assistance that can be used for humanitarian and entrepreneurial activities.

Our government will offer scholarships in the United States for Cuban students and professionals who try to build independent civil institutions in Cuba, and scholarships for family members of political prisoners. (Applause.) We are willing to negotiate direct mail service between the United States and Cuba.

My administration will also continue to look for ways to modernize Radio and TV Marti, because even the strongest walls of oppression cannot stand when the floodgates of information and knowledge are opened. And in the months ahead, my administration will continue to work with leaders all around our country, leaders who love freedom for Cuba, to implement new ways to empower individuals to enhance the chance for freedom.

The United States will continue to enforce economic sanctions on Cuba, and the ban on travel to Cuba, until Cuba's government proves that it is committed to real reform. (Applause.) We will continue to prohibit U.S. financing for Cuban purchases of U.S. agricultural goods, because this would just be a foreign aid program in disguise, which would benefit the current regime. (Applause.)

Today's initiative offers Cuba's government a different path, leading to a different future -- a future of greater democracy and prosperity and respect. With real reform in Cuba, our countries can begin chipping away at four decades of distrust and division. And the choice rests with Mr. Castro.

Today, there is only one nation in our hemisphere that is not a democracy. Only one. There is only one national leader whose position of power owes more to bullets than ballots. Fidel Castro has a chance to escape this lonely and stagnant isolation. If he accepts our offer, he can bring help to his people and hope to our relations.

If Mr. Castro refuses our offer, he will be protecting his cronies at the expense of his people. And eventually, despite all his tools of oppression, Fidel Castro will need to answer to his people. (Applause.)

Jose Marti said, "Barriers of ideas are stronger than barricades of stone." For the benefit of Cuba's people, it is time for Mr. Castro to cast aside old and failed ideas and to start to think differently about the future. Today could mark a new dawn in a long friendship between our people, but only if the Castro regime sees the light.

Cuba's independence was achieved a century ago. It was hijacked nearly half a century ago. Yet the independent spirit of the Cuban people has never faltered. And it has never been stronger than it is today. The United States is proud to stand with all Cubans, and all Cuban-Americans, who love freedom. And we will continue to stand with you until liberty returns to the land you love so well.

Viva Cuba Libre. (Applause.)

ASSISTANT SECRETARY OTTO REICH CALLS BUSH ADMINISTRATION "INITIATIVE FOR A NEW CUBA" – JUST THE BEGINNING

Taken together -- President Bush's May 20th Cuban Independence Day White House and Miami speeches along with Assistant Secretary of State for Western Hemisphere Affairs Otto Reich's prepared testimony before Senator Byron Dorgan's Foreign Commerce Subcommittee hearing the day after on May 21st -- these three speeches characterize the Castro regime and the Bush administration's policy review toward the Cuban government in the context of America's war on terrorism. In his White House speech and in his Miami speech, Bush held out an olive branch to the Castro regime, after calling all previous elections in Cuba a "fraud," saying, if Cuba democratized, his administration would work with Congress to ease economic sanctions, particularly on trade and travel. Reich, on the other hand took a harder line, calling Cuba's "reaction" to the events of September 11th "hostile" and critical of America's military response in Afghanistan. Reich labeled the Cuban government a threat "to our national security." As a further example of the Castro regime's hostility toward the United States, Reich cited Cuba's conspiracy to "spy against the United States, including efforts to penetrate U.S. military bases." He specifically referenced confessed spy Ana Belen Montes, the DIA analyst arrested ten days after 9/11 on September 21st because it was believed she posed a serious national security threat to the United States. Reich also raised the specter of Cuba's "sophisticated biotechnology infrastructure capable of supporting a biological weapons program" and Cuba's transfer of "dual-use technology to a number of countries around the world, including those with known or suspected biological weapons programs." At the outset of his prepared statement, which is reprinted below, Reich says the "*Initiative for a New Cuba* is not the end of the president's policy review." Absent in both of Bush's speeches and Reich's statement, however, was any mention of Helms-Burton, particularly enforcement of Titles III and IV, suggesting that the presidential reference in his speech to property rights may be nothing more than hollow rhetoric. After all, it was in the previous White House Title III Fact Sheet (USCPR, Vol.9, No.1), when President Bush exercised his second Title III waiver of his administration, that the policy review was announced. It stated: "The recent appointment of Otto Reich as Assistant Secretary of State for Western Hemisphere Affairs completes the President's foreign policy team. With it, a *full review* (emphasis added) of the tools we are using to achieve our policy goal in Cuba is now appropriate." Although President Bush has the ability to rescind his Title III waiver at any time, his next opportunity to make a Title III waiver decision will be this coming July.

REICH'S PREPARED STATEMENT BEFORE SENATE COMMITTEE

Testimony of Otto J. Reich,
Assistant Secretary of State for Western Hemisphere Affairs,
before the Senate Committee on Commerce, Science and Transportation
Subcommittee on Consumer Affairs, Foreign Commerce and Tourism
May 21, 2002

Mr. Chairman, members of the Committee, it is an honor for me to testify today before this committee of the United States Senate regarding the Bush Administration's trade policy toward Cuba. I want to thank the chairman for giving me this opportunity to testify before this committee.

President Bush yesterday announced his "Initiative for a New Cuba." The initiative calls on the Cuban government to undertake political and economic reforms, and to conduct free and fair elections next year for the National Assembly. The initiative challenges the Cuban government to open its economy, allow independent trade unions, and end discriminatory practices against Cuban workers. If the Cuban government takes these concrete steps to open up its political and economic system, President Bush will work with the Congress to ease the ban on trade and travel between the United States and Cuba.

With reform, trade can benefit the Cuban people and allow them to share in the progress of our time. Without major reform, unrestricted trade with Cuba only helps the Castro regime, not the Cuban people.

The "Initiative for a New Cuba" also reaches out to the Cuban people immediately by facilitating meaningful humanitarian assistance to the Cuban people by American religious and other non-governmental groups; by providing direct assistance to the Cuban people through non-governmental organizations; by seeking the resumption of direct mail service to and from Cuba; and by establishing scholarships in the United States for Cuban students and professionals trying to build independent civil institutions and for family members of political prisoners.

The "Initiative for a New Cuba" also states that the United States is not a threat to Cuban sovereignty.

The "Initiative for a New Cuba" is not the end of the president's policy review, but the beginning of an ongoing, flexible and responsive campaign designed to generate rapid and peaceful change within Cuba.

The initiative is important because Cuba continues to be ruled by a dictator. The regime has failed to meet the basic needs of the Cuban people and it continues to deny them the freedoms of speech and assembly as well as the ability to choose their leaders.

The Committee to Protect Journalists continues to list Cuba as one of the 10 worst enemies of the press worldwide characterizing its actions as a "scorched earth assault" on independent journalists.

Cuba is the exception to our hemispheric family of democratic nations. It is essential that democratic development, especially through the formation of independent civil society organizations, political parties, and free elections, begin rapidly in order to maximize the prospects for a smooth transition to democracy.

The regime has shown little interest in reforming itself, or moving toward a more open or representative government. For this reason, the Administration opposes steps which would have the effect of strengthening the Cuban regime. But the Initiative encourages the Cuban government to begin addressing the concerns we share with other nations of the hemisphere.

Central to our policy is the reality of the government of Cuba, which has continued to be hostile to the United States. Cuba remains on the list of state-sponsors of terrorism, in part because Cuba harbors fugitives from U.S. justice.

Furthermore, the Cuban regime continues to violate human rights and fundamental freedoms. This was amply illustrated by the jailing of Vladimiro Roca, in the most oppressive of conditions, for over 1,700 days simply because he had the courage to call for a national dialogue. In fact, the U.N. Commission on Human Rights recently approved a resolution calling on Cuba to make progress in respecting human, civil and political rights.

As the Secretary has noted, a number of events since August 2001 also have contributed to a reevaluation of our policy toward Cuba.

First, in the wake of the tragic events of September 11, Cuba's reaction was hostile to U.S. efforts to respond to terrorism. This was clear from Cuban government statements that the war in Afghanistan is "fascistic and militaristic" and the Cuban Foreign Minister's remarks at the U.N. General Assembly, when he accused the United States of intentionally targeting Afghan children for death and Red Cross hospitals in Afghanistan for destruction.

Also in September, five agents of the Cuban government were sentenced for conspiring to spy against the United States, including efforts to penetrate U.S. military bases. One of these five also was convicted and sentenced for conspiracy to commit murder.

Further, on September 21, 2001, Ana Belen Montes, a senior analyst in the Defense Intelligence Agency, was arrested for spying for Cuba against the United States. She subsequently entered a guilty plea in March 2002.

Spying, Cuba's harboring of fugitives from U.S. justice, and its continued violation of human rights and fundamental freedoms, combine to demonstrate that Cuba continues to carry out its aggressive policies against the United States and its own people.

Moreover, we know that Cuba has a sophisticated biotechnology infrastructure capable of supporting a biological weapons program and has transferred dual-use technology to a number of countries around the world, including those with known or suspected biological weapons programs. These facts underpin our assessment that Cuba has at least a limited, developmental biological weapons research and development effort.

These incidents clearly reaffirm Cuba's hostility to the United States and the threat it represents to our national security. As a result, Administration policy considers visits by senior Cuban officials, at this time, to be inappropriate and detrimental to the national interest.

That said, the Administration is open to transforming the relationship. The president's initiative offers a serious alternative, one which we urge the Government of Cuba to weigh carefully.

Presently, sales of medicine and agricultural commodities to Cuba are, while subject to certain restrictions, legal. Sales of medicine have been legal since passage of the Cuban Democracy Act of 1992 (CDA); the Government of Cuba, however, has been reluctant to purchase medicine and medical equipment from the United States at least in part because it finds prices to be too high.

In 1999, President Clinton authorized licensing by Commerce's Bureau of Export Administration, recently renamed the Bureau of Industry and Security, of sales of food and agricultural inputs to independent entities in Cuba, including religious groups, private farmers and private sector undertakings such as family restaurants. This measure did not result in significant sales because the Cuban government opposed it.

The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) permitted the Cuban government to purchase, on a cash basis or with financing by third-country financial institutions, agricultural commodities from the United States. Through late 2001, Castro refused to buy "even a grain of rice" from the United States and perhaps with good reason.

Cuba is one of the most heavily indebted countries in the world, with an external debt burden of about \$3000 per capita, including ruble debt. As a result of its economic performance, Moodys rates Cuba in its lowest category. Cuba is so bad off that its merchant marine leaves behind a "trail of unpaid creditors at every port they visit," according to an Amsterdam newspaper that also recently observed, "Cuba is practically bankrupt." No wonder Castro executed a 180-degree policy turn, after Hurricane Michelle last November.

Despite the Castro regime's implacable hostility, the Administration has carried out and will continue to carry out its responsibilities under TSRA. Since Cuba decided to make food purchases from the United States, Cuba has made more than \$40 million in sales, with another \$50 million reported to be in progress. Overall the Administration has licensed more than \$1.2 billion worth of agricultural commodities for Cuba since implementation of TSRA in July 2001. These purchases demonstrate the Cuban regime's strong motivation to complete these sales, particularly taking into account that the Cuban government has chosen to use its very limited foreign exchange reserves in these transactions. This is one reason for the Administration's policy judgment that marketing visits by Cuban trade officials are not necessary to conclude purchases of U.S. agricultural commodities.

Applications for visas by Cuban officials are considered on a case-by-case basis at the time of application in accordance with existing law and in light of current policy considerations. The Department of State recognizes that visits to agricultural production facilities to address certain sanitary and phytosanitary issues may be needed so that sales can be completed. Visas have been issued to such personnel in the past and such visa applications as are received by the U.S. Interests Section will be carefully considered. In addition, representatives of American firms who wish to arrange legally permitted trade can request specific licenses from the Department of Treasury that allow travel-related transactions for visits to Cuba.

In conclusion, as the president said yesterday, quoting Jose Marti, "Barriers of ideas are stronger than barricades of stone." For the benefit of Cuba's people, it is time for Mr. Castro to cast aside old and failed ideas and to start to think differently about the future. Today could mark a new dawn in a long friendship between our people, but only if the Castro regime sees the light."

Thank you, Mr. Chairman.

NOTABLE QUOTES

"Because the president insisted that Castro allow free and fair elections, permit market reforms, and begin respecting basic human rights, we can be certain that any prospective improved relations between our two countries will not strengthen Castro's engine of oppression, but will instead empower the people of Cuba." Majority Whip **Tom DeLay** (R-TX) comments on President Bush's announcements in Washington and Miami of the administration's "Initiative for a New Cuba." (PR, "Bush Stands Strong and Appropriate; Hemisphere's Lone Non-Democracy Celebrates Centennial," 5/20/02).

"Throwing worn-out wallpaper on a cracked foundation just doesn't work. The Bush administration proposal amounts to nothing more than that. Don't solve the problem, just end up with more rhetoric. We need fundamental change in the way we look at Cuba." Senator **Christopher Dodd** (D-CT), who is chairman of the Foreign Relations Western Hemisphere Subcommittee, criticizes President Bush's Cuba policy review. (CNN, "Democratic senators reject Bush's policy on Cuba," 5/20/02).

"The president has laid out a road map for a transition to democracy in Cuba and set forth reasonable conditions for normalizations of U.S. ties. The president has properly refocused attention on violations of human rights by the Castro regime and the lack of democracy in Cuba. He made a compelling argument that Cuba's lack of economic and political freedom gives the U.S. no incentive to lift trade sanctions because only the Castro regime will benefit from doing so." Rep. **Henry J. Hyde** (R-IL), chairman of the House International Relations Committee, issues a statement in support of President Bush's Initiative for a New Cuba." (PR, "Rep. Hyde Praises Bush Initiative on Cuba," 5/20/02).

"President Bush today has reiterated his unwavering support for the Cuban people and their struggle for freedom, aligning U.S. foreign policy more closely than ever before with the efforts of Cuba's democracy activists." **Jorge Mas Santos**, chairman of the Cuban American National Foundation (CANF) voices support for the Bush administration's Initiative for a New Cuba. (CANF Applauds Bush Initiative on Cuba," 5/20/02).

"Overall, it's a continuation of a strategy of conditionality that, in the past, has led to a defensive reaction within Cuba rather than the opening that we're looking for." Assessment of President Bush's "Initiative for a New Cuba" by **Jennifer McCoy**, a professor of political science at Georgia State University, who is also the director of the Americas Program at the Carter Center in Atlanta, Georgia. (CNN, "Democratic senators reject Bush's policy on Cuba," 5/20/02).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 5

May 31, 2002

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

Ralph J. Galliano, Editor

UNDER SECRETARY OF STATE JOHN BOLTON NAMES CUBA AS BIOTERROR THREAT IN "BEYOND AXIS OF EVIL" SPEECH

WASHINGTON – Delivering a major address before the Heritage Foundation, Under Secretary of State for Arms Control and International Security, John R. Bolton said, "The spread of weapons of mass destruction to state sponsors of terrorism and terrorist groups is, in my estimation, the gravest security threat we now face." The weapons of mass destruction (WMD) are: nuclear, chemical, and biological. But unlike the Cold War period where the "specter of nuclear war between two superpowers" existed, Bolton offered a new doomsday scenario coming "from transnational terrorist cells that will strike without warning using weapons of mass destruction." Since the attacks of September 11th, Bolton painted a picture where "in the context of this new international security situation" the Bush administration is "working hard to create a comprehensive security strategy with Russia, a plan President Bush calls the *New Strategic Framework*" seeking, in part, to "work together to combat terrorism and the spread of weapons of mass destruction, which threaten both our countries." Referring to the "catastrophic consequences" that would result from the actions taken by "terrorists or their rogue state sponsors," Bolton said they are "willing to use disease as a weapon to spread chemical agents to inflict pain and death, or to send suicide-bound adherents armed with radiological weapons on missions of mass murder." During the Cold War, the United States "relied principally on passive measures to stem proliferation" of weapons of mass destruction and viewed "proliferation and terrorism as entirely separate issues." No longer; once passive measures have turned to measures of preventative action where terrorists or their rogue state sponsors "can expect to become our targets." Bolton explained, "It means taking action against proliferators, middlemen, and weapons brokers, by exposing them, sanctioning their behavior, and working with other countries to prosecute them *or otherwise bring a halt to their activities.*" He mentioned the importance of multilateral agreements to "our nonproliferation arsenal" including the Non-Proliferation of Nuclear Weapons (NPT) Treaty, the Chemical Weapons Convention (CWC), and the Biological Weapons Convention (BWC), to which Cuba is a signatory. In November of 2001, Bolton named violators to the BWC which were "conducting offensive biological weapons programs." He named Iraq, North Korea, and Iran. President Bush, in his State of the Union Address, said these three countries "constitute an axis of evil." Then on Monday, May 6th, in his "Beyond the Axis of Evil" speech, Bolton labeled three "other rogue states," which "are intent on acquiring weapons of mass destruction – particularly biological weapons." The countries he named were Libya, Syria, and Cuba, all of which are listed by the State Department as state sponsors of terrorism.

▪ Under Secretary of State John Bolton Names Cuba as Bioterror Threat.....	1
▪ State Department Issues 2001 Global Terrorism Report.....	4
▪ Former President Carter Travels to Cuba: An Assessment.....	5
▪ Russia Exports Extra Oil to Fund Lourdes Base Closure: Castro Offers Lourdes to China...	6
▪ USPTO Suspends Action on Havana Club Trademark.....	8

TRANSFER OF DUAL-USE BIOTECHNOLOGY — Although outside experts, along with members of the Bush administration, have named Cuba in connection with a biological weapons program, Bolton's speech at the Heritage Foundation, in particular, attracted a great deal of attention as well as criticism, especially from the Castro regime. Soviet defector Ken Alibek wrote in his book *Biohazard*, published by Random House in 2000, that "Cuban scientists had successfully altered strains of bacteria at a pharmaceutical facility just outside Havana" (USCPR, Vol.9,No.3). Secretary of Defense Donald Rumsfeld said on September 23, 2001 that Cuba has a "very active" biological warfare program (USCPR, Vol.9,No.3). On October 11, 2001, Brian Latell, adjunct professor at Georgetown University's School of Foreign Service and the former National Intelligence officer for Latin America at the CIA, acknowledged Cuba's "capability to conduct biological warfare" (USCPR, Vol.8,No.10). Assistant Secretary of State for Intelligence and Research, Carl W. Ford, Jr., testified before the Senate Foreign Relations Committee on March 19, 2002 that "Cuba has provided dual-use biotechnology to rogue states" (USCPR, Vol.9,No.3). While the Cuban government has vehemently denied Bolton's accusation, in its own defense, *Granma International Digital* on May 23rd printed statements made by Iranian Ambassador Seyed D. Salehi at a press conference held at the Iranian embassy in Havana. Salehi claimed that "cooperation between Iran and Cuba is humanitarian and scientific." The Iranian ambassador admitted dual-use biotechnology transfer saying, "In 1998, my country signed a technology transfer agreement with a Cuban laboratory for producing a hepatitis B vaccine" and "in April 1998, Iran and Cuba signed an additional technology transfer agreement for another three products: interferon, used in the treatment of hepatitis B and C, AIDS and cancer; streptokinase, very useful in cardiology; and the urology medication erythropoietin." This had been confirmed earlier by Jose de la Fuente, the former director of research and development at the Center for Genetic Engineering and Biotechnology (CIGB) in Havana. In October 2001, Fuente wrote about the sale to Iran "of the production technology for three of the CIGB's most significant accomplishments." In the journal *Nature Biotechnology* Fuente charged, "There is no one who truly believes that Iran is interested in these technologies for the purpose of protecting all the children in the Middle East from hepatitis, or treating their people with cheap streptokinase when they suffer sudden cardiac arrest." In his Heritage Foundation speech, Bolton said the United States "believes that Cuba has at least a limited offensive biological warfare research and development effort" and "Cuba has provided dual-use biotechnology to other rogue states." He called on Cuba "to cease all BW-applicable cooperation with rogue states and to fully comply with all its obligations under the Biological Weapons Convention." Excerpts of Bolton's speech, provided by his office, are reprinted below.

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UNDER SECRETARY BOLTON'S HERITAGE SPEECH: EXCERPTS

BEYOND THE AXIS OF EVIL

Thank you for asking me here to the Heritage Foundation. I'm pleased to be able to speak to you today about the Bush Administration's efforts to combat the proliferation of weapons of mass destruction. The spread of weapons of mass destruction to state sponsors of terrorism and terrorist groups is, in my estimation, the gravest security threat we now face. States engaging in this behavior -- some of them parties to international treaties prohibiting such activities -- must be held accountable, and must know that only by renouncing terrorism and verifiably forsaking WMD can they rejoin the community of nations.

The New Security Environment

Eight months into the war on terror, the United States and its partners have made great strides. We have helped the Afghan people overthrow an oppressive, terrorist-harboring regime in Afghanistan, foiled terrorist plots in places such as Germany, Yemen, Spain and Singapore, and stanching the flow of funds that allowed Al-Qaeda's schemes to come to fruition. We have captured the number three man in Al-Qaeda, and will bring him to justice. And this is just the beginning.

The attacks of September 11 reinforced with blinding clarity the need to be steadfast in the face of emerging threats to our security. The international security environment has changed, and our greatest threat comes not from the specter of nuclear war between two superpowers, as it did during the Cold War, but from transnational terrorist cells that will strike without warning using weapons of mass destruction. Every nation -- not just the United States -- has had to reassess its security situation, and to decide where it stands on the war on terrorism.

In the context of this new international security situation, we are working hard to create a comprehensive security strategy with Russia, a plan President Bush calls the New Strategic Framework. The New Strategic Framework involves reducing offensive nuclear weapons, creating limited defensive systems that deter the threat of missile attacks, strengthening nonproliferation and counterproliferation measures, and cooperating with Russia to combat terrorism. It is based on the premise that the more cooperative, post-Cold War relationship between Russia and the United States makes new approaches to these issues possible...

In preparation for the summit meeting in Moscow and St. Petersburg later this month, we have been working closely with the Russians to embody the reductions in offensive warheads into a legally-binding document that will outlast the administrations of both Presidents. We are also working to draft a political declaration on the New Strategic Framework that would cover the issues of strategic offensive and defensive systems, nonproliferation and counterproliferation. We are optimistic that we will have agreement in time for the summit in Moscow, May 23rd to 25th.

Strengthening the U.S.-Russian relationship has been a priority of the Bush Administration, even prior to the September 11 attacks. In the current security climate, cooperation with Russia becomes even more important, so that we can work together to combat terrorism and the spread of weapons of mass destruction, which threaten both our countries.

Preventing Terrorism's Next Wave

President Bush believes it is critical not to underestimate the threat from terrorist groups and rogue states intent on obtaining weapons of mass destruction. As he said on the six-month anniversary of the attacks, "Every nation in our coalition must take seriously the growing threat of terror on a catastrophic scale -- terror armed with biological, chemical, or nuclear weapons." We must not doubt for a moment the possible catastrophic consequences of terrorists or their rogue state sponsors who are willing to use disease as a weapon to spread chemical agents to inflict pain and death, or to send suicide-bound adherents armed with radiological weapons on missions of mass murder...

In the past, the United States relied principally on passive measures to stem proliferation. Arms control and nonproliferation regimes, export controls, and diplomatic overtures were the primary tools used in this fight. But September 11th, the subsequent anthrax attacks, and our discoveries regarding Al-Qaeda and its WMD aspirations has required the U.S. to complement these more traditional strategies with a new approach. The Bush Administration is committed to combating the spread of nuclear, chemical, and biological weapons, missiles, and related equipment, and is determined to prevent the use of these deadly weapons against our citizens, troops, allies, and friends...

The Problem of Noncompliance

Multilateral agreements are important to our nonproliferation arsenal. This Administration strongly supports treaties such as the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the Chemical Weapons Convention, and the Biological Weapons Convention. But in order to be effective and provide the assurances they are designed to bring, they must be carefully and universally adhered to by all signatories. Therefore, strict compliance with existing treaties remains a major goal of our arms control policy...

While the vast majority of the BWC's parties have conscientiously met their commitments, the United States is extremely concerned that several states are conducting offensive biological weapons programs while publicly avowing compliance with the agreement. To expose some of these violators to the international community, last November, I named publicly several states the U.S. government knows to be producing biological warfare agents in violation of the BWC.

Foremost is Iraq. Although it became a signatory to the BWC in 1972 and became a State Party in 1991, Iraq has developed, produced, and stockpiled biological warfare agents and weapons...

Next is North Korea. North Korea has a dedicated, national-level effort to achieve a BW capability and has developed and produced, and may have weaponized, BW agents in violation of the Convention...

Then comes Iran. Iran's biological weapons program began during the Iran-Iraq war, and accelerated after Tehran learned how far along Saddam Hussein had progressed in his own program. The Iranians have all of the necessary pharmaceutical expertise, as well as the commercial infrastructure needed to produce -- and hide -- a biological warfare program...

President Bush named these three countries in his State of the Union address earlier this year as the world's most dangerous proliferators. "States like these, and their terrorist allies," he said, "constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger."

Trouble Ahead

Beyond the axis of evil, there are other rogue states intent on acquiring weapons of mass destruction -- particularly biological weapons. Given our vulnerability to attack from biological agents, as evidenced recently in the anthrax releases, it is important to carefully assess and respond to potential proliferators. Today, I want to discuss three other state sponsors of terrorism that are pursuing or who have the potential to pursue weapons of mass destruction or have the capability to do so in violation of their treaty obligations. While we will continue to use diplomatic efforts and multilateral regimes with these countries, it is important to review the challenges we face and to underline the issues that these states must address. As the President has said, "America will do what is necessary to ensure our nation's security. We'll be deliberate. Yet time is not on our side. I will not wait on events while dangers gather. I will not stand by as peril draws closer and closer."

First, Libya. There is no doubt that Libya continues its longstanding pursuit of nuclear weapons. We believe that since the suspension of UN sanctions against Libya in 1999, Libya has been able to increase its access to dual use nuclear technologies...

Among its weapons of mass destruction programs, Libya -- which is not a party to the CWC -- continues its goal of reestablishing its offensive chemical weapons ability, as well as pursuing an indigenous chemical warfare production capability. Libya has produced at least 100 tons of different kinds of chemical weapons, using its Rabta facility. That facility closed down after it was subject to media scrutiny, but then re-opened as a pharmaceutical plant in 1995...

The United States also knows that Syria has long had a chemical warfare program. It has a stockpile of the nerve agent sarin and is engaged in research and development of the more toxic and persistent nerve agent VX...

In addition to Libya and Syria, there is a threat coming from another BWC signatory, and one that lies just 90 miles from the U.S. mainland -- namely, Cuba. This totalitarian state has long been a violator of human rights. The State Department said last year in its Annual Report on Human Rights

Practices that “the Government continued to violate systematically the fundamental civil and political rights of its citizens. Citizens do not have the right to change their government peacefully. Prisoners died in jail due to lack of medical care. Members of the security forces and prison officials continued to beat and otherwise abuse detainees and prisoners . . . The Government denied its citizens the freedoms of speech, press, assembly and association.”

Havana has long provided safe haven for terrorists, earning it a place on the State Department's list of terrorist-sponsoring states. The country is known to be harboring terrorists from Colombia, Spain, and fugitives from the United States. We know that Cuba is collaborating with other state sponsors of terror.

Castro has repeatedly denounced the U.S. war on terrorism. He continues to view terror as a legitimate tactic to further revolutionary objectives. Last year, Castro visited Iran, Syria and Libya – all designees on the same list of terrorist-sponsoring states. At Tehran University, these were his words: “Iran and Cuba, in cooperation with each other, can bring America to its knees. The U.S. regime is very weak, and we are witnessing this weakness from close up.”

But Cuba's threat to our security often has been underplayed. An official U.S. government report in 1998 concluded that Cuba did not represent a significant military threat to the United States or the region. It went only so far as to say that, “Cuba has a limited capacity to engage in some military and intelligence activities which could pose a danger to U.S. citizens under some circumstances.” However, then-Secretary of Defense William Cohen tried to add some balance to this report by expressing in the preface his serious concerns about Cuba's intelligence activities against the United States and its human rights practices. Most notably, he said, “I remain concerned about Cuba's potential to develop and produce biological agents, given its biotechnology infrastructure...”

Why was the 1998 report on Cuba so unbalanced? Why did it underplay the threat Cuba posed to the United States? A major reason is Cuba's aggressive intelligence operations against the United States, which included recruiting the Defense Intelligence Agency's senior Cuba analyst, Ana Belen Montes, to spy for Cuba. Montes not only had a hand in drafting the 1998 Cuba report but also passed some of our most sensitive information about Cuba back to Havana. Montes was arrested last fall and pleaded guilty to espionage on March 19th.

For four decades Cuba has maintained a well-developed and sophisticated biomedical industry, supported until 1990 by the Soviet Union. This industry is one of the most advanced in Latin America, and leads in the production of pharmaceuticals and vaccines that are sold worldwide. Analysts and Cuban defectors have long cast suspicion on the activities conducted in these biomedical facilities.

Here is what we now know: The United States believes that Cuba has at least a limited offensive biological warfare research and development effort. Cuba has provided dual-use biotechnology to other rogue states. We are concerned that such technology could support BW programs in those states. We call on Cuba to cease all BW-applicable cooperation with rogue states and to fully comply with all of its obligations under the Biological Weapons Convention.

Conclusion

America is leading in the fight to root out and destroy terror. Our goals are to stop the development of weapons of mass destruction and insure compliance with existing arms control and nonproliferation treaties and commitments, which the Bush Administration strongly supports, but experience has shown that treaties and agreements are an insufficient check against state sponsors of terrorism. Noncompliance can undermine the efficacy and legitimacy of these treaties and regimes. After all, any nation ready to violate one agreement is perfectly capable of violating another, denying its actual behavior all the while. And so I close with four fundamental conclusions. First, that global terrorism has changed the nature of the threat we face. Keeping WMD out of terrorist hands must be a core element of our nonproliferation strategy.

Second, the Administration supports an international dialogue on weapons of mass destruction and encourages countries to educate their publics on the WMD threat. We must not shy away from truth telling.

Third, the Administration will not assume that because a country's formal subscription to UN counterterrorism conventions or its membership in multilateral regimes necessarily constitutes an accurate reading of its intentions. We call on Libya, Cuba, and Syria to live up to the agreements they have signed. We will watch closely their actions, not simply listen to their words. Working with our allies, we will expose those countries that do not live up to their commitments.

Finally, the United States will continue to exercise strong leadership in multilateral forums and will take whatever steps are necessary to protect and defend our interests and eliminate the terrorist threat.

Thank you.

STATE DEPARTMENT ISSUES 2001 GLOBAL TERRORISM REPORT

Patterns of Global Terrorism 2001 is the State Department's tenth annual report on the status of worldwide terrorism, which counts Cuba among seven state sponsors of terrorism including: Iran, Iraq, Syria, Libya, Sudan, and North Korea. This report comes in the wake of the September 11, 2001 terrorist attacks on America, where Cuba's dictator, Fidel Castro, is described as having “vacillated over the war on terrorism” and criticized the U.S. as “militaristic and fascist.” The report charges Castro as continuing to “view terror as a legitimate revolutionary tactic,” while citing Cuba's harboring of U.S. fugitives and terrorists, including the IRA/Sinn Fein representative in Havana, Niall Connolly, arrested in Bogota, Colombia. The Cuba section to the report is reprinted below.

PATTERNS OF GLOBAL TERRORISM 2001: CUBA

U. S. Department of State

Released by the Office of the Coordinator for Counterterrorism

May 21, 2002

Overview of State Sponsored Terrorism

Cuba

Since September 11, Fidel Castro has vacillated over the war on terrorism. In October, he labeled the US-led war on terrorism “worse than the original attacks, militaristic, and fascist.”

When this tactic earned ostracism rather than praise, he undertook an effort to demonstrate Cuban support for the international campaign against terrorism and signed all 12 UN counterterrorism conventions as well as the Ibero-American declaration on terrorism at the 2001 summit. Although Cuba decided not to protest the detention of suspected terrorists at the US Naval Base at Guantanamo Bay, it continued to denounce the global effort against terrorism—even by asserting that the United States was intentionally targeting Afghan children and Red Cross hospitals.

Cuba's signature of UN counterterrorism conventions notwithstanding, Castro continued to view terror as a legitimate revolutionary tactic. The Cuban Government continued to allow at least 20 Basque ETA members to reside in Cuba as privileged guests and provided some degree of safe haven and support to members of the Colombian FARC and ELN groups. In August, a Cuban spokesman revealed that Sinn Fein's official representative for Cuba and Latin America, Niall Connolly, who was one of three Irish Republican Army members arrested in Colombia on suspicion of providing explosives training to the FARC, had been based in Cuba for five years. In addition, the recent arrest in Brazil of the leader of a Chilean terrorist group, the Frente Patriótico Manuel Rodríguez (FPMR), has raised the strong possibility that in the mid-1990s, the Cuban Government harbored FPMR terrorists wanted for murder in Chile. The arrested terrorist told Brazilian authorities he had traveled through Cuba on his way to Brazil. Chilean investigators had traced calls from FPMR relatives in Chile to Cuba following an FPMR prison break in 1996, but the Cuban Government twice denied extradition requests, claiming that the wanted persons were not in Cuba and the phone numbers were incorrect.

Numerous US fugitives continued to live on the island, including Joanne Chesimard, wanted in the United States for the murder in 1973 of a New Jersey police officer and living as a guest of the Castro regime since 1979.

FORMER PRESIDENT CARTER TRAVELS TO CUBA: AN ASSESSMENT

Long an advocate of normalization of relations with the Cuban government, former President Jimmy Carter (1977-1980) is viewed worldwide as a supporter of democracy and human rights. On March 22nd, Carter announced he had accepted the invitation to visit Cuba extended to him by Communist dictator Fidel Castro (USCPR, Vol.9,No.3). Carter's journey to Cuba, however, was ill-timed and ill-advised. For whatever benefits may have been derived were offset by Castro's manipulation of the former president's schedule and the propaganda value to the regime.

Carter's visit, which lasted from May 12th through May 17th (USCPR, Vol.9,No.4), generated widespread international press coverage and, arguably, was intended to undermine President George W. Bush's planned May 20th commemoration of the 100th anniversary of Cuban independence (USCPR-SE, May 29, 2002).

Aptly describing the former president as a "private citizen" who was "not traveling as a representative of the US Government," State Department Press Spokesman Richard Boucher on Friday, May 10th expressed the sentiments of the Bush administration. "We hope that President Carter, as a strong supporter of democracy and human rights, can deliver a very direct and straightforward message that it's time for a rapid and peaceful transition to democracy in Cuba, and that the Cuban people's freedoms of speech, assembly and to choose their leaders are respected," said Boucher. Carter, whose speech to the nation was broadcast live to the Cuban people over radio and television, not only became the first former president to visit Castro's Cuba but he also became the first former president to publicly oppose current U.S. policy from a country that is listed as a state sponsor of terrorism.

Speaking at the University of Havana on Tuesday, May 14th, Carter said, "my hope is that Congress will soon act to permit unrestricted travel between the United States and

Cuba, establish open trading relationships, and repeal the embargo." Critical also of his own country, with Castro sitting in the front row, Carter said, "My nation is hardly perfect in human rights. A very large number of our citizens are incarcerated in prison, and there is little doubt that the death penalty is imposed harshly on those who are poor, black, or mentally ill." While praising Cuba's socialist health and education systems, Carter's 20-minute speech reiterated his support for socialized medicine in the United States.

Carter's visit..., arguably, was intended to undermine President George W. Bush's planned May 20th commemoration of the 100th anniversary of Cuban independence.

As Cuba foreshadowed his foreign policy failures, Carter signed off on Presidential Directive/NSC-6 following a "Policy Review" and called for "normalization of our relations with Cuba" less than two months into his presidency on March 15, 1977. The now declassified White House document shows Carter calling for secret talks with the Cuban

government and at the same time characterizing U.S.-based anti-Castro exile groups as terrorists to be apprehended and prosecuted. Reaching out to the regime, Carter was unable to persuade Castro to withdraw his Soviet-armed troops from Angola, after the Cubans helped the Communist MPLA gain control of the oil and mineral rich southern African country.

Nationally syndicated columnist, Charles Krauthammer, has described 1979 as the nadir of the Cold War for the United States, marked by: the Soviet invasion of Afghanistan; the Vietnamese invasion of Cambodia; Castro-supported Maurice Bishop coming to power in Grenada; Islamic militants seizing the U.S. embassy in Tehran and taking 62 Americans hostage; and, the Marxist Sandinistas taking over Nicaragua. In the election year of 1980, Castro rewarded Jimmy Carter's rapprochement with Cuba by unleashing the Mariel boat lift, a protracted emigration crisis that helped to sink his presidency.

RUSSIA EXPORTS EXTRA OIL TO FUND LOURDES BASE CLOSURE: CASTRO OFFERS LOURDES SPY BASE TO CHINA

In separate responses to Congresswoman Ileana Ros-Lehtinen's (R-FL) letter addressed to President Bush of October 17, 2001 (USCPR-SE, October 26, 2001) regarding Russian President Vladimir Putin's announced decision to close the four-decade-old spy base located at Lourdes, Cuba, National Security Advisor Condoleezza Rice wrote on January 8, 2002 that "we will carefully monitor the steps the Russian government now takes to permanently close the Lourdes facility so that it can no longer be directed against American interests." Rice's letter to Ros-Lehtinen dated January 24, 2002 appears to have differed in two ways from her earlier response. First, it addressed the issue raised by Ros-Lehtinen in her October 17th letter having to do with the "intelligence gathered...immediately prior to and in the aftermath" of the terrorist attacks of September 11th. Second, in addressing the issue of the Lourdes base closure, Rice stressed the "actions taken by Russia to close this facility *permanently*" (emphasis added).

Igor Ivanov, the Russian Minister of Foreign Affairs, stated on the floor of the State Duma of the Federal Assembly on March 15, 2002, "Negotiations were held with the Cuban partners, resulting in an agreement that on January 1, this year, the station would cease to operate." At an official bilateral farewell ceremony held at Lourdes on Friday, December 28th attended by Russian ambassador to Cuba Andrei V. Dmitriev and Russian military officials, it was indicated that the dismantling of Lourdes would begin on January 15th using three An-124s, the largest cargo planes in the world, to haul the equipment back to Russia. On Saturday, January 26th, Cuban General Raul Castro, Minister of the Revolutionary Armed Forces, announced the base had been dismantled and was no longer operational.

Due to financial problems, Russian Prime Minister Mikhail Kasayanov was reported by *Reuters* on May 16th to have signed a "secret order granting Rosneft and Zarubezhneft the extra shipments" of crude oil to be sold in Europe that were necessary to fund the shipments of the Lourdes equipment back to Russia. According to the May 24th issue of the Russian daily *Izvestia*, as reported by *Focus on Cuba*, an information service of the Cuba transition project at the University of Miami, the Cuban government has "denied permission to transport the equipment back to Russia until Moscow settles the debt allegedly owed to Cuba for using the base." It was further reported by *Izvestia* that "Castro's offer to China to utilize Lourdes has been received with interest by Beijing." Ros-Lehtinen's May 30th letter to President Bush is reprinted below. In it she writes of the Cuban offer to the Chinese military that it, "demonstrates the malice and ill-intent of the Castro regime regarding the security of the United States."

ROS-LEHTINEN LETTER PRESIDENT BUSH

Congress of the United States
House of Representatives

May 30, 2002
The Honorable George W. Bush
President of the United States
The White House
Washington, D.C. 20500
Dear Mr. President:

Upon learning of the announcement by the Russian Federation that it would "pullout" of their intelligence-gathering facility at Lourdes, Cuba, I immediately sought your assistance in ensuring that *"the Russian Federation not just withdraw from Lourdes but that it destroy all its equipment – including, but not limited to, radars, satellites, dishes, and computers – rendering the facility inoperable"* and to ensure that *"neither the Castro regime, nor China, ... nor any other enemy of the United States can use this facility to obtain military, political, and economic intelligence about the United States nor personal data about our leaders."* (Letter dated October 17, 2001).

This concern has become a very real threat as revealed by the Russian daily, *Izvestia*, on May 24th, which reported that "Castro has made an offer to the Chinese military to either operate the facility or rent some of the installations at the Russian base." This offer underscores the growing military cooperation between China's PLA and Castro's forces, and further demonstrates the malice and ill-intent of the Castro regime regarding the security of the United States.

Mr. President, it is critically important that you secure a commitment from Russian President Putin to immediately dismantle and remove all equipment at the Lourdes base and render all installations inoperable for intelligence-gathering purposes or other activities which threaten U.S. national interests. As an ally of the United States, Mr. Putin should be anxious to cooperate in this matter.

Thank you for your consideration.

Sincerely,
Ileana Ros-Lehtinen
Member of Congress

EURO CURRENCY OFFICIALLY IN USE IN CUBA

"Stores...three hotels and restaurants inaugurated the use of a third exchange currency that will live in our country with the U.S. dollar and Cuban peso," reported the Communist youth newspaper, *Juventud Rebelde* on May 24th from the beach resort area of Varadero, according to Marc Frank of *Reuters*. The euro is primarily intended for use throughout Cuba's tourist industry of which Europeans are said to make up 55 percent of the island's visitors. "We hope by 2003 that the euro can be used as a money of exchange at all areas in Cuba frequented by tourists," said Tourism Minister Ibrahim Ferradaz.

Not until the elimination of the Soviet subsidies -- amounting to nearly \$6 billion a year -- the withdrawal of Soviet troops, and the collapse of the Soviet Union in December 1991 did Cuba permit the "dollarization" of its economy. Desperate for foreign exchange, the Cuban Central Bank moved in August 1993 to adopt the U.S. dollar as a legal currency to be used on island.

Cuba will officially begin to use the euro currency on island, effective June 1, 2002. Although, on July 1, 1999 Cuba followed the EU, which began to utilize the euro for trade and credit transactions within the EU. Twelve of the fifteen European Union (EU) countries began to use the euro currency on January 1, 2002, when the Cuban central bank also had planned to start using the euro currency.

While the dollar is utilized in so-called *diploitiendas* or dollar stores -- supermarkets and department stores which carry foods, products, and clothing unavailable to the common Cuban, but instead to Cubans with access to dollars -- their choice of the euro is primarily an effort by the Cuban government to exploit its ties to the EU and the tourism sector of its economy, where tourists come primarily from Europe. Cash register receipts now specify amounts in both euros and dollars.

If what the Economic Ministry says is accurate, then 70 percent of the Cuban population of 11 million people have no access to U.S. dollars, irrespective of the sources flowing into the island: tips from tourists, bonuses from foreign employers, and remittances from relatives in America. The Labor Ministry says that at least 25 percent or 1.1 million people in a work force of 4.3 million receive part of their pay in dollars.

On Friday, May 31st, the Cuban government announced major price increases in its dollar stores in order to make up for a loss in foreign exchange. This loss is due to a significant drop in tourism and remittances following the September 11th terrorist attacks on America along with the use of scarce currency reserves needed to pay in cash for the recent and ongoing purchases of U.S. food and agricultural products. Add to the mix Cuba's payment of higher prices for petroleum on the world market since the cutoff of subsidized Venezuelan oil; this alone has caused extremely serious problems for the Cuban government which is dependent on foreign imports.

Today, the Cuban economy remains very dollar-dependent, particularly with regard to remittances. The irony of the current state of the Cuban economy is the fact that its failure is highlighted by its near total dependence on the U.S. dollar and perhaps in the future the euro as well. With the euro, the Central Bank introduces a fourth level of exchange into the Cuban economy: the informal peso (floating), the convertible peso (on par with the U.S. dollar), and the U.S. dollar. □

CURRENCIES & COMMODITIES

1 Euro = 0.9306 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 24.20 Cuban Peso

Rates as of May 31, 2002.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 7.57
Year ago nearby = 8.55
Future (July '02) = 5.90
High = 9.60
Low = 4.83

Cash/Spot price as of May 31, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(Sper bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 25.30-25.35
Year ago (May 31) = 28.37
Future (July '02) = 25.31

Cash/Spot \$ price as of May 31, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,690
Year ago (May 30) = 7,120

(\$ per metric ton)
Official Price: May 30, 2002.
Source: London Metal Exchange.

Cobalt = 8.70 - 8.90
Year ago (May 28) = 11.80 - 12.75

(\$ per pound for 99.8%)
Price: May27, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

THE WALL STREET JOURNAL CALLS FOR LIFTING OF CUBA EMBARGO AND TRAVEL BAN

— In its editorial commentary of Thursday, May 9th entitled: "Bush's Cuba Pickle," the *Wall Street Journal* said, "It's past time to lift the embargo and travel ban." The *Journal's* position, predicated upon the premise that this White House's decision to maintain America's economic embargo against the Castro regime and the travel ban that deprives Havana of additional U.S. dollars involves raw electoral politics, suggests that the Bush presidency lacks both principles and a moral compass. Undeniably, George W. Bush is a strong anti-Communist, who understands the Cuban Americans and empathizes with the Cuban-exile experience. The purpose of the embargo – just one weapon in America's foreign policy arsenal – is to either deprive a government of favorable support or to bring down that government. Experiencing a severe cash crunch, the economy of Cuba hasn't been this bad off since the "Special Period in Times of Peace" was implemented in September of 1990, shortly after the fall of the Berlin Wall in 1989. The dissolution of the *Eastern Bloc* caused the severance of vital trade and financial relationships with Cuba and by 1993 the island's economy was "dollarized" following the end of its massive subsidies and the demise of the Soviet Union in December 1991. The *Journal* wonders, given the convergence of recent events, including the legislative thrust by the bipartisan Cuba Working Group, former President Jimmy Carter's visit to Cuba, and the White House Policy Review, whether President Bush will resort to "vetoing an entire appropriations bill" when faced with overwhelming pressure to repeal the travel ban? The *Journal* asserts that, "Ending the travel ban and embargo will make it harder for the post-Castro era to be controlled by the same gang of thugs." The editorial optimistically concludes, "Even if we have to wait until after the Florida election to hear a Bush official admit it." Since September 11th, the wild card in this scenario, however, is national security, which always trumps trade. It doesn't help advocates of free trade with Cuba, either, that the Castro regime is designated as a state sponsor of terrorism by the State Department and connected with a biological weapons program.

USPTO SUSPENDS ACTION ON HAVANA CLUB TRADEMARK CANCELLATION PROCEEDING – On May 13th, the U.S. Patent and Trademark Office (USPTO) suspended action of the cancellation proceeding (No.92-024108) first initiated in 1995 by Bacardi USA for the Havana Club trademark registration (No. 1,031,651), a challenge to Cuba's property confiscation that was decreed by the Castro regime on October 15, 1960 (USCPR, Vol.6, No.4). The Cuban state enterprise CubaExport registered the Havana Club trademark in the U.S. on January 27, 1976. In 1993, CubaExport assigned the U.S. trademark registration to another state enterprise, Havana Rum & Liquors, S.A. (HRL), which in turn reassigned it a month later in November to Havana Club Holding (HCH) – a Luxembourg joint venture between HRL and the French wine and spirits producer, Pernod Ricard. Though the assignments were accomplished in the USPTO in 1993, no Treasury Department (OFAC) license for the assignment of the U.S. registration was sought or granted until 1995. When it did so, CubaExport described the assignment as necessitated by a reorganization of the Cuban rum industry. No mention of Pernod or its investment was made to OFAC. In January 1996, HCH obtained a USPTO renewal that became valid for ten years. In 1996, HCH brought an action in U.S. District Court in New York against Bacardi to prevent its use in the U.S. of the Havana Club trademark claiming to be a successor-in-interest "to the rights of the Cuban company that owned the Havana Club rum business prior to its expropriations." After learning of Pernod's involvement, in April 1997, OFAC issued a notice of license revocation retroactive to 1995 deeming "any action taken under this specific license [No. C-18147] from the date of issuance...null and void." Then on October 20, 1997, the District Court issued a mandate that cancelled the HCH trademark and directed the registration be brought back to the status it retained in October 1993, which was with CubaExport. On January 15, 2002, the USPTO acted upon the October 20, 1997 court order reflecting "ownership of U.S. trademark registration No. 1,031,651 in CubaExport," although OFAC had rendered any action taken under license going back to 1995 "null and void." That led Bacardi on March 15, 2002 to ask the Trademark Trial and Appeal Board (TTAB) for a summary judgment and on March 19, 2002 to ask the U.S. Court of Appeals for the Federal Circuit for a review of the Commissioner for Trademark's January 15, 2002 order. As a consequence, the "TTAB suspended action on the cancellation proceeding pending the outcome of the relevant litigation (*Galleon, S.A. v. Chasser*, No.02-1289) in the U.S. Court of Appeals for the Federal Circuit." Bacardi officials believe CubaExport has neither standing under the USPTO rules and regulations nor under trademark law. "CubaExport gave up its trademark rights in 1993 when it transferred them to Havana Club Holdings [HCH] and in 1996 CubaExport didn't seek to renew," said Jorge Rodriguez-Marquez, Bacardi's vice president for corporate communications. "Under Section 211, U.S. law forbids companies like CubaExport from owning illegally confiscated property."

DOMESTIC BRIEFS

CUBA WORKING GROUP RELEASES REVIEW OF U.S. POLICY – The bipartisan group of House members, called the Cuba Working Group (USCPR, Vol.9,No.3), unveiled their policy counter proposal on May 15th at a Capitol Hill news conference in anticipation of the White House's launch of the Bush administration's Cuba Policy Review. President Bush's *Initiative for a New Cuba* (USCPR-SE, May 29, 2002) was first and foremost a call for democracy in Cuba, whereas, the Cuba Working Group's proposal was a call for constructive engagement and a unilateral lifting of the embargo. "Today, I'm announcing an Initiative for a New Cuba that offers Cuba's government a way forward towards democracy and hope, and better relations with the United States," said Bush at the White House on the morning of Monday, May 20th. "If Cuba's government takes all the necessary steps to ensure that the 2003 elections are certifiably free and fair...I will work with the United States Congress to ease the ban on trade and travel between our two countries." Led by Congressmen Jeff Flake (R-AZ) and William Delahunt (D-MA), the Cuba Working Group presented a list of nine points ranging from repealing the travel ban to sunseting Helms-Burton by 2003 to abolishing TV and Radio Marti to requiring the settlement of U.S. claims for confiscated property in Cuba. "As the Administration re-examines U.S. policy toward Cuba, we respectfully invite President Bush and Secretary of State Powell to consider a series of proposed policies that will increase American influence in Cuba and serve a variety of concrete American national interests," stated the counter policy review. "This is a work in progress. We're not going away. It's inevitable," said Delahunt emphatically. "The appropriations process is coming up. We will review opportunities," referring to the Flake amendment last year (USCPR, Vol.8, Nos.7&10) that got lost in conference. "We know where the leadership stands," concluded Delahunt. Conversely, President Bush pointed out, "It's important for Americans to understand, without political reform, without economic reform, trade with Cuba will merely enrich Fidel Castro and his cronies."

CASTRO REACTS TO 2001 PATTERNS OF GLOBAL TERRORISM REPORT – Cuban dictator Fidel Castro responded with an appeal to the American people after the State Department issued its annual *Patterns of Global Terrorism* report. Of the ten annual reports, the 2001 report stands out in the aftermath of the September 11th terrorist attacks on America showing pictures of the attacks on the World Trade Center in New York City and the Pentagon in Washington. The report was released jointly on May 21st by Secretary of State Colin Powell and the Coordinator for Counterterrorism, Francis X. Taylor. "[T]errorism cast its lethal shadow across the globe – yet the world's resolve to defeat it has never been greater...This chilling report details the very clear and present danger that terrorism poses," said Powell. "This unprecedented Coalition of nations has sought to synchronize diplomatic, intelligence, law enforcement, economic, financial, and military power to attack terrorism globally," added Taylor. The report is critical of Castro specifically charging, "Fidel Castro has vacillated over the war on terrorism" having labeled it "worse than the original attacks, militaristic, and fascist," quoting Castro directly. Four days after the release of the report, on May 25th, Castro attempted to divide the American people and their government, with whom a vast majority view as protecting them from the ravages of international terrorism. "Our struggle is not and never will be against the people of the United States," said Castro in Sancti Spiritus before an estimated crowd of 300,000. "Cuba will never place blame or sow hate against the people of the United States for the aggressions that we have suffered because of their governments." The report quotes President Bush's speech before a Joint Session of Congress on September 20, 2001, "Every nation, in every region, now has a decision to make. Either you are with us, or you are with the terrorists." Highly critical of the "seven designated state sponsors – Cuba, Iran, Iraq, Libya, North Korea, Syria, and Sudan – [who] clearly heard the President's message... none has yet taken all necessary actions to divest itself fully of ties to terrorism." The entire report is available at: <http://www.state.gov/s/ct/rls/pgtrpt/>.

NOTABLE QUOTES

"Companies across Canada, Latin America, and Europe are losing money in Cuba because the government doesn't pay its bills. The United States will continue supporting freedom in Cuba. We will not throw a lifeline to save a regime that is sinking under the weight of its own historic failures." **Otto J. Reich**, Assistant Secretary of State for Western Hemisphere Affairs, speaks on May 6th at the Council of the Americas annual conference held at the Department of State in Washington, DC May 5-7, 2002. (Conference speeches may be accessed from the Council of the Americas web site by clicking "Events" and "Washington Conference" located at: www.counciloftheamericas.org).

"The \$90 million worth of food and agricultural products purchased by Cuba during the last seven months have reduced Cuba's overall purchases from its existing suppliers by \$90 million. Some of the funds that Cuba has used to pay U.S. companies have come from funds that were supposed to have been directed toward paying current creditors. That means suppliers in Canada, France, Brazil, Argentina, Spain and other countries are not enthusiastic about having some of what is owed to them being used to gain political influence in the United States." **John S. Kavulich, II**, president of the New York-based U.S.-Cuba Trade and Economic Council, answers questions posed by New York Times correspondent Anthony DePalma. (NYT, "Room for Whom on Cuba's Ground Floor?" 5/26/02, p. 4BU).

"In 1776, a great debate raged among the civic and political leaders of the oppressed American colonies. One group advocated working through the English political and legal systems to seek reform. Another, led by those men whom history would later term 'American patriots,' argued that efforts under the system that oppressed them was futile and, therefore, the system had to be abolished in the colonies. The patriots knew intuitively and from experience that working within the system merely prolonged the oppression. Consequently, the patriots did not seek King George's permission to be free. On July 4, 1776, they simply declared it. This succinct history lesson should provide the prism through which we view and discuss the *Varela Project* in Cuba." A Florida attorney, **Ignacio Sanchez** also serves on the board of directors of the Miami-based Cuban Liberty Council. (MH, "Cuban dissidents shouldn't have to seek 'permission'," 5/30/02).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 6

June 30, 2002

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

Ralph J. Galliano, Editor

CASTRO REJECTS PRESIDENT BUSH'S INITIATIVE FOR A NEW CUBA: ANNOUNCES SOCIALISM PETITION

WASHINGTON – When President Bush spoke at the White House on Cuban Independence Day, May 20th (USCPR-SE, May 29, 2002), he called upon the Cuban government "to ensure that the 2003 elections are certifiably free and fair...and if Cuba also begins to adopt meaningful market-based reforms, then – and only then – I will work with the United States Congress to ease the ban on trade and travel between our two countries." He called this the "Initiative for a New Cuba." The danger of free elections to the existence of the Castro regime is clearly grave given the tenor of Fidel Castro's speeches and of his government's actions taken in response to President Bush's Initiative which was supportive of the Varela Project, an indigenous petition drive headed by Cuban dissident Oswaldo Paya and named after the 19th-century Catholic priest and Cuban independence hero, Padre Felix Varela. The Varela Project, which seeks a national referendum in Cuba asking for economic and political rights, also was endorsed by former President Jimmy Carter during his May 12–17 trip to Cuba, where his speech at Havana University was broadcast over Cuban-state television. Referring to President Bush as a "showoff" and a "thug" in a June 1st speech in Holguin, before hundreds of thousands of people assembled in the pouring rain at a government organized rally, Cuban dictator Fidel Castro charged that, "For Mr. W., democracy only exists where money solves everything and where those who can afford a \$25,000-a-plate dinner – an insult to the billions of people living in the poor, hungry and underdeveloped world – are the ones called to solve the problems of society and the world, the same that will determine the fate of a great nation like the United States, and the rest of the planet." (Translation by: *Focus on Cuba*, University of Miami). In a June 8th speech in Santiago, Castro likened the Bush administration policy towards Cuba to Nazi Germany. "The power and prerogatives of that country's president are so extensive, and the economic and technological and military power network in that nation is so pervasive, that due to circumstances that fully escape the will of the American people, the world is coming under the rule of Nazi concepts and methods," said Castro (Translation by: *CNN*). The Castro regime's response, in what some call an over reaction to Paya's delivery of 11,020 verified petition signatures to the Cuban National Assembly on May 10th, was to organize a petition drive of its own seeking seven million signatures beginning on Saturday, June 15th to back four amendments to the Cuban constitution enshrining a socialist state.

■ Castro Rejects President Bush's Initiative for a New Cuba: Announces Socialism Petition....	1
■ State Department Reaffirms Cuba's Biological Weapons Effort.....	4
■ Cuba to Close Down Nearly Half of its Sugar Mills.....	5
■ Cuba Becoming Most Valuable Market for U.S. Agriculture.....	6
■ Unprecedented Convergence of Factors Presents Unique Opportunity for Change.....	7

SENATE RESOLUTION 272 — On May 23rd, Senator Bill Nelson commented that the Varela Project was "important" because it was "homegrown" and was "not a project of foreign citizens or governments." Introduced by Nelson, a freshman partisan Democrat from Florida, the Varela Project resolution S.Res. 272 passed late on Monday, June 10th in a unanimous vote of 87 to 0. "The vote sends a strong signal that America backs the brave Cuban people who are seeking change through their constitution, and the independent organizations that are working to improve human rights in Cuba," said Nelson following the floor vote. On June 11th, Oswaldo Paya issued a statement by the Citizens' Organizing Committee for Project Varela which was transmitted by fax to international news bureaus. "They [the Cuban government] speak in the name of the people but dare not consult their popular will in a referendum. What do they seek to accomplish?" asked Paya. "Do they intend to declare unconstitutional the rights contained in the Constitution? Is it their wish to cover up every single crack so that no light can get through? What has become clear is that they seek to strengthen the shackles and they fail to realize that the people will break them." (Translation by: CANF). Castro's response to the Varela Project and to President Bush's support for free and fair elections in Cuba drew criticism from the Cuban American National Foundation and its Executive Vice President, Dennis Hays. "Castro's actions today – seeking constitutional amendments to deny citizens the right to peacefully change their government – signals how terrified he is of the Cuban people. In attempting to stifle all independent thought, Castro makes it clear that the continued misery of eleven million people is secondary to his own hold on power," said Hays on June 12th. State Department spokesman Philip Reeker agreed saying at a press briefing on Friday, June 14th, "Instead of addressing this peaceful plea for change, Castro has chose to manufacture an alternative petition supporting the current constitution and to intimidate the population into signing it." Having 23 truck loads of signed petitions from across the island delivered to the National Assembly led by hardliner, Ricardo Alarcon, and decreeing two days off for Cuban workers across the island to watch the televised spectacle of a debate in support of the four constitutional amendments at a special session called by Castro clearly indicates the lengths to which the ruling Communist Party of Cuba will go to oppose President Bush's Initiative for a New Cuba calling for free and fair democratic elections. Senate Resolution 272 is reprinted below.

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V9N6

VARELA PROJECT RESOLUTION

107th Congress
2nd Session
S.Res.272

Expressing the sense of the Senate regarding the success of the Varela Project's collection of 10,000 certified signatures in support of a national referendum and the delivery of these signatures to the Cuban National Assembly.

IN THE SENATE OF THE UNITED STATES

May 20, 2002

Mr. NELSON of Florida (for himself, Mr. Graham, Mr. Torricelli, Mr. Allen, and Mr. Corzine) submitted the following resolution; which was referred to the Committee on Foreign Relations

May 29, 2002

Reported, under authority of the order of the Senate of May 22, 2002, by Mr. Biden, with an amendment and an amendment to the preamble

June 10, 2002

Considered, amended, and agreed to

RESOLUTION

Expressing the sense of the Senate regarding the success of the Varela Project's collection of 10,000 certified signatures in support of a national referendum and the delivery of these signatures to the Cuban National Assembly.

Whereas Article 88 of the Cuban Constitution provides for Cuban citizens to submit legislative proposals to the Cuban National Assembly for its consideration;

Whereas on May 10, 2002, a group of Cuban citizens led by Oswaldo Paya delivered 11,020 verified signatures to the Cuban National Assembly in support of a referendum;

Whereas Mr. Paya's petition drive is inspired by the 19th-century priest and Cuban independence hero, Padre Felix Varela, and is known as the Varela Project;

Whereas the Varela Project seeks a referendum on civil liberties, including freedom of speech, amnesty for political prisoners, support for private business, a new electoral law, and a general election;

Whereas the Varela Project is supported by 140 opposition organizations in Cuba and has received no money or support from foreign citizens or foreign governments;

Whereas the Varela Project is the largest petition drive in Cuban history;

Whereas the Varela Project is a step in moving Cuba toward achieving international standards for human rights;

Whereas the goal of United States policy in Cuba is to promote a peaceful transition to democracy; and

Whereas the Varela Project is engaged in the promotion of a peaceful transition to democracy in Cuba; Now, therefore, be it

Resolved, That the Senate –

- (1) supports the constitutional right of the citizens of Cuba who have signed the Varela Project to petition the Cuban National Assembly for a referendum;
- (2) calls on the Cuban National Assembly to give serious consideration to the Varela Project petition in accordance with Article 88 of the Cuban Constitution and to the holding of a referendum on civil liberties, including freedom of speech, an amnesty for political prisoners, support for private business, a new electoral law, and a general election;
- (3) praises the bravery of Oswaldo Paya and his colleagues in collecting 11,020 verified signatures in support of the Varela Project;
- (4) calls on the Cuban government to provide its citizens with internationally accepted standards for civil and human rights, and the opportunity to vote in free and fair elections; and
- (5) urges the President to support the right of the citizens of Cuba who have signed the Varela Project to petition the Cuban National Assembly for a referendum and the peaceful transition to democracy.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

STATE DEPARTMENT REAFFIRMS CUBA'S BIOLOGICAL WEAPONS RESEARCH AND DEVELOPMENT EFFORT

Assistant Secretary of State for Intelligence and Research, Carl Ford, Jr., reaffirmed the Bush administration's description of Cuba as having "at least a limited offensive biological warfare research and development effort" as well as Cuba's having "provided dual-use biotechnology to rogue states." This language reflected his testimony of March 19, 2002 (USCPR, Vol.9, No.3) before the Senate Foreign Relations Committee and Under Secretary of State John Bolton's remarks at the Heritage Foundation in Washington on May 6, 2002 (USCPR, Vol.9, No.5) which caused such a furor both in Havana as well as among its ardent supporters and apologists. Ford's statement before the Senate Western Hemisphere Subcommittee chaired by Senator Christopher Dodd (D-CT) on Wednesday, June 5th reaffirmed the much criticized description of Cuba's misuse of its biotechnological infrastructure. While Ford explained that the "nature of biological weapons makes it difficult to procure clear, incontrovertible proof that a country is engaged in illicit biological weapons research, production, weaponization and stockpiling," he went on to say that "Cuba's sophisticated denial and deception practices make our task even more difficult." Clarifying the public's understanding of the worldwide biotech industry, Ford said that "Cuba has several facilities involved in biological-related efforts in agriculture, medicine and veterinary science, which, as in any country, could be used for illicit purposes." Ford told the Senate committee, "The fact is [the Cubans] are worried about the United States. They are afraid that we are going to use a weapon of mass destruction...and that gives them a reason why they might want to use this capability to build a weapon." Ford's prepared text is reprinted below.

FORD'S PREPARED TEXT

Intelligence Statement By
Assistant Secretary of State
for Intelligence and Research
Carl W. Ford, Jr.
Before Senate Subcommittee
on Western Hemisphere, Peace Corps, and Narcotics Affairs,
Senate Committee on Foreign Relations
June 5, 2002

Thank you, Mr. Chairman.

It is my pleasure to come before the Subcommittee today to discuss the issue of what we in the Bureau of Intelligence and Research assess to be Cuba's efforts to date in the area of biological warfare. My remarks in this open forum will necessarily be limited owing to the need to protect sensitive intelligence information, but I would welcome the opportunity and am prepared to give classified remarks in a closed session.

On March 19, in my statement in front of the Senate Foreign Relations Committee, I stated INR's judgment that:

The United States believes that Cuba has at least a limited developmental, offensive biological warfare research and development effort. Cuba has provided dual-use biotechnology to rogue states. We are concerned that such technology could support BW programs in those states.

That assessment and our concerns have not changed in the intervening 2 and half months.

Among the various weapons of mass destruction (WMD) disciplines, biological warfare (BW) is perhaps the most difficult to clearly identify, absent unambiguous reliable intelligence information, owing to the dual-use nature of the technology and materials used to support a BW program. In today's world, many nations, including Cuba, have in place robust biotechnology infrastructures, as some of the world's best scientific talent has turned to this avenue of modern science to promote medical and agricultural advances in their countries. Distinguishing legitimate biotech work from work that is pursued to support either offensive or defensive BW efforts or programs continues to be a difficult intelligence challenge. In a nutshell, since basic BW production does not require large, sophisticated programs or facilities it makes the intelligence assessment function more complicated.

Cuba has several facilities involved in biological-related efforts in agriculture, medicine and veterinary science, which as in any country, could be used for illicit purposes. This dual-use problem presents all who are committed to combating the BW threat with the dilemma of how best to assess the capabilities of any given facility against the intent to develop biological weapons.

What then can I say about the evidence for our assessment? The nature of biological weapons makes it difficult to procure clear, incontrovertible proof that a country is engaged in illicit biological weapons research, production, weaponization and stockpiling. Cuba's sophisticated denial and deception practices make our task even more difficult. That said we have a sound basis for our judgment that Cuba has at least a limited, developmental, offensive biological warfare research and development effort. I am prepared to discuss the evidence we do have in a closed session or leave behind a classified statement for the record.

Thank you, Mr. Chairman.

CUBA TO CLOSE DOWN NEARLY HALF OF ITS SUGAR MILLS

The inefficiency of the socialist economy has failed the Cuban people, specifically the tens of thousands of sugar cane workers many of whom have worked a lifetime in the fields and the 156 state-run confiscated sugar mills throughout the island, only eight of which were built following the 1959 revolution. Cuba does not have the money for spare parts, fuel, or fertilizer, let alone the money to modernize the aging sugar mills. Not only has Cuba's sugar production fallen steadily since the loss of its Soviet patron, a time when the Castro regime received subsidized oil in return for preferentially priced sugar, but the economy is also suffering from a severe drop in tourism after September 11th and a cut-off of subsidized Venezuelan oil since the failed coup of last April against President Hugo Chavez.

Cuba's sugar industry is said to employ 400,000 workers with eighteen percent of the population dependant upon sugar cane for their livelihood. According to *Reuters*, the Cuban government plans to reassign as many of the displaced workers as it is able to, retrain the younger workers, and pay up to sixty percent of the salaries of those who are unable to work elsewhere. The social impact of the proposed closings is of paramount concern to the regime.

As of June 18th, *Reuters* reported that the official government plan will leave 84 sugar mills operating while 71 are to be closed. It is not yet certain if they all will be closed before the 2002-2003 harvest or whether they will be phased out more gradually. Those that are closed are expected to be torn down and used for parts, although many sugar mills have not been operational over the last two or three harvests.

The Cuban sugar industry, which took a serious hit from Hurricane Michelle last November when the Category 4 storm swept across the island with 135 mile per hour winds ravaging between 30 and 50 percent of the Cuban sugar crop in the central provinces of Matanzas, Villa Clara, and Cienfuegos, destroying 10 percent (USCPR, Vol.8, No.11), is not expected to recover in the near term. The 2001-2002 sugar harvest forecast at 4 million metric tons was scaled back to 3.6 million metric tons and now it is questionable if even that figure is reliable.

Slumping prices and heavy supplies from Brazil, China, and Thailand are dragging the Cuban sugar industry down further with July futures at just below five cents per pound for # 11 raw sugar cane compared to the year ago nearby price of 9.12 cents per pound. At these prices, Cuba can only earn \$430 million from the current crop. □

CURRENCIES & COMMODITIES

1 Euro = 0.9681 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 25.17 Cuban Peso

Rates as of June 24, 2002.
Source: Bloomberg/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 6.74
Year ago nearby = 9.12
Future (July '02) = 4.99
High = 9.60
Low = 4.83

Cash/Spot price as of June 21, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 25.80-25.85
Year ago (June 21) = 26.56
Future (Aug. '02) = 25.82

Cash/Spot \$ price as of June 21, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,205
Year ago (June 21) = 6,415

(\$ per metric ton)
Official Price: June 21, 2002.
Source: London Metal Exchange.

Cobalt = 7.50 - 7.80
Year ago (June 25) = 10.60 - 11.50

(\$ per pound for 99.8%)
Price: June 24, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

PWN EXHIBICON INTERNATIONAL LLC TO HOLD FOOD AND AGRICULTURE EXHIBITION IN HAVANA – The Westport, Connecticut-based PWN Exhibicon International LLC is planning its second exhibition in Cuba since January 2000 when PWN held its first U.S. sponsored healthcare fair to be held in Havana since the 1959 Communist revolution (USCPR, Vol.7,No.1). Headed by Peter W. Nathan, PWN claims 46 years of experience in the trade show industry having organized the first trade shows for U.S. companies in the People's Republic of China and the former Soviet Union. PWN (USCPR, Vol.6,No.8) will require a license from the Treasury Department's Office of Foreign Assets Control (OFAC). Since Hurricane Michelle struck Cuba in early November 2001 (USCPR, Vol.8,No.11) and the Cuban government turned down humanitarian aid in order to begin purchasing food and agriculture products from American companies as part of a new strategy to lobby for the provision of outside financing to be applied to food purchases under TSRA or the *Trade Sanctions Reform and Export Enhancement Act of 2000*, momentum to lift the trade embargo to an even greater extent has been building. Cuba can make purchases from U.S. companies as long as it is conducted on a cash basis, although transparency is severely lacking in Cuban cash payments for food exports. Neither OFAC nor the Commerce Department's Office of Export Controls is willing to release any information (USCPR, Vol.9,No.4). "We are confident that this idea will contribute to increased trade between our two counties," said Pedro Alvarez Borrego, the president of Alimport the Cuban-state-run food importing entity (USCPR, Vol.8,No.4). Of the upcoming PWN exhibition, John Kavulich, president of the New York-based U.S. Cuba Trade and Economic Council told the USCPR, "We are past learning how to do these transactions. We are now normalizing commercial with Cuba." PWN says nearly 150 U.S. companies, national, state, and local agricultural agencies have already confirmed. (AP,"Cuban Gov't OKs U.S. Food Exhibition," 6/6/02).

CUBA BECOMING MOST VALUABLE MARKET FOR U.S. AGRICULTURE – "The most important element" of the PWN Food Exhibicon scheduled for sometime in the fall of 2002, says John Kavulich of the U.S. Trade and Economic Council in New York, "is that it is authorized by the U.S. government and that it identifies opportunities and provides the Cubans with one stop shopping." Kavulich told the USCPR in an interview that through June 24th the amount of food and agricultural purchases made by the Cuban government has risen to \$93 million since December 2001. Alimport, the Cuban-state-run food importing entity expects cash purchases to reach \$100 million by July 1st. Thus far, sourcing includes 23 companies with companies from 28 states participating in the sales of food and agricultural products to the Cuban government. Cuba, which was ranked 180-of-180 countries by the U.S. Department of Agriculture in U.S. sales, moved up to 138 in 2001 and is expected to rank 58 without further purchases in 2002. Kavulich believes Cuba would rank in the top third of the USDA listing should it continue to make purchases of U.S. agricultural products. Kavulich noted that the other 179 countries use the USDA's CCC programs to finance their purchases. Since Cuba is on a cash basis, Kavulich says that "Cuba has become the most valuable market for U.S. agricultural producers because on a cash basis there is no risk" for American companies in doing business with the Cuban government. (USCPR, Interview with John Kavulich, 6/24/02).

LEISURE CANADA ANNOUNCES PRIVATE PLACEMENT FOR MIRAMAR DISTRICT HOTEL PROJECT – Leisure Canada Inc. (LCI), the self-described "leading developer of luxury resorts in Cuba," has announced a private placement in the amount of \$4,889,497 the proceeds of which will be used for LCI's "accelerated development plan for its Monte Barreto project, a five star Havana waterfront hotel development." The Monte Barreto project is said to be the "last waterfront hotel to be constructed in the area" of the Miramar District of Havana. The private placement will be facilitated as a result of an agreement reached with International Capital Inc. owned by a trust whose "beneficiaries" are "Walter H. Berukoff" the chairman and CEO of LCI "or persons related to Mr. Berukoff." Leisure Canada is viewed as having expertise in Cuban tourism (USCPR, Vol.7,No.8) involving such properties as its flagship resort hotel Jibacoa located between Havana and Varadero. LCI has formed joint ventures with subsidiary Wilton Properties and the Cuban government's Gran Caribe Grupo. (PR,"Leisure Canada Inc. announces C\$7,500,000 private placement," 6/24/02).

DOMESTIC BRIEFS

HUDDLESTON LEAVING HAVANA POST TO BE SUCCEEDED BY CASON – A career foreign service officer, Ambassador Vicki Huddleston will be departing her post as the head of the U.S. Interests Section (USINT) in Havana, Cuba in September when she will be replaced by James Cason, also a Foreign Service Officer. Huddleston, who was appointed by President Clinton, began serving in September 1999 and kept a low profile in the early years. During the advent of the Bush administration, Huddleston began to speak out more to the press granting interviews and becoming a spokeswoman for human rights and democracy. Huddleston echoed President Bush's May 20th speech at the White House (USCPR-SE, May 29, 2002) in support of the economic embargo and continued restrictions on travel by Americans to Cuba until there is political and economic freedom on the Communist-run island. Her three-year posting witnessed the Elian Gonzalez affair and the visit of former President Jimmy Carter. From 1989 to 1993 Huddleston became familiar with Cuba while working as Coordinator in the State Department's Office of Cuban Affairs. Huddleston recently called upon Americans with confiscated property claims in Cuba to compromise in order to diminish the "fears among Cubans that democracy would mean giving up their homes," reported Bill Douthat of the *Palm Beach Post* following a luncheon speech before the Forum Club of Palm Beach on May 30th. Huddleston will become ambassador to the West African nation of Mali. At 57, Cason views the USINT posting as the culmination of his foreign service career and, given the failing health of Cuban dictator Fidel Castro, may very well witness the end of an era while he serves an expected three years as Principal Officer in Havana. With prior experience in the departments of defense, commerce, and interior, Cason comes to his new position after serving as director of policy planning and coordination at the Bureau of Western Hemisphere Affairs in the State Department. His tours of duty include El Salvador, Bolivia, Panama, Italy, Venezuela, and Portugal. The last political appointee to serve as U.S. ambassador to Cuba was Earl E.T. Smith from 1957 to 1959, who authored the classic book entitled *The Fourth Floor: An Account of the Castro Communist Revolution* now in its Third Edition published by the U.S. Cuba Press.

UNPRECEDENTED CONVERGENCE OF FACTORS PRESENTS UNIQUE OPPORTUNITY FOR CHANGE IN CUBA – Speaking before a June 7th conference held by the Inter-American Dialogue, Deputy Assistant Secretary of State for Western Hemisphere Affairs Daniel W. Fisk addressed the theme posed by the forum - Cuba: What's Next? Fisk said it "is especially appropriate and timely because the question of 'what's next?' lies before all of us, not least the Castro regime itself." While Fisk and others in the Bush administration are tasked with implementing "the steps outlined by the President" in his policy 'Initiative for a New Cuba' (USCPR-SE, May 29, 2002), which was presented on May 20th in two separate speeches, one at the White House and one in Miami, civil society can also participate in the future of a democratic Cuba. "I would call on this audience – and the larger community interested in a democratic Cuba, -- to be asking how they can contribute to 'what's next' in Cuba," Fisk beckoned. Among the actions that could be taken, he called upon: NGOs to be prepared "to observe elections in Cuba" as others have done "in Central and Eastern Europe, Southern Africa, and other states in the Western Hemisphere;" "universities and colleges" to offer their expertise "to lay the groundwork for independent civil institutions – such as programs to enhance the rule of law," basic business practices utilized in a free market system, along with the "support for independent journalists;" and, "NGOs and governments" to "continuously seek ways to support Cubans who ask that the Cuban government respect fundamental human rights" as was done by the "international community" in other emerging democracies around the world during the Cold War. Fisk described the "unprecedented convergence of factors" which was presenting a unique opportunity for change in Cuba as the "worsening economic situation, the growth of a visible internal opposition, and increasing isolation from the other countries of the Western Hemisphere." As in the language used by Assistant Secretary Otto Reich on May 21st (USCPR-SE, May 29, 2002) Fisk reiterated that the Initiative is "the beginning of an ongoing, flexible and responsive campaign designed to generate *rapid and peaceful change* within Cuba." Perhaps this message will serve both the present government and its successor.

NOTABLE QUOTES

"Life is change,' [Ricardo] Alarcon, Cuba's No. 3 guy behind the Castro brothers, Fidel and Raul, tells a visiting group of black American journalists, who include me. He is trying to explain to us at length – with too much dogma and too few facts – why it is no big deal that in this post Soviet age Cuba is flirting with free enterprise...But, hey, those token reforms don't begin to describe Cuba's recent transformation into two separate worlds jostling each other to occupy the same real estate – and state of mind. The government, in the interest of order, tries to keep the two apart. The result is a weird form of tourist apartheid: Cubans are not allowed to stay in Cuba's fanciest hotels or use many of its fanciest beaches, cafes or restaurants, unless maybe they are guests of tourists." **Clarence Page** is a nationally syndicated columnist. (TWT, "Fidel's apartheid for tourists," 5/30/02, p.A16).

"There is more information now, with the Internet, where you can find out where the [lost art] is. There is more of it coming out of Cuba than there was before, and then there is the success of the cases where art was confiscated by the Nazis and the Communists in Europe. There is definitely a greater interest in people positioning themselves for the day when the end of this regime is less remote." **Nicolas J. Gutierrez, Jr.** is an attorney, with an expertise in property claims, practicing with the Miami law firm of Rafferty, Gutierrez & Sanchez-Aballi. (NYT, "Reclaiming Art Caught in the Cuban Revolution," 6/6/02, p.B1).

"When feeling threatened, Fidel Castro has a stock response: Order the Cuban people to participate in a mass demonstration. It's an old technique of totalitarianism that offers the dual benefit of providing the outside world with an illusion of strength while reminding citizens that the state controls their lives to such an extent that it can force them to join such spectacles." **Fred Hiatt** is the editor of the *Washington Post* Editorial Page. (WP, "Cuba's Two Petitions," 6/19/02, p.A20).

"Cuban President Fidel Castro may have made the biggest mistake of his political life last week. By imposing an amendment that would prohibit any future changes in Cuba's Socialist Constitution, he may guarantee that it will be scrapped altogether, and that nothing of his 4-decade-old regime will survive." **Andres Oppenheimer**, Latin America columnist with the Miami Herald and author of the best selling book *Castro's Final Hour*, assesses the impact of the dissident Varela Project to amend the Cuban constitution. (MH, "Castro's 'referendum' just may invite radical change," 6/23/02, p.15A).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S.☆ CUBA *Policy Report*

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Institute for U.S. Cuba Relations ♦ Washington, D.C. USA
Ralph J. Galliano, Editor

July 29, 2002

Legislative Alert

WHITE HOUSE LOSES A SERIES OF KEY VOTES ON CUBA: TRAVEL, REMITTANCES, AND TRADE FINANCING

WASHINGTON – Built up in recent years as a formidable force, the Congressional opposition to the economic embargo proved to be well organized. Late night appeals on the floor of the U.S. House of Representatives to heed the national security arguments put forth by embargo supporters in an earlier avalanche of "Dear Colleague" letters and by the Bush administration fell short of the mark when leaders of the bipartisan Cuba Working Group (USCPR, Vol.9,No.3) advanced their amendments to H.R. 5120 – *Treasury and Postal Operations Appropriations Act for Fiscal 2003*, with a vote taken on a series of key issues including travel, remittances, and trade financing. "This is not a trade issue where you want to promote travel and open up markets. This is a national security issue and should [be] treated as such," declared Zach Wamp (R-TN), in the face of a cascade of libertarian arguments favoring American's right to travel. Striking one of the two main themes of the anti-embargo members of Congress, Rep. James McGovern (D-MA) said, "I rise in very strong support of the Flake amendment, quite simply because I firmly believe it is the right of all Americans to be able to travel wherever they wish." Rep. Jerry Moran, Republican from the wheat producing state of Kansas, struck the chord of the second theme, agricultural trade. Moran, whose amendment passed overwhelmingly two years ago, 301-to-116, enabling private financing of food and medicine sales to Cuba only to have it struck in conference, presented the amendment again on the House floor the night of Tuesday, July 23rd, where it passed by voice vote. "...I again reiterate that this is a vote this body has taken. Because of the efforts of the gentleman from Washington [Rep. Nethercutt] and the gentlewoman from Missouri [Rep. Emerson], we have changed policy in regard to agricultural trade with Cuba. But this House needs to reaffirm its position one more time." Ultimately, the Nethercutt amendment became Title IX of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA), which permitted for the first time in nearly 40 years the (cash) sales of food to Cuba (USCPR, Vol.7,No.10). Opponents of the floor amendments rallied behind Rep. Porter Goss (R-FL), who serves as chairman of the Select Intelligence Committee. His travel amendment required the president to certify to Congress that the Cuban government is not involved in the development of a "biological weapons program that threatens the homeland security of the United States;" or, is "providing to terrorist states or terrorist organizations" technology related to biological weapons (USCPR, Vol.9,No.5) or, "providing support or sanctuary to international terrorists." The Goss amendment failed by a vote of 182-to-247. The four Cuba amendments to the Treasury Postal appropriations bill are reprinted below.

- **White House Loses A Series of Key Votes on Cuba: Travel, Remittances, and Trade..... 1**
- **President Bush Threatens to Veto Appropriations Bill..... 2**
- **Powell – O'Neill Letter to House Appropriations Committee Chairman..... 3**
- **OMB Position Reflects People-to-People Policy..... 4**
- **Cuba Amendments to Treasury-Postal Appropriations 2003..... 5**

PRESIDENT THREATENS TO VETO APPROPRIATIONS BILL – Secretaries of State and Treasury, Colin Powell and Paul O'Neill, in a letter dated July 11th, wrote to the chairman of the House Appropriations Committee, Rep. Bill Young (R-FL), to explain the administration's opposition to anticipated floor amendments that would "weaken the United States' current Cuba policy by permitting U.S. citizens to finance the Cuban purchase of American agricultural commodities or by changing restrictions on travel to Cuba by U.S. citizens." Without equivocation, they posited, "We would recommend that the President veto such legislation if it reaches his desk." Going on to explain the national security risks the United States faces in the aftermath of September 11th, their letter opens by saying, "Our Cuban policy recognizes that a relationship of continuing hostility exists between the Government of Cuba and the United States." Laying out a litany of objections, Powell and O'Neill also cite the violations of "internationally accepted standards of basic human rights" along with the "lack of sound economic rationale," where European countries such as France, Spain, and Italy have "suspended official credits because Cuba has failed to make payments on its debt – including debt incurred while making agricultural purchases from these countries." The letter closes by reiterating the issue of "hostility" and specifically Cuba's "long history of espionage activities directed against the U.S." During the marathon floor debate, a leader of the opposition to the amendments, Rep. Lincoln Diaz-Balart (R-FL), points out that 40 percent of the financing in this appropriations bill is for the purpose of funding the Department of Homeland Security, which is expected to be created by separate legislation. When last year's House-Senate conference committee on Treasury-Postal appropriations dealt with the Flake amendment, House Majority Whip Tom DeLay (R-TX) was able to strip the language from the bill following the September 11th terrorist attacks. This year, supporters of the Flake amendment rejected national security arguments involving Cuba, which the State Department lists as one of seven sponsors of terrorism in its annual report. It's expected that comparable Senate language will be included this year; it then becomes more difficult to strip out language that is identical on both sides. The threat of a presidential veto should be taken seriously, however, since such a veto would wreak havoc for many member of Congress. In the case of a veto, the fundamentals of the Treasury-Postal appropriations bill would be rolled into an end of year omnibus bill where members of Congress would be likely to lose funding of interest to their constituents. The bipartisan Cuba Working Group, which is spearheading this effort and is led by Reps. Jeff Flake (R-AZ) and William Delahunt (D-MA), ignores democracy for the Cuban people but seeks to pass legislation to finance the Castro regime and entrench communism in Cuba for the foreseeable future. Having pushed his amendment, Flake is risking a presidential veto that jeopardizes homeland security, at a time America is waging a global war on terrorism.

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POWELL-O'NEILL LETTER TO HOUSE APPROPRIATIONS COMMITTEE CHAIRMAN

**DEPARTMENT OF THE TREASURY
WASHINGTON, DC**

July 11, 2002
The Honorable C.W. Bill Young
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515
Dear Mr. Chairman:

We are writing to reiterate the Administration's strong opposition to any legislative efforts that weaken the United States' current Cuba policy by permitting U.S. citizens to finance the Cuban purchase of American agricultural commodities or by changing restrictions on travel to Cuba by U.S. citizens. We would recommend that the President veto such legislation if it reaches his desk.

Our Cuban policy recognizes that a relationship of continuing hostility exists between the Government of Cuba and the United States. Cuba has long been listed by the State Department as a state-sponsor of terrorism. It continues to harbor fugitives from the American justice system, and it supports international terrorist organizations.

International human rights organizations recognize that Cuba violates internationally accepted standards of basic human rights in the treatment of its own citizens. The U.N. Commission on Human Rights recently addressed Cuba's egregious conduct by directing it to make progress on human, civil, and political rights. And Cuba recently responded to a grass-roots petition drive calling for a referendum on fundamental freedoms for all Cubans by drumming up a sham petition drive of its own that purported to show that the Cuban population overwhelmingly wants to make "socialism" immutable in Cuba.

Current U.S. law allows Cuba to purchase agricultural commodities from the US on a cash basis (or with financing by a third country's financial institutions). Some make the argument that expanding trade might bring change to Cuba. But trade by other nations with Cuba has brought no change to Cuba's despotic practices, and it has frequently proved to be an unprofitable enterprise.

France, Spain, Italy, and Venezuela have suspended official credits, because Cuba has failed to make payments on its debt – including debt incurred while making agricultural purchases from these countries. Two governments have approached the U.S. to complain that Cuba's payments of cash for U.S. agriculture products have meant that they are not getting paid at all.

In sum, current economic circumstances in Cuba do not support changing our position on trade with Cuba. Moreover, the lack of a sound economic rationale makes it more likely that Castro would use any liberalizing of our trade position for his political benefit.

Some argue that loosening travel restrictions to Cuba would help open Cuba's closed society. On the contrary, unrestricted tourist travel by U.S. citizens would benefit the Government of Cuba more than the Cuban people. The existing licensing regime, which promotes outreach to the Cuban people by facilitating humanitarian endeavors and activities that involve both Cuban nationals and Americans, appropriately fits current conditions.

The Cuban government has refused to cooperate with the global coalition's efforts to combat terrorism, refusing to provide information about al Qaeda. On November 13, 2001, Cuban Foreign Minister Perez Roque delivered a speech at the United Nations in which he accused the United States of war atrocities in Afghanistan. And in a June 8, 2002, speech, Castro slanderously compared President Bush's terrorism policies to Nazi Germany's efforts to assert world hegemony, suggesting that the Administration permitted the 9/11 attacks in order to "reshape the world as they wish."

Our Cuba policy continues to promote the goal of a rapid and peaceful transition to democracy in Cuba. On May 20, 2002, President Bush laid out his "Initiative for a New Cuba," challenging the Cuban government to take steps toward a democratic, free-market system that respects human rights. President Bush has also indicated his intention to continue our country's legacy of strong support for the Cuban opposition. The Administration is determined to oppose any policy action that would bolster the Cuban dictatorship.

Cuba has repeatedly demonstrated its implacable hostility to the United States. It has a long history of espionage activities directed against the U.S. The highest-ranking Cuba analyst in the Defense Intelligence Agency confessed in March to having spied for Cuba for 16 years. And last year, seven Cuban spies were convicted of conspiring to commit espionage against the United States, after being caught seeking to infiltrate the U.S. Southern Command. Any easing of the financing restrictions in the Trade Sanctions Reform and Export Enhancement Act or any loosening of the restrictions on travel to Cuba by Americans would be inconsistent with our continuing and long-held foreign policy objectives regarding Cuba.

Colin L. Powell
Secretary of State

Paul H. O'Neill
Secretary of Treasury

OMB POSITION REFLECTS PEOPLE-TO-PEOPLE POLICY

Through the Office of Management and Budget (OMB) at the Executive Office of the President, the Bush administration expressed its view on July 18th of the Cuba amendments expected to be introduced on the House floor during debate of H.R. 5120 – Treasury-Postal appropriations. OMB's position states that the "function of the travel sanctions is to prevent unlicensed tourism to Cuba that provides economic resources to the Castro regime while doing nothing for the Cuban people." This position reflects the people-to-people policy implemented by the Clinton administration (USCPR, Vol.6, No.8) and intended to reach out to the Cuban people to develop civil society, while sidestepping the Cuban government. The OMB position statement is reprinted below.

OMB POSITION ON CUBA AMENDMENTS

Office of Management and Budget
The Executive Office of the President

July 18, 2002

H.R. 5120 – TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 2003
(Rep. Young (R), Florida; Istook (R), Oklahoma)

The Administration supports passage of the FY 2003 Treasury, Postal Service, General Government Appropriations Bill, as reported by the House Committee. In particular, we appreciate the level of support provided to the Department of the Treasury enforcement programs and the Internal Revenue Service.

The Administration also applauds the House Committee for reporting a bill that is fiscally responsible. The President supports...

The Administration would like to take this opportunity to share additional views and highlight specific concerns with the Committee version of the bill.

Potential Floor Amendments

The Administration understands that an amendment may be offered on the Floor that would...
The Administration understands that an amendment may be offered on the House floor that would weaken sanctions against the Cuban government. The Administration believes it is vitally important to maintain these sanctions. The function of the travel sanctions is to prevent unlicensed tourism to Cuba that provides economic resources to the Castro regime while doing nothing to help the Cuban people, and these sanctions should not be removed. Sanctions also help ensure that humanitarian and cultural exchanges are genuine, reaching out to the Cuban people and especially to civil society and democracy activists, and not become activities whose main effect is to strengthen the regime. Lifting the sanctions now would provide a helping hand to a desperate and repressive regime, whereas the President's policy calls for reaching out to help the Cuban people. As noted in the July 11 letter from Secretaries Powell and O'Neill, the President's senior advisors would recommend that he veto a bill that contained such changes.

TREASURY-POSTAL APPROPRIATIONS 2003: CUBA AMENDMENTS

TREASURY POSTAL APPROPRIATIONS H.R. 5120 CUBA AMENDMENTS

July 23, 2002/107th Congress, 2nd Session

GOSS/H.AMDT.551/Travel and Presidential Certification/Roll No. 330/Failed: 182 ayes, 247 noes, 5 not voting.

FLAKE/H.AMDT.552/Travel/Roll No.331/Passed: 262 ayes, 167 noes, 1 present, 4 not voting.

FLAKE/H.AMDT.553/Remittances/Roll No. 332/Passed: 251 ayes, 177 noes, 6 not voting.

MORAN/H.AMDT.554/ Private Commercial Sales of Agricultural Commodities/Agreed to by voice vote.

RANGEL/H.AMDT.555/Embargo/Roll No. 333/Failed: 204 ayes, 226 noes, 4 not voting.

GOSS TRAVEL/PRESIDENTIAL CERTIFICATION AMENDMENT

Amendment offered by Mr. Goss: Amendment printed in House Report 107-585; Page 103, insert after line 10 the following section:

SEC.647. Any limitation in this Act on the use of funds to administer or enforce regulations restricting travel to Cuba or transactions related to travel to Cuba shall apply only after the President has certified to the Congress that the Cuban Government

–
(1) does not possess and is not developing a biological weapons program that threatens the homeland security of the United States;

(2) is not providing to terrorist states or terrorist organizations technology that could be used to produce, develop, or deliver biological weapons; and

(3) is not providing support or sanctuary to international terrorists.

FAILED: 182 ayes, 247 noes, and 5 not voting.

FLAKE TRAVEL AMENDMENT

Amendment offered by Mr. Flake: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. _____. (a) None of the funds made available in this Act may be used to administer or enforce part 515 of title 31, Code of Federal Regulations (the Cuban Assets Control Regulations) with respect to any travel or travel-related transaction. (b) The limitation established in subsection (a) shall not apply to the issuance of general or specific licenses for travel or travel-related transactions, and shall not apply to transactions in relations to any business travel covered by section 515.560 (g) of such part 515.

PASSED: 262 ayes, 167 noes, 1 present, 4 not voting.

FLAKE REMITTANCES AMENDMENT

SEC. _____. None of the funds made available in this Act may be used to enforce any restriction on remittances to nationals of Cuba covered by section 515.570(a)(1)(i), (a)(2), (b)(1)(i), or (b)(2) of title 31, Code of Federal Regulations.

PASSED: 251 ayes, 177 noes, 6 not voting.

MORAN PRIVATE COMMERCIAL SALES OF AG COMMODITIES AMENDMENT

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. _____. None of the funds made available in this Act may be used to implement any sanction imposed by the United States on private commercial sales of agricultural commodities (as defined in section 402 of the Agriculture Trade Developments and Assistance Act of 1954) or medicine or medical supplies (within the meaning of section 1705 (c) of the Cuban Democracy Act of 1992) to Cuba (other than a sanction imposed pursuant to agreement with one or more other countries).

Passed: Agreed to by voice vote. This amendment passed 301-to-116 two years ago.

RANGEL EMBARGO UNDER HELMS-BURTON AMENDMENT

SEC. _____. None of the funds made available in this Act may be used to implement, administer, or enforce the economic embargo of Cuba, as defined in section 4(7) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (Public Law 104-114), except those provisions that relate to the denial of foreign tax credits or to the implementation of the Harmonized Tariff Schedule of the United States.

FAILED: 204 ayes, 226 noes, 4 not voting.

NOTABLE QUOTES

"We ought to replace the embargo with a more sensible, more effective, and more humane strategy of engagement with Cuba. We ought to permit our citizens to travel there; we ought to permit our farmers and business people to trade there; we ought to move toward normal commercial and diplomatic relations. Constructive engagement would position the U.S. to more effectively raise concerns about human rights and democracy." Rep. **Charles B. Rangel** (D-NY) illuminates his position for constructive engagement with Cuba in a "Dear Colleague" letter preceding the House floor debate on embargo issues such as travel, remittances, and trade financing. (DCL, "Lift the Embargo on Cuba," 7/10/02).

"We have a policy goal – a free Cuba, achieved through a democratic transition (the release of all the political prisoners; the legalization of all political parties, the press and labor unions; and the scheduling of free, internationally supervised elections). If we give the dictatorship the trade and tourism dollars that it seeks now, unilaterally, in exchange for no democratic reform, we risk making the regime permanent; we risk the possibility that the regime will outlive the dictator." Rep. **Lincoln Diaz-Balart** (R-FL) states his position for maintaining the economic embargo against the Castro regime in a "Dear Colleague" letter preceding the House floor debate over the proposed anti-embargo amendments to the Treasury-Postal appropriations bill (H.R.5120). (DCL, "Maintain the Current Categories on Travel to Cuba," 7/17/02).

"This is not a trade issue where you do want to promote travel and open up markets. This is a national security issue and should [be] treated as such. We need to treat Cuba like Syria, not like Mexico. There is a huge difference. I am going to listen to the gentleman from Florida (Mr. Goss) and our intelligence community, not Fidel Castro and his propaganda." Rep. **Zach Wamp** (R-TN) speaks on the floor of the U.S. House of Representatives in support of the Goss amendment (H.AMDT.551) and in opposition to the Flake amendment (H.AMDT.552). (CR, Consideration of H.R. 5120, 7/23/02, p.H.5294).

"Tonight's vote marks an historic moment. Lifting the travel ban is a bipartisan issue, supported by the majority of the American people, and the Congress. Embargo supporters must face the fact that the tide is shifting, and that the travel ban must go." **Sally Grooms Cowal**, president of the Washington-based Cuba Policy Foundation, comments on the House passage of the Flake amendment (H.AMDT.552). (PR, CPF-"Congress Votes to Lift Cuba Travel Ban," 7/24/02).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; DJNW – Dow Jones News Wire; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 7

July 31, 2002

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

Ralph J. Galliano, Editor

DIAZ-BALART ELICITS WARNING TO AMERICANS FROM BOLTON OVER CUBA'S BIOWEAPONS

WASHINGTON – In a letter to Under Secretary of State for Arms Control and International Security John R. Bolton, Congressman Lincoln Diaz-Balart (R-FL) presented a series of questions involving "our homeland defense," specifically dealing with "efforts by the Castro dictatorship to develop biological weapons." Bolton, speaking before the Heritage Foundation on May 6, 2002 (USCPR, Vol.9No.5), named Cuba as a bioterror threat in his "Beyond Axis of Evil" speech, subsequently drawing worldwide attention and international scrutiny for his comments; although, he was not the first U.S. government official to make the reference. "I was not the first to use this unclassified language on Cuba in a public venue," said Bolton in response to Diaz-Balart's questioning. "Assistant Secretary Carl Ford of the Department of State Bureau of Intelligence and Research (INR) used essentially the identical language cleared by the U.S. intelligence community in his March 19, 2002 testimony to a Senate Foreign Relations Committee hearing on reducing the threat of chemical and biological weapons" (USCPR, Vol.9, No.3). Bolton is, however, the first Bush administration official to frame the available intelligence as a *warning* to the American people. "So the question policymakers must answer is whether there is sufficient information to alert the American public and the Congress about the potential threat Cuba's BW [Biological Weapons] effort poses to the United States," explained Bolton. "We strongly believe that the answer to that question is 'yes.' The American people deserve to know." While Bolton admitted there was "no 'smoking gun' proving beyond a shadow of a doubt that Cuba was developing biological weapons," he did say in response to Diaz-Balart's questions that there is a "body of information" where the intelligence community "has come to the conclusion that Cuba has at least a limited, developmental offensive biological warfare research and development effort." Saying he couldn't go into specifics "due to classified concerns," he referred to "reports from defectors, émigrés, and other intelligence sources that have, for years, ascribed BW intent to Cuba's biotechnology activities." Asked why the Bush administration hadn't said more on the issue of "Cuba's bioweapons effort," Bolton expressed his frustration over how little he could say publicly. Seeking not to provide "feedback to Cuba on how much we know about its BW effort," Bolton pointed out, "We clearly have major – and legitimate – 'sources and methods' concerns here." Casting aside "skeptics" who disagree with the U.S. government's conclusion put forward by the Bush administration, Bolton said, "...I believe we have more than enough information to justify warning the American public about this potential threat, coming as it is from a country only 90 miles away from the U.S. mainland."

▪ Diaz-Balart Elicits Warning to Americans from Bolton Over Cuba's Bioweapons.....	1
▪ Transparency Lacking in Sales of U.S. Agricultural Products to Cuba.....	5
▪ National Summit on Cuba.....	6
▪ Cuban Government Sets Date for U.S. Food and Agriculture Exhibition in Havana.....	8
▪ Bush Issues Third Waiver for Title III of Helms-Burton.....	9

CUBA'S THREAT TO U.S. NATIONAL SECURITY UNDERPLAYED –

Approaching the eve of the first anniversary of the September 11th terrorist attacks on America, Bolton says "Cuba continues to seek to undermine U.S. national security through the use of espionage." Cuba analyst Ana Belen Montes was swept off the streets of Washington and arrested for espionage by the FBI on September 21st, just 10 days after the attacks (USCPR, Vol.8, No.9). "An important element of the Cuba BW story concerns the spy Ana Belen Montes, a former senior Cuba analyst at the Defense Intelligence Agency [Pentagon] who pled guilty to spying for Cuba in March...I regret that the current status of that case does not permit me to say more about it at this time," Bolton apologized. Rep. Bob Menendez (D-NJ) did shed some light on this subject during the late night July 23rd House floor debate over H.R. 5120, the Treasury-Postal appropriations bill containing homeland security funding, saying, "Ana Montes...was specifically instructed to discredit Cuban defectors' reports of Cuba's biological weapons development." Referring to the Castro agents actively operating in the U.S. (USCPR, Vol.5, No.9), many of whom have been convicted (USCPR, Vol.8, No.6), Menendez queried, "What did this spy ring, when they came before the judge and pleaded in some cases, say? That they sent detailed information. On what? On the United States Postal System to Cuba. What a boring issue, the United States Postal System!" Ironically, many of the anthrax letters that began arriving in late September 2001 were postmarked Trenton, New Jersey. In a Q&A published by the London *Financial Times* on July 10th, Alexander Nicoll says that among those bioweapons "at the top of the danger list" is anthrax. Nicoll describes biological weapons (BW) as the "means of deliberately spreading disease using naturally occurring viruses, bacteria and toxins...However, genetic engineering could make these more virulent or less treatable. Biotechnology could also spawn a whole new generation of weapons." In response to Diaz-Balart's question as to whether Cuba possesses an "advanced biotechnology structure" and whether Cuba had "declared" its applications, Bolton, having characterized Cuba's BW effort as "illicit," said that Cuba had an "advanced biotechnology infrastructure" and its capabilities were "inconsistent with and exceed their declared applications." Bolton cited Ford's testimony of June 5th where he said, "the research and capabilities of Cuba include work on various biological agents, pathogens, that could be effective against both people, livestock and crops." Pathogens are generally described as micro-organisms or viruses causing diseases. With Cuba "just 90 miles from our shores," Diaz-Balart believes that America's "homeland defense must begin at home." Diaz-Balart's letter of July 19th, along with Bolton's response are reprinted below. In the interest of space and clarity, Diaz-Balart's questions have not been repeated in Bolton's response and all questions and answers have been numbered.

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V9N7

DIAZ-BALART LETTER TO BOLTON

Congress of the United States

House of Representatives

Washington, DC 20515-0921

July 19, 2002

The Honorable John R. Bolton

Undersecretary of State for Arms Control and International Security

U.S. Department of State

Washington, DC 20520

Dear Secretary Bolton:

In light of recent revelations about the efforts by the Castro dictatorship to develop biological weapons, I want to express serious concern for the security of the United States. The Castro dictatorship has been on the Terrorist List for 20 years; harbors fugitives from U.S. law; supports international terrorists active in Europe and Latin America; steadfastly refuses to cooperate with the global coalition's effort to combat terrorism; works closely with other rogue states, including Iran and Iraq, has an active hostile intelligence operation in the United States, and may have been developing biological weapons since the early 1980s.

Because our homeland defense effort must begin at home, I have a series of questions about the Castro dictatorship, which is just 90 miles from our shores and is the only terrorist nation in our hemisphere:

- 1] Does the Administration continue to believe that Cuba is intent on acquiring weapons of mass destruction, as you stated in your May 6 address at the Heritage Foundation?
- 2] What is the Administration's assessment of the threat to U.S. security and the efforts of the Castro dictatorship to develop biological weapons?
- 3] Are not such efforts in violation of Cuba's obligations under the Biological Weapons Convention?
- 4] Why has Cuba been designated by the Department of State as a state sponsor of terrorism?
- 5] [Does the Cuban Government support the global coalition's war on terrorism?]
- 6] What evidence is there to support your charges about Cuba's offensive biological effort?
- 7] Why did the Administration elect to go public with its concerns about Cuba's weapons of mass destruction (WMD) effort?
- 8] Did the U.S. intelligence community clear an unclassified speech you gave regarding possible violations of WMD treaties by several rogue states? What was the language they cleared?
- 9] Have there been references to a Cuban developmental offensive biological weapons effort in U.S. intelligence analyses? Is this a recent development?
- 10] Were you the first Administration official to make unclassified references to Cuba's WMD effort in a public venue?
- 11] Is there a body of substantial evidence that indicates Cuba is developing biological weapons and helping other rogue states develop them?
- 12] Is there an element of Cuban espionage against the U.S. associated with its bioweapons efforts?
- 13] Why can't the Administration say more about Cuba's bioweapons effort?
- 14] Does the Administration believe Cuba possesses an advanced biotechnology infrastructure? Is it consistent with Cuba's declared applications?
- 15] Do you believe the Administration possesses sufficient information to alert the American public and the Congress about the potential threat Cuba's bioweapons effort poses to the U.S.?
- 16] By going public with this information, are you also not sending a message to the Castro dictatorship and to the Cuban government? What is that message?

I appreciate your attention to this matter of serious concern to U.S. national security, and anticipate a prompt reply to the questions herein.

Cordially,

Lincoln Diaz-Balart (R-FL)

BOLTON'S RESPONSE TO QUESTIONS

UNDER SECRETARY OF STATE FOR

ARMS CONTROL AND INTERNATIONAL SECURITY

WASHINGTON

July 22, 2002

Dear Congressman Diaz-Balart:

In response to your letter of 19 July, I have prepared the enclosed answers to the questions you posed. I am very concerned about the intelligence I have seen suggesting that Cuba is developing biological weapons, and I appreciate the Congress taking an active interest in this issue. If you have further questions about this matter, please do not hesitate to contact me.

Sincerely,

John R. Bolton

Enclosure

As stated.

The Honorable

Lincoln Diaz-Balart,

House of Representatives,

Washington, DC

Answers to Congressman Diaz-Balart's letter of July 19, 2002 on Cuba's Biological Weapons Effort

Q-1/A: The Bush Administration remains very concerned about any illicit efforts by the Government of Cuba to develop biological weapons. We call on Fidel Castro and the Government of Cuba to comply fully with its obligations under the Biological Weapons Convention and, to that end, immediately shut down any illicit biological warfare ("BW") effort and terminate all BW-applicable cooperation with rogue states.

Q-2/A: As part of our effort to publicize states that have violated their obligations to abide by international arms control treaties, I asked the U.S. intelligence community to clear unclassified language on several rogue states concerning the possible violation of these treaties for use in an unclassified speech I gave at the Heritage Foundation on May 6, 2002. The intelligence community cleared the following unclassified language for this speech on Cuba's BW effort:

The United States believes that Cuba has at least a limited offensive biological warfare research and development effort. Cuba has provided dual-use biotechnology to rogue states. We are concerned that such technology could support BW programs in those states. I call on Cuba to cease all BW-applicable cooperation with rogue states and to fully comply with its obligations under the Biological Weapons Convention.

Q-3/A: Yes. Research to produce biological agents for offensive purposes is a violation of the convention.

Q-4/A: Havana has long provided a safe-haven for terrorists, earning it a place on the State Department's list of terrorist-sponsoring states. The country is known to be harboring terrorists from Colombia and Spain as well as fugitives from the United States. Additionally, we know that Cuba is collaborating with other state sponsors of terror.

Q-5/A: No. As the most recent State Department report on "Patterns of Global Terrorism" points out, Cuban government officials, including Castro, denounced the global coalition's war on terrorism as "fascistic and militaristic" and suggested that the attacks were a predictable and legitimate consequence of U.S. policies. Notwithstanding Cuba's acceptance of the detention of unlawful combatants at the U.S. Naval Base at Guantanamo Bay, Cuban officials continue to suggest that the military response is worse than the 9/11 attacks.

Q-6/A: During his June 5, 2002 testimony to the Senate Foreign Relations Committee, Assistant Secretary of State for Intelligence and Research Carl Ford said this about evidence for a Cuban BW effort: "...we feel very confident about saying that they're working and have been working on an effort that would give them a BW – limited BW offensive capability. And that's serious enough to tell you about it."

That said, it is true that there is no "smoking gun" proving beyond a shadow of a doubt that Cuba is developing biological weapons and is helping other rogue states develop them. While I can't go into specifics in this letter due to classification concerns, the intelligence community has evaluated a body of information and has come to the conclusion that Cuba has at least a limited, developmental offensive biological warfare research and development effort. Mr. Ford testified on June 5 that "there is substantial information" about Cuba's BW effort.

What I do have are reports from defectors, émigrés, and other intelligence sources that have, for years, ascribed BW intent to Cuba's biotechnology activities. Although this information is difficult to corroborate, analysis of this information led the U.S. intelligence community to conclude in 1999 that Cuba has at least a limited, developmental offensive biological warfare research development effort.

Q-7/A: As we look at the broader picture of Cuba, we find a lot of "dots" to connect, including hostile intentions toward the United States on the part of the Cuban regime, human reporting, and suspicious collaborations with rogue states. We have previously expressed concern about Cuba's advanced biotechnology infrastructure, which has capabilities we believe are inconsistent with and exceed their declared applications. As Assistant Secretary Ford testified on June 5, "the research and capabilities of Cuba include work on various biological agents, pathogens, that could be effective against both people, livestock and crops." Cuba continues to seek to undermine U.S. national security through the use of espionage. So the question policymakers must answer is whether there is sufficient information to alert the American public and the Congress about the potential threat Cuba's BW effort poses to the United States.

We strongly believe that the answer to that question is "yes." The American people deserve to know. Particularly in light of the terrorist attacks of September 11, we feel obligated to tell the public about Cuba's BW effort. The intelligence community has known about this threat for several years, as have the intelligence oversight committees [in Congress].

The information is there. It is not new. Skeptics will disagree with our conclusion. But I believe we have more than enough information to justify warning the American public about this potential threat, coming as it is from a country only 90 miles from the U.S. mainland.

Q-8/A: Yes. In my May 6th Heritage Foundation speech, I took the opportunity to go beyond the axis of evil – Iran, Iraq, and North Korea – and underscore the serious threat posed by three other rogue states intent on acquiring weapons of mass destruction – particularly biological weapons. In addition to Cuba's BW effort, the U.S. intelligence community cleared language about two other rogue state WMD programs:

– Qaddafi and the Libyan Government continue to pursue nuclear, chemical, and biological weapons as well as the ballistic missile technology to deliver weapons of mass destruction.

– The Syrian Government has long had both chemical and biological weapons development programs.

Q-9/A: I raised the issue of Cuba's biological weapons effort because of numerous references I have seen to a Cuban BW effort in classified CIA and DIA analyses. My staff has found consistent references to a "Cuban developmental offensive BW effort" going back at least five years.

Q-10/A: I was not the first to use this unclassified language on Cuba in a public venue. Assistant Secretary Carl Ford of the Department of State Bureau of Intelligence and Research (INR) used essentially the identical language cleared by the U.S. intelligence community in his March 19, 2002 testimony to a Senate Foreign Relations Committee hearing on reducing the threat of chemical and biological weapons.

Q-11/A: As I stated earlier in this letter, we have no "smoking gun." But I believe what we do know is persuasive. During his June 5 testimony, Mr. Ford reiterated the intelligence community's position on the evidence, saying, "...we feel very confident about saying that they're working and have been working on an effort that would give them a BW – limited BW offensive capability. And that's serious enough to tell you about it."

Q-12/A: Yes. An important element of the Cuba BW story concerns the spy Ana Belen Montes, a former senior Cuba analyst at the Defense Intelligence Agency who pled guilty to spying for Cuba in March. She was in a position to pass some of our most sensitive information about Cuba back to Havana, including details of a U.S. exercise in Suffolk, Virginia, the identities of four covert agents, and information related to the national defense at the top secret and special access levels. I regret that the current status of that case does not permit me to say more about it at this time.

Q-13/A: No one is more frustrated that I am over how little I can say publicly about Cuba's BW effort. We clearly have major – and legitimate – "sources and methods" concerns here. Even as I was preparing this statement, a U.S. intelligence community analyst e-mailed a member of my staff expressing concern about the consequences of providing "feedback" to Cuba on how much we know about its BW effort. The Intelligence Community cleared the language in this letter for BW – related intelligence information and judgments and for sources and methods issues, and it reflects the most the U.S. Government is willing to say publicly about Cuba's BW effort.

Q-14/A: We have expressed concerns about Cuba's advanced biotechnology infrastructure, which has capabilities we believe are inconsistent with and exceed their declared applications. As Assistant Secretary Ford testified on June 5, "the research and capabilities of Cuba include work on various biological agents, pathogens, that could be effective against both people, livestock and crops."

Q-15/A: While I strongly believe that the answer to that question is "yes," it is also true that additional collection efforts might well result in even more conclusive information.

Q-16/A: The Bush Administration does not just want to warn our citizens that we believe Fidel Castro is developing biological weapons. We want to put Castro on notice that if he is sincere about wanting to join the community of civilized nations and establishing normal relations with the United States, there are significant steps he needs to take. He needs to stop sponsoring and harboring terrorists and international criminals. He needs to stop persecuting his people; a Latin American-led coalition at the UN Human Rights Commission in April called on Cuba to respect human rights and to permit the UN High Commissioner for Human Rights to visit in order to encourage that development. Castro needs to hold free and fair elections. President Bush outlined our policy in this regard in his "Initiative for a New Cuba." If Cuba takes steps to hold free and fair elections and to open its economy – the same steps we have seen throughout the hemisphere – then the United States will respond accordingly. Importantly for the context of our discussion today, Cuba needs to live up to international treaties, especially the Biological Weapons Convention.

TRANSPARENCY LACKING IN SALES OF U.S. AGRICULTURAL PRODUCTS TO CUBA

In a letter to Assistant Secretary of State for Western Hemisphere Affairs Otto Reich, Rep. Lincoln Diaz-Balart (R-FL) and six other Members of Congress, including House International Affairs Chairman Henry J. Hyde (R-IL), complain of the lack of U.S. government transparency having to do with the sales of agricultural products to Cuba under the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA)(USCPR, Vol.7, No.10). "Unfortunately, a number of us in Congress have found that our questions relating to the content of the shipments, price being paid for shipments, and receipt of actual payments, have not been answered by the U.S. government," charged Diaz-Balart in the July 10th missive to Reich. John Kavulich, president of the New York-based U.S. Cuba Trade and Economic Council, has tracked every single sale "because nearly all the companies are our members." According to Kavulich, U.S. agricultural companies are receiving cash against documents within 48 hours of shipment. He says that while the U.S. could allow the Cuban government to wire transfer funds directly to the American company's correspondent bank in the United States, the law prohibits this. The Cuban government makes payments to two Paris-based banks, Societe Generale and BNP Paribas, where it is known to do business. Both French banks maintain a presence in the United States. When contacted, a spokesman at the State Department office of public affairs said it was their policy not to comment on letters from Members of Congress. A copy of Diaz-Balart's letter is reprinted below.

LETTER TO OTTO REICH

CONGRESS OF THE UNITED STATES
Washington, DC 20515

July 10, 2002

The Honorable Otto J. Reich
Assistant Secretary of State
U.S. Department of State
Washington, DC

Dear Assistant Secretary Reich:

We are concerned that payments from the Castro dictatorship for shipments of U.S. agricultural products may not be, in reality, being made as required by law.

The sales of U.S. agricultural products to Cuba are the result of a recent change in U.S. law and must be subject to intense scrutiny by the U.S. government. The Castro dictatorship is basically a bankrupt tyranny that owes billions of dollars in debt worldwide and cannot pay its bills. Unfortunately, a number of us in Congress have found that our questions relating to the content of the shipments, price being paid for the shipments, and receipt of actual payments, have not been answered by the U.S. government.

When the law allowing agricultural sales to the Castro dictatorship was passed, we received assurances from the U.S. government that cash payments would be required before any shipments were allowed to leave U.S. ports. We were subsequently informed that those assurances cannot be met. In fact, we are informed by the Departments of Commerce, Treasury and State that the answers to our questions are unknown.

It is imperative to know the genuine amounts that are being paid by the Castro dictatorship for U.S. agricultural shipments and whether those payments reflect the benefit of any forms of U.S. agricultural subsidies. We must also know whether payment-in-full is received prior to shipment or whether any forms of loans are being extended to the Castro dictatorship.

Precisely because, among other reasons, the Castro dictatorship remains on the State Department's List of Terrorist Nations, refuses to allow the delivery of food directly to the Cuban people, continues to control all aspects of the Cuban economy and prohibits private enterprise, continues to use food as a weapon to control opposition activists, and is unable to pay many of its bills, the sale of U.S. food and agriculture products must be very closely scrutinized and monitored. We are not convinced that the law's requirements are being fully met.

We hereby respectfully request that the Department of State seek answers to the questions we raise in this letter and respond to our request without further delay.

Sincerely,

Lincoln Diaz-Balart (R-FL)
Cass Ballenger (R-NC)
Chris Cox (R-CA)

Henry Hyde (R-IL)
Ileana Ros-Lehtinen (R-FL)

Dan Burton (R-IN)
Chris Smith (R-NJ)

NATIONAL SUMMIT ON CUBA

In a major grassroots push to overhaul U.S. policy toward Cuba, particularly the "Helms-Burton legislation," and to seek passage of their amendments to H.R. 5120 – *Treasury and Postal Operations Appropriations Act for Fiscal 2003* (USCPR-Legislative Alert, July 29, 2002), a coalition of anti-embargo groups is scheduled to come together in Washington for a meeting on the issues related to travel, trade, and remittances. The National Summit on Cuba is being brought under the umbrella of the New York-based Americans for Humanitarian Trade with Cuba (AHTC) and is co-sponsored by the American Farm Bureau Federation claiming "more than five million members in 50 states." It is also being supported by USA Engage comprised of "more than 600 major American corporations." Comparing the event to a national convention composed of state delegations, participants are expected to lobby the Bush administration and the Congress in support of these amendments, all at a time President George W. Bush has vowed to veto any such legislation. Supporters intend to show what they call the "remarkable breadth of support that exists throughout the United States for creating a more sensible policy toward Cuba." An invitation has been extended to Assistant Secretary of State for Western Hemisphere Affairs Otto J. Reich to defend President Bush's Initiative for a New Cuba (USCPR, Vol.9, No.6) against supporters of constructive engagement represented by Congressmen Jeff Flake (R-AZ) and William Delahunt (D-MA). "We wish to accommodate the Administration's point of view and have reserved room on the agenda to accomplish this in any way you see fit," write the co-chairs of AHTC, Sam M. Gibbons and Craig L. Fuller. Gibbons is a former Democratic Member of Congress from the Florida panhandle while Fuller served as chief of staff to Vice President George H.W. Bush. An open meeting, the National Summit on Cuba is to be held at the National Press Club in Washington on Tuesday, September 17th. A copy of the July 31st letter is reprinted below.

AHTC LETTER TO REICH

AMERICANS FOR HUMANITARIAN TRADE WITH CUBA

31 July 2002

The Honorable Otto J. Reich
Assistant Secretary for Western Hemisphere Affairs
U.S. Department of State
2201 C St. NW, Room 7262
Washington, DC 20520-6258
BY FAX: (202) 647-0791

Dear Assistant Secretary Reich,

On behalf of Americans for Humanitarian Trade With Cuba, the American Farm Bureau Federation, USA Engage and the World Policy Institute, we would like to invite you or a designated representative to discuss the Administration's Initiative for a New Cuba at the upcoming National Summit on Cuba which will take place on Tuesday, September 17, 2002 at the National Press Club in Washington DC.

The Summit will demonstrate the breadth of support that exists throughout the United States for creating a policy toward Cuba that better serves our national interests and our mutual goal of supporting the Cuban people in their drive toward a brighter future.

We believe it is important that our audience hear a debate on the merits of the Administration's policy prescription versus changes proposed by the Cuba Working Group and other members of Congress, particularly in the area of American travel to Cuba.

We wish to accommodate the Administration's point of view and have reserved room on the agenda to accomplish this in any way you see fit.

We will contact your office within the next few days to see how we can proceed to work together to make the Summit an event that will inform the kind of democratic decision making that is so essential to our society at large.

Sincerely

Sam M. Gibbons
AHTC Co-Chair

Craig L. Fuller
AHTC Co-Chair

cc: The Honorable Colin Powell
Dan Fisk, U.S. Department of State
Emilio Gonzalez, National Security Council
Bill Reinsch, USA Engage
Bob Stallman, American Farm Bureau Federation
Lissa Weinmann, World Policy Institute

CUBA, CASTRO, AND THE REVOLUTION: THE POLITICAL DIMENSION OF SUGAR

Sugarcane, reflective of the island's soul, has long been symbolic of Cuba. With the advent of the 1959 revolution, Fidel Castro brought about a complete redistribution of wealth. Through his agrarian reform plan for the confiscation of Cuban and American-owned private property, sugar became the Castro regime's major foreign currency earner, which sustained it for over 40 years. In a captioned photo showing a machete wielding Castro cutting field cane circa 1961, the London *Financial Times* (FT) called sugar the "core of the revolution." The July 9, 2002 article by FT reporter Daniel Schweimler described Cuba's sugar industry as having shaped its "rural and economic landscape for centuries and has been at the heart of Fidel Castro's revolution."

Today, the purity of Castro's socialist revolution has been spoiled by the failure of centralized planning and the collapse of the island's sugar industry. State planning is responsible for: placing the inexperienced army general Ulises Rosales del Toro at the helm of Cubazucar; announcing the restructuring of the industry, where Compania Azucarera Internacional, S.A. (CAISA) was created to replace the four-decades-old Cubazucar; and, now 71 of the 156 aging state-run sugar mills are to be closed (USCPR, Vol.9, No.7). CAISA ostensibly opens the Cuban sugar industry to direct foreign investment for the first time since 1959.

"Cuba's role as a major force in the world sugar market has diminished considerably over the past several decades," says Robert Knapp of the Foreign Agricultural Service at the USDA in his report of Cuba's sugar industry. From 1955-1959 Cuba's exports averaged 35 percent of world sugar exports. That figure dropped to 9.7 percent from 1997-2001. With declining export volume and declining prices, Cuba's value of sugar exports is expected to fall considerably, further complicating Cuba's ability to pay for necessary imports.

The displacement of a significant portion of the 400,000 sugar industry workforce is likely to become as socially problematic to the Cuban government as the demobilization of tens of thousands of Cuban troops stationed in Southern Africa during the 1980s. Castro's solution then was to turn the economy over to the generals. Today, the state plans to retrain sugar industry workers who have lost their generational jobs and pay up to 60 percent of the salaries of those who are unable to work elsewhere.

Florida Governor Jeb Bush was reported by EFE in late June, while in Miami, to have remarked to journalists that he would consider an exodus and Castro's abrogation of the bilateral 1994-1995 migration accords as an "act of aggression." The Cuban dictator had threatened to close the U.S. Interests Section in Havana and/or revoke the agreements when he accused the United States of "political interference." Interestingly, since that outburst, there has been silence on the subject from both the Cuban government and from Castro himself. However, the collapse of the sugar industry is likely to have dire social and political consequences for the Cuban government. □

CURRENCIES & COMMODITIES

1 Euro = 0.9755 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 25.36 Cuban Peso

Rates as of July 31, 2002.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.05
Year ago nearby = 7.93
Future (Oct. '02) = 5.80
High = 8.50
Low = 4.82

Cash/Spot price as of July 31, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 26.75-26.85
Year ago (July 31) = 26.35
Future (Sept. '02) = 27.02

Cash/Spot \$ price as of July 31, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,810
Year ago (July 31) = 5,675

(\$ per metric ton)
Official Price: July 31, 2002.
Source: London Metal Exchange.

Cobalt = 6.70 - 6.90
Year ago (May 28) = 9.20 - 9.60

(\$ per pound for 99.8%)
Price: July 31, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

PWN EXHIBICON INTERNATIONAL LLC SETS DATE FOR U.S. FOOD & AGRIBUSINESS EXHIBITION IN HAVANA – Westport, Connecticut-based PWN Exhibicon International LLC has announced a date for a U.S. food and agriculture exhibition to be held in Havana, Cuba (USCPR, Vol.9,6) at the Palacio de Convenciones de la Habana (Pabexpo). The Cuban government has assigned the dates of Thursday, September 26th through Monday, September 30th in which to hold its exhibition showcasing American agriculture and food companies. Expected attendance ranges from 15-to-20 thousand, according to the Communist government. Participants represent a roster of who's who among U.S. agribusiness, including: Archer Daniels Midland (IL), Riceland Foods (ARK), Radlo Foods (MA), Gold Kist (GA), Perdue (MD), Cargill (MN), Hormel (MN), and Tyson Foods (ARK). The exhibition is expected to be so large that PWN, headed by Peter W. Nathan, will be assisted by Bethesda, Maryland-based E.J. Drause & Associates Inc. with marketing and operations. Alimport chairman Pedro Alvarez of the Cuban Ministry of Foreign Trade said that Alimport will use the exhibition "to identify millions of U.S. dollars in new purchases, especially branded food products; and many of the contracts for these new purchases will be signed during the exhibition."

CUBA'S AGRICULTURAL MARKET VALUE IN PERSPECTIVE – The product value of U.S. exports being negligible in 2000 placed Cuba at 180-of-180 countries as ranked by the U.S. Department of Agriculture (USCPR, Vol.9,No.6). When sales of agricultural products totaled \$4.3 million by December of 2001, Cuba climbed to a ranking of 138-of-180 for the year. The sales value is expected to increase to \$165 million by December 31st, raising Cuba to 54-of-180 countries for 2002. Alimport president Pedro Alvarez, meeting with John Kavulich of the New York-based U.S. Cuba Trade and Economic Council in Canada recently, projected sales of U.S. agricultural products at \$260 million by the end of 2003, which would raise Cuba to a ranking of 33-of-180 countries. Comparatively, in 2001 Poland ranked 63, Vietnam ranked 67, and Austria ranked 119. While the top-10 countries make up 70 percent of all U.S. agricultural exports, the gap is wide. In 2001, Japan ranked at the top with \$8.8 billion, Canada was second with \$8.1 billion, Mexico was third with \$7.4 billion, and South Korea was a distant fourth with \$2.5 billion in U.S. agricultural imports, according to Kavulich. The government of Cuba has been described by Rep. Lincoln Diaz-Balart as "a bankrupt tyranny that owes billions of dollars in debt worldwide and cannot pay its bills." Notorious for paying its debts late, Cuba's foreign indebtedness for 2001 remained relatively static at nearly \$11 billion owed mainly to Japan, Argentina, Spain, Britain, and Italy, according to a Cuba's central bank as reported by Reuters on July 5th. "Even if agricultural sales to Cuba were to reach as much as \$400 million, the high end of optimistic public estimates, it would still only amount to 0.8% of the total" U.S. agricultural exports, contends a State Department white paper. "This is not an overwhelming market for US agriculture."

NO EUROPEAN UNION FAST TRACK FOR CUBA IN ACP – Despite the intense lobbying effort on Cuba's behalf by the leaders of the 63 national delegations in attendance at the meeting of the African Caribbean Pacific (ACP) group of former European colonies, EU Trade Commissioner Pascal Lamy rejected overtures to place Cuba on the fast track to receive access to the Cotonou agreement reached on June 23, 2000. The agreement, successor to the 25 year-old Lome Convention, provides \$12.7 billion in aid to the former European colonies over a five year period (USCPR, Vol.7,Nos.2-8,12). Lamy cited Cuba's poor human rights record and lack of democracy as factors, according to a spokesman for the ACP meeting in the Fiji town of Nadi held in preparation for trade talks this coming September in Brussels. Lamay indicated that if "economic and political" changes occur in Cuba in the future, that will be taken into consideration. Ricardo Cabrisas, the head of Cuba's delegation, called the EU decision a "humiliation" and a "slap" at Cuba. In addition, a report released in late June by the EU criticized Cuba for its investment policies and its overall economic conditions. The paper is entitled: *The Legal and Administrative Framework for Foreign Trade and Investment by European Companies in Cuba*. The Cuban government responded by issuing a diplomatic note to Spain (as EU president) in a highly critical and undiplomatic manner, rejecting outright the document and pejoratively referring to the country as the "Kingdom of Spain."

DOMESTIC BRIEFS

BUSH ISSUES HIS THIRD WAIVER FOR TITLE III OF HELMS-BURTON – If anyone is keeping score anymore, it is Clinton 10, Bush 3. Ever since President Clinton signed the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* into law, Title III of the Act, commonly referred to as Helms-Burton, has been waived. Title III permits a private right of action in U.S. federal court against a trafficker of confiscated property in Cuba, the claim to which is owned by a U.S. national. The trafficker is likely to be a foreign national engaged in a tourism or mining joint venture with the Cuban government; and, the trafficker is more likely to be either a Canadian or European company (USCPR, Vol.8,No.7). If the Bush administration has anything to show for its efforts on behalf of its close allies and trading partners, it may be apparent in the self-serving decisions taken by the European Union denying Cuba access to aid to be granted to Europe's former African, Caribbean, and Pacific colonies under the Cotonou agreement and the issuance of an EU report criticizing Cuba for its investment policies and shabby treatment of European businesses. America's bilateral policy with Cuba revolves around President Bush's Initiative for a New Cuba calling on the Cuban government to respect human rights and democratic ideals (USCPR-SE, May 29, 2002). Bush issued his waiver in the form of a letter dated July 16, 2002 to Congress.

WIN OR LOSE, CUBA WORKING GROUP AMENDMENTS NOT LIKELY TO CHANGE AGRICULTURAL SALES TO CUBA – "If the amendments are defeated, tracking for 2002 and the first quarter of 2003 will remain," John Kavulich told the *U.S. Cuba Policy Report* during a recent interview. Kavulich, who is the president of the New York-based U.S. Cuba Trade and Economic Council, was referring to the passage in the House of a string of anti-embargo amendments to H.R. 5120 – *Treasury and Postal Operations Appropriations Act for Fiscal 2003* (USCPR-Legislative Alert, July 29, 2002) that passed on July 23rd, sponsored by Reps. Jeff Flake (R-AZ), William Delahunt (D-MA), and Jerry Moran (R-KS). Kavulich believes there will be "a high level of trade activity no matter what happens" as much will be "determined by the November elections than a change in law." If the amendments are striped from the appropriations bill during the House-Senate conference, Kavulich says the plan in the next Congress will be to rescind the regulations governing the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA)(USCPR,Vol.7,No.10).

UNIVERSITY OF MIAMI PLANS WASHINGTON SEMINAR ON CUBA TRANSITION

– Professor Jaime Suchlicki, of the Cuba Institute for Cuban & Cuban-American Studies Cuba Transition Project at the University of Miami, is sponsoring a seminar in Washington. Cuba Transition: Prospects, Problems and Recommendations will be held at the Rayburn House Office Building on Thursday, September 5th. The purpose of the seminar, which will cover economic, political, and legal issues during three sessions, is to discuss "some of the research studies of the Cuba Transition Project, supported by a grant from the U.S. Agency for International Development (USAID). Three legal issues comprise Session III, including: The Role of the Judiciary: Alternative Recommendations for Change – Laura Patallo Sanchez, Esq.; Alternative Recommendations for Dealing with Confiscated Properties in Post-Castro Cuba – Matias Travieso, Esq.; and, The Treatment of Expropriated Property in a Post-Castro Cuba – Oscar M. Garibaldi, Esq. Attendance to this seminar is by invitation only. The media is welcome.

SENATE REPORT LINKS CUBA-BASED IRA TO COLOMBIAN MASSACRE

– The Senate Foreign Relations Committee Minority Staff Delegation to Colombia issued its trip report on June 28th linking the urban terror in Colombia with the IRA trained FARC, a Colombian narco-terrorist organization that was responsible for the massacre of 117 civilians on May 9th, when a mortar caused the collapse of the roof of St. Paul the Apostle Church in Bellavista. In an article filed on July 5, 2002, Britain's *Daily Telegraph* described the atrocity as the "worst single civilian loss of life in the Colombian civil war." A photograph in the nine page report showing a homemade FARC mortar is captioned: "The IRA Touch." In a direct reference to the IRA, one observation of the report states, "An intense and indiscriminate urban bombing campaign appears to be a direct result of foreign terrorist involvement in Colombia." Gerry Adams, president of Sinn Fein – the political wing of the Provisional IRA – was forced to admit that Niall Connolly, the leader of the three IRA terrorists traveling on false passports and arrested in Bogota on August 11, 2001 (USCPR-SE, 9/25/01), was Sinn Fein's representative in Cuba (USCPR, Vol.8,No.10). Reuters reported on July 23rd that the Irishmen will be arraigned in a Bogota court on October 4th. The Senate report is signed by Jose R. Cardenas and Brian Fox.

NOTABLE QUOTES

"Russia, allied with the United States, broke all the accords and betrayed Cuba. I cannot use another word, although I do not try to blame any one leader in particular. It was the fruit of its errors and the painful way in which it lost the ideological battle against the Western capitalist and imperialist bourgeoisie, under the standard of the United States." Excerpt from speech by **Fidel Castro** accusing Russia of betrayal following the December 1991 collapse of the Soviet Union as reported in the Communist Party Daily, Granma on Sunday, June 30, 2002. (CNN.com/World, "Castro accuses Russia of betraying Cuba," 6/30/02).

"The Cuban military runs the tourist industry. A foreign hotel pays the government \$100 for a worker, but the Cuban government pays the workers in Cuban pesos, worth about \$4.50. This is theft and people would be outraged if it were taking place anywhere else in Latin America...What changes has indiscriminate engagement by the European Union brought in Cuba?" Tom Carter of the *Washington Times* provides the first interview with incoming Principal Officer, **James Cason**, of the U.S. Interests Section in Havana. (TWT, "Embargo of Cuba unlikely to end: New envoy vows Bush will veto bills," 7/17/02, p.A1).

"Now, Cuban President Fidel Castro says we should trust him when he states that Cuba has no biological weapons program. Instead of taking his word, we should accept the offer he made in May to former President Jimmy Carter and conduct a full inspection to key biotech facilities. We need to know, one way or the other, if a nation 90 miles from our shores is experimenting with deadly biological agents." **Dennis Hays**, Executive Vice President of the Cuban American National Foundation, writes in the Los Angeles Times. (LAT, "Don't Trust Castro – Verify," 7/21/02, p. M2).

"In 1990, this presidential candidate [Luis Inacio da Silva of the Workers' party of Brazil] co-founded with Castro the Forum of Sao Paulo, which every year since has convened Communist and other terrorist organizations and radical political movements from Latin America, Europe, and the Middle East. These annual meetings have been used by the participants to coordinate their plans for taking power and for executing actions against the United States." **Constantine C. Menges**, a senior fellow with the Washington-based Hudson Institute, served as President Ronald Reagan's special assistant for national security affairs in the 1980s. (*The Weekly Standard*, "A Strategic Warning," 7/22/02).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 8

August 31, 2002

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

Ralph J. Galliano, Editor

FLORIDA GOVERNOR JEB BUSH ADDRESSES ISSUE OF TRAVEL, TRADE, AND FINANCING AGRICULTURAL SALES TO CUBA

WASHINGTON – Florida Governor Jeb Bush, in a meeting with Ambassador Otto Reich, Assistant Secretary of State for Western Hemisphere Affairs (USCPR, Vol.9, No.3), gave Reich a copy of his letter written to Minnesota Governor Jesse Ventura dealing with Ventura's upcoming trade trip to Cuba. Bush and Reich were meeting to discuss immigration, an issue of interest and importance to Floridians, Katie Muniz, communications director to Governor Bush, told the *U.S. Cuba Policy Report*. The governor and the assistant secretary met privately in Miami for breakfast on the morning of Friday, August 30th. Jeb Bush, brother to President George W. Bush, has been steadfast in his opposition to amending the *Trade Sanctions and Export Enhancement Act of 2000* (TSRA) that was signed into law by President Clinton on October 8, 2000 (USCPR, Vol.7, No.10), specifically any provision that would lift the current prohibition on the financing of agricultural sales to Cuba. In March, the Florida governor weighed in strongly against provisions contained in H.R. 2646, the *Farm Security and Rural Investment Act*, that would have weakened TSRA, when he wrote letters (March 20, 2002) to both Speaker of the House J. Dennis Hastert (R-IL) and Rep. Larry Combest (R-TX), the chairman of the House Agriculture Committee. In the House-Senate conference committee that followed, Rep. Nethercutt (R-WA), who fathered the TSRA opening on food trade with Cuba, urged conferees to include the language contained in Section 335 of the Senate bill by receding "to the Senate on the issue of private financing of agricultural sales to Cuba." The final compromise dropped that provision from the farm bill (USCPR, Vol.9, No.4). However, just prior to Congress' August recess, on the night of Tuesday, July 23rd, the House passed a series of key amendments to H.R. 5120 – *Treasury and Postal Operations Appropriations Act for Fiscal 2003*, dealing with Cuba policy that included language to ease travel, remittances, and trade financing (USCPR-Legislative Alert, "White House Loses Key Votes on Cuba," 7/29/02), further weakening the embargo. Governor Bush's August 29th letter to Governor Ventura comes at a time when, having returned from its summer break, Congress faces a conference over the House Treasury-Postal Appropriations Bill (H.R. 5120) and the Senate Treasury and Government Appropriations Bill (S.2740). The Cuba amendments, Flake and Dorgan respectively, are very similar, thus making it much more difficult for conferees to strip out the language of the final version, leaving it to President Bush to carry out his threatened veto.

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- Florida Governor Jeb Bush Urges Counterpart Jesse Ventura Not to Travel to Cuba..... 1
 - Emerging Bush Administration Policy Position: Cuba's Hostility..... 4
 - Resumption of Venezuelan Oil Shipments to Cuba in Question..... 5
 - Cuban Intelligence Agents Gain Influence with Foreign Employers..... 6
 - Pro-Democracy Coalition Formed: Americans for a Free Cuba..... 7
-

BUSH ASKS VENTURA TO DO THE RIGHT THING – "While I don't expect you to cancel your trip, I strongly believe doing so would be the right thing to do," Jeb Bush implores the Minnesota Governor, who is intensely "independent" and has a reputation for being a "maverick" politician. "I encourage you to consider other options as you look for opportunities to expand international trade for your state." Among the sourcing that now accounts for 50 companies in 30 states, meat packer Hormel Foods Corporation of Austin, Minnesota, for example, is one of the largest and a primary producer of pork and turkey products with operations in eight other states including Iowa, Georgia, Illinois, Wisconsin, Nebraska, Oklahoma, California, and Kansas. Hormel Foods International Corporation (HFIC) maintains worldwide operations in over 40 countries including China, Mexico, Spain, Poland, and England. A supporter and sponsor of the upcoming PWN Exhibition International LLC, which will be holding its food and agriculture exhibition in Havana beginning on Monday, September 26th (USCPR, Vol.9, No.7), Hormel represents over \$4 billion dollars in sales in fiscal 2001. With more than 14,700 employees, Hormel showcases such well-established trademarks as Black Label, Dinty Moore, Hormel, Old Smokehouse and SPAM. In the area of corporate governance, John R. Block, the former secretary of agriculture (1982-1986) under President Reagan, is a member of Hormel's board of directors and is known to actively oppose the Cuban embargo. "Simply put, now is not the time to encourage expanded trade and grant unrestricted tourist travel to Cuba," Bush writes in his letter to Ventura. "Dollars generated from such activity are, and will invariably be, funneled into the coffers of the Cuban military and internal security forces." There are three other Minnesota agri-businesses besides Hormel currently selling food to the Cuban government; they include Cargill and two unnamed livestock companies. Convinced there are more lucrative markets, Bush proffers a search for alternatives to Cuba, if Ventura is agreeable. "I will direct my office to research potential overseas ventures from which Florida and Minnesota can mutually benefit." A copy of Governor Jeb Bush's letter to Governor Ventura is reprinted below. In related matters, while the Cuban government has neglected to place any food, wine, or agricultural orders from California-based companies, the first brand-name American food goods arrived in Cuba on Sunday, August 18th representing a \$750,000 order from Marsh Supermarkets Inc. of Indianapolis, Indiana, home of Republican Senator Richard G. Lugar, who is slated to become the ranking member of the Senate Foreign Relations Committee, if not chairman, in the upcoming 108th Congress, succeeding retiring Senator Jesse Helms of North Carolina.

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V9N8

JEB BUSH LETTER TO GOVERNOR JESSE VENTURA

State of Florida
Office of the Governor
The Capitol
TALLAHASSEE, FLORIDA 32399-0001

August 29, 2002
The Honorable Jesse Ventura
Governor
State of Minnesota
130 State Capitol
75 Constitution Avenue
Saint Paul, MN 55155
Dear Governor Ventura:

After learning of your plans to visit Cuba next month, I wanted to share some information that I hope will provide you with a broader and more realistic picture of life in Cuba. While I don't expect you to cancel your trip, I strongly believe doing so would be the right thing to do. I encourage you to consider other options as you look for opportunities to expand international trade for your state.

Recently, it has become more politically popular for U.S. elected officials to travel to Cuba. You are not the first, and undoubtedly, will not be the last. But we should never forget that the people of Cuba don't share the same basic freedoms and rights that the citizens of Florida and Minnesota enjoy. The simple reason for this is because Fidel Castro denies them the opportunity to exercise the unalienable rights that we have come to take for granted in America. Speaking out against government policies, fighting for what you believe, or attempting to change the established order in an effort to create a better society will gain you the label of an "independent" or "maverick" in the United States. In Cuba, you are called a "dissenter" and an "enemy of the revolution" – and then summarily thrown in jail.

As a strong supporter of worker rights, you should be aware of the abysmal conditions that hard-working Cubans must endure. For example, when foreign companies use Cuban laborers, they pay Castro's government in dollars or other hard currency. The Cuban worker is then paid his wages in near-worthless pesos. In effect, Castro skims off the top and leaves the workers with just a tiny fraction of what is rightfully theirs. He uses the differences to finance his oppressive regime to ensure its continued existence.

While in Cuba, I respectfully request that you ask about the Varela Project, a petition initiative completely legal under the Cuban constitution which calls for a referendum on open elections, freedom of speech, protection from state-sponsored political retribution, and the establishment of free enterprise.

The initiative is being led by the courageous Oswaldo Paya Sardinias, who is being honored by the National Democratic Institute with their 2002 Democracy Award. The award is scheduled to be presented to Mr. Paya in Washington, D.C. on Monday, September 30. So far, Mr. Paya has not been granted a visa from the Cuban government to travel to the United States to accept his justly deserved recognition. Please ask every Cuban official you meet during your visit, including Castro, when Mr. Paya can expect to receive his visa.

Since your trip concerns the establishment of trade agreements, it should be noted that Cuba is not the economic windfall some U.S. companies are hoping for, nor is it the kind of business partner that Minnesota corporations are accustomed to working with. The Cuban government has repeatedly failed to pay its bills and many nations have simply stopped doing business with the island. The current business state of affairs in Cuba has been described as "uneasy, unreliable and uncertain." That should not come as a surprise from a failed economic system that still considers private business and profits as evil. The result is a standard of living for average Cubans that has gone in just a few decades from one of the highest in Latin America, to one of the lowest.

Simply put, now is not the time to encourage expanded trade and to grant unrestricted tourist travel to Cuba. Dollars generated from such activity are, and will invariably be funneled into the coffers of the Cuban military and internal security forces. In fact, expanding tourism travel was what Castro did in 1991 after losing his stipend from the collapsed Soviet Union. A stipend he earned, not incidentally, by spying on the United States and inciting revolution throughout the Western Hemisphere.

Moreover, Cuba simply is a bad credit risk. Even the European Union, with many current and former Castro allies among its members, complained to the Cuban government about "delayed payment, excessive government fees, and inconsistent and sometimes outlandish rules" according to a recent newspaper article. France, Spain, Italy, and Venezuela have suspended official credits after being left holding the bag filled with millions of dollars in IOUs.

If you are agreeable, I will commit to working with you in searching for new business and trade opportunities with nations other than Cuba. I will direct my office to research potential overseas ventures from which Florida and Minnesota can mutually benefit. I am convinced that there are many more lucrative markets for Florida and Minnesota goods with countries that also believe in democracy, free trade, and a respect for human dignity.

As you may know, in a recent letter to the U.S. Congress, Secretary of State Colin Powell and Secretary of Treasury Paul O'Neill reminded lawmakers that the relationship between the United States and Cuba remains one of "continued hostility." According to indisputable evidence, Cuba continues to harbor criminal fugitives and supports international terrorist organizations. While our military men and women are protecting us from terrorists, Castro's government claims the U.S. operation in Afghanistan has engaged in "war atrocities." This type of rhetoric would normally be dismissed as absurd if it wasn't so offensive to our uniformed personnel.

President Bush announced his "Initiative for a New Cuba" on May 20, 2002. In it, he describes a series of positive and constructive steps, which the United States expects Castro to implement in return for a more normalized diplomatic and trade relationship. While no one really expects Castro to cede power, he continues to be completely unwilling to make even the most basic changes. We in the United States should not in any way participate in his continued oppression of the Cuban people.

While in Cuba, please take the time to meet with dissidents and other human rights defenders. If you agree, I will do everything I can to assist in coordinating such meetings with the State Department and the U. S. Cuban [sic] Interest Section in Havana. By doing so you will get another view and insight, directly from those who suffer under Castro's totalitarianism. I am confident they will tell you that lifting the trade embargo and allowing unrestricted travel will only serve to maintain the status quo and delay the peaceful transition to democracy and free enterprise that the Cubans have been waiting for and so justly deserve.

Sincerely,
Jeb Bush

EMERGING POLICY POSITION: CUBA'S HOSTILITY

A recurring theme that is evolving inside the Bush administration over U.S.-Cuba relations, particularly in the aftermath of the September 11, 2001 terrorist attacks on America, is one of the Castro regime's continued hostility toward the United States. This policy development appears to be providing the lens through which all U.S. relations with Cuba can be expected to be viewed in the foreseeable future. Beyond rhetoric, there is no expectation of imminent change from Cuba's current conduct or inherent anti-American attitude.

Two of the highest ranking members of the President's Cabinet, Secretary of State Colin L. Powell and Treasury Secretary Paul H. O'Neill, in their joint letter dated July 11th written to the chairman of the House Appropriations Committee said, "Our Cuban policy recognizes that a relationship of continuing hostility exists between" our two governments (USCPR-Legislative Alert, 7/29/02).

Congressman Lincoln Diaz-Balart's (R-FL) July 19th letter to Under Secretary of State for Arms Control and International Security John R. Bolton (USCPR, Vol.9, No.7) referred to Cuba as having "an active hostile intelligence operation in the United States." In his response to questions posed by Diaz-Balart, regarding Cuba's biological weapons effort, Bolton articulated the "hostile intentions toward the United States on the part of the Cuban regime."

In his August 29th letter to Minnesota Governor Jesse Ventura, Florida Governor Jeb Bush referred to the Powell-O'Neill letter saying they "reminded lawmakers that the relationship" was one of "continued hostility."

In an op-ed column that appeared in the *Jacksonville Times-Union* on August 13th, Deputy Assistant Secretary of State for Western Hemisphere Affairs Daniel W. Fisk wrote, "Still fighting a cold war, Castro remains implacably hostile toward his regional neighbors and the United States." Writing to John S. Kavulich II, president of the New York-based U.S. Cuba Trade and Economic Council on August 30th Fisk said, "central to our overall U.S. policy towards the current Government of Cuba, is the reality of the Cuban regime's hostility to the United States."

Taken forward, this theme is only likely to develop further and the reality of the Cuban government's "hostility" toward the United States is unlikely to be altered.

The following op-ed column, written by Deputy Assistant Secretary of State for Western Hemisphere Affairs, Daniel W. Fisk, appeared in the Jacksonville Times-Union on August 13, 2002.

U.S. TOURIST DOLLARS SHOULD NOT PROP UP CASTRO REGIME

Jurassic Park exists 90 miles from U.S. shores. It is a political Jurassic Park, presided over by an aging anti-American dictator named Fidel Castro wedded to a failed ideology and a disdain for fundamental human rights. Is this a quaint tourist attraction, tantalizingly close and uniquely appealing, that some would have us believe?

A number of opinion leaders have argued that providing Castro's repressive system with American tourist dollars would revitalize the U.S. tourism industry and promote a democratic transition on the island -- if only the Bush administration would take seriously recent moves in Congress to lift travel restrictions imposed decades ago.

Travel to Cuba would contribute neither to the economic revitalization of the beleaguered U.S. airline and travel industry nor to sparking a political transformation on the island itself.

While other Western Hemisphere countries work to implement democratic practices and put in place market-based economic reforms, Castro has kept in place a top-down, plantation-style command political structure and economy that ill-serves Cuba's impoverished citizens. Despite being virtually bankrupt for the past 10 years, he has refused to abandon this system and even recently enshrined it in the country's constitution as "untouchable."

Other countries in the region have moved decisively away from authoritarianism, but Cuba maintains a totalitarian apparatus, which is used routinely to harass and detain those with the courage to question the system. There are virtually no political rights in Cuba, no freedom of expression, assembly or movement. This year, organizers of a petition drive to change the system were harassed, then shouted down by Castro, who orchestrated his own campaign to create the illusion of mass support for the status quo.

Still fighting a cold war, Castro remains implacably hostile toward his regional neighbors and the United States. This is shrilly expressed in marathon speeches in which the U.S. campaign against terror is equated with Nazism, as well as petulant attempts to belittle fellow Latin American heads of state as U.S. lackeys.

More sinister, it finds expression in continued close ties with fellow rogue states, as a safe haven for cop-killers and other

fugitives from U.S. justice, links to terrorist organizations, and a biotechnology development effort that could be turned against the United States.

In short, this is not a land where U.S. tourist dollars are well-spent, which is why the Bush administration is adamantly opposed to loosening current travel restrictions. Neither the government nor American public want to see U.S. dollars used to prop up a dictatorship at government beach resorts. Tourism in Cuba does little to benefit most Cubans. In fact, it perpetuates the control the Cuban government maintains over its citizens, since the government takes a nearly 90 percent cut of the salaries paid to the workers it provides on contract to foreign tourist concessionaires. Moreover, Castro's security apparatus affords little opportunity for tourists to engage ordinary citizens except in the most tightly controlled of circumstances.

Finally, the proposition that travel to Cuba will provide a boon to the U.S. travel industry is dubious, since American tourists are not likely to flock to the island, and those who do will simply be diverting from other travel destinations.

There is a more purposeful type of travel that Americans do support and which promotes U.S. interests and underscores our values. Anyone with close relatives in Cuba can travel there without even applying for permission. So can legitimate journalists and academics undertaking research. Representatives of church organizations, humanitarian groups and organizations conducting educational exchanges can obtain licenses from the U.S. treasury. Business travel to Cuba is permitted if it is to arrange for sale of U.S. exports that are permitted under U.S. law, such as medicines and certain food products. In fact, some 150,000 Americans travel to Cuba each year, providing humanitarian assistance to the Cuban people and quietly promoting democratic values.

Castro's policies have transformed this pearl into an island prison. And he now sees American tourist dollars as the funding source for his continued repression. Allowing Americans to subsidize Castro will not convert him or his regime, nor will it improve the lives of ordinary Cubans. It will only prolong the rule of the last dictator in the Western Hemisphere who remains prepared to do us serious harm, if given the opportunity.

RESUMPTION OF VENEZUELAN OIL SHIPMENTS TO CUBA IN QUESTION

Oil shipments vital to Cuba's economy and the Castro regime's survival have yet to resume since April 12th, when interim foreign minister, Jose Rodriguez Iturbe, announced (USCPR, Vol.9,No.4) that Petroleos de Venezuela SA (PDVSA) was bringing those shipments to a halt and that Venezuela was canceling the bilateral accord. The Caracas Energy Cooperation Accord (CECA) with Cuba (USCPR, Vol.7,No.10) was signed separate and apart (October 20, 2000) from the bilateral agreement signed with other Caribbean and Central American countries (October 19, 2000). An interim government headed by Pedro Carmona was formed on April 11th following a military coup attempt against President Hugo Chavez's leftist regime triggered by the violence unleashed against peaceful demonstrators marching on the presidential palace, Miaflores, following a general strike called by Venezuela's largest labor organization.

Ali Rodriguez, once the country's oil minister, has returned to Venezuela after resigning (June 26th) from his position as secretary general of OPEC to become president of PDVSA; this, in an attempt by Chavez, to stabilize and retake control of the powerful oil company. PDVSA managers and executives have objected to the preferential oil deal for Cuba. When PDVSA executives suspended shipments in April, Cupet, the Cuban state-run oil company, was said to owe the company \$142 million. Since his return, Rodriguez has announced that PDVSA's oil shipments to Cuba would resume and that the payment issue had been resolved. To date, they have not.

Venezuelan Trade Minister Ramon Rosales, in Havana to review the bilateral agreement, stated on July 22nd that oil shipments to Cuba would resume in the first week of August.

Petroleum consultant Emma Brossard, Ph.D. told the *U.S. Cuba Policy Report*, "The Executive Committee of the PDVSA Board strongly objects to these shipments to Cuba without payment, because under the Law of Salvaguardia passed by Congress in December 1982, the PDVSA executives would be breaking the law and could go to prison. It is Article 71 of this Law to Safeguard the Public Patrimony that is aimed at business executives and is so scary." Brossard, who grew up and worked in the oil industry (Mene Grande/Gulf) in Venezuela, is the author of *Power and Petroleum: Venezuela, Cuba and Colombia, A Troika?* (2001).

Writing from Caracas for *Petroleumworld.com*, Elio Ohp reported on August 16th that the opposition lawmakers have asked the Supreme Court to annul the oil accord with Cuba arguing it was illegal because it hadn't been approved by Congress.

"Irony of ironies," says Brossard, "Cupet has stated they will not sue Venezuela for damages, which they estimate at \$100 million, for not complying with the accord, if they can come to an agreement for more flexible payment of Cupet's debt to PDVSA." Brossard exclaimed, "Cuba already has a deal below the costs for other Caribbean nations that pay for their oil shipments. Now they threaten to sue!" □

CURRENCIES & COMMODITIES

1 Euro = 0.9814 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 25.51 Cuban Peso

Rates as of August 30, 2002.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 7.95
Year ago nearby = 7.74
Future (Oct. '02) = 5.98
High = 8.50
Low = 4.82

Cash/Spot price as of August 30, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 28.95-29.00
Year ago (Aug. 30) = 26.55
Future (Oct. '02) = 28.98

Cash/Spot \$ price as of Aug. 30, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 6,770
Year ago (Aug. 30) = 5,525

(\$ per metric ton)
Official Price: Aug. 30, 2002.
Source: London Metal Exchange.

Cobalt = 6.75 - 7.15
Year ago (Aug. 30) = 9.60 - 10.20

(\$ per pound for 99.8%)
Price: Aug. 30, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

FOCUS ON CUBA'S FOREIGN DEBT CRISIS – Argentina is Cuba's second largest creditor owing the debt-ridden South American country \$1.58 billion second only to Japan, which is owed \$1.7 billion by the Cuban government, according to Issue # 19 of *Focus*, "An Information Service of the Cuba Transition Project [CTP]." As a group, the EU is owed \$10.893 billion as of the end of 2001. *Focus* notes, "Cuba has paid neither principal nor interest since 1986 on multilateral obligations to the Club of Paris (19 primarily Western European creditor nations)." Eastern Europe or the former Communist regimes of the East Bloc, is owed \$2.2 billion, while the former Soviet Union is owed a disputed \$25 billion. In descending order, Cuba owes: China \$400 million; Mexico \$380 million; the United Kingdom \$196 million; Venezuela \$142 million; South Africa \$85 million; Canada \$73 million; and, Chile \$20 million. Including the EU, Eastern Europe, and the former Soviet Union (Russia), Cuba's total foreign debt adds up to \$42.669 billion, according to *Focus*. The CTP is a project of the Institute for Cuban and Cuban-American Studies at the University of Miami.

CUBA'S UNPAID CREDITORS IMPOUND CARGO SHIPS – Canadian businessman, Alexander Printzios, the managing director of the Mississauga, Ontario-based ship management company Adecon, was not the first corporate executive to legally impound a Cuban cargo ship for non-payment of commercial debt. In April 2002, it was reported that the merchant vessel, Maydin Reefer, had been impounded nine months earlier by Dutch authorities outside the Hague on behalf of Dutch creditors, including the British petroleum company Trampoil. Owed \$275,000, Adecon won a judgment in Canadian court last year, which ordered Cuba to pay. The Cuban government defiantly ignored the order until the Lilac Islands sailed into the West African port of Conarky, Guinea with a shipload of steel. To make them less identifiable, Cuban cargo ships are registered in Panama, Cyprus, or Malta through overseas front companies to avoid impoundment.

CUBAN INTELLIGENCE AGENTS GAIN INFLUENCE WITH FOREIGN EMPLOYERS – "Cubatecnica, created in the 1970s to handle the contracts of thousands of Cubans sent to work in factories in Communist Eastern Europe, brokered the new contracts and now has an estimated 400 workers in Mexico, Spain, Panama, Chile, Venezuela, Italy, Canada, and France," writes Juan Tamayo for the *Miami Herald*, in an article dated August 20, 2002. Also, under these government contracts, Cuba has assigned thousands of doctors, teachers, and sports coaches to work abroad, earning badly needed foreign exchange for Havana. This "little-known government agency in Havana" employs "former officials of the Interior Ministry, in charge of domestic security" who at first worked for foreign companies on-island and later moved overseas following the collapse of the former Soviet Union. The jobs paying as much as \$600 per month, when most Cubans earn a meager monthly salary of \$13, can be compared to the equivalent of business lobbyists in the United States, having once worked directly for the Cuban government with a multitude of contacts in the various ministries. Without a free market economy and operating in an impoverished Caribbean nation, many of those working for Cubatecnica resorted to bribery and had to transfer to the foreign employer's offices abroad, so as not to be prosecuted for corruption. Some even offered to work abroad "without salaries" suggesting the Cubatecnica workers continued on the Cuban intelligence payroll. Others kickback half of their salaries to Cubatecnica, or the Cuban government in Havana.

CUBA HANDBOOK OF TRADE STATISTICS – The long-running annual, *Cuba Handbook of Trade Statistics*, which has provided years of country specific trade data, has ceased to exist. The *U.S. Cuba Policy Report* has been informed that the annual unclassified publication produced by the Central Intelligence Agency (CIA) will no longer be printed due to a shift in priorities to America's war on terrorism, since the attacks of September 11, 2001. The publication's statistical tables included such useful information as imports, exports, and commodities such as sugar and nickel by country of origin. The last annual of the hardcopy version of the handbook was for 1998. Annuals for years 1998 – 2000 are available online at the CIA web site in "reference aids" located at <http://www.cia.gov/cia/di>. The *Handbook of Trade Statistics* generally became available to the public by July of the following year and was a valuable publication used by many researchers and analysts.

DOMESTIC BRIEFS

PRO-DEMOCRACY COALITION FORMED: AMERICANS FOR A FREE CUBA – In response to the upcoming National Summit on Cuba under the umbrella of Americans for Humanitarian Trade (USCPR, Vol.9,No.7) to be held in Washington on September 17 and 18, a new coalition of pro-democracy groups opposing trade with the Castro regime have united under one umbrella called Americans for a Free Cuba. "This national coalition stands for freedom and democracy in Cuba and supports President Bush's Initiative for a New Cuba [USCPR-SE,5/29/02]," said Ignacio Sanchez, a representative of the Miami-based Cuban Liberty Council. Among the participating groups are: Cuba Libertad, the Cuban American National Foundation, Mothers and Women Against Repression, the Cuban Democratic Alliance, Puente, United Cuban Organizations – North Zone, and others. Bush administration officials have expressed support. Independent consultant Maria Werlau of New Jersey is coordinating the effort.

HAVANA CONTINUES TO RECRUIT U.S. STUDENTS TO STUDY MEDICINE IN CUBA – The fourth wave of American medical students flowed into Havana on August 20th to begin a six year program at the Iberoamerican Medical School as part of a solidarity program by the Castro regime to attract minority black and Latino students from low income areas around the United States. The recruitment conduit was established by the Cuban Interests Section in Washington through the Congressional Black Caucus (USCPR, Vol.8,No.8) on Capitol Hill. That diplomatic office of the Cuban government actively solicits resumes and requires prospective students to complete detailed informational applications. The new group of 23 American students began their medical education with Spanish emersion language courses, bringing the total to 60. Overall, the Cuban Communist Party-run medical school has an enrollment of over 6,000 students from 24 countries. Defectors have attributed the creation of the Iberoamerican Medical School to the profits generated by the Castro regime from joint ventures with foreign pharmaceutical companies attracted by Cuba's highly developed biotechnology industry (USCPR, Vol.7,No.9).

HOUSE HEARING OF CUBA-BASED IRA WITH LINKS TO FARC NARCO-TERRORISTS IN COLOMBIA MADE AVAILABLE – The House International Relations Committee (HIRC) has released its April 24th hearing (USCPR, Vol.9,No.4) report entitled, *International Global Terrorism: Its Links With Illicit Drugs as Illustrated by the IRA and Other Groups in Colombia*. The 117 page report contains the facts that were compiled by the HIRC staff presented at the hearing, along with the hearing proceedings, witness testimony, and a 23 page appendix. The three Irishmen, James Monaghan, Martin McAuley and the Havana-based Niall Connolly were arrested by Colombian police in Bogota on August 11, 2001 (USCPR-SE, "IRA Arrests Linked to Cuba," 9/25/01) and are expected to be arraigned on October 4, 2002. The Marxist, narco-terrorist FARC is said to oversee the production of 700 metric tons of cocaine annually. A copy of the April 24th hearing, not yet available on the HIRC website: http://www.house.gov/international_relations, can be obtained by calling the Superintendent of Documents, U.S. Government Printing Office toll free at (866) 512-1800 or in the Washington, D.C. area by calling (202) 512-1800.

STATE DEPARTMENT COORDINATES CONTACTS BETWEEN CUBAN AND U.S. GOVERNMENTS – The contentious issue of direct technical discussions between U.S. Department of Agriculture representatives and Cuban Ministry of Agriculture representatives over the preparation and implementation of health standard certification for agricultural products and food products exported from the United States to Cuba under provisions of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (TSRA) came to a head recently when Deputy Assistant Secretary of State for Western Hemisphere Affairs Daniel W. Fisk clarified the U.S. position. Responding on behalf of Secretary of State Colin Powell, Fisk said in an August 30th letter to John S. Kavulich II, the president of the U.S. Cuba Trade and Economic Council, "it is a matter of longstanding policy that such communications, be they 'technical' or otherwise, must be accomplished through or with the coordination of the Department of State. Successive administrations have determined that this policy is necessary in order to maintain consistent foreign policy toward Cuba." Earlier in the year, the State Department rejected visas for senior officials of Alimport, the Cuban state-run company operated under the Ministry of Foreign Trade.

NOTABLE QUOTES

"Thus to replace the \$6 billion Cuba used to receive from the Soviets, the island would have to gross more than \$24 billion in tourist receipts. This is plainly impossible, since Mexico, with a far larger and more sophisticated infrastructure, and also a more varied and interesting program of attractions, does not quite gross \$8 billion." **Mark Falcoff**, a resident scholar at the American Enterprise Institute (AEI), cites the Castro regime's own figures that it retains only 22 cents of each tourist dollar. Falcoff is author of the book, *The Cuban Revolution and the United States: A History in Documents 1958-1960*, published by the U.S. Cuba Press, Washington, DC. (AEI, "Cuba: A New Crisis Brewing?" August 2002, p.3).

"If [the restrictions on Cuba] last a year, it will be the last year." House Majority Leader **Dick Armey** (R-TX) speaking at a trade promotion event in Wichita, Kansas on Wednesday, August 7th. (*San Francisco Chronicle*, "Army says U.S. should lift embargo against Cuba," 08/09/02).

"The embargo has not worked for 43 years. It is a formula for getting rid of Castro that does not work. However, if the U.S. lifted the embargo, it would be a political triumph for Fidel. If the travel restrictions are lifted, Castro would receive an economic benefit immediately and the result would be to prolong the regime." **Alcibiades Hidalgo**, a former member of the Central Committee of the Cuban Communist Party, a chief of staff to Cuban Defense Minister Raul Castro, a first vice-minister for foreign affairs, and a former Cuban ambassador to the United Nations (1992-1993), is considered the highest ranking Cuban official to have defected to the United States. The 56 year old Hidalgo, whose raft sank 40 miles from Key West, arrived in Miami on July 29th. (TWT, "Defector sees Cuba crisis," 08/20/02).

"I have been in Cuba many times over the past 20 years and I don't hide the fact that I consider myself a friend of Cuba, and an admirer of the Cuban people – a people with an enormous self-esteem [who have] not given up in the face of problems and adversities, and [who pay] a big price for it." **Luis Inacio "Lula" da Silva**, a leftist and a member of the Workers Party, is the leading presidential candidate in the polls for Brazil's upcoming elections on October 6th. (MH, "Brazilian candidate out of touch on Cuba," 08/22/02).

"We are convinced that the people of Cuba have a right to determine their own future and indeed that the blockade has to come to an end." South African President **Thabo Mbeki** uses the UN World Summit held in Johannesburg to call for a free Palestine and an end to the U.S. embargo on Cuba. IOL (Independent On Line), "Free Palestine and Cuba, says Mbeki," 08/31/02).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S.☆ CUBA *Policy Report*

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Institute for U.S. Cuba Relations ♦ Washington, D.C. USA
Ralph J. Galliano, Editor

September 27, 2002

Special Edition

FIKSK REVEALS CUBA'S DECEPTION AND DISINFORMATION IMMEDIATELY AFTER THE SEPTEMBER 11th TERRORIST ATTACKS

WASHINGTON – Daniel W. Fisk, Deputy Assistant Secretary of State for Western Hemisphere Affairs, in his address at the National Press Club, raised a topic of critical importance to American national security, particularly at a time when the U.S. is engaged in a war against the threat of terrorism, following the attacks of September 11, 2001. Fisk was invited to appear on Tuesday, September 17th before the National Summit on Cuba which convened a two day gathering of those opposed to U.S. - Cuba policy; their aim was to influence policy makers to pass several anti-embargo amendments in Congress (USCPR, Legislative Alert, July 29, 2002). Comprised of a broad coalition of groups, the meeting was organized and controlled by the left-leaning Americans for Humanitarian Trade with Cuba (AHTC) based in New York City. The Summit's intent was to give the appearance of a national shift in sentiment toward U.S. policy on Cuba and to create the perception that a majority of Cuban-Americans now favor lifting the economic embargo, a goal that would support the diplomatic, political, and military objectives of the Cuban Communist government of Fidel Castro. Earlier speakers had conveyed to their audience sentiments consonant with their belief in democratic values such as freedom to travel and free trade, neither of which exist in the totalitarian state of Cuba today. Under the subheading "Castro and the War Against Terrorism," Fisk presented a list of active measures targeted at America which he believed to be "sufficient to demonstrate" Cuba's "abiding hostility toward the United States." He added, "there is more: Mr. Castro and his government are actually impeding our efforts to defeat the threat of terrorism." Fisk went on to explain, "In the days following September 11, the United States put out a call to countries of the world for any information they might have on al-Qaida or other groups that might represent a terrorist threat to the civilized world. The Castro regime responded with decades-old information, and it chose to be misleading even about that." The Cuban government, said Fisk, "attempted to set-up our intelligence and international law enforcement agencies with at least one 'walk-in' a month since September 11 purporting to offer information about pending terrorist attacks against the United States or other Western interests." Most damning of all, however, was Fisk's revelation of the start of this intelligence deception with the false leads and their timing, saying, "Even on the very day of the bombings – September 11, 2001 – within hours of the attacks on New York and Washington – Mr. Castro sent an agent to us with the first such false lead."

▪ Deputy Assistant Secretary Fisk Reveals Cuba's Deception and Disinformation.....	1
▪ Fisk Address at National Press Club.....	3
▪ Felipe Perez Roque Attacks Bush Administration.....	5
▪ Cuban Letter to the United Nations.....	6
▪ Coalition Against U.S. Called for by Cuban-Led Organization.....	7

CUBA'S ACTIVE MEASURES – The Castro regime's manipulative use of selected truthful information, disinformation, arguments, and slogans is intended to influence the political attitudes, perceptions, and actions of both the American public and its government to believe what the Cubans want them to. Fisk's recent revelation of Cuba's active measures campaign against the United States represents an ongoing problem that has resided on America's doorstep for over four decades. Among Castro's active measures are: deception, disinformation, and perception management, both inside and outside of the United States. Within the United States, Cuba directs an intensive anti-embargo and lobbying campaign managed out of the Cuban Interests Section in Washington by Castro's premier spymaster, Fernando Garcia Bielsa (USCPR, Vol.7,No.3), who despite intense FBI opposition was granted a visa by the Clinton State Department in the early part of 2000, the beginning of the presidential election year and the Elian Gonzalez fiasco. Domestically, a myriad of Cuban espionage activities was highlighted by the trial of the Red Wasp spy network (USCPR, Vol.8,No.6) and the case of Defense Intelligence analyst Ana Belen Montes (USCPR, Vol.8,No.9), who sought to influence national security analysts and policy makers alike that Cuba no longer posed a threat to the United States. *Soviet Active Measures in the Post-Cold War Era 1988-1991* is the title of a report prepared for Congress by the U.S. Information Agency (USIA) in June 1992. Citing Cuba as having its "own active measures and disinformation" apparatus, the report refers back to the 1991 Persian Gulf War against Iraq. "The USIA officers responsible for countering disinformation made a major contribution to U.S. public diplomacy during the coalition war against Iraq, working very effectively to counter a number of virulent anti-American disinformation campaigns spread by Iraq and its allies. Anti-American propaganda and disinformation continues to be spread by Iraqi, Cuban, Iranian, Libyan, and other government groups," the report stated. Not much seems to have changed over the last decade, however, as relates to Cuba's ongoing strategy of deception and disinformation, whether by "human or electronic means." Through OSPAAAL, the Organization for Solidarity with the Peoples of Africa, Asia, and Latin America, a Havana-based operation focused on three continents, the Castro regime generates anti-American propaganda in support of Iraq throughout the Third World. Iraq and Cuba are just two of among seven state sponsors of terrorism designated by the State Department's annual report. Fisk warned in his address, "Some might be willing to dismiss such intrigues as essentially harmless. I would submit, however, that, in the post-September 11 world, diverting counterterrorism resources from legitimate targets to pursue false leads fabricated by Castro's intelligence apparatus diminishes our ability to respond to real threat information." Fisk's address is reprinted below. Bracketed text was edited by the State Department prior to presentation.

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FISK ADDRESS AT NATIONAL PRESS CLUB

Address by Deputy Assistant Secretary of State Daniel W. Fisk
before the National Summit on Cuba
Washington, D.C., September 17, 2002

Congresswoman Emerson, thank you for your introduction. And thanks to the organizers of this National Summit on Cuba for inviting me to discuss the President's policy toward Cuba.

At the outset, I cannot resist noting how glad I am that we have the freedom to openly discuss and debate our policy differences, as distinct from, say Cuba, where the kind of dissenting voice that I represent in this forum today would either be silenced or rewarded with a jail term.

Anyone involved in the debate on Cuba has to be struck by the fact that most reasoned discussion starts with the assumption that the Castro regime is bankrupt, dictatorial, and anachronistic. There is a broad acceptance that the system of government imposed on Cuba by Mr. Castro must change, that the Cuban people must be permitted to exercise their fundamental freedoms, including the right to choose freely who will govern them and how they will be governed.

The argument, then, revolves around how best to help the Cuban people accomplish this goal.

U.S. Policy – the Initiative for a New Cuba

U.S. policy seeks to encourage a rapid, peaceful transition to democracy in Cuba. To this end, in May, the President announced his Initiative for a New Cuba: an effort to promote Cuba's re-incorporation into the Western Hemisphere's community of democracies.

The Initiative challenges the Castro government to undertake political and economic reforms and conduct free and fair elections next year for the National Assembly. It also challenges the Cuban government to open its economy, allow independent trade unions, and end discriminatory practices against Cuban workers. Without reform in these areas, unrestricted trade and travel benefit the Castro regime, not the Cuban people.

The President made clear that his response to such concrete reforms will be to work with the United States Congress to ease the restrictions on trade and travel between the United States and Cuba.

Further, the President committed the United States to continue to work to mitigate the suffering of the Cuban people by:

- Facilitating meaningful humanitarian assistance by American religious and other governmental groups;
- Providing direct assistance to the Cuban people through non-governmental organizations;
- Working to resume direct mail service to and from Cuba; and
- Establishing scholarships in the United States for Cuban students and professionals trying to build independent civil institutions and for family members of political prisoners.

Rather than debate tactics, however, I want to focus on the realities of Cuba today, which is at the core of why we object to the Castro regime.

Economic Reality of Castro's Cuba

Some, including, I think, all the other speakers at this event, have argued that this policy of reaching out to the Cuban people while continuing to restrict the flow of American dollars to the Castro regime is out-of-date and should be ended.

Their critiques of the policy are generally couched in three broad arguments: the embargo policy has failed to change the regime, so let's change the policy. Or, we trade with Communist China, so why not with Communist Cuba? Or, the "at-least-they-are-buying-our-products-so-why-not-give-them-financing" line of reasoning. These may seem plausible at first glance, but, in fact, they oversimplify and ignore the record. Furthermore, lifting current restrictions would benefit the Castro regime at the expense of the Cuban people and long-term American interests in a free and democratic Cuba.

Many at this event have argued that America could help tear down the Castro dictatorship by permitting thousands of American tourists to fill Mr. Castro's hotel rooms – rooms built to generate revenue for the Castro regime – and by financing the regime's purchases of U.S. goods. In the case of tourism, most of the revenues go to the regime, including specifically the Ministry of the Revolutionary Armed Forces (MINFAR), which oversees many joint ventures, including a large number in the tourist sector.

In the case of financing, it would relieve pressure to concede further market reforms, thus helping to prolong the regime's command economy. And in no case would tourism or commerce change Fidel Castro's behavior. "Constructive engagement" by others, including Canada and members of the European Union, has not changed the regime's behavior.

The argument for treating Cuba like China is superficial. The Chinese have been following an economic reform model involving decentralization and the emergence of a vibrant entrepreneurial class. China has worked to create a legal and administrative framework conducive to foreign trade and investment, albeit a framework that the international community would like to see expanded. One result of these reforms is that independent entrepreneurs account for half of China's non-agricultural production.

To date, Mr. Castro has rejected the Chinese economic reform model.

As for foreign trade and investment, the Castro regime has devised a framework that raises costs and obstacles to foreign businesses, reserves the benefits of such interactions to itself, and carefully controls any impact on the general Cuban population. Joint ventures are not the product of joint financing – foreign firms finance most, if not all, of the projects.

Moreover, the regime does not always pay its obligations. Mr. Castro has effectively defaulted on payments to any number of creditors, be they governments or private businessmen in Russia, France, Italy, South Africa, and Chile. The regime owes international creditors somewhere in the range of \$16-20 billion, in addition to the \$20-plus billion it owes Russia for Soviet-era credits and aid.

Although some are in a rush to give Mr. Castro the opportunity, he has not yet stiffed U.S. farmers, namely because he is required to pay cash or use financing from third countries.

Further, with the average monthly wage of Cubans at \$20, it is difficult to imagine them buying a flood of U.S. products. Confirming this is anecdotal evidence that the \$100 million in agricultural commodities purchased by the Cuban regime since the end of last year has largely ended up feeding the regime elite or going to tourist hotels or dollar stores – thus doing nothing for 2/3rds of the Cuban population.

It's not at all clear how feeding visiting foreigners and the regime's elite supports a democratic opening or the development of a market economy in Cuba.

Human Rights and Democracy

Generally those who oppose current U.S. policy preface their remarks with an obligatory "Castro is a thug, dictator, or tyrant" reference. The rest of their remarks then gloss over what this means, how such a system seeks to destroy a person's dignity and turn people against each other.

This is a dictatorship we are discussing. The most basic freedoms are subject to limitations. The freedoms of speech, expression, and assembly are severely curtailed, as are fundamental rights of privacy. Those who attempt to exercise their fundamental rights can be subjected to harassment or detention. Even daring to express the belief that Cuba belongs to all Cubans, not just Mr. Castro, can result – has resulted – in prison terms.

Mr. Castro is a Machiavellian tyrant. He fully understands the political environment he is operating in. His dictatorship is politically agile and intelligent. And he appreciates political threats, including those emanating from human rights monitoring organizations. Accordingly, the tactics of Castro's secret police have evolved. They have moved away from 1960s-style tactics of visible repression and routinely throwing dissidents into jail for 30 years. Such measures just attract the attention of the many international organizations committed to detecting and ending such abuses. Today, State Security picks up and intimidates regime opponents, then releases them before too much heat can be generated internationally.

Fortunately, not everyone is fooled. Amnesty International recently observed: "Detained, threatened, evicted from their homes, or prevented from leaving the country – dissidents in Cuba are increasingly being subjected to a range of punitive measures other than long term imprisonment...short detentions and various forms of harassment are increasingly common. The measures applied to stifle dissent may be changing, but the fact remains that the freedom to express opinions, organize meetings, or form organizations conflicting with government policies is still seriously curtailed in Cuba."

Cuba's Latin American neighbors, along with others, have made note of the lack of freedom in Cuba. In April, for the first time, Latin American countries sponsored a resolution in the UN Commission on Human Rights calling upon the Castro regime to improve its respect of human rights. This effort was led by Uruguay, which itself suffered a period of military rule before emerging as a vibrant democratic society. Uruguay was joined by Mexico, Peru, Argentina, Costa Rica, Chile, and Guatemala, in an act of solidarity with the Cuban people that declares Cubans are no less deserving of freedom than others in this Hemisphere.

Castro and the War Against Terrorism

When confronted with the political, economic, and human reality of Castro's Cuba, critics usually fall back on the line that, at least, the Castro regime is no longer a threat to the United States or, more recently, that Castro has shown his willingness to cooperate with us in our efforts to combat terrorism and should be rewarded.

This is a hollow argument, as is apparent by a review of recent statements and events.

- Mr. Castro has re-affirmed his solidarity with Iraq, and continues to give Saddam Hussein political support.
- In Iran in May 2001, Mr. Castro is reported to have expressed his interest in working with that country to bring the United States to its knees.
- Mr. Castro compares our President to Hitler and equates our efforts against terrorism with the methods of the Nazis.
- He continues to harbor fugitives from American justice, including murderers.
- In the wake of September 11, at last year's UN General Assembly session, Mr. Castro's Foreign Minister essentially accused us of engaging in war crimes, alleging that our campaign to root out the Taliban involved a "bombing campaign against [the Afghan] people."
- Mr. Castro's Attorney General, in reference to the establishment of a detention facility for terrorists at Guantanamo, laughingly told the press last December, "I hope 15 or 20 [detainees] get out and kill them" – "them" being our fellow citizens serving at the U.S. base.
- On September 21, 2001, the FBI arrested Ana Belen Montes on charges of conspiracy to commit espionage against the United States on behalf of Mr. Castro. Ms. Montes was the senior Defense Intelligence Agency analyst responsible for Cuba. She pled guilty to the conspiracy charge in March of this year.
- Coincidentally, also in September, the Cuban agent involved in espionage against the United States and who also was found guilty of the crime of conspiracy to commit murder against American citizens – specifically for his role in the deaths of three American citizens and one legal permanent resident in the shootdown of the Brothers to the Rescue aircraft in 1996 – was to have been sentenced. He was ultimately sentenced to two life terms in December of last year.
- Most recently, as the Assistant Secretary of State for Intelligence and Research and the Under Secretary for Arms Control and International Security have stated, we believe that Cuba has "at least a limited, developmental, offensive biological warfare research-and-development effort."

The list I just enumerated is itself sufficient to demonstrate Mr. Castro's abiding hostility toward the United States. But there is more: Mr. Castro and his government are actually impeding our efforts to defeat the threat of terrorism.

In the days following September 11, the United States put out a call to countries of the world for any information they might have on al-Qaida or other groups that might represent a terrorist threat to the civilized world. The Castro regime responded with decades-old information, and it chose to be misleading even about that. The frankness and openness with which our requests were received in some unexpected quarters were completely absent when it came to Mr. Castro's response.

[It wasn't just that the Castro regime failed to work with the United States. The INTERPOL Secretary General traveled to Cuba in January, and, with public fanfare, was provided with boxes of information that, according to the Castro government, contained information relevant to law enforcement efforts to confront terrorism. But when INTERPOL opened the boxes, it found that instead of documents which could help advance investigations against terrorism, Mr. Castro had provided nothing more than copies of his own speeches denouncing actions that he considered acts of terrorism directed against his regime, as well as copies of UN Resolutions and documents prepared by the Cuban foreign ministry parroting Mr. Castro's speeches.]

In short, Mr. Castro provided the United States [and INTERPOL] with nothing of any value.

If the story stopped there, I suppose that, at best, we could say that Cuba had determined NOT to cooperate in the global effort against terrorism. There is more, however.

The Castro regime has actively and intentionally worked, through human or electronic means, to distract attention and resources from our on-going counter-terrorist efforts. It has attempted to set-up our intelligence and international law enforcement agencies with at least one "walk-in" a month since September 11 purporting to offer information about pending terrorist attacks against the United States or other Western interests. Even on the very day of the bombings – September 11, 2001 – within hours of the attacks on New York and Washington – Mr. Castro sent an agent to us with the first such false lead.

Even as the Cuban regime was piously noting its horror over the attacks and willingness to provide medical support to us, it was seeking to misdirect the investigation. This was only the beginning of a steady stream of what has turned out to be wild-goose chases intentionally initiated by the Castro regime.

While our agencies have detected this pattern, due diligence requires them to follow up on each and every lead or "walk-in" in order to fully determine whether there is information of value.

Some might be willing to dismiss such intrigues as essentially harmless. I would submit, however, that, in the post-September 11 world, diverting counterterrorism resources from legitimate targets to pursue false leads fabricated by Castro's intelligence apparatus diminishes our ability to respond to real threat information.

This is not harmless game-playing. It is a dangerous and unjustifiable action that damages our ability to assess real threats. This regime behavior does not evidence a lack of cooperation; this is obstructionism – and I am concerned that it could one day cost innocent people their lives.

Despite his disinformation campaign to portray himself as cooperating in the fight against terrorism, the Castro regime's words and deeds reflect its true motives.

He knows what side he is on, and it is not ours.

We must hold the course on U.S. opposition to the Castro regime

The Castro regime represents a dark chapter in Cuba's history. It remains the oppressor of the Cuban people; and it maintains its hostility towards the United States. This is why we must hold the course on denying the Castro regime the wherewithal to either repress Cubans or threaten us.

And it is why we must continue to reach out to the Cuban people, to encourage and promote the creation of an independent civil society. Current policies provide for non-governmental organizations and private citizens with humanitarian, family, educational, or cultural reasons to engage with the Cuban people. Despite the critics' mantra about a travel ban, Americans can travel to Cuba to promote our values and better the lives of the average Cuban. Private donations of foods and medicines are permitted; and the sale of agricultural commodities is allowed.

Despite the repeated harassment by and threats from the regime, courageous Cubans continue to strive to create a society based on democratic values and respect for human rights. In May, in defiance of the Castro dictatorship, a grassroots endeavor, Project Varela, garnered over 11,000 signatures on a petition requesting a referendum on political and economic rights. Its organizer, Oswaldo Paya, is a courageous and skillful individual, who has succeeded in growing this pro-democracy initiative from within the corrupt and bankrupt Communist system.

That the regime decided to permanently table this effort was predictable. That Oswaldo Paya and the growing band of pro-democracy activists will continue to have their voices heard is inevitable.

In recognition of his energy and vision for democracy, the National Democratic Institute will give Mr. Paya its "W. Averell Harriman Democracy Award" on September 30. Mr. Paya would very much like to travel to Washington to accept the award, but refuses to consider leaving Cuba unless the authorities give him an assurance that they will let him return. Unfortunately, at this point it appears that the regime will not give him that assurance. He has made clear that he will not leave to accept this recognition if he cannot return to his homeland.

The question before us, then, is not whether to lift the restrictions on trade and tourism but when and how. Does it make any sense to hand a political victory and capital windfall to a hostile dictator in his final days who is the single biggest obstacle to genuine economic and political change? Or, does it make more sense to retain the leverage that we can use with a transition government to ensure deep and broad political and economic reform?

We must continue to signal our disapproval of Mr. Castro's rule and deny him the means of holding on to power. We also must continue to be vigilant in recognizing that, while he is an adept manipulator, Mr. Castro's malice towards the United States has not abated. And we must continue to do all we can to assist the Cuban people in their quest for a society respectful of their fundamental rights and dignity.

This is at the core of what the United States seeks and it is at the heart of the President's Initiative for a New Cuba.

Thank you.

CUBAN FOREIGN MINISTER ATTACKS BUSH ADMINISTRATION

The Cuban government's stock response to the recent accusations concerning "walk-ins" made by Deputy Assistant Secretary of State for Western Hemisphere Affairs Daniel W. Fisk parallels the type of response denial made by IRA/Sinn Fein spokesmen when confronted with adverse charges such as their support of narco-terrorist activities in Colombia or spying on the Northern Ireland offices in Belfast. In the case of IRA/Sinn Fein, the lies and innuendo have to do with opponents of the Northern Ireland peace process signified by the 1998 Good Friday Agreement. Similarly, the Castro regime's denial attributes Fisk's remarks of September 17th to opponents of the amendments in Congress who want to lift the economic embargo against the Castro regime. "The US Government is trying to prevent the adoption of amendments in the Senate that were already overwhelmingly endorsed in the House – to allow travel by Americans to Cuba and the unrestricted sale of food and medicine to Cuba," charged Foreign Minister Felipe Perez Roque in a statement officially presented to the UN General Assembly and Security Council on September 25th by Cuba's permanent representative Bruno Rodriguez Parrilla. Perez Roque's statement of recrimination not only singles out Fisk but the Bush administration in particular, saying, "There is no argument to justify the irrational rejection by the Bush Administration of Cuba's proposal to sign bilateral agreements to combat terrorism, drug trafficking and illegal migration." The Cuban government finds it difficult to accept the American stance toward its Communist political system; one that is repressive and denies basic freedoms and human rights to all but the few privileged party elite on the island of 11 million inhabitants. U.S. policy toward Cuba reflects a position commensurate with a designated terrorist state that remains hostile to this country in a time of war. A copy of Perez Roque's letter to the UN is reprinted below.

CUBAN LETTER TO THE UNITED NATIONS

United Nations

A/57/424-S/2002/1069

General Assembly

Distr.; General

Security Council

25 September 2002

English

Original: Spanish

General Assembly
Fifty-seventh session
Agenda item 160

Security Council
Fifty-seventh year

Measures to eliminate international terrorism

Letter dated 19 September 2002 from the Permanent
Representative of Cuba to the United States addressed
to the Secretary-General

I have the honour to transmit to you herewith the statement made by Mr. Felipe Perez Roque, Minister for Foreign Affairs of the Republic of Cuba, in reply to the false and slanderous remarks made by Mr. Daniel W. Fisk, Deputy Assistant Secretary of State of the United States of America, accusing Cuba of impeding the efforts to combat terrorism.

I should be grateful if you would arrange to have this letter and its annex circulated as a document of the General Assembly, under agenda item 160, and of the Security Council.

(Signed) Bruno Rodriguez Parrilla

Ambassador

Permanent Representative

ANNEX TO CUBAN LETTER

Annex to the letter dated 19 September 2002 from the Permanent Representative of Cuba to the United Nations addressed to the Secretary-General

[Original: English and Spanish]

STATEMENT BY THE CUBAN FOREIGN MINISTER, FELIPE PEREZ ROQUE, ON THE ACCUSATIONS MADE BY DEPUTY ASSISTANT SECRETARY, DANIEL W. FISK

- Cuba firmly rejects the cynical statements made by Mr. Fisk.
- Mr. Fisk is lying with impudence. His words are degrading.
- All of his accusations against Cuba are false and slanderous. It is a colossal lie, just like when they fabricated that Cuba was a terrorist State and that we were producing biological weapons.
- I accuse Mr. Fisk, Deputy Assistant Secretary and former assistant to Senator Helms, of being a liar always ready to serve the minority interest of a group of Cuban extremists in Miami.
- I challenge Mr. Fisk to produce a single piece of evidence to support his allegations.
- From 29 November 2001 through 12 March 2002, Cuba insisted on several occasions on its proposals to sign cooperation agreements to fight drug trafficking, alien smuggling and terrorism at the bilateral level. The three were rejected. I want to be emphatic: Cuba repeatedly proposed to the US Government that a bilateral agreement be signed to engage in cooperation in the fight against terrorism and the US Government refused.
- I accuse Mr. Fisk of being irresponsible.
- I believe it is incomprehensible to speculate in this reckless manner with the memory of the victims of the ruthless terrorist attack of 11 September.
- It is unjustifiable to deceive the American people and the international public opinion with the sole purpose of maintaining an outdated and ridiculous policy towards Cuba – that is, the blockade that has been in force for over 40 years now.

- An issue as serious and essential to all of us as international cooperation in the fight against terrorism should not be manipulated for political purposes.
- There is no argument to justify the irrational rejection by the Bush Administration of Cuba's proposal to sign bilateral agreements to combat terrorism, drug trafficking and illegal migration.
- The US Government is desperately grasping at a straw with Mr. Fisk's statements by trying to confuse the public opinion that is already convinced of the failure of the blockade against Cuba.
- The US Government is trying to prevent the adoption of amendments in the Senate that were already overwhelmingly endorsed in the House – to allow travel by Americans to Cuba and the unrestricted sale of food and medicine to Cuba.

I will mention some examples to show that Mr. Fisk is lying:

1. Cuba strongly condemned the terrorist crime of 11 September. Cuba offered medical assistance, assistance in the rehabilitation of the victims and its airports to be used at that moment.
2. On 26 October, Cuba offered to the US Government, right in the middle of the crisis, the supply of 100 million tablets of ciprofloxacin (an antibiotic against anthrax). There was no response.
3. On 27 October, Cuba donated 100 tablets of ciprofloxacin to the diplomatic staff of the US Interests Section in Havana.
4. On 12 November, Cuba offered equipment developed in our country (effective in terms of time involved and low cost) in order to screen germs and break up anthrax strains.

We have more than enough elements of judgment to reveal the lie, but on account of discretion and confidentiality I will not raise them.

I hereby challenge Mr. Fisk to rebut these statements.

I reaffirm that it is a lie and that the Deputy Assistant Secretary is a liar.

CUBAN-LED ORGANIZATION CALLS FOR COALITION AGAINST U.S.

The following article, edited and translated by the staff of the Cuba Transition Project (CTP) at the University of Miami, appeared in Granma, the official newspaper of the Communist Party of Cuba on September 11, 2002, the first anniversary of the terrorist attacks on America. Havana-based OSPAAAL, the Organization for Solidarity with the Peoples of Africa, Asia, and Latin America, held its founding meeting in that city at the height of the Cold War in 1966, and notes CTP, it attracted the support of "Marxist, and anti-American groups and insurgencies [from] the three continents." For the developing Third World and the emerging New Left of the radical 1960s in America, the Cuban revolution represented a break with the evil Stalinist past of the Soviet Union. According to CTP, "OSPAAAL declared that violence was the correct strategy to achieve power, even in the U.S., where Cuba supported various violent" black nationalist groups. Among the fugitives from U.S. justice harbored by Cuba is JoAnne Chesimard a.k.a. Assata Shakur, a member of the Black Panther Party in the United States who was convicted in 1977 for the 1973 murder of New Jersey State Trooper Werner Foerster. Nearly four decades later, the Castro regime continues, through OSPAAAL and other means, to stoke anti-American sentiments worldwide. The symbolism of having published this statement on September 11th is not lost among astute observers. Fraught with hostility towards the United States, Granma's article was published six days prior to Deputy Assistant Secretary of State Dan Fisk's September 17th speech presented before the National Summit on Cuba held in Washington.

SOLIDARITY OF OSPAAAL WITH THE PEOPLE OF IRAQ

OSPAAAL, the Organization for Solidarity with the Peoples of Africa, Asia, and Latin America, calls on the international community to reject the threats of the American government to carry out another war against Iraq. U.S. objectives are to assassinate Iraq's president in order to replace him with a regime that functions as a representative of U.S. interests in the region and that would guarantee U.S. control over the region's petroleum. The White House brandishes the false pretext that Iraq manufactures bacteriological weapons even though, hypocritically, Washington has supported its ally, the Zionist and genocidal Israeli government, in the development of nuclear arms and weapons of mass destruction.

The complex and grave international situation and the successive aggressions unleashed by the United States in different parts of the world underscore for us the importance of the mobilization of all peace-loving forces in order to stop this barbarity. We cannot passively tolerate the Bush administration to dictate which ruler should govern a country, what form of government it will be ruled by, or what political position it adopts.

NOTABLE QUOTES

"The misinformation that we've gotten in some cases basically wastes our time and effort tracking it down. So we've had a lot of problems with some of the statements, some of the information that Cuba's given us. We don't think it's been much of a help and, in fact, it's actually diverted valuable resources from more – how can I say? – more appropriate and more factual information." State Department Spokesman **Richard Boucher**, responds to a reporter's question concerning Deputy Assistant Secretary of State for Western Hemisphere Affairs Daniel W. Fisk's remarks at the National Press Club on September 17th. (SD, Daily Press Briefing, "State Department Official's Remarks at National Summit on Cuba," 09/18/02).

"This is much worse than a lack of cooperation. The Castro regime is purposefully directing a campaign of disinformation to hamper the U.S. war on terrorism." Rep. **Lincoln Diaz-Balart** (R-FL) comments on the remarks made by Deputy Assistant Secretary Daniel W. Fisk at the National Press Club on September 17th. (MH, "Cuba hampers war on terror, U.S. says: Agents blamed for 'false leads'," 09/18/02).

"the Cuban intelligence apparatus knows a real lead and what's not – they know good information from a red herring." Rep. **Ileana Ros-Lehtinen** (R-FL) refers to the speech made by Deputy Assistant Secretary Daniel W. Fisk who revealed on September 17th that the Cuban government has been providing false information subverting America's war on terrorism. (MH, "Cuba hampers war on terror, U.S. says: Agents blamed for 'false leads'," 09/18/02).

"I want to be emphatic: Cuba repeatedly proposed to the U.S. government that a bilateral agreement be signed to engage in cooperation in the fight against terrorism, and the U.S. government refused." Cuban Foreign Minister **Felipe Perez Roque** talks to reporters at the Cuban Mission to the United Nations in New York about the comments made by Deputy Assistant Secretary Daniel W. Fisk on September 17th at the National Press Club in Washington regarding the Cuban government's pattern of deception and disinformation with respect to America's war on terrorism. (NYT, "Cuba Says U.S. Lied on Terror," 9/19/02).

"We are not going to accept the fact that it is true. I have to suggest that I have very profound reservations and am extremely skeptical." Rep. **William Delahunt** (D-MA) describes his incredulous position over Deputy Assistant Secretary Daniel W. Fisk's September 17th revelations of the Castro regime's deception and disinformation immediately following the September 11, 2001 terrorist attacks on America. (CubaTrader, "Dan Fisk's Remarks," 9/23/02).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 10

October 31, 2002

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

Ralph J. Galliano, Editor

HYDE WARNS AGAINST AXIS OF EVIL IN THE AMERICAS: CUBA, VENEZUELA, AND BRAZIL

WASHINGTON – George W. Bush faces a rapidly deteriorating political and economic situation in Latin America as he approaches the mid-point of the first term of his presidency. He is confronted with dire circumstances in Venezuela where a divisive leftist president, Hugo Chavez, has caused his oil-rich nation to spiral downward into economic and social chaos. Largely eclipsed by the terrorist attacks of September 11, 2001 and America's ongoing war on terrorism half-a-world-away, back-yard problem areas such as the economic meltdown of Argentina with its enormous \$140 billion debt default and the FARC's narco-terrorist control of Colombia converge with other problem areas in the Americas to arguably present the Bush administration with a challenge unequaled since the Soviet-Cold War era Cuban missile crisis of October 1962. In a letter dated October 24th, House International Relations Committee Chairman Henry J. Hyde writes to President Bush about the October 27th election in Brazil of "Luis Inacio Lula da Silva, who is a pro-Castro radical who for electoral purposes has passed as a moderate." Lula, a gray-bearded socialist, won a landslide victory with over 60% of the vote in the runoff election. A metal worker at 17, the 57 year old Lula rose to head the metal workers union and eventually was elected to Congress and became leader of the Brazilian Workers' Party (PT), whose political base is made up of labor unions, rural peasants, and the urban poor. Symbolized by the red star, PT's allies are the governments of Cuba and Venezuela. While Lula's victory is viewed by the democratic left in Latin America as an example to be emulated, it remains to be seen whether the president-elect can control the party's radical wing made up of Trotskyites, Maoists, and Marxists, who are said to comprise 30% of its membership. Brazil's 170 million people help to make it Latin America's largest economy with a per capita annual income equivalent to \$3,060. Increased unemployment, however, has left many Brazilians disaffected with capitalism and the global economy laying blame on the trade policies of the United States and helping to bring Lula to power in his fourth bid to become president of the largest country in Latin America. Lula's campaign can be described as anti-American in nature, especially his opposition to President Bush's Free Trade Area of the Americas (FTAA), the centerpiece of U.S. policy for the region. Among leftists in the Americas, including Lula, the FTAA is viewed as the "economic annexation of Latin America" by the United States and its main proponent, U.S. Trade Representative Robert Zoellick, who was derided as an "underling" by the fiery leftist candidate during his campaign. Ian Vasquez, director of the Cato Institute's Project on Global Economic Liberty, says Lula's victory makes the FTAA "difficult, if not impossible, to achieve."

▪ Hyde Warns Against Axis of Evil in the Americas: Cuba, Venezuela, and Brazil.....	1
▪ Cuban Spy Ana Belen Montes Sentenced to 25 Years in Prison.....	5
▪ Otto Reich: Abiding Hostility of Castro Regime Toward Democracy.....	6
▪ ADM Leads Agribusiness to Open Door to Cuba Trade.....	8
▪ 2002 International Religious Freedom Report Released.....	9

FORO DE SAO PAULO – Established in July of 1990 by the leftist parties of Latin America in response to the collapse of the East bloc and the demise of the Soviet Union, the Foro de Sao Paulo (www.forosaopaulo.org) held its inaugural meeting presided over by "Fidel Castro and 'Lula' da Silva in Sao Paulo, Brazil," according to *Focus: An Information Service of the Cuba Transition Project (CTP)* of the Institute for Cuban and Cuban-American Studies at the University of Miami (Issue 26, October 15, 2002). The CTP points out that a subsequent meeting of the Foro de Sao Paulo held in Havana on December 5, 2001 brought together a number of member organizations which appear on the State Department's annual Global Terrorism Report including, "the Colombian FARC and ELN; the Peruvian MRTA; and the Chilean MIR." In his letter to President Bush, Hyde makes reference to "the ten-year association of Mr. Lula da Silva with Latin American, European, and Middle Eastern terrorist organizations in a forum which he convened and organized in silent partnership with Castro." The 'Final Declaration' of the December 2001 Foro de Sao Paulo meeting condemned the Bush Doctrine, Plan Colombia, the Inter-American Democratic Charter approved by the OAS, and neoliberal globalization. Along those lines, Lula is expected to pursue a 'new economic model' moving away from the 'Washington consensus' pursued by his predecessor, President Fernando Henrique Cardoso and his experiment with free trade and free market reforms. Referring to a letter sent to President Bush by his colleagues in Congress, Hyde says, "They also expressed their concern about Mr. Lula da Silva's recent statements indicating an interest in reviving Brazil's nuclear weapons program which from 1965-1994 not only wasted enormous resources that could have helped the poor, but also succeeded in designing a 30 kiloton nuclear bomb which could be quickly tested if the program were revived." There is also serious concern among experts that Lula may revive the program in an attempt to placate the Brazilian military which could otherwise oppose Lula's expected leftward tilt of the country. In the midst of his presidential campaign, Lula called unfair Brazil's adherence to the nuclear nonproliferation treaty. Saying the Chavez regime is "illegitimate" having "forged public alliances with state sponsors of terrorism including Cuba, Iraq, and Iran" and a supporter of "terrorist organizations" attacking nearby fragile democracies, Hyde concludes "[t]here is a real prospect that Castro, Chavez, and Lula da Silva could constitute an axis of evil in the Americas." Lula's geopolitical and ideological options are either to form a center-left government or a far-left government, respectively, aligned with either Chile's socialist party President Ricardo Lagos and Mexico's center-right President Vicente Fox, or with the leftist Venezuelan President Hugo Chavez and Cuba's Communist dictator Fidel Castro. The Hyde letter to President Bush is reprinted below.

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V9N10

HYDE LETTER TO PRESIDENT BUSH

*Congress of the United States
Committee on International Relations
House of Representatives
Washington, DC 20515*

October 24, 2002

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500
Dear President Bush:

At the present time in Venezuela the leadership of all the pro-democracy elements of the society including the genuinely democratic political parties, the labor unions, business associations, and religious institutions have been gathered for two days in coalition with a group of active duty military officers of flag rank demanding that President Hugo Chavez resign and that new, free and open elections be held. Most of the Venezuelan media is overwhelmingly supportive of this endeavor, even though it has received little attention here.

This broad prodemocratic coalition seeks to rescue Venezuela from the grip of a president who, though democratically elected in December 1998, has since his inauguration done three things that have gravely harmed Venezuelan political democracy and which have threatened the well-being and security of people in neighboring democratic countries as well as to the United States.

The public record is clear that President Chavez has done the following:

1. Violated the constitution of Venezuela in force [in] 1999, his first year in office, in two fundamental ways: by having the Constituent Assembly, which had the sole legal function of writing a new constitution, usurp the powers of both the elected National Congress and the existing Supreme Court; further Chavez packed the Constituent Assembly with his supporters who, though winning only 42% of the votes, were mysteriously allocated 93% of the seats. The Clinton Administration remained silent about this.
2. Forged public alliances with state sponsors of terrorism including Cuba, Iraq, and Iran, and provided since October 2000 subsidized oil to Cuba, enabling the Castro regime to obtain more than US \$2 billion which it could use to support terrorism.
3. Supported terrorist organizations attacking nearby fragile democracies including the FARC in Colombia and radical anti-democratic groups seeking to destabilize Bolivia and Ecuador. This included clandestine support for Colonel Gutierrez and pro-Castro radicals who briefly overthrew the democratic government of Ecuador in January 2000. Colonel Gutierrez is now a leading candidate for the presidency in Ecuador and would likely follow in the pro-Castro path of Chavez.

The Clinton Administration remained unconscionably silent about the antidemocratic actions of President Chavez. This is the time for the Bush administration to set the factual and historical record straight; the current regime of President Chavez is illegitimate because it is based upon the systematic violation of the Venezuelan constitution in force in 1999. The Bush administration should also declare itself in sympathy with the pro-democratic civil-military coalition in Venezuela which seeks to restore democracy and should do so at once.

It is noteworthy that the prodemocratic civil-military coalition in Venezuela has made the case that under Article 305 of the current Chavez constitution, the military actions of "legitimate disobedience" and the political association and assembly of parties, labor unions, business associations and other groups of Venezuelan civil society calling for the immediate resignation of Chavez is totally constitutional and proper.

In neighboring Brazil, there is a presidential runoff election that will be held on Sunday, October 27, 2002. At present, the leading candidate is Mr. Luis Inacio Lula da Silva, who is a pro-Castro radical who for electoral purposes has posed as a moderate. Recently, many of my colleagues in Congress wrote you a letter in which they expressed their concerns about the ten-year association of Mr. Lula da Silva with Latin American, European, and Middle Eastern terrorist organizations in a forum which he convened and organized in silent partnership with Castro. They also expressed their concern about Mr. Lula da Silva's recent statements indicating an interest in reviving Brazil's nuclear weapons program which from 1965-1994 not only wasted enormous resources that could have helped the poor, but also succeeded in designing a 30 kiloton nuclear bomb which could be quickly tested if the program were revived.

There is a real prospect that Castro, Chavez, and Lula da Silva could constitute an axis of evil in the Americas which might soon have nuclear weapons and ballistic missiles (which Brazil had developed ended in 1990). This is the time to support the prodemocratic coalition in Venezuela and to help the people of Brazil understand the truth about Chavez so that they do not make a similar mistake and elect another pro-Castro radical who will neither help the poor, nor help their economy, nor live at peace with democratic neighbors.

Very truly yours,

Henry J. Hyde

HJH:bb

cc: Hon. Colin Powell, Secretary of State

MEMBERS' LETTER TO BUSH: BRAZIL'S NUCLEAR CAPABILITY UNDER "LULA"

House International Relations Committee (HIRC) Chairman Henry Hyde cites his colleagues' October 2nd letter (reprinted below) regarding presidential candidate Luis Inacio "Lula" da Silva's statement criticizing Brazilian adherence to the Nuclear Non Proliferation Treaty (NPT) along with his close relationship to Cuban dictator Fidel Castro and the anti-American organization of terrorist groups called Foro de Sao Paulo. Led by Rep. Dana Rohrabacher (R-CA), an HIRC member, Representatives from other committees including Armed Services signed the following letter to President Bush. Leftist Workers' Party candidate, Lula, won election to the Brazilian presidency on October 27th and takes office on January 1, 2003.

Congress of the United States House of Representatives Washington, DC 20515

October 2, 2002
The Honorable George W. Bush
President of the United States
The White House
Washington, D.C.
Dear Mr. President:

We are writing to express our concern regarding Mr. Lui[s] Inacio Lula da Silva, presidential candidate of the Worker's Party in Brazil, and his recent public statement criticizing Brazil's adherence to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Given Mr. da Silva's lead in the opinion polls for the October presidential elections, his comments are a matter of grave concern to Congress, the United States Government, Brazil's neighbors, and the world. We request that the State Department review Mr. Lula da Silva's comments and assess the threat that his policy poses to U.S. and hemispheric security.

On September 13, 2002, Mr. da Silva said that compliance with the NPT "would make sense only if all countries that already have [nuclear] weapons also gave them up." He continued, "if someone asks me to disarm and keep a slingshot and he comes at me with a cannon, what good does that do?" He concluded his remarks by stating, "all of us developing countries are left holding a slingshot while they have atomic bombs."

Preventing the proliferation of nuclear weapons has been one of the highest priorities for the United States, Latin America, and the entire United Nations. Agreement between Brazil and Argentina led both countries to end their many years of work on nuclear weapons, not only reducing the risks of potentially deadly conflict, but also freeing hundreds of millions of dollars for both countries to use for peaceful social purposes.

At a time when there is broad consensus on the need to defeat international terrorism, we are also concerned that in 1990, Mr. da Silva, in cooperation with the communist regime of Castro in Cuba, established a leftist, anti-globalization group called the "Forum of Sao Paulo." This ensemble, which has liaised with communist and radical political movements from around the world, held its most recent meeting in December, 2001, in Havana, Cuba.

The leadership of Mr. da Silva in this annual gathering of communist and radical organizations and alliances; his long-standing close relations with, and admiration for, the communist dictator and sponsor of terrorism, Fidel Castro; and recent statements regarding nuclear non-proliferation, raise grave questions concerning the international policies a government of Brazil might pursue under his Presidency.

We appreciate your attention to our concerns and look forward to the State Department's findings with respect to this potentially serious national security matter.

Sincerely,

Dana Rohrabacher (R-CA)
Christopher Smith (R-NJ)
Wally Herger (R-CA)
Ileana Ross-Lehtinen (R-FL)

Benjamin Gilman (R-NY)
Darrell Issa (R-CA)
Jim Gibbons (R-NV)
Ed Royce (R-CA)

Dan Burton (R-IN)
Walter Jones (R-NC)
Cass Ballenger (R-NC)
Brian Kerns (R-IN)

cc: The Honorable Richard Cheney
The Honorable Colin Powell
The Honorable Donald Rumsfeld
The Honorable Condoleezza Rice

SPY FOR CUBA RECEIVES 25 YEAR PRISON SENTENCE: ANA BELEN MONTES CLANDESTINELY OPPOSED U.S. POLICY

Reflective of her statement before U.S. District Court Judge Ricardo Urbina on the morning of Wednesday, October 16th, Ana Belen Montes was unrepentant for her 16 years of espionage while at the Pentagon's Defense Intelligence Agency (DIA). She began her DIA career as a junior analyst in 1985, became Cuba analyst in 1992, and rose to the position of senior Latin American analyst when she was arrested in 2001 (USCPR, Vol.8,No.9). Admitting to the espionage charges against her, Montes said she had obeyed her "conscience rather than the law." Her attorney Plato Cacheris, whose office provided the USCPR with Montes' court statement, said that his client had met her obligations under the plea agreement (USCPR, Vol.9,No.3) and that she had cooperated with the U.S. government without reservation. In her statement, Montes exhibited unabashed opposition to U.S. policy toward Cuba and justified her illegal actions based upon her political views. "I believe our government's policy towards Cuba is cruel and unfair, profoundly unneighborly, and I felt morally obligated to help the island defend itself from our efforts to impose our values and our political system on it," said Montes in open court. "We have displayed intolerance and contempt towards Cuba for most of the last four decades." Montes admitted committing her acts of espionage to help Cuba "defend itself" from United States policy. The former DIA analyst received a sentence of 300 months in prison or 25 years. But not before Judge Urbina stated, "If you cannot love your country, at least you should do it no wrong. You decided to put the U.S. in harm's way; you must pay the penalty." The full extent of the damage Montes caused to U.S. national security has not been made public. Montes, who could have received the death penalty, will be 70 years old when she is released from prison.

ANA BELEN MONTES' COURT STATEMENT AT SENTENCING

Ana Belen's Court Statement

An Italian proverb perhaps best describes the fundamental truth I believe in: "All the world is one country." In such a "world-country," the principle of loving one's neighbor as much as oneself seems, to me, to be the essential guide to harmonious relations between all of our "nation – neighborhoods." This principle urges tolerance and understanding for the different way of others. It asks that we treat other nations the way we wish to be treated – with respect and compassion. It is a principle that, tragically, I believe we have never applied to Cuba.

Your Honor, I engaged in the activity that brought me before you because I obeyed my conscience rather than the law. I believe our government's policy towards Cuba is cruel and unfair, profoundly unneighborly, and I felt morally obligated to help the island defend itself from our efforts to impose our values and our political system on it. We have displayed intolerance and contempt towards Cuba for most of the last four decades. We have never respected Cuba's right to make its own journey towards its own ideals of equality and justice. I do not understand why we must continue to dictate how the Cubans should select their leaders, who their leaders cannot be, and what laws are appropriate in their land. Why can't we let Cuba pursue its own internal journey, as the United States has been doing for over two centuries?

My way of responding to our Cuba policy may have been morally wrong. Perhaps Cuba's right to exist free of political and economic coercion did not justify giving the island classified information to help it defend itself. I can only say that I did what I thought right to counter a grave injustice.

My greatest desire is to see amicable relations emerge between the United States and Cuba. I hope my case in some way will encourage our government to abandon its hostility towards Cuba and to work with Havana in a spirit of tolerance, mutual respect, and understanding. Today we see more clearly than ever that intolerance and hatred – by individuals or governments – spread only pain and suffering. I hope for a U.S. policy that is based instead on neighborly love, a policy that recognizes that Cuba, like any nation, wants to be treated with dignity and not with contempt. Such a policy would bring our government back in harmony with the compassion and generosity of the American people. It would allow Cubans and Americans to learn from and share with each other. It would enable Cuba to drop its defensive measures and experiment more easily with changes. And it would permit the two neighbors to work together and with other nations to promote tolerance and cooperation in our one "world – country," in our only "world – homeland."

Source: Plato Cacheris Law Offices

OTTO REICH – ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS SPEAKS AT HERITAGE FOUNDATION

Speaking before a crowded auditorium at the Heritage Foundation in Washington, Otto Reich, Assistant Secretary of State for Western Hemisphere Affairs, characterized Cuba today as a police state that violates basic human rights. Citing a litany of systematic transgressions from the 1994 sinking of the 13th of March tugboat "in which 70 men, women, and children were drowned on purpose by Cuban gun boats three miles off the coast as they were trying to escape," to imprisoned dissident Leonardo Bruzon who was near death "after a 50-plus-day hunger strike." Reich's October 31st remarks reiterated charges made by Assistant Secretary of State Carl Ford (USCPR, Vol.9,No.3) and Under Secretary of State John Bolton (USCPR, Vol.9,No.5) that Cuba has "at least a limited offensive biological warfare, research and development effort." Calling Cuba a "threat to the region," Reich continued weaving the Bush administration's lengthening policy fabric describing the Castro regime's "hostility" (USCPR, Vol.9,No.8) toward the United States and to democracy. Excerpts of Reich's Cuba remarks are reprinted below.

EXCERPT FROM REMARKS BY ASSISTANT SECRETARY OTTO REICH

Another threat to the region is in Cuba. Any discussion of security in the Hemisphere would be incomplete without mentioning the abiding hostility of the Castro regime toward democracy. Castro's dictatorship is one of the last unreconstructed totalitarian regimes in the world, and his brutal repression of dissent continues unabated.

In the past few months Castro has taken extraordinary measures to crush the brave efforts of dissidents to claim their basic human rights with a petition drive known as Project Varela. More than 11,000 Cubans braved the wrath of the Communist Party and the Committees for the Defense of the Revolution to sign this petition, and thousands more have since done so. Recognizing the importance of this effort to obtain fundamental rights of all Cubans, the National Democratic Institute for International Affairs awarded Project organizer Oswaldo Paya its W. Averell Harriman Democracy Award in September, and earlier this month, the European Parliament gave Paya its prestigious Sakharov Prize for Freedom of Thought.

There are other brave dissenters on the island that deserve recognition: Marta Beatriz Roque, former member of the government; Vladimero Roca, a former jet pilot in Angola for Castro's air force; Oscar Elias Biscet, an Afro-Cuban doctor, who is in jail for refusing to conduct mandatory abortions.

Castro's response to this cry for peaceful change is to fabricate a petition drive of his own in which 99.25 % of the population signed coerced by these same Committee for the Defense of the Revolution, – in support of the "immutability of Socialism." On June 27th, Castro's rubber-stamp legislature unanimously endorsed one-party communist government and state control of the economy forever. Many of the Cuban legislators concluded their speeches that day by vowing, "Socialism or death."

On July 30th, Cuban police arrested yet another independent journalist, part of the routine harassment of voices that dare to speak out against the regime.

On August 5, Castro's thugs quashed a peaceful demonstration in Havana marking the 8th anniversary of the uprising on the ocean-front avenue in which 70 men, women and children were drowned on purpose by Cuban gun boats three miles off the coast as they were trying to escape.

Just this weekend, an imprisoned dissident was hospitalized after a 50-plus-day hunger strike to protest 43 years of the denial of basic rights to the Cuban people. We repeat our call, and that of many other democratic countries, for the Cuban regime to provide Leonardo Bruzon with adequate medical care and to release him from prison.

Historically, the Cuban government has sought to subvert its neighbors, and even today, Castro supports the foes of freedom and menaces the security of the United States at every opportunity. Castro recently reaffirmed his solidarity with Saddam Hussein, and Cuba lends its political support to Iraq in the international fora.

At last year's U.N. General Assembly session, in the wake of September 11th, Cuba accused the United States of war crimes, alleging that our campaign to root out the Taliban was, 'a bombing campaign against [the Afghan] people.'

Ten days after September 11th, the FBI arrested Anna Belen Montes on charges of conspiracy to commit espionage against the United States on behalf of the Cuban Intelligence Service. Ms. Montes was our senior Defense Intelligence Agency analyst for Cuba. She pled guilty to the conspiracy charge in March of this year.

Cuba is a state sponsor of terror. We believe that Cuba has 'at least a limited offensive biological warfare, research-and-development effort,' and we know that Cuba has shared dual-use biotechnologies with other state sponsors of terrorism.

I repeat this, because two U.S. officials, Undersecretary of State John Bolton, and Assistant Secretary of State Carl Ford, both have made the statement in the press and in testimony, and yet the first reaction of some of the people in the press is to say, "We don't believe it."

As my colleague, Deputy Assistant Secretary Fisk, an alumnus of this institution, of Heritage Foundation, reported recently, Cuba has engaged in a deliberate effort to confuse, distract and divert U.S. intelligence from its vital counterterrorism mission by dangling false leads and informants [USCPR-SE, 9/27/02].

You may have heard the Cuban government deny its responsibility for this assault on our first line of defense against terror. Today I can tell you that Cuba's hostile campaign against our intelligence agencies continues even now.

President Bush believes that the policy of the United States toward Cuba must be guided by our strategic interests and moral principles. In his mind, the issue is clear. The Cuban government must end its hostility, honor the rights of its citizens, and make basic political reforms before the United States resumes normal relations with Cuba.

CUBA'S SUGAR INDUSTRY: FIVE YEAR CROP SUBSTITUTION PLAN

As the Cuban government moves to restructure its sugar industry (USCPR, Vol.9,No.3) made up of aging mills (USCPR, Vol.9,No.6) and dispirited, underpaid workers, many of whom have been ordered to retrain for other jobs over the next five years, American exhibitors at a landmark food and agricultural trade fair in Havana (See Trade Briefs) have returned home with signed cash contracts amounting to \$92.5 million in sales well into the first quarter of 2003.

In the meantime, 71 of Cuba's 156 sugar mills have been ordered closed, 14 have been specified for the production of by-products and derivatives, and 7 will be converted into museums. At least 100,000 sugar workers have been made redundant, in an industry where as many as 500,000 of Cuba's 11 million people are directly or indirectly involved in the sugar sector. Experts estimate up to 200,000 workers could be displaced in this five year plan. Although, they will continue to receive their full monthly pay of \$7, while they are sent to schools to learn new trades.

The government has redirected designated sugar cane workers to: raise livestock, grow fruit trees, produce forestry products, and to plant crops other than sugar to help relieve Cuba's dependence on food and agricultural imports. Railroad ties are being disassembled in order to plant alternative crops. Baseball fields once occupied by competing mill teams and cheering fans have become overgrown and silenced as a result of the government's sugar industry restructuring plan. Leading dissident Marta Beatriz Roque recently told Patrick Rucker of the *Financial Times*, "You have to understand that for hundreds of Cuban communities harvesting and refining sugar is the only life they know." An independent economist, Roque warned, "The speed and scope of this plan promises to be very disruptive."

G.B Hagelberg, F.O. Licht's sugar expert, observed in the International Sugar and Sweetener Report of October 8th, "As promulgated, this restructuring bears all the signs of having been cobbled together in desperation under a variety of ideological and practical constraints."

Perhaps *Wall Street Journal* reporter, David Luhnnow said it best when he described the impact of Cuba's five year crop substitution plan: "In one of the most radical – and risky – economic reforms of Fidel Castro's graying regime, Cuba is taking a machete to an industry that symbolized the island long before the communist revolutionary took power." December marks the beginning of the 2002-2003 sugar harvest. □

CURRENCIES & COMMODITIES

1 Euro = 0.9871 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 25.66 Cuban Peso

Rates as of October 31, 2002.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 9.04
Year ago nearby = 6.74
Future (Jan. '03) = 7.64
High = 7.90
Low = 5.38

Cash/Spot price as of October 31, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 27.20-27.25
Year ago (Oct. 31) = 21.18
Future (Dec. '02) = 27.22

Cash/Spot \$ price as of October 31, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,255
Year ago (Oct. 31) = 4,420

(\$ per metric ton)
Official Price: October 31, 2002.
Source: London Metal Exchange.

Cobalt = 6.20 -6.50
Year ago (Oct. 29) = 7.50 - 7.90

(\$ per pound for 99.8%)
Price: October 30, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

U.S. FOOD & AGRIBUSINESS EXHIBITION HELD IN HAVANA – In Communist-controlled countries it's referred to as propaganda; but in the West, it's called public relations. Recently they combined when newspapers, magazines, and round-the-clock news coverage carried scenes of Cuban dictator Fidel Castro dressed in a business suit while drinking soy shakes, holding bottles of California wine, a box of its famous raisins, and bottle-feeding a buffalo calf in its pen – all at the five-day food fair held in the Palacio de Convenciones de la Habana. Cuba, viewed today by many detractors as a tropical gulag akin to a dictatorial banana republic adjacent to the largest and most prosperous free-market economy in the world, attracted prominent food and agribusiness leaders from across the United States to attend the first exhibition of its kind. Organized by Westport, Connecticut-based Peter W. Nathan, president of PWN Exhibicon International LLC (USCPR, Vol.9, No.6), the Havana PR-media blitz lasted five full days from September 26 – 30. In its final report issued on October 17th, located on the Web at www.cubaexhibitions.com, PWN stated, "The U.S. Food & Agribusiness Exhibition was the first and remains the only event of its type to be specifically authorized by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, DC." **ADM LEADS AGRIBUSINESS TO OPEN DOOR TO CUBA TRADE** – Decatur, Illinois-based Archer-Daniels-Midland (ADM), a leading agriculture and food company (2001 revenues approximately US\$23 billion), served as the primary sponsor of the U.S. Food and Agribusiness Exhibition that was held in Havana, Cuba from September 26 – 30. Among the nearly 300 exhibitors, ADM displayed a 1950s style diner kiosk complete with soy burgers, French fries and soy shakes, enjoyed by the 76 year old Cuban dictator Fidel Castro. The importance of the agribusiness giants was not lost on the Cuban government, when the media coverage descended upon the deal making on the floor of the exhibition hall with Castro personally signing contracts with ADM for delivery (2002 and 2003) to the Communist-controlled island, said to be worth \$19.05 million, according to organizer PWN Exhibition International. Other exhibitors included: the USA Rice Federation, Marsh Supermarkets, Georgia Department of Agriculture, Cargill, Chiquita, Sara Lee, Uncle Ben's, and Wrigley's. "Four Boeing-727 cargo aircraft delivered 154,000 pounds of cargo (dry, chilled, frozen, livestock)," noted PWN. "[T]he Bureau of Industry and Security (BIS) of the United States Department of Commerce in Washington, DC, processed 225 export licenses in conjunction with the U.S. Food & Agribusiness Exhibition." **SELLING FOOD TO CUBA: IS IT JUST ABOUT BUSINESS?** James Cason, the recently arrived Principal Officer of the U.S. Interest Section in Havana, may have characterized Cuba as "a Jurassic Park economy," but the 923 representatives associated with the 288 exhibitors from throughout the U.S. probably didn't think that when they attended the U.S. Food & Agribusiness Exhibition in Havana on September 26th. Under U.S. law (USCPR, Vol.7, No.10), Cuba's food purchases require cash payment, a distinct advantage for U.S. companies but a disadvantage for Cuba. Early projections of 50-to-100 exhibitors were surpassed by the final totals of 288 that involved companies, trade organizations, and state departments of agriculture "located in thirty-three states, District of Columbia, and the Commonwealth of Puerto Rico." Sales were exceeded by five times the expectations, John Kavulich, president of the U.S. Cuba Trade and Economic Council, told the USCPR. When it was thought Cuba would purchase \$15-to-\$20 million at the exhibition, it contracted for \$92.5 million said Kavulich. The organizer of the event, however, takes a more political approach in his October 17th final report; Peter W. Nathan, president of PWN Exhibicon International LLC, describes the event in blatant political terms. "Within the U.S. House of Representatives, 81% of the 435 members represent these thirty-four states and within the U.S. Senate, 68% of the 100 members represent these thirty-four states," says Nathan. "The thirty-four states represent 423 votes of the 538 votes in the Electoral College. A successful candidate for the presidency of the United States requires 270 votes in the Electoral College." In view of Havana's off-again, on again food purchases (USCPR, Vol.9, No.2), the strategy behind Cuba's aggressive purchases from American companies is clearly for the purpose of changing U.S. policy, rather than just business. While Cuba pays cash for its purchases of American food products, it is reducing its imports from its traditional trading partners such as Spain and Canada, which ironically offer credits. Moreover, with late payments to current creditors and having its cargo ships impounded for nonpayment of its commercial debt (USCPR, Vol.9, No.8), the question arises: how much longer can Cuba pay cash without U.S. credits?

DOMESTIC BRIEFS

INTERNATIONAL RELIGIOUS FREEDOM REPORT RELEASED – The benchmark for the revival of religious freedom in Cuba since the 1959 Castro Communist revolution is the island visit by Pope John Paul II from January 21 – 25, 1998 (USCPR, Vol.5, No.2). Authorized under Section 102(b) of the *International Religious Freedom Act (IRFA) of 1998*, Congress requires the State Department to submit an annual report through the Office of International Religious Freedom whose "mission" it is to promote "religious freedom as a core objective of U.S. foreign policy." Released on October 7th, the 2002 report's Cuba section indicates that issues of "religious discrimination and harassment" having been raised by the U.S. government are summarily "dismissed" by the Cubans. The report's executive summary states, "The [Cuban] Government continued its efforts to maintain a strong degree of control over religion. Citizens worshipping in officially sanctioned churches often were subject to surveillance by state security forces." At the time, the White House viewed the Pope's visit as positive change and reason for further opening by the U.S. government which led to the Clinton administration's expansion of travel categories to Cuba, remittances, and humanitarian aid to the island. Yet, the report reveals that "substantial" increase in attendance at Catholic Church services following the Pope's visit "peaked during 1999 and early 2000" and "the number of children attending catechism classes has continued to drop." The little bit of "space" achieved by the Church during and shortly after the Papal visit has virtually evaporated. "The ability of churches to run schools, train religious workers, and print religious material was either prohibited or severely restricted," states the report. Under the tight control of the Office of Religious Affairs of the Cuban Communist Party, which sees the Church as a threat to its authority, Father Patrick Sullivan, the only American priest ministering on the island, was ousted in April 1998 (USCPR, Vol.5, No.4), a sign of the Party's insecurity. A copy of the Report may be found on the State Department's web site at <http://www.state.gov> under "International Topics and Issues." **REPORT ON COMPLIANCE OF U.S. – CUBA MIGRATION ACCORDS** -- The State Department has issued its annual migration compliance report to Congress for fiscal year 2002 covering the period July 1, 2001 through June 30, 2002 and has concluded, "Despite the overheated commentary of President Castro, the Cuban government takes appropriate actions to stem illegal migration from Cuba and is complying with the Migration Accords." The purpose of 1994-1995 agreements was to stem the tide of illegal immigration resulting from the so-called rafter crisis during the summer of 1994, which brought more than 30,000 Cubans across the Florida Straits to the United States, and to make migration "safe, legal, and orderly." The 1994 Joint Communique permits the "legal migration to the United States of 20,000 Cuban nationals each year (not including immediate relations of United States citizens)," while the 1995 Joint Statement provides for "the interdiction at sea" of Cuban nationals and for their return to Cuba. Under the arrangement, Cuba pledged that no action would be taken against those returned to Cuba "as a consequence of their attempt to immigrate illegally." However, the Cuban government "continues to deny exit permission to individuals who possess valid U.S. entry documents" and impedes the full implementation of the accords. Returned migrants are considered "untrustworthy" by the Cuban government and are often denied jobs, access to education, and dismissed from their work under the pretext of absenteeism. According to the report, in FY 2002, 666 migrants were interdicted and 568 were returned compared to FY 2001 during which 777 migrants were interdicted and 670 were returned. The State Department expresses its concern "over Cuban government policies that have prevented qualified individuals from migrating legally" encouraging them to seek illegal and unsafe methods. A compliance report is required for the U.S. – Cuba Migration Accords of September 9, 1994, and May 2, 1995 under section 2245 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (Public Law 105-277).

NOTABLE QUOTES

"His staunchest supporters – many of whom have stuck with him through three losing campaigns – are seeking a champion for Brazil's poor majority, to challenge the country's power brokers and battle its deep social injustices. Others, reassured by Lula's newly moderated style, his acceptance of market economics and his commitment to pluralist politics, see him as the best candidate to rescue Brazil from the economic doldrums and solve its many other problems. Lula's critics, for their part, consider him a largely unreconstructed populist, a friend of Venezuela's Hugo Chavez and Cuba's Fidel Castro who – wittingly or not – will precipitate an economic disaster." **Peter Hakim** is the president of the Washington-based Inter-American Dialogue. (WP, "Which Lula For Brazil?", 10/8/02, p. A25).

"I think that there is no doubt that the overwhelming portion of American people now do want to see a reconciliation with Cuba, an end to the restraints on travel and an end to the economic embargo. I don't see why I, as an American citizen, can't go where I want to in the world if it's not dangerous. And if there's no danger in Cuba, why can't I go to Cuba?" Former President **Jimmy Carter**, who was awarded the Nobel Peace Prize on October 10th, criticizes President Bush over U.S. policy toward Cuba. The Nobel citation, reads in part that "Carter has stood by the principles that conflicts must as far as possible be resolved through mediation and international cooperation based on international law, respect for human rights and economic development." (TWT, "Carter chides Bush over Cuba embargo," 10/15/02, p. A18).

"Fidel Castro continues to imprison dissidents, yet there are still many who follow the legacy of martyr [Pedro Luis] Boitel: 'Men do not abandon the struggle when the cause is just.' Today Leonardo Miguel Bruzon is one of those men. Because he defends his people's human rights, he has been harassed and jailed. He began his hunger strike two months ago. How ironic – while some lose self-respect rushing to Cuba to befriend its dictator, they conveniently ignore Bruzon, a man who embodies dignity amid the loneliness of his cell and the degradation meted out by prison guards. Bruzon was arrested for organizing a peaceful demonstration honoring American victims shot down by Cuban MiGs over international waters in 1996. The regime charged him with civil disobedience. Though no trial was held, he was sent to the Quivican maximum security prison." **Ninoska Perez Castellon**, WQBA-1040 AM radio talk-show host in Miami, describes the plight of Leonardo Miguel Bruzon, a political prisoner in Fidel Castro's tropical gulag. (MH, "Don't let a brave man die," 10/28/02, p. 7B).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 11

November 30, 2002

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

Ralph J. Galliano, Editor

REICH RE-NOMINATION AS ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS IN DOUBT

WASHINGTON – Although Ambassador Otto Reich's recess appointment as Assistant Secretary of State for Western Hemisphere Affairs expired with the adjournment of the Second Session of the 107th Congress, supporters and opponents alike are left with the distinct impression that he will not be re-nominated, since the White House has offered no public assurances. The abrupt adjournment of the U.S. Senate by Democratic Majority Leader Tom Daschel took the Republican leadership in the House and Senate by surprise, say knowledgeable Capitol Hill sources. "The expectation was that Congress would go out 'subject to the call of the chair,' with Reich remaining as Assistant Secretary through January 2nd, at which point, he would be re-nominated, not re-recessed appointed," explained a Bush administration official. When the Senate adjourned sine die on Thursday, November 21st, the House followed suit on Friday, November 22nd pursuant to Senate Concurrent Resolution 160. As a result, Reich's recess appointment automatically expired that evening officially marking the end of the Second Session and the time when he was unceremoniously evicted from the sixth floor executive suite of the Bureau of Western Hemisphere at the State Department, upon his return finding his door name plate gone and the contents of his office boxed and relegated to an office elsewhere in the building that is located in the Foggy Bottom section of the Nation's Capital. Reich's successor, for the time being, is career foreign service officer Curt Struble, most recently his principal deputy. Struble becomes Acting Assistant Secretary of State for Western Hemisphere Affairs overseeing budget and personnel, the title and position supporters of Reich had sought for him in anticipation of Congressional adjournment while awaiting a confirmation hearing. President Bush, at his prerogative, appointed Reich to the position during the recess between sessions on January 11, 2001 (USCPR, Vol.9,No.1) when the Democratic controlled Senate refused to grant the political appointee a committee hearing, let alone a floor vote. Then-Senate Foreign Relations Committee Chairman Joseph Biden (D-DE) deferred to Western Hemisphere Subcommittee Chairman Christopher Dodd (D-CT), thereby blocking any realistic possibility of a hearing being held for Reich who is seen as a controversial figure by the liberal Connecticut Democrat as well as certain conservative farm-state Republicans such as Mike Enzie (R-WY), Chuck Hagel (R-NE), and incoming committee chairman Richard Lugar (R-IN). Interestingly, Reich was immediately named Special Envoy to the Western Hemisphere by Secretary of State Colin Powell; the position being that of a special emissary directly under the secretary of state and not an executive position at the White House answerable to the president, which Reich supporters also had hoped for the Havana-born Cuban-American.

▪ Reich Re-Nomination as Assistant Secretary for Western Hemisphere Affairs in Doubt..	1
▪ U.S. Expels Cuban Officials from Washington and New York.....	4
▪ IRI Holds Briefing With Cuban Democratic Directorate.....	5
▪ Trade and Travel Top Agribusiness Outlook for Cuba in 2003.....	8
▪ En Marcha: Radio Marti Reaches Out to Cuban Military.....	9

GOP CONTROLLED SENATE NO ASSURANCE OF RE-NOMINATION –

Having had the Democratic-controlled Senate deny him a confirmation hearing over the past two sessions of the 107th Congress, time will tell whether the Republican-controlled Congress will grant him that privilege or for that matter whether the White House will find the bipartisan opposition to Reich so politically insurmountable that President Bush will offer him a position within his administration that doesn't require Senate confirmation. That would allow the White House to expend the least amount of political capital, according to one Washington calculus. State Department Spokesman Richard Boucher pointed out in a press briefing on Monday, November 25th that the re-nomination of Reich "is a White House question." Incoming Senate Foreign Relations Committee Chairman Richard Lugar indicated earlier that he would do so, if President Bush requested a hearing for Reich. In a major setback to the hopes of the Reich supporters, however, Lugar was quoted in an Associated Press interview on Wednesday, November 27th as saying that he hoped the White House would nominate someone who has "bipartisan confidence" in order for there to be a smooth and rapid nomination process. "Our assessment is that Otto Reich is not going to be re-nominated," Wayne Smith, senior fellow at the Center for International Policy, told the USCPR. If it is any indication as to how the wind is blowing, Special Envoy to the Western Hemisphere Otto Reich did not accompany Secretary of State Colin Powell on his two-day trip to Mexico City, Mexico to attend the Binational Commission meetings between the two countries on Monday, November 25th, although Boucher described Reich's new position of Special Envoy as that of advisor to the Secretary of State; it lacks a staff, budget, or travel authority. Reich's last trip as Assistant Secretary of State for the Western Hemisphere Affairs was to Brasilia, Brazil on November 21st where he met with president-elect Luiz Inacio "Lula" da Silva, the leftist former labor union leader. Reps. Ileana Ros-Lehtinen (R-FL) and Lincoln Diaz-Balart (R-FL), in a letter to President Bush dated November 26th, commended the president for having supported Reich in the past and urged him to "state your intention to resubmit Ambassador Reich's name as soon as possible, and that Ambassador Reich's name be resubmitted to the Senate at the earliest possible time." The Senate stands adjourned until 12:00 noon on Tuesday, January 7, 2003. If the White House decides to re-nominate Reich, it is not likely to happen before then. A copy of the Congressional letter to the president is reprinted below.

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V9N11

LETTER TO BUSH IN SUPPORT OF REICH RE-NOMINATION

Congress of the United States
Washington, DC 20515

November 26, 2002

The Honorable George W. Bush

President of the United States

The White House

Washington, D.C.

Dear Mr. President:

We are grateful to you for having nominated and then for having named, last January, Ambassador Otto Reich as Assistant Secretary of State for Western Hemisphere Affairs by means of a "recess appointment", when the Democrat-controlled Senate continued to refuse Mr. Reich a hearing and a vote. During this past year Ambassador Reich performed admirably, with absolute loyalty to you and to Secretary of State Colin Powell.

As you know, the 107th Congress adjourned on November 22, 2002, and on that day Ambassador Reich was named Special Envoy for the Western Hemisphere. We were pleased to learn that day from White House staff members that your Administration remains committed to Mr. Reich's nomination as Assistant Secretary of State for Western Hemisphere Affairs and that you have the intention of resubmitting his name to the Senate for confirmation once Congress reconvenes in January.

Unfortunately, press reports have stated that "neither the White House nor the State Department could say whether the Administration would nominate Reich again." And when asked if Ambassador Reich would be re-nominated, State Department spokesman Boucher said yesterday, "that's a White House question." Mr. President, it is very important that you state your intention to resubmit Ambassador Reich's name as soon as possible, and that Ambassador Reich's name be resubmitted to the Senate at the earliest possible date.

From the moment you assumed office, Mr. President, you wisely made our relations with the Western Hemisphere a matter of utmost priority. Ambassador Reich is a superb public servant who has carried out your policies toward Latin America with expertise, effectiveness and loyalty. In Colombia, he has been instrumental in forging a strong working relationship with the new government of President Uribe. He has successfully promoted your anti-corruption campaign throughout the hemisphere with notable results. Regarding Cuba, he has diligently implemented your policy requiring changes in Cuban government behavior before modifications in U.S. policy are made. Most recently, Ambassador Reich's successful meeting with President-elect da Silva of Brazil, laid the foundation for your upcoming meeting and for the possibility of a continued, mutually beneficial bilateral relationship between Brazil and the United States.

In these difficult times, the United States needs a diplomat of the caliber and ability of Ambassador Reich to help guide our policies toward our neighbors in a manner which maximizes benefits for all while promoting free markets and democracy. Mr. Reich has served you well Mr. President, and we are deeply grateful for your continued support of his nomination.

Cordially,

Ileana Ros-Lehtinen (R-FL)

Lincoln Diaz-Balart (R-FL)

U.S. EXPELS CUBAN OFFICIALS

The United States government delivered a diplomatic note to the Cuban government on Friday, November 1st declaring two Cuban diplomats based at the Cuban Interests Section in Washington and two diplomats based at the Cuban Mission to the United Nations in New York as "persona non grata," in effect expelling them from the United States.

"In response to unacceptable Cuban activities, the United States decided to take strong action last Friday. The United States declared First Secretary Oscar Redondo Toledo and First Secretary Gustavo Machin Gomez, both of the Cuban Interests Section of the Embassy of Switzerland in Washington, *persona non grata* requiring their departure from the United States within ten days from the date of that notice," said State Department Spokesman Richard Boucher on Wednesday, November 6th at a press briefing.

Machin was perhaps the Cuban government's greatest asset in the United States, having been in Washington for five years, a prolonged period of time in diplomatic terms for a single individual stationed at the same post. Machin, among the most influential operatives for Havana, had developed a network of well established contacts in both the business and political communities causing serious erosion to the four-decade old embargo against the Communist-island nation.

"In a separate action, two members of the Cuban Mission to the United Nations have been requested to leave the United States for engaging in activities deemed to be harmful to the United States outside their official capacity as members

of the Permanent Mission of Cuba to the United Nations. These activities constitute an abuse of their privileges of residence," continued Boucher. Those expelled from New York were Counselor Francisco Gonzalez Garcia and Second Secretary Carlos Augusto Suanes Flexas. Boucher tied the expulsions directly to convicted spy for Cuba, Ana Belen Montes (USCPR, Vol.9, No.10), who was the Pentagon's Defense Intelligence Agency Latin America analyst and was arrested in Washington on September 21, 2001, just 10 days following the terrorist attacks of 9/11.

"Even in normal times we don't accept this kind of activity, and these are not normal times," Assistant Secretary of State for Western Hemisphere Affairs Otto Reich told the *New York Times*. "Cuba is very active in their espionage activities and propaganda activities, and we decided that this was an appropriate response to the Montes case."

However, a knowledgeable source told the USCPR that the expulsions were because of Cuba's overall "aggressive intelligence activities in the United States." Specifically mentioned were Montes, INS official Mariano Faget, who was arrested and convicted for espionage (USCPR, Vol.7, No.2 & Vol.8, No.6), and the indictment, arrest and conviction of five members of the so-called Red Wasp network in South Florida (USCPR, Vol.5, No.9). While the Cuban government has denounced the expulsions calling them "ludicrous," it reserved its response for a later date at an "appropriate time and with the political and diplomatic tools at its disposal."

IRI HOLDS BRIEFING WITH CUBAN DEMOCRATIC DIRECTORATE

George Folsom, the president of the International Republican Institute (IRI), held a briefing with IRI's Miami partner organization, the Cuban Democratic Directorate (Directorio), at its Washington headquarters on Tuesday, November 19th. Directorio (www.directorio.org), an organization formed by Florida International University students in 1990 "as a voice for Cubans inside Cuba," presented its annual *Steps to Freedom* report for 2001 covering the period between February 2001 and January 2002. Folsom hailed the *Steps to Freedom* report as "symbolic to a significant stage of civic resistance" and a "major accomplishment" for the Cuban civic resistance in 2001. Directorio's Under-Secretary, Orlando Gutierrez, who left Cuba at the age of five in 1971 serves as the organization's national secretary and program coordinator. Gutierrez claims there are over 300 civic opposition groups on the Communist-controlled island which, according to the report, have: "carried out 600 civic non-violent actions...collected 11,020 signatures from the Cuban population for the Varela Project...achieved the participation of at least 70 activists daily for a sit-in that lasted 27 days...founded 46 independent libraries...created 17 new civil society institutions and 3 new study centers," among other activities. According to experts, Cuba is said to have per capita the largest civic resistance movement today, second only to Poland in the 1980s; in part, it is a legacy of the Pope's visit to Cuba in 1998 (USCPR, Vol.5, No.2). Marilu Del Toro, Directorio's communications director told the audience that when *Steps to Freedom* began in "1997 only 44 resistance acts were recorded." Del Toro explained that the analytic method Directorio has adopted since 2000 with regard to civic opposition is "the theory formulated by scholar Gene Sharp that nonviolent action occurs in different stages and that the growth of a movement can be calculated according to its progress through these stages." These stages range from "resistance activities indoors," to "writing human rights reports and communicating the regime's violations to other countries," advancing to "the stage of taking their message to the streets" peacefully marching, to holding signature campaigns to the point where "they have freed themselves from fear" in order to engage "in acts of non-cooperation and intervention" such as protesting "over food shortages or light blackouts." Gutierrez described the "movement" as island-wide where the "opposition has learned to organize on a national level" with actions in every province and every major city in Cuba. Asked about the collapse of the island's sugar industry, whose social costs are expected to be incalculable (USCPR, Vol.9, No.10), Gutierrez believes such conditions "fuel the democracy movement in Cuba." IRI (www.iri.org), a non-profit organization dedicated to "advancing democracy worldwide," is headed by Senator John McCain who serves as its chairman.

FRANCISCO CHAVIANO: PRISONER OF CONSCIENCE

Present at the November 19th IRI meeting in Washington was Ana Aguililla Saladrigas, wife of Francisco Chaviano Gonzalez, who is the president of the National Council for Civil Rights (NCCR). Chaviano, imprisoned for eight years since 1994 when State Security agents "broke into his home and confiscated documents revealing human rights abuses in Cuba – specifically, compiling a list of rafters who have died or disappeared trying to flee Cuba," is now 49 years old and considered to be in ill health because the Cuban government has not provided proper medical care, according to his wife who was risking her life by appearing in Washington seeking assistance for her husband. In a letter smuggled out of prison, Chaviano wrote: *"For the last two months I have suffered from ear pain and they have not taken me to see a specialist. They only give me some antibiotics that quickly run out, making the infection recur. Medical attention has been progressively lacking – for over three years I've been denied an electrocardiogram prescribed by doctors. Also I have a tumor that may be cancerous, but has not been removed."* Chaviano is identified as a prisoner of conscience by Amnesty International.

LUGAR TO ASSUME CHAIRMANSHIP OF SENATE FOREIGN RELATIONS COMMITTEE

Incoming chairman of the Senate Foreign Relations Committee Richard G. Lugar (R-IN) has had a long record of opposing unilateral U.S. trade sanctions. Indiana, an agricultural state whose economy includes important export crops such corn, soybeans, and wheat, has felt particularly hard hit by unilateral trade sanctions in recent years. It was not surprising then, when multinational companies, major exporting firms, and agricultural groups formed the powerful lobbying group called USAEngage in 1997, that their primary legislative vehicle became the *Enhancement of Trade, Security, and Human Rights Through Sanctions Reform Act* (H.R. 2708/S.1413) sponsored by then-chairman of the Senate Agriculture Committee Richard Lugar. In deference to then-chairman of the Senate Foreign Relations Committee Jesse Helms, the bill was carefully drafted to avoid affecting existing sanctions such as the *Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996* also known as Helms-Burton.

Although Lugar voted for a number of amendments favorable to Libertad that were supported by many Republicans at the time in 1995 just after it was introduced, the Senator from Indiana was not an original cosponsor of Libertad Act amendment number 2898 to H.R. 927, the Senate substitute version of the 1995 act. Being absent, Lugar could not be counted among those 74 Senators voting for the Conference Report (104-468) on March 5, 1996, preceding its signing into law by President Clinton on March 12, 1996.

Lugar was one of the Senators, as of December 11, 1998, who supported the National Bipartisan Commission on Cuba (USCPR, Vol.5, No.12), an effort to lift the embargo by having President Clinton create a bipartisan commission to review Cuba policy. The effort, under the auspices of the Council on Foreign Relations (CFR), was spearheaded by Bernard W. Aronson and William D. Rogers, co-chairs of the CFR's Independent Task Force for U.S.-Cuban Relations.

In 2000, Lugar presided as chairman over the Senate Agriculture Committee when Congress passed the agricultural appropriations spending bill (H.R. 4461) allowing cash sales of food and medicine to Cuba for the first time in over 40 years (USCPR, Vol.7, No.10). The *Trade Sanctions Reform and Export Enhancement Act of 2000* is the determinative legal instrument over current food sales to Cuba.

When former Republican Senator Jim Jeffords from Vermont became an Independent giving the Democrats the majority in early 2001, Senator Christopher Dodd (D-CT), intending to "set U.S.-Cuba policy on a new course," became chairman of the Senate Foreign Relations Western Hemisphere Subcommittee introducing his *Bridges to the Cuban People Act* (USCPR-Legislative Alert, June 25, 2001). Dodd's bill had 14 original cosponsors including three Republicans – Senators Lincoln Chafee (RI), Pat Roberts (KS), and Richard Lugar. Dodd's Bridges legislation, S. 1017, was to "provide the people of Cuba with access to food and medicine from the United States, to ease restrictions on travel to Cuba, to provide scholarships for certain Cuban nationals, and for other purposes." In effect, the Dodd bill that Lugar cosponsored would, if passed, undo Helms-Burton. Among those "other purposes," the bill would: lift the prohibition, under the *Cuban Democracy Act of 1992*, against ships entering U.S. ports after they had docked in Cuba; seek to apply "agricultural export promotion and credit programs" to U.S. trade with Cuba; ease restrictions on travel to the island; and, in addition to the Title III waiver already contained in the law, the Dodd bill would grant the president waivers on Titles I, II, and IV of Helms-Burton, in effect undoing the legislation that Lugar likely opposed from the beginning.

In an interview with Ken Guggenheim of Associated Press printed on November 27th, Lugar, who was compared to outgoing Senate Foreign Relations Chairman Joseph Biden (D-DE), known for his "bipartisan cooperation on the committee," said of the re-nomination of Assistant Secretary of State for Western Hemisphere Affairs Otto Reich, "I think we really need a very, very strong leader who has strong bipartisan confidence." Lugar's public comment is widely seen as a signal to the White House that it should drop its support of Reich.

A Rhodes Scholar and graduate of Oxford in England, Senator Richard G. Lugar, soon to become Chairman of the Foreign Relations Committee, is more likely to side with the Europeans in his approach to sanctions and foreign policy than with the private property rights of Americans as protected by Titles III and IV of the *Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996*, which the EU views as extraterritorial and has threatened sanctions against American companies should Title IV be invoked.

SHERITT JOINT VENTURE WITH CUBA IN NICKEL & COBALT NEARLY TRIPLES PRODUCTION OVER SEVEN YEARS

As Cuba's economy is battered by the collapse of its sugar industry and the tourism sector continues to sputter from the worldwide aftereffects of the terrorist attacks on America of September 11, 2001, its joint venture nickel-cobalt mining investments with Canada continue to be reliable. Only remittances from relatives in the United States bring in a comparable steadier flow of reliable foreign exchange.

The Canadian-Cuban joint venture group of companies called "Metals Enterprise" was formed in 1994 between Sherritt International Corporation of Canada and General Nickel Company S.A. of Cuba to form "a vertically integrated commercially viable mining and refining enterprise," says Subhash Karkhanis, the Deputy CEO & COO, Moa Nickel S.A. & Vice President, Metals Production, Sherritt International Corporation," whose paper was presented at the 2nd International Nickel Conference held in Cuba between April 24 and 27 (USCPR, Vol.9, No.2).

Three companies, each 50% owned by the joint venture partners, make up Metals Enterprise: Moa Nickel S.A.; COREFCO; and, ICCI. Karkhanis described their integration as follows: "Moa Nickel S.A., forms the upstream operation and owns and operates the mining and processing facility in Moa in the province of Holguin. The other two companies comprising the joint venture are COREFCO, the refining complex at Fort Saskatchewan, Alberta, Canada and ICCI, the marketing company located in the Bahamas. Moa Nickel is the primary source of feed for the COREFCO Refinery."

Having overcome "enormous challenges," Karkhanis attributes the success of Metals Enterprise to nine factors including Sherritt's "operating expertise...refurbishment capital [and] efficiency improvements," making Moa "one of the most competitive nickel producers in the world." As a result, Moa's nickel plus cobalt production has registered an increase from 12,549 metric tons in 1994 to 32,360 metric tons in 2001, well on its way to tripling startup production levels. One of those challenges apparently was the "major shift in the mindset of the employees" that needed to take place before productivity could be increased. Karkhanis explained the introduction of market management techniques, whereby a "productivity based compensation system complimented by modest capital investment to upgrade the reliability of the plant and full utilization of equipment assisted in increasing production."

Clearly, the Cuban sugar industry could benefit from the application of such market management techniques (USCPR, Vol.9, No.10), where it is currently undergoing major restructuring. □

CURRENCIES & COMMODITIES

1 Euro = 0.9896 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 25.72 Cuban Peso

Rates as of November 27, 2002.
Source: NYBOT/CADECA.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.61
Year ago nearby = 7.57
Future (Jan. '03) = 7.61
High = 7.97
Low = 5.38

Cash/Spot price as of November 27, 2002.
Source: CSCE/NYBOT.

CRUDE OIL (\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 26.85-26.90
Year ago (Nov. 27) = 19.48
Future (Jan. '03) = 26.89

Cash/Spot \$ price as of November 27, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,390
Year ago (Nov. 30) = 5,235

(\$ per metric ton)
Official Price: November 29, 2002.
Source: London Metal Exchange.

Cobalt = 6.45 - 6.75
Year ago (Nov. 29) = 6.80 - 7.20

(\$ per pound for 99.8%)
Price: November 29, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

CUBA HITS NEW ECONOMIC LOWS WITH RATING NEXT TO NORTH KOREA –

Last year, the USCPR reported that in 2001 Cuba had slipped in its ranking from 152 to 153 out of 161 countries studied by the Heritage Foundation (www.heritage.org) and the *Wall Street Journal* (www.wsj.com) in their annual 2002 worldwide survey (USCPR, Vol.8, No.11). The recently issued ninth edition, *2003 Index of Economic Freedom* ranks Cuba 155 just above North Korea, which is ranked last at 156. Among countries in Latin America Cuba is ranked last as well, while Chile is at the top of the list ranked at 16 in the world. Recognizing that economic change will only occur in a post-Castro Cuba, the authors state, "To make Cuba prosperous, the island's new leaders will have to establish civil liberties and property rights as well as convert the military structure that now runs the government and most state businesses into administrative and financial institutions of a market-based economy." Index editors show the relationship between economic freedom and per capita income where Cuba, which is ranked at the "repressed" level, registers \$1,700 compared to Chile ranked at the "mostly free" level registers \$9,417 per capita income; North Korea registers \$1,000 per capita income. "The findings of this study are straightforward: The countries with the most economic freedom enjoy higher rates of long-term economic growth and prosper more than those with less economic freedom," note the Index editors Gerald P. O'Driscoll Jr., Edwin J. Feulner, and Mary Anastasia O'Grady. "Countries willing to unleash their economies invariably raise their standard of living." The Index comes to the conclusion that what makes an economy grow is freedom.

TRADE AND TRAVEL TOP AGRIBUSINESS OUTLOOK FOR CUBA IN 2003 –

Increasing its hard currency income through American tourism would give the Cuban government more discretionary spending dollars with which to purchase American agricultural products, so goes the economic logic as expounded by Bob Stallman, president of the Washington-based American Farm Bureau Federation which represents 5.3 million farm families throughout the country. Stallman, who has been at the forefront of the lobbying effort to open agricultural markets between the United States and Cuba, is looking toward the incoming 108th Congress to push for private financing of American agricultural sales to Cuba coupled with a lifting of the present travel restrictions which prohibit U.S. tourism to the one-party Communist-controlled island. Stallman and a farm state delegation recently returned from Cuba. John Kavulich, president of the New York-based U.S. Cuba Trade and Economic Council, who attended the U.S. food & agribusiness exhibition in Havana last September (USCPR, Vol.9, No.10), sees an effort to expand agricultural related sales to Cuba. "Businesses are asking, 'If we export dairy cows, why not milking machines? If we export seeds, why not tractors?'," said Kavulich.

CUBA'S TRADE PROFILE SINCE 1995 –

A staff report by the Cuba Transition Project (CTP) dated November 25th ranks "Cuba's Top Trading Partners" from 1995 through 2001. "In the aftermath of the collapse of the Soviet Union in 1991 and the disintegration of the communist trading bloc in Eastern Europe, Cuba turned to Western Europe, Latin America, and China in an attempt to salvage the island's economy," reports the CTP. In 1995, Cuba's top trading partners were Mexico (\$397), Spain (\$353), Venezuela (\$237), Canada (\$220), France (\$211), China (\$171), and Italy (\$104). By 2001 that profile had shifted to Venezuela (\$956), Spain (\$717), China (\$526), Canada (\$363), Italy (\$296), Mexico (\$292), and France (\$277). Venezuela's exports to Cuba, which consist primarily of petroleum products, showed the greatest increase at 303%, while Mexico's exports to Cuba over the same period dropped 26%. China's exports to Cuba showed the second largest increase at 207%. The CTP report points out, "China's interest in capturing a sizable portion of the Cuban market also reveals a growing political and ideological rapprochement between two of the world's last communist states as well as Beijing's strategic interest in the Caribbean." Over the seven years, Spain's exports to Cuba increased by 103%. Canada's exports to Cuba from 1995 to 2001 increased 65%. All figures are in millions of dollars. The report's sources are cited as Anuario Estadístico de Cuba, 2001 and Ministerio de Comercio Exterior de Cuba.

DOMESTIC BRIEFS

SCHOLAR POSITS THREE FUTURE REGIME-TYPES AND U.S. POLICY OPTIONS–

Edward Gonzalez, Professor Emeritus of Political Science at UCLA and a member of the Adjunct Staff at the RAND Corporation where he serves as a consultant on Cuba and U.S. policy toward Cuba and Central America, has written a paper which "assesses U.S. policy options toward Cuba after President Fidel Castro is no longer in power by examining the crisis that engulfed Cuba in the 1990s, the government's response, and the resulting changes that transformed Cuba into a post-totalitarian state." The author describes "three regime-types and corresponding sub-types" that can be extrapolated from the present condition in which Cuba finds itself, to a Cuba after Castro as: "1) a communist successor regime led by hard-line, centrist, and/or reformist leaders; 2) a military-led successor regime under the control of Raul Castro and/or his *raulista* followers; and 3) a democratic-transition regime drawn from the ranks of current dissidents, human rights activists, and other opponents of the Castro regime." The paper is published in booklet form by the Cuba Transition Project (CTP) for the Institute for Cuban and Cuban-American Studies at the University of Miami. (CTP may be contacted by phone at 305/284-2822; or via email at ctp.iccas@miami.edu).

EN MARCHA: RADIO MARTI REACHES OUT TO THE CUBAN MILITARY – In a non-provocative approach to the Cuban military, Radio Marti is broadcasting a half-hour program two nights each week, soon to be five nights, without stirring unrest among the Revolutionary Armed Forces (FAR) of Cuba. En Marcha, or Marching, is composed of three segments: news, commentaries, and interviews. Acknowledging that the military will play a significant role in the future of a post-Castro Cuba, Program Coordinator Jay Mallin told the USCPR, "Our program does not call upon them to rebel, or anything like that. Our message is to ask them to remember their responsibilities to their country and to the Cuban people. We urge them to support democracy, when the opportunity arises. We point out the role of the military in the East European countries where the soldiers sided with the people when the communist governments collapsed." Folded into the programming are Bay of Pigs veterans such as Colonels Nestor Pino-Marina, Manuel Granado, Orlando Rodriguez and military and intelligence defectors including Brigadier General Rafael del Pino and Jose Cohen, a former DGI agent. Comandante Huber Matos, the former guerrilla leader under Fidel Castro who laid siege to Santiago de Cuba then broke with Castro over the communist influence in the 26th of July Movement, is also participating in Radio Marti's program En Marcha. Former U.S. Naval Commander Mario Lamar and Alberto J. Mora, General Counsel for the U.S. Navy and Marine Corps, have participated in the program. In a copy of a letter written by a Cuban colonel dated November 9th, he writes about En Marcha saying they [the Cuban military] "listen" to it and it is considered "well balanced." Radio Marti is part of the Office of Cuba Broadcasting whose director is Salvador Lew.

U.S. ATTORNEY FILES COMPLAINT AGAINST FIVE CUBAN DIPLOMATS IN WASHINGTON – Roscoe C. Howard Jr., the United States Attorney for the District of Columbia filed a criminal complaint on November 15th in the D.C. Superior Court charging five Cuban diplomats posted at the Swiss Embassy's Cuban Interests Section, also known as the Cuban Mission, with "conspiracy to threaten and assault a group of demonstrators who were protesting in front of the Mission on April 14, 2000." The melee occurred in front of the Cuban Mission in Washington "when approximately fifteen predominantly Cuban-American citizens were peacefully gathered outside the Mission to protest the return of Elian Gonzalez to Cuba, and to more generally advocate returning democracy to Cuba," stated the press release issued by the U.S. Attorney's office. The five Cubans named in the "Criminal Information" who are accused of rushing out of the Mission and attacking the demonstrators are: Eugenio Martinez Enriquez, Fernando Perez Maza, Damien Michel Ravelo Avila, Joel Marrero Enriquez, and Armando Leonardo Collazo Iglesias the former First Secretary for Consular Affairs. Each faces up to 180 days in prison if convicted. However, none of the five remain in the United States. The arraignment which has been scheduled for December 16th is before Chief Judge Rufus G. King III. Although each carried diplomatic visas and were accredited by the U.S. Department of State, none of the diplomats will be permitted to return to the United States as a result of the criminal complaint.

NOTABLE QUOTES

"In relation to Cuba, let's not confuse the passion that my generation has for the Cuban revolution and what it represented then with any approval of the Cuban regime today. I defend religious freedom, cultural freedom, freedom for trade unions and political freedom." **Luiz Inacio "Lula" da Silva**, president-elect of Brazil is interviewed by Lally Weymouth of the *Washington Post* newspaper. Here Lula, responds to Weymouth's Q&A requesting a self-comparison with other world leaders, including President Hugo Chavez of Venezuela, British Prime Minister Tony Blair, or former President Bill Clinton. (WP, "The Man With the Plan," 11/3/02, p.B1).

"The crime of air piracy, which is recognized in all international conventions as an act of terrorism, is encouraged by the government of the United States in its war against Cuba." While attending the recent Ibero-American Summit in Bavaro, Dominican Republic, Cuban Vice President, **Carlos Lage**, criticized the Bush administration for permitting a group of eight Cubans, who flew from Pinar del Rio to Key West escorted by two Florida National Guard jet fighters, to remain in the United States unprosecuted. (AP, "Cuban VP Criticizes Plane Incident," 11/17/02).

"The IRA's lengthy connections with people such as Moammar Gadhafi and the Basque separatist group ETA are well known. The arrest of three Irish republicans in Colombia on suspicion of collaborating with FARC narco-terrorists demonstrates that, despite the IRA 'cessation,' it is unable or unwilling to sever such ties. What is truly remarkable is that even after Sept. 11, 2001, the Irish republican press remains as anti-American as ever...In the past seven years, there have been at least 30 articles attacking U.S. policy toward Cuba and also anti-American articles regarding Panama, El Salvador, Nicaragua, Honduras and Guatemala. In August 2001, Douglas Hamilton, effectively *AnPhoblacht's* [Sinn Fein's (IRA political wing) Gaelic newspaper] Cuban correspondent, wrote of the 'murderous nature of U.S. foreign policy' and of 'glaring imperialist intervention, whether it be in Palestine, the Balkans, East Timor, Colombia, or Iraq'." **David Trimble**, leader of the Ulster Unionist Party, is the first minister of the suspended Northern Ireland. (WP, "In Northern Ireland, a Question of Trust," 11/30/02, p. A23).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 9, Number 12

December 31, 2002

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

Ralph J. Galliano, Editor

THE CUBAN GOVERNMENT'S TRADE STRATEGY FOR 2003: LINKING TOURIST TRAVEL TO THE PURCHASE OF U.S. AGRICULTURAL PRODUCTS

WASHINGTON – Congressional staffers from 14 offices on Capitol Hill participated in a trip to Cuba in late November meeting with: leading dissident Oswaldo Paya, the founder of Project Varela, as well as other dissidents, including Marta Beatriz Roque, Rene Gomez, and Felix Bonne, leaders of the over 300-member umbrella group called the Assembly to Promote Civil Society; James Cason, Chief of Mission at the United States Interests Section (USINT) in Havana; and, Pedro Alvarez, president of Alimport, the state-owned Cuban import company. The delegation, led by Brian Alexander of the Washington-based Cuba Policy Foundation, numbered 14 staff operatives from seven Republican and seven Democratic Congressional offices of the bipartisan, forty-six member Cuba Working Group (USCPR, Vol.9, No.3) in the House headed by Reps. Jeff Flake (R-AZ) and William Delahunt (D-MA). In the Congressional staff delegation's one hour meeting with Alvarez, he is described as sounding positive about expanding trade with the United States by taking as broad an approach as possible with respect to engaging numerous Congressional districts across the country, a political strategy which to-date has succeeded in garnering a majority of support to lift the tourist travel ban in the 435 member House of Representatives. Peter W. Nathan, president of PWN Exhibicon International LLC confirmed as much in his October final report (USCPR, Vol.9, No.10) covering the September 26-30 U.S. Food & Agribusiness Exhibition held in Havana. Alvarez, however, in his meeting with Cuba Working Group staffers linked the lifting of the tourist travel ban to the future purchase of U.S. agricultural products, otherwise suggesting a limitation on the continued increase in cash sales of food stuffs over the coming year. Total U.S. agribusiness sales to the Cuban government for 2002 tallies \$165 million, according to John Kavulich, president of the New York-based U.S. Cuba Trade and Economic Council. He says the growth in sales over the past two years has pushed Cuba's rating by the U.S. Department of Agriculture from 180-of-180 countries in 2000 to 50th place by December 2002, a direct result of the passage of controversial new trade legislation signed into law by President Clinton in October 2000. The American Farm Bureau estimates agricultural sales of \$150 million for 2003 while Alvarez has projected U.S. agricultural sales will reach \$260 million by the end of 2003 (USCPR, Vol.9, No.7). In any event, this apparent shift in strategy by the Cuban government toward opening new sources of cash flow by linking U.S. tourist travel to the purchase of agricultural products in the future may suggest that Havana cannot continue to sustain the current rate of cash purchases unless a change in U.S. policy is forthcoming.

▪ The Cuban Government's Trade Strategy for 2003: Linking Tourist Travel to Trade.....	1
▪ Acting Assistant Secretary for Western Hemisphere Struble Reaffirms New Policy.....	4
▪ Cuban Government Prints Pesos: Pumps 2 Billion into Economy in 2002.....	5
▪ Concurrent Healthcare and Food Fairs to be Held in Havana in 2004.....	6
▪ Menendez Elected to House Leadership.....	7

TOURIST TRAVEL, CREDIT, AND TWO-WAY TRADE – Denied a visa by the U.S. Department of State on two occasions, Alimport President Pedro Alvarez has vigorously lobbied farm bureau state federations and agribusiness executives visiting Cuba during the month of December conveying the message that lifting the restrictions on tourist travel, credits, and two-way trade would be good for the American farming community. The effect of Alvarez's message is to entice the agricultural community with the promise of greater sales of food stuffs if these changes in policy could be brought about in Washington. Such actions would require Congressional action (USCPR-Legislative Alert, July 29, 2002). "And we have said that if the travel ban and the restrictions on credit and the restrictions on two-way trade did not exist we could buy about 60 percent of our total food imports in the U.S. market," Alvarez repeatedly offers listeners visiting him in Havana. Cuba is currently importing \$1 billion in food stuffs says Alvarez and he projects that figure will climb to \$1.5 billion by 2005. Farm Bureau President Bob Stallman links the lifting of the tourist travel ban with increased purchases of American agricultural products by the Cuban government. He believes it would provide Cuba with the "economic power to buy our products" and takes the position that "private entities should have the opportunity to provide financing." The *Trade Sanctions Reform and Export Enhancement Act* (TSRA) of 2000 (USCPR, Vol.7, No.10) prohibits U.S. assistance and financing requiring that payments by the Cuban government be "cash in advance." The Act also prohibits financing by U.S. financial institutions, the importation of Cuban merchandise, and "travel relating to tourist activities." Since Cuba is designated as a state sponsor of international terrorism, exports "shall only be made pursuant to one-year licenses" issued by the Treasury Department's Office of Foreign Assets Control (OFAC). Daniel W. Fisk, deputy assistant secretary of state for Western Hemisphere Affairs, summed up the Bush administration position with regard to lifting the tourist travel ban imposed against the Cuban Communist government of Fidel Castro when he wrote in an op-ed column which appeared in the *Jacksonville Times-Union* on August 13, 2002, "Tourism in Cuba does little to benefit most Cubans. In fact, it perpetuates the control the Cuban government maintains over its citizens, since the government takes a nearly 90 percent cut of the salaries paid to the workers it provides on contract to foreign tourist concessionaires."

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CUBA POLICY FOUNDATION DELEGATION TO CUBA

The late-November delegation to Cuba headed by Brian Alexander of the Washington-based Cuba Policy Foundation included 14 staffers from seven Republican and seven Democratic Congressional offices of the bipartisan, forty-six member Cuba Working Group (USCPR, Vol.9, No.3) led by Reps. Jeff Flake and William Delahunt. The following is a list of the Members of Congress represented by the staff delegation visit to Cuba on November 18 – 22, 2002.

DEMOCRATS

Howard Berman (CA-26)
William Delahunt (MA-10)
Nick Lampson (TX-9)
Stephen Lynch (MA-9)
Victor Snyder (AR-2)
John Tanner (TN – 8)
Mike Thompson (CA-1)

REPUBLICANS

Dave Camp (MI-4)
Jo Ann Emerson (MO-8)
Jeff Flake (AZ-1)
Wally Herger (CA-2)
Tim Johnson (IL-15)
Christopher Shays (CT-4)
Jim Ramstad (MN-3)

AMERICAN FARM BUREAU INTERVIEWS OF STALLMAN AND ALVAREZ

The following two excerpts, one of Bob Stallman, president of the American Farm Bureau Federation (AFBF), and one of Pedro Alvarez, the president of Alimport, Cuba's food buying agency, are provided courtesy of the American Farm Bureau on its Web Site www.fb.org, specifically at <http://www.fb.org/news/nr/nr2002/nr1122.html>. The audio interviews, which link the issue of lifting travel restrictions on tourism to purchasing additional U.S. agricultural products, were transcribed by the USCPR and are reprinted by permission of the AFBF. Stallman led a trade delegation to Havana, Cuba in late November 2002 and was accompanied by state farm bureau presidents Terry McClure of Ohio, Steve Kouplen of Oklahoma, David Winkles of South Carolina, Howard Poulson of Wisconsin, and Karen Henry of Wyoming.

BOB STALLMAN, PRESIDENT OF THE AMERICAN FARM BUREAU IN WASHINGTON

"One, United States farmers are citizens just like everybody else. And I think Americans resent being told they can't travel somewhere, particularly when you can travel over, I guess, most of the world. That's one issue. The second issue is we also have a clear understanding that it's an economic issue. It provides economic power to buy our products. And that's why we think it's important. I guess the third reason is we actually think and pretty strongly believe that interaction between people...will really bring positive benefits...I just think it would lend itself real well to improving relations between the two countries if we can remove the travel ban."

PEDRO ALVAREZ, PRESIDENT OF ALIMPORT, THE STATE-OWNED IMPORT COMPANY BASED IN HAVANA

"We have contracted so far with more than 1,000 American firms from about 45 states that have indicated interest in selling their products to Cuba. So far we have received products from around 33 states. We believe that next year we will have a similar or even higher performance in terms of these purchases. We are importing around 1 billion dollars a year in food stuffs. And by 2005 we are expecting to import 1.5 billion dollars in food stuffs. These numbers are taking into consideration that the existing restrictions remain in place. And we have said that if the travel ban and the restrictions on credit and the restrictions on two-way trade did not exist we could buy about 60 percent of our total food imports in the U.S. market. We are very pleased that with the American companies we have dealt with they have been very efficient and their production has been very good. Ours is a message of peace; a message of friendship; and, a message of free trade both ways. There is a hope that the American farming community will be able to produce a change in our relations."

ACTING ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS STRUBLE REAFFIRMS NEW CUBA POLICY

To some Cuba policy observers J. Curtis Struble's remarks at the State Department on Monday, December 9th can be construed as a further repudiation of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, a.k.a. the Helms-Burton Act. A career foreign service officer, Struble assumed the position of Acting Assistant Secretary when Ambassador Otto Reich's recess appointment automatically expired on Friday, November 22nd pursuant to Senate Concurrent Resolution 160 (USCPR, Vol.9, No.11). As Reich's Deputy Assistant Secretary, Struble, whose background is in Russian History and Slavic Languages, was "charged with providing broad policy oversight of U.S. relations with South America" and he also "coordinated economic and trade issues involving the Western Hemisphere."

While participating in the announcement of a federal grant to the Sabre Foundation involving a "pilot program to collect and distribute Spanish-language books to Cuban children," Struble made a little noticed but significant policy statement regarding Cuba. Characterizing President Bush's May 20, 2002 announcement of his "Initiative for a New Cuba" (USCPR-SE, "Bush Presents Policy Review in White House Speech: 'Initiative for a New Cuba' Buries Helms-Burton," May 29, 2002) as "revolutionary" and "a more flexible policy approach to Cuba," Struble stated: "If before U.S. policy centered on the requirement that Cuba become a fully democratic, human rights-respecting nation before the United States would lift the trade and travel restrictions, and establish full diplomatic relations, *under the new policy announced by the President* [emphasis added] we will continue to advocate a

rapid and peaceful transition to democracy in Cuba, but the President has announced a flexible responsive campaign that recognizes that freedom sometimes grows step by step."

Opponents of Helms-Burton will welcome this announcement by Struble. Supporters of Helms-Burton again will point out that President Bush follows President Clinton (USCPR, Vol.9, No.7) in declaring a waiver of Title III (Protection of Property Rights of United States Nationals) while the State Department/White House fail to enforce Title IV (Exclusion of Aliens Who Have Confiscated Property of U.S. Nationals or Who Traffic in Such Property), which contains no such presidential waiver provision (USCPR, Vol.8, No.11).

Following President Bush's speech, Emilio Gonzalez, Director of Western Hemisphere Affairs at the National Security Council, told the USCPR that the president's remarks were not intended to "diminish Helms-Burton" but that it was intended to "send a message of democracy" to the Cuban people. In actual fact, Struble's interpretation of this "new Cuba policy" may not be so new after all, as it is far more reflective of language contained in the *Cuban Democracy Act of 1992* rather than of the Helms-Burton Act of 1996, whereby, the United States is "to be prepared to reduce the sanctions in carefully calibrated ways in response to positive developments in Cuba." Struble's remarks of December 9th may have gone largely unnoticed, but they accurately reflect more the position of the State Department than the White House; although, the White House remains motionless and silent when it comes to reaffirming their full support of Helms-Burton.

SPANISH NON-GOVERNMENTAL ORGANIZATION PROVIDES DIRECT ASSISTANCE TO CUBAN FAMILIES

Founded on March 15, 1996, *Puente Familiar Con Cuba*, an independent non-governmental organization, provides vital assistance to Cuban families on island. Through the recruitment of Spanish tourists, the Madrid-based Puente develops special sponsor programs for Cuban children that are suffering from severe illnesses such as: cancer, epilepsy, brain damage, sclerosis, asthma, and diabetes. Contrary to popular belief, "In Cuba there is no medical treatment for these illnesses and if any medicines exist they are only sold in dollars and at the so-called diplomatic pharmacies at such prohibitive prices that an ordinary Cuban worker cannot afford them," declares Puente's recently released annual report. Dubbed humanitarian tourism, Puente has arranged for medicines purchased in Spain to be sent directly through some 16,000 voluntary travelers who have handed medicines over personally. Consisting of a 12-man board – six Cuban exiles and six Spaniards – Puente's founder and president is Rigoberto Carceller Ibarra and its vice president is Jaime Manso Zubeldia. Puente may be contacted by telephone at 91 315 43 65 or by fax at 91 315 32 19.

CUBAN GOVERNMENT PRINTS PESOS: PUMPS 2 BILLION INTO ECONOMY IN 2002

In its year-end report to the National Assembly, economic minister Jose Luis Rodriguez said the Cuban government pumped 2 billion pesos into the faltering island economy increasing currency circulation from 11.356 billion in 2001 to 13.550 billion in 2002, according to Marc Frank of *Reuters*. With Cuba yet to fully recover from the loss of substantial subsidies from the former Soviet Union, when GDP declined 35 percent from 1989 to 1994, a time referred to as the "special period," the drop in tourism revenue, diminished remittances, oil shortages, low sugar prices, and the cash drain from accelerated purchases of food and agricultural products from American agribusiness have hit the Cuban economy like a Mike Tyson left hook in the 10th round of a title fight.

In an effort to disassemble the trade embargo, particularly the prohibition on tourist travel, financial credits, and two-way trade with Cuba mandated under the *Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000* (USCPR, Vol.7, No.10), Havana has defaulted on hundreds of millions of dollars in debt payments to such countries as Britain, France, and Japan.

The political problems experienced by Castro's close ally, Hugo Chavez of Venezuela, have only exacerbated Cuba's energy shortages causing it to pay market prices for its fuel oil necessities, further draining its cash reserves. On the spot market, Cuba failed to purchase crude oil in late December, as it was outbid by other buyers chasing short supplies, with a strike in Venezuela and a war in Iraq looming on the horizon.

In light of the collapse of Cuba's sugar industry, the government has put forward a five year plan to restructure (USCPR, Vol.9, No.10), where 71 of 156 sugar mills have been ordered closed, displacing at least 100,000 workers; although experts estimate the number closer to 200,000, all requiring retraining.

Despite the printing of 2 billion pesos in 2002, the value of Cuba's primary currency has held steady at 26 to the dollar. Desperate for foreign exchange, the Cuban Central Bank moved in August of 1993 to adopt the U.S. dollar as legal currency to counter the precipitous drop in the peso from 5 to 150 to the dollar. Along with the peso and the dollar, Cuba officially began to use the euro currency, on June 1, 2002 (USCPR, Vol.9, No.5).

Like the German Weimer Republic following World War I, the significant social and economic problems faced by the Castro regime following the collapse of the former Soviet Union, from which it has never recovered, appear to be insurmountable within the context of its socialist economic model and therefore pose a very real threat to the survival of the Cuban revolution. □

CURRENCIES & COMMODITIES

1 Euro = 1.0447 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 27.16 Cuban Peso

Rates as of December 30, 2002.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.40
Year ago nearby = 7.39
Future (Jan. '03) = 7.17
High = 8.10
Low = 5.38

Cash/Spot price as of December 30, 2002.
Source: CSCE/NYBOT.

CRUDE OIL

(\$per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 31.30-31.40
Year ago (Dec. 28) = 20.41
Future (Feb. '03) = 31.37

Cash/Spot \$ price as of December 30, 2002.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,200
Year ago (Dec. 28) = 5,680

(\$ per metric ton)
Official Price: December 30, 2002.
Source: London Metal Exchange.

Cobalt = 6.50 -6.80
Year ago (Dec. 31) = 6.80 - 7.40

(\$ per pound for 99.8%)
Price: December 30, 2002.
Source: Metal Bulletin (London).

TRADE BRIEFS

GEORGETOWN AND HARVARD UNIVERSITY STUDENT'S CUBA CONFERENCE –

The Georgetown Cuban American Student Association (CASA) and the Harvard Cuban American Undergraduate Student Association (CAUSA) have scheduled a conference for February 15 – 17, 2003 to be held at the Institute of Politics at Harvard University. The conference intends to "establish a Plan of Action for the youth's role in a transition." Confirmed speakers include: Ambassador Otto Reich, Ambassador Cresencio Arcos, Col. Emilio Gonzalez, Mr. Carlos Alberto Montaner, Dr. Lino Fernandez, Dr. Ana Julia Jatar, Mr. Carlos Saladrigas, Dr. Marifeli Perez-Stable, Mr. Orlando Gutierrez, Professor Jaime Suchlicki, and Mr. Robert O'Brien. Among the topics to be presented are: a free market transition, Cuba's current economic crisis, and the Cuban Diaspora's entrepreneur class. According to the program plan, one aim of the conference is to "engage the participants in the further study and development of a pluralistic and democratic Cuban society." The conference will close on Monday, February 17th with a meeting of the General Assembly of University Student Delegates. Between 70 and 100 students are expected to participate representing 17 colleges and universities nationwide. For further information email Mr. L. Felice Gorordo at CASA@georgetown.edu.

CUBA SEEKS ACTION TO BLOCK FREE TRADE AREA OF THE AMERICAS (FTAA) – President Bush has made the proposed Free Trade Area of the Americas (FTAA) a cornerstone of his administration's policy toward Latin America culminating in a free trade zone from Alaska-to-Argentina by 2005, excluding Cuba. Under Communist dictator Fidel Castro, the Cuban government is leading a worldwide anti-free trade movement with the United States, the main advocate of the FTAA, as its primary target. More than 1,000 delegates from across the Western Hemisphere attended the four-day conference in Havana, Cuba beginning on Monday, November 25th which ended with an anti-FTAA action plan to include marches, protests, and referendums on free trade across the hemisphere, reminiscent of the anti-WTO disruptions in Seattle (1999) and Quebec (2001). Castro has made "sink the FTAA" his battle cry and finds solace in the coalition of democratically elected left-wing governments in Venezuela (Hugo Chavez), Brazil (Luiz Inacio "Lula" da Silva), and Ecuador (Lucio Gutierrez). Castro, now viewed as the world leader of the anti-free trade movement, has framed the issue in terms of opposing the American-led neo-liberal economic policies that widen the gap between rich and poor, damage the environment, savage a nation's natural resources, exploit the cheap labor market of the region, and threaten a nation's sovereignty. The FTAA talks between the U.S. and Latin American trade ministers will reconvene in November 2003 in Miami, where Brazil and the U.S. will co-chair.

CONCURRENT HEALTHCARE AND FOOD & AGRICULTURE FAIRS TO BE HELD IN HAVANA 2004 – Peter W. Nathan, head of PWN Exhibicon International L.L.C., told the USCPR that he intends to hold concurrent health and food fairs in Havana in January 2004. "The Cuban government has agreed," said Nathan, "I'm just waiting for the license from OFAC." Nathan has over 45 years of experience in the exhibition industry having organized the trade shows in the Peoples Republic of China and the former Soviet Union. Nathan's plans come on the heels of the successful five-day food and agriculture fair held in the Palacio de Convenciones de las Habana from September 26 – 30 (USCPR, Vol.9, No.6, 10). This will be PWN's third exhibition in Havana since Nathan's Healthcare Exhibition of January 2000 (USCPR, Vol.6, No.8), which was widely attended by U.S. healthcare professions as well as officials of the Cuban Ministry of Public Health and MediCuba (USCPR, Vol.7, No.1), the primary importer of healthcare products for the Cuban government. Cuban doctors, nurses, and technicians are expected to mingle with U.S. medical equipment and pharmaceutical sales representatives as they have at the past fair where MediCuba government representatives will seek to sign contracts for the purchase of American healthcare products. The Connecticut-based Nathan issued the Food & Agriculture Exhibition's final report on October 17, 2002, which is located on the web at www.cubaexhibitions.com. The sale of food and agricultural products was permitted under the *Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000* (USCPR, Vol.7, No.10) while the sale of medicine and medical supplies was permitted under the *Cuban Democracy Act of 1992*. Advocates of the sale of pharmaceuticals and medical supplies are expected to oppose the tight export restrictions associated with such sales including human rights considerations, re-export, and the use in the manufacture of biotechnology products by the Cuban government, thereby requiring what is widely viewed by the U.S. pharmaceutical industry as highly restrictive end use verification.

DOMESTIC BRIEFS

MENENDEZ ELECTED TO HOUSE LEADERSHIP – Rep. Bob Menendez (D-NJ) has become the third ranking Democrat in the House leadership elected to the House Democratic caucus in a close vote (104-to-103) on November 14th and the first Hispanic to be elected to the House leadership. Among many other firsts, Menendez was the first Cuban-American to be elected to Congress as a Democrat in 1992. A former mayor of Union City, New Jersey, Menendez represents the largest Cuban-American population in the United States outside of Miami. The American-born Menendez is considered among the brightest and most articulate members serving in the United States Congress today and at 49 he is one of the promising lights of the national Democratic Party. As an original cosponsor of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act* of 1996, a.k.a. the Helms-Burton Act, Menendez was a frequent critic of President Bill Clinton each time he exercised his waiver of Title III (Protection of Property Rights of United States Nationals) and consistently urged the enforcement of Title IV (Exclusion of Aliens Who Have Confiscated Property of U.S. Nationals or Who Traffic in Such Property) of the act.

EIGHTEENTH ROUND OF MIGRATION TALKS IN HAVANA – Since the United States broke diplomatic relations with the Cuban government on January 3, 1961, the basis for bilateral relations between the two countries is the set of 1994-1995 migration accords intended to promote safe, legal and orderly migration to the United States. The venue for the semi-annual talks alternates between New York and Havana. At issue during this 18th round of talks was, on the U.S. side: exit permits from the Cuban government to all qualified migrants; non-discrimination against medical professionals for the permits; and, the reduction of the "extremely high fees it charges migrants," according to State Department Spokesman Richard Boucher. The Cuban government has denied exit visas to 497 Cubans mainly doctors and information technology professionals. On the Cuban side, the U.S. is viewed as: not cracking down on people smugglers; failing to return of a crop dusting plane commandeered by defectors to the United States, and the admittance of those defectors to the U.S. A Florida circuit court judge ruled the Cuban government plane worth about \$40,000 could be seized for claims against it.

CUBAN GOVERNMENT LIMITS VISA FOR HEAD OF U.S. DELEGATION TO MIGRATION TALKS – Kevin Whitaker, coordinator of the Office of Cuban Affairs at the U.S. Department of State, who was in Havana for the 18th round of semi-annual U.S.- Cuba Migration Talks, was denied by the Cuban government a one day extension of his visa. Whitaker arrived in Havana on Tuesday, December 16th for the official round of talks the next day and was able to visit with Cuban dissidents such as the independent librarians and the independent journalists including dissident leaders Vladimiro Roca, Elizardo Sanchez, Martha Beatriz Roque, and Elsa Morejon, the wife of imprisoned dissident physician Oscar Elias Biscet. Meetings took place at the residence of the Chief of Mission, James C. Cason. Whitaker believes the dissident movement in Cuba, which opposes the regime of Communist dictator Fidel Castro, is growing. The Cuban government imposed limitations on U.S. temporary duty visas and refused to extend Whitaker's stay an additional day.

TRIAL OF THREE IRISHMEN LINKED TO CUBA WATCHED BY WASHINGTON – Members of Congress and Bush administration officials are keeping a close watch on the upcoming trial of the three Irish Republican Army (IRA) terrorists – Martin McCauley, James Monaghan, and Niall Connolly – arrested in Bogota, Colombia on August 11, 2001 (USCPR-SE, September 25, 2001) after spending five weeks with the FARC, a narco-terrorist organization listed as a Foreign Terrorist Organization by the U.S. Department of State. The three, who were led by Niall Connolly the Sinn Fein (political wing of the IRA) representative based in Havana, are set to go on trial on February 5, 2003, following earlier delays. Among those in Washington having a particular interest in the trial proceedings are: Reps. Henry J. Hyde (R-IL), chairman of the House International Relations Committee (USCPR, Vol.9, Nos.4,7,9); Peter King (R-NY), a close personal friend of Gerry Adams, the president of Sinn Fein; and Ambassador Richard Haass (USCPR, Vol.8, No.12), the State Department's director of policy planning and point man for Northern Ireland. Secretary of State Colin Powell met with his counterpart for Northern Ireland, Paul Murphy, on the morning of Monday, December 2nd to discuss the implementation of the Good Friday Agreement where failure to disarm and continued links to Cuba and the FARC would complicate the peace initiative. We need to "end all these paramilitary capabilities and illegal activities and get on with devolved government the way it was planned," said State Department Spokesman Richard Boucher.

NOTABLE QUOTES

"The easing of the travel ban can't just mean another beach destination for U.S. tourists during spring break. The new Congress has to also guarantee real democratic ideals on the Cuban soil." **Dennis Hays**, executive vice president of the Cuban American National Foundation, assesses the November election results and the advent of a Republican-led House and Senate in the upcoming 108th Congress. (TWT, "GOP Congress heartens foes of leftist regimes: See harder line on Cuba, Venezuela, Ecuador, Brazil," 12/03/02, p.A15).

"The bottom line: There was nothing wrong in inviting the Cuban government to a book fair. But doing it without demanding that it allow Cuba's independent writers to travel, and others to freely air their views, made a mockery of the Guadalajara Book Fair, and exposed the Cuban regime for what it is." **Andres Oppenheimer** is the senior foreign correspondent for the *Miami Herald* and author of *Castro's Final Hour* (1992-Simon & Schuster). (MH, "Book fair in Guadalajara is one-sided over Cuba," 12/05/02).

"Rosita is very well-known in Cuba. She joined the revolution and decided to stay with the [Castro] regime, and that's been a kind of a confrontation with the exile community. You have to understand the very strong emotions and passions attached to any kind of cultural expressions that are part of the regime that has caused so much pain and divided families." Professor **Antonio Jorge** of Florida International University comments about the expected appearance of singer Rosita Fornes at an AIDS benefit to have been held in Miami. (RL, "Miami pulls benefit, Cuba singer rumored to appear," 12/06/02).

"People say I'm an anti-Communist. What do they expect that President Bush would pick a Communist for a post like this? I plead guilty." Ambassador **Otto J. Reich** is the former Assistant Secretary of State for Western Hemisphere Affairs who had been recess appointed by President Bush in the previous Congress. (NYT, "An American Diplomat Waits in Political Limbo," 12/15/02, p.14).

"The real possibility of such actions of Old Testament-style destruction lingers on the horizon, as men like Saddam in particular are threatened as never before. They linger in Cuba, where Fidel Castro, another 'destructive charismatic,' in Mr. [Jerrold M.] Post's [a political psychologist at George Washington University] terms, has repeatedly threatened to bomb nuclear plants in the United States should his rule be inexorably threatened. Surely it is right to despise such men – but it is also right to be very, very careful of arousing them and their god-like dreams, which can turn so quickly into nightmares." **Georgie Anne Geyer** is a nationally syndicated columnist. (TWT, "Leaders in isolation," 12/20/02, p.A21).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; UPI – United Press International; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

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Volume 10, Number 1

January 31, 2003

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

Ralph J. Galliano, Editor

ROS-LEHTINEN INFORMS BUSH HIS ADMINISTRATION IS NOT FULLY IMPLEMENTING LAWS ON U.S. CUBA POLICY

WASHINGTON – After two years in office, President George W. Bush is informed that his administration is not fulfilling the promises made "during the 2000 presidential campaign" for a "bottom-up review of U.S. Cuba policy," writes Congresswoman Ileana Ros-Lehtinen (R-FL) on behalf of her colleagues in a detailed letter dated January 23rd. Ros-Lehtinen reaches back 10 years to the *Cuban Democracy Act of 1992* (CDA), one cornerstone of U.S. policy, which then-Democratic presidential candidate Bill Clinton supported over the objections of the first Bush administration and then largely failed to implement the law after he was elected. At the time, the CDA, whose stated purpose was a "peaceful transition to democracy," sought, in part, international cooperation in extending "accepted standards of human rights and democratic values" to the people of Cuba in the wake of the fall of the former Soviet Union and its Eastern Bloc of support, an economic lifeline to the Cuban government of Communist dictator Fidel Castro. Specifically, Ros-Lehtinen cites Section 4 of the CDA which calls for "a full accounting of steps taken since [1992] by the USTR's office to achieve this policy goal," a reference to the hope that America's trading partners would restrict trade relations with Cuba. Further, Ros-Lehtinen offers a laundry list of "other provisions which are not being fully implemented" through the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, also known as Helms-Burton, such as: Section 101(2); Section 102(e); Section 103; Section 106; Section 109(a); Section 116(B)(3); and, Title IV of the Act (USCPR, Vol.8, No.11). Notwithstanding, President Bush's waiver of the law's Title III provision – permitting a private right of action in U.S. federal court against a trafficker of confiscated property in Cuba the claim to which is owned by a U.S. national – is a continuation of the Clinton administration's policy of accommodation with the European Union (USCPR, Vol.8, No.7) favored by the State Department. Ros-Lehtinen's letter to the president expresses concern over the "relatively unfettered" travel being permitted under the "façade" of "educational and cultural exchanges" for which visas should be denied "to Cuban nationals who represent or are employees of the Cuban Government or of Cuba's Communist Party" and calls on the president to have the Departments of State and Justice enforce the regulations (USCPR, Vol.9, Nos.4 & 9). On the national security side, Ros-Lehtinen mentions the apparent lack of presidential reporting "concerning the intelligence activities of the Russian Federation in Cuba" and she requests the "tasking" of the DIA and the NSA "under the direction of Undersecretary of State, John Bolton, to further investigate Cuba's WMD programs and its links to al-Qaeda, Hamas, Hezbollah, and other terrorist groups operating in the Western Hemisphere."

▪ Ros-Lehtinen Informs Bush his Administration is Not Fully Implementing Laws.....	1
▪ Cuban Exile Organizations Oppose Project Varela.....	5
▪ Bush Appoints Reich Special Envoy and Nominates Noriega for Assistant Secretary.....	6
▪ Cuba on Offensive Over Venezuelan Oil Deal as PDVSA Strike Takes it Toll.....	7
▪ President Bush Waives Title III of Helms-Burton: Meeting the Dual Threshold.....	9

A BOTTOM-UP REVIEW OF U.S. CUBA POLICY – Arguably, the Bush administration's serious lack of enforcement of the Helms-Burton Act, as outlined by Congresswoman Ileana Ros-Lehtinen, and the conspicuous absence of any mention or reference to the Helms-Burton Act by President Bush in either of his speeches given at the White House and in Miami last May 20th, when he presented his "Initiative for a New Cuba" (USCPR-SE, May 29, 2002), suggests the White House has abandoned a vital cornerstone of U.S. Cuba policy. Indeed, the president embraced the dubious Varela Project, under the now-unalterable Communist constitution, and offered to "work with the United States Congress to ease the ban on trade and travel between our two countries" under the "Initiative for a New Cuba" by encouraging a "step by step" path to democracy. While the Cuban government has failed to meet the president's expectations for truly democratic elections in 2003, neglecting Helms-Burton, by definition, the White House simply endorses the tenets of the *Cuban Democracy Act of 1992*, which set forth an inadequate policy "to reduce the sanctions in carefully calibrated ways in response to positive developments in Cuba." Lack of enforcement of trade sanctions, thus permitting trafficking in uncompensated confiscated private property belonging to U.S. nationals, failure to come to terms with Section 109 and active support for the dissidents in Cuba, as Congresswoman Ros-Lehtinen points out, "undermines U.S. efforts and leaves the policy vulnerable to attack from those who seek to engage the brutal tyranny." With the refusal of the U.S. Senate to hold confirmation hearings for President Bush's last remaining regional policy appointment over the past two years, that of Assistant Secretary of State for Western Hemisphere Affairs, the administration's Latin America policy has been left virtually rudderless and adrift in the hands of the State Department bureaucrats, whose policy on Cuba differs markedly from that of George W. Bush. The final item listed in the White House Fact Sheet explaining the president's second Title III waiver, dated January 17, 2002 (USCPR, Vol.9, No.1), stated, "a full review of the tools we are using to achieve our policy goal in Cuba is now appropriate." That policy review was, in effect, presented by President Bush on May 20, 2002, in the form of his "Initiative for a New Cuba" and excluded any mention of the Helms-Burton Act while reverting back to a statement of policy contained in the *Cuban Democracy Act of 1992*. Ros-Lehtinen writes, "If such a review took place, my colleagues and I believe that, in light of the September 11, 2001 attacks...the review should be re-written, and a relevant summary made available to [the] public." Not much seems to have changed in Cuba since the passage of the *Cuban Democracy Act of 1992*, among whose findings it was stated: "There is no sign that the Castro regime is prepared to make any significant concessions to democracy or to undertake any form of democratic opening." A copy of Rep. Ileana Ros-Lehtinen's letter to President Bush is reprinted below.

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V10N1

LETTER TO PRESIDENT BUSH

Congress of the United States
Committee on International Relations
House of Representatives
Washington, DC 20515

January 23, 2003
The Honorable George W. Bush
President of the United States
The White House
Washington, D.C. 20500
Dear Mr. President:

You recently made a determination to invoke both waivers of **Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act** – otherwise known as Helms-Burton. As you know, according to the law, the waiver carries a dual threshold which requires that the waiver is in the national security interest of the United States and that it helps promote democratic change in Cuba. Nevertheless, Title III is but one component of the laws which seek to fulfill these and other priorities of U.S. Cuba policy.

I would like to draw your attention to other provisions which are not being fully implemented and respectfully ask that you make every effort to ensure that these are no longer ignored.

- Title IV of Helms-Burton. As you know, under this section, if it is determined that an alien, after March 12, 1996, has confiscated or is trafficking in confiscated U.S. property in Cuba, that person shall be excluded from the United States. According to the November 26, 2002 Title IV report provided by the Department of State in compliance with Section 2802 of the Foreign Relations Reform and Restructuring Act of 1998, there are three entities in the advanced stages of review. These companies which are acting in total disregard of U.S. property rights and interests, have yet to be sanctioned under the law.
- Travel by Cuban officials to the United States. According to Section 102(e) of the Helms-Burton law, the Congress underscored its intent that the President should instruct the Departments of State and Justice to enforce fully existing regulations to deny visas to Cuban nationals who represent or are employees of the Cuban Government or of Cuba's Communist Party. Unfortunately, it appears such travel continues relatively unfettered, with educational and cultural exchanges being used as a façade, in some instances, for authorization of the travel. Mr. President, in the aftermath of September 11, 2001 and given the Castro regime's state sponsorship of terrorism, I am certain you will agree that it is not in the national security interest of the U.S. to allow regime or party representatives – whether traveling from Cuba or stationed in the U.S. – to be allowed virtually unrestricted access to our country. Further, if travel to and within the United States is authorized, I ask that you instruct the Director of the Federal Bureau of Investigation to closely monitor the activities of these individuals who are in the service of a state-sponsor of terrorism. I request that you take immediate action to curtail the threat posed by such unmonitored travel.
- Section 103 of the Helms-Burton law. I would also greatly appreciate detailed information on your Administration's efforts to ensure the dutiful implementation of this section which prohibits indirect financing of the Castro regime. This is particularly important in light of the *Trade Sanctions Reform Act* provisions and current efforts by the dictatorship and its supporters to remove financing restrictions in the agricultural sector.
- Section 106 of the LIBERTAD Act amends the Foreign Assistance Act of 1961 and calls for withholding of aid to governments which are providing assistance to or are engaging in nonmarket based trade with the Cuban Government. This section also requires the withholding of assistance to independent states of the former Soviet Union, proportional to the assistance and credits they provide in support of intelligence facilities in Cuba. Mr. President, I ask that you direct your advisors report to Congress on the status of our assistance programs to such countries and punitive measures taken in compliance with the law.
- Section 106 of Helms-Burton also has Presidential reporting requirements concerning the intelligence activities of the Russian Federation in Cuba. (Congressional intent in this regard was underscored in H.R. 4118, which passed the House overwhelmingly in 2000, prohibiting the rescheduling or forgiveness of any outstanding bilateral debt owed to the U.S. by the Government of the Russian Federation until the President certifies to the Congress that the Government of the Russian Federation has ceased all its operations at, removed all personnel from, and permanently

closed the intelligence facility at Lourdes, Cuba.) Mr. President, I await further information about the status of Russian withdrawal from the Lourdes facility and its activities in Cuba.

- Section 101(2) of the Helms-Burton law calls on the President to advocate, and "to instruct the United States Permanent Representative to the United Nations to propose and seek within the Security Council, a mandatory international embargo against the totalitarian Cuban Government pursuant to chapter VII of the Charter of the United Nations, employing efforts similar to consultations conducted by United States representatives with respect to Haiti." I would appreciate receiving detailed information on your Administration's efforts in this regard.
- Section 109(a) of the Helms-Burton law authorizes support for individuals and independent non-governmental organizations working to support democracy-building efforts in Cuba. While these programs have proven successful, the necessary resources have not been committed. Thus, in keeping with your expressed commitment of May 20, 2002, I respectfully request that you require in the FY 2004 request, a substantial increase in funding for Section 109 programs and for direct assistance to Cuba's internal opposition. Section 109(b)(2) states that the President should instruct the U.S. Permanent Representative to the Organization of American States to encourage other member states to join in calling for the regime to allow the immediate deployment of independent human rights monitors throughout Cuba and on-site visits to Cuba by the Inter-American Commission on Human Rights. In addition, it calls on the President to take the necessary steps to encourage the OAS to create a special emergency fund for the explicit purpose of deploying human rights monitors and, later, election observers in Cuba. I look forward to being briefed on your efforts on these two items.
- Section 116(B)(3) of the LIBERTAD Act urges the President to seek, in the International Court of Justice, indictment for the act of terrorism by the Castro regime in shooting down the Brothers to the Rescue aircraft on February 24, 1996. Notification on the status of this matter and of U.S. indictments would be greatly appreciated.
- In addition, under Section 4 of the Cuban Democracy Act of 1992, the President is to "direct the United States Trade Representative to enter into negotiations with the governments of countries that conduct trade with Cuba for the purpose of securing the agreement of such countries to restrict their trade and credit relations with Cuba in a manner consistent with United States policy and the purposes of this Act." My colleagues and I would greatly appreciate a full accounting of steps taken since by the USTR's office to achieve this policy goal since the law was put into effect ten years ago. In addition to these Helms-Burton statutory requirements, my colleagues and I would appreciate your support for:
- an investigation of the Immigration and Naturalization Service's implementation of the Cuban Adjustment Act, in light of lengthy detention of documented Cuban refugees seeking political asylum at the Southwest Border of the US.
- a review and possible revocation of the flawed and discriminatory Clinton Administration "wet foot/dry foot policy"
- a tasking of the Defense Intelligence Agency and the National Security Agency, under the direction of Undersecretary of State, John Bolton, to further investigate Cuba's WMD programs and its links to al-Qaeda, Hamas, Hezbollah, and other terrorist groups operating in the Western Hemisphere.

Mr. President, during the 2000 presidential campaign, my colleagues and I were promised a bottom-up review of U.S. Cuba policy. If such a review took place, my colleagues and I believe that, in light of the September 11, 2001 attacks, the arrest and conviction of a senior DIA official for spying on the U.S. for the dictatorship, expulsion of Cuban officials for espionage, and information regarding Cuba's WMD programs, the review should be re-written, and a relevant summary made available to [the] public. The items highlighted in this letter should also be part of any such review.

The law on this issue is clear, providing a concise roadmap of what the U.S. should be doing. Failure to implement these provisions undermines U.S. efforts and leaves the policy vulnerable to attack from those who seek to engage the brutal tyranny.

Thank you for your consideration of these critical matters. I look forward to working with you on these and other items aimed at protecting U.S. national interests and bringing freedom to the Cuban people.

Sincerely,

Ileana Ros-Lehtinen, Chair

Subcommittee on International

Operations and Human Rights (107th Congress)

CUBAN EXILE ORGANIZATIONS OPPOSE PROJECT VARELA

As a legitimate instrument of genuine freedom and democracy in a post-Castro Cuba, the Varela Project doesn't make the grade, say Cuban exile organizations which have assessed the petition drive calling for an island-wide referendum to ostensibly establish basic freedoms within the framework of a one-party Communist system that is intended to outlive Fidel Castro himself. Named after the 19-century Catholic priest, Felix Varela, active in Cuba's war of independence from Spain, the project is headed by Oswaldo Paya Sardinas, who honorably and bravely collected and submitted to the Cuban government a petition containing over the requisite 10,000 signatures specified in the Communist constitution. The Castro regime has outright rejected and degraded Paya's effort, which has attained the support of the European Union, the Vatican, the Bush administration, and various dignitaries such as former President Jimmy Carter.

Paya, founder of the Christian Liberation Movement, opposes the U.S. economic embargo against the totalitarian Castro regime and has criticized the detention of al Qaeda prisoners held at the U.S. Naval Base at Guantanamo Bay, Cuba, saying at a Georgetown University speech in January that U.S. policy should not play any role in the future of Cuba. Paya's group is a part of the Christian

Democratic International (CDI) movement, which "is based upon a firm resolve to establish peace and security across the world's borders," subscribes to a "world environmental policy," along with "dialogue and negotiation in all their forms," and the "process of disarmament."

The text of the Varela Project has been widely disseminated in Spanish but hardly, if at all, in English leaving many to accept it without question or scrutiny. Moreover, the Varela Project headed by Cuban dissident Paya has been welcomed and heartily embraced as a viable indigenous movement that poses as an alternative to the Castro regime, when in fact it would be tantamount to what is commonly referred to in Spanish as, 'Fidelismo sin Fidel,' or translated into English as 'Castroism without Fidel Castro' following the Cuban Communist leader's demise, a result that many would be hard-pressed to debate, let alone to endorse publicly. Yet, with one exception, only the major anti-Castro Cuban-exile organizations argue Paya's is but one dissident movement not universally representative and they have been able to raise this critical issue in an open statement that is reprinted below. Notably absent among the signatories is the venerable Cuban American National Foundation headed by Jorge Mas Santos, the son of the late founder, Jorge Mas Canosa (USCPR, Vol.4, No.12).

STATEMENT FROM CUBAN EXILE ORGANIZATIONS ON PROJECT VARELA

January 4, 2003

The organizations, signatories of this statement, are compelled by recent events to convey their serious concerns regarding Project Varela.

While we believe that it is healthy and necessary to evaluate and discuss all proposals for democratic change in Cuba, we feel it is equally important to establish that Cuba's internal opposition is much larger, varied and extensive than Project Varela.

Our organizations do not support Project Varela as a viable instrument to bring about democracy in Cuba because it seeks reforms within the framework of the current regime and its Constitution, and fails to call for an end to that totalitarian one-party system. This is not acceptable because it is not conducive to a genuine democratic transition.

Project Varela advocates the implementation of basic freedoms; however, given the political and legal constraints established in the existing Constitution, these reforms are prohibited. For example, Article 62 of the current Socialist Constitution reads: "The freedoms and rights recognized in this Constitution cannot be used against the decision of the Cuban people to build a socialist and communist society."

Furthermore, Project Varela promotes the minimal incorporation of the opposition and dissidence into a powerless National Assembly, while accepting the one-party nature of the regime. This is most worrisome for the following reasons:

1. It would legitimize the absolute powers and abuses exerted by Fidel Castro and the Communist Party and the political and economic privileges enjoyed by him and his henchmen.
2. It would accept a current judicial system that is an appendix of the regime's political apparatus.
3. It would recognize Castro's institutionalized one-party system as a legitimate form of government.

Project Varela's stated objective is to encourage political change through dissidents' participation in the National Assembly, which is one of many instruments of the totalitarian system. However, the project fails to point out that the National Assembly meets only two days twice a year. It would be naïve to expect that any changes may come out from those minute and ceremonial rubber stamp sessions.

It is important to continue encouraging the emergence of diverse groups and proposals from all sectors of Cuba's internal opposition and civil society, and to continue insisting on the liberation of all political prisoners, the legalization of all political activity and the scheduling of free general elections. The endorsements of one specific proposal that does not meet these requirements would undermine and directly impact the work of many pro-democracy groups in Cuba that have legitimate reservations about Project Varela.

Asociacion de Veteranos de Bahía de Cochinos – (Brigada 2506)

Colegio Medico Cubano

Consejo Nacional del Presidio Politico

Consejo por la Libertad de Cuba

Central de Trabajadores Cubanos en el Exilio (C.T.C)

Junta Patriotica Cubana

M.A.R. Por Cuba (Madres y Mujeres Anti-Represion)

Municipio de Cuba en el Exilio

Unidad Cubana (representing 24 organizations)

Ex-Confidados del U.M.A.P.

Puente de Jovenes Profesionales

PRESIDENT BUSH APPOINTS REICH SPECIAL ENVOY AND NOMINATES NORIEGA AS ASSISTANT SECRETARY FOR WESTERN HEMISPHERE AFFAIRS

The decision by the White House not to resubmit the nomination of Ambassador Otto Reich to serve as Assistant Secretary of State for Western Hemisphere Affairs following his recess appointment on January 11, 2002 (USCPR, Vol.9,No.1), was due in large part to Democratic opposition led by Senator Christopher Dodd (D-CT) combined with a lack of Republican support at the Senate Foreign Relations Committee chaired by Senator Richard Lugar (R-IN) (USCPR, Vol.9,No.11). Under the circumstances, the unwillingness of the White House to expend political capital having to fight in a now-Republican controlled Senate for Reich's nomination became conclusive. According to reliable sources on Capitol Hill, there was also opposition to the re-nomination of Reich from Secretary of State Colin Powell and Deputy Secretary Richard Armitage. Staunch support by Reps. Ileana Ros-Lehtinen (R-FL) and Lincoln Diaz-Balart (R-FL), who wrote to President Bush on November 26th (USCPR, Vol.9,No.11) declaring their support for Reich helped to assure Reich the appointment as Special Envoy for Western Hemisphere Initiatives. In simultaneous White House announcements on January 9th, Reich will report directly to Dr. Condoleezza Rice, Assistant to the President for National Security Affairs and "will coordinate long-term policy initiatives," including the president's "New Cuba Initiative" announced at the White House on May 20, 2002, while Ambassador Roger Noriega, the president's Permanent Representative to the OAS, will be formally nominated to the position of Assistant Secretary of State for Western Hemisphere Affairs. The Senate should hold its nomination hearing for Noriega sometime in March or April when the highly experienced Capitol Hill veteran of the Senate Foreign Relations Committee and the House International Relations Committee is expected to be confirmed. While on the House side, Noriega backed the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* and defended the new law from the Senate side. In 1998, Noriega traveled to Cuba on a committee staff trip to observe the visit of Pope John Paul II (USCPR, Vol.5,No.3) to the island.

SIMULTANEOUS WHITE HOUSE ANNOUNCEMENTS

For Immediate Release

Office of the Press Secretary

January 9, 2003

Statement by the Press Secretary

President Bush announced today the appointment of Ambassador Otto J. Reich as Special Envoy for Western Hemisphere Initiatives. Ambassador Reich has a distinguished record of service to the United States both outside and in government. Most recently, Ambassador Reich has served as the Assistant Secretary for Western Hemisphere Affairs at the U.S. Department of State. Ambassador Reich will report to Dr. Condoleezza Rice, Assistant to the President for National Security Affairs.

As Special Envoy, Ambassador Reich will coordinate long-term policy initiatives such as: The U.S./Mexico Partnership, The Andean Regional Initiative, The Caribbean Third Border Initiative, and The New Cuba Initiative. Within the context of these Initiatives, Ambassador Reich will have the responsibility to advance the United States' goals in the hemisphere: to foster and strengthen democratic institutions, to promote and defend human rights, to advance free trade, and to promote economic development and poverty alleviation. ###

For Immediate Release

Office of the Press Secretary

January 9, 2003

President Bush Announced His Intention to Nominate Noriega to be Assistant Secretary of State for Western Hemisphere Affairs

President George W. Bush today announced his intention to nominate one individual to serve as a member of his administration:

The President intends to nominate Roger Francisco Noriega of Kansas, to be Assistant Secretary of State for Western Hemisphere Affairs. Ambassador Noriega is currently the Permanent Representative of the United States of America to the Organization of American States (OAS), a post he has held since August of 2001. Prior to his appointment as a member of the OAS, Ambassador Noriega served as a senior staff member for both the Committee on Foreign Relations of the U.S. Senate, and the Committee on International Relations of the U.S. House of Representatives. In addition, he served at USAID and the Bureaus for Inter-American Affairs and Public Affairs at the State Department. In December of 2001, the government of Peru decorated Ambassador Noriega as "Gran Master of the Order of the Sun" for his support for the democratic transition and promotion of human rights in the South American country. Ambassador Noriega is a graduate of Washburn University in Topeka, Kansas. ###

CUBA ON DEFENSIVE OVER VENEZUELAN OIL DEAL AS PDVSA STRIKE TAKES TOLL

"Those with evil intentions are putting forward the slander about Chavez giving oil to Cuba," reports from the Cuban foreign ministry charged earlier in the month, as the oil industry strike by PDVSA workers against the government of Venezuelan President Hugo Chavez continued full force.

PDVSA, the Venezuelan state-run oil company whose managers and executives strenuously objected to preferential terms in the October 2000 oil deal with Cuba, has provided between one third and one half of Cuba's crude oil needs since the so-called Caracas Energy Cooperation Accord (CECA) was penned by the two leaders at the presidential palace of Miraflores (USCPR, Vol.7, No.10). It is estimated that, from the signing of CECA, PDVSA provided between 53,000 and 106,000 b/d of crude oil to Cuba preferentially priced from \$15-to-\$30 per barrel at a rate of 2% interest to be paid over a 15 year period.

Shipments of Venezuelan oil to Cuba were interrupted for the first time since the signing of the bilateral CECA agreement, in April 2002, immediately following the short-lived military-civilian coup against Chavez who had been freely elected in December 1998 (USCPR, Vol.5, No.12) and sworn into office in February 1999. Chavez's newly elected government quickly indicated an interest in supplying Cuba with oil supplies (USCPR, Vol.6, No.3). The failed coup led to at least a five month disruption of supplies causing Cuba to close a refinery and to make oil purchases on the open market at higher than normal crude oil prices which have ranged from a low of \$26.89 to \$33.51 per barrel when the PDVSA strike began through the end of January.

At the height of the PDVSA strike, the Chavez government managed to dispatch at least two tankers to the Cuban government, one reported to be the Victory holding 350,000 barrels of Mesa crude, both of which arrived in Cuba before mid-month.

Greater than 50% of Venezuela's revenue derives from PDVSA, accounting for 20% of the country's gross national product. Since the strike began on December 2, 2002, PDVSA's oil production is reported to have fallen from 3.2 million b/d to 340,000 b/d, half of which is said to be produced by "third-party licensees" and the other half by PDVSA directly.

In an attempt to wrest full control of PDVSA from the striking workers, Chavez has fired thousands upon thousands of employees leaving him to call upon Algeria, Brazil, Mexico, and Ecuador for temporary petroleum technicians and engineers in an effort to bring PDVSA operations back to normal. However, oil experts believe that PDVSA could take up to four years to reach normal operations following the disruption of its operations and the firing of experienced PDVSA managers and employees.

In the meantime, Venezuelan oil shipments become unpredictable for both the subsidized Cuban government and PDVSA's largest and most reliable paying customer, the United States.

□

CURRENCIES & COMMODITIES

1 Euro = 1.0736 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 27.91 Cuban Peso

Rates as of January 31, 2003.
Source: NYBOT/CADECA.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.64
Year ago nearby = 6.38
Future (Mar. '03) = 9.35
High = 8.85
Low = 5.20

Cash/Spot price as of January 31, 2003.
Source: CSCE/NYBOT.

CRUDE OIL (\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) = 33.50-33.55
Year ago (Jan. 31) = 19.48
Future (Mar. '03) = 33.51

Cash/Spot \$ price as of January 31, 2003.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 8,180
Year ago (Jan. 31) = 6,015

(\$ per metric ton)
Official Price: January 31, 2003.
Source: London Metal Exchange.

Cobalt = 7.60 - 8.30
Year ago (Jan. 31) = 7.20 - 7.50

(\$ per pound for 99.8%)
Price: January 31, 2003.
Source: Metal Bulletin (London).

TRADE BRIEFS

GAVIOTA – CUBAN MILITARY TOURISM COMPANY OPENS HOTEL IN HOLGUIN – Cuban dictator Fidel Castro presided over the opening of the country's largest hotel, the 944-room Playa Pesquero in the eastern province of Holguin consisting of a series of bungalows spread over 71 acres of beach front property. In the Tuesday, January 21st opening ceremonies, Castro acknowledged that the new hotel complex, which will be managed by Gaviota S.A. the Cuban military-run tourism company, is built on confiscated property. Expressing the socialist philosophy that underpins his regime, Castro said, "This country is not the private property of anyone. It is the Cuban people's property, the entire nation's of more than 11.5 million inhabitants...They are the owners, the shareholders of this great economic and social company [Cuba]." In fact, the claim to the property on which the Playa Pesquero sits, is owned by U.S. nationals – the Sanchez-Hill family. According to Miami attorney Nicolas J. Gutierrez, Jr., the State Department is investigating numerous foreign hotel and tourism companies including: LTI (German), Club Med (French), Accor (French), Air Transat (Canadian), Super Clubs (Jamaican) and Sol Melia (Spanish), for trafficking in confiscated property the claim to which is owned by U.S. nationals as specified under Title IV of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* also known as Helms-Burton. "Advisory letters have been issued to LTI, Super Clubs, and Sol Melia," Gutierrez told the USCPR. "I understand LTI ignored a December deadline and did not respond to the State Department until late January." At present it is unclear which of the above companies, if any, have been involved with the Playa Pesquero property development. It had been reported by the New York-based U.S.-Cuba Trade and Economic Council that Gaviota cancelled Sol Melia's management and marketing contract for the Playa Pesquero due to "declining visitor-related revenues." *Cuba News* reported in December there has been a "34.7% drop in Cuban management fees during the first half of 2002 compared with the same period a year ago." Since the terrorist attacks in New York and Washington on September 11, 2001, tourism is down worldwide, particularly in Cuba.

U.S. CUBA BUSINESS CONFERENCE TO BE HELD IN CANCUN & HAVANA – The annual U.S. Cuba Business Conference to be held in Cancun, Mexico and Havana, Cuba is scheduled for February 17-19, where over 100 American companies, trade associations, and state government organizations are expected to attend. The three day meeting is sponsored by the U.S.-Cuba Trade Association headed by Kirby Jones. Co-sponsors and exhibitors at the conference include: the Archer Daniel Midland (ADM), NorthHarvest Bean Growers, Wrigley Company, Sun-Maid Growers of California, Bryan Foods, the American Farm Bureau, the Arkansas Farm Bureau, California Department of Food and Agriculture, Port of Galveston, Minnesota Department of Agriculture, Texas Farm Bureau, Alamar Associates, the law firm of Patton Boggs LLP, the GIC Group, Americans for Humanitarian Trade with Cuba, and the World Development Federation, Columbia Coastal, and the Center for Folklife and Cultural Heritage of the Smithsonian Institution. Senator Maria Cantwell (D-WA) will give the key note address and lead a business delegation to the conference, which will highlight agricultural, wood, and medical supplies and products. Participants meet in Cancun on February 17-18 and on Wednesday morning February 19th travel to Havana by air and return to Cancun that evening. The session in Havana will be fully hosted by the Cuban government which will provide a gala dinner and cultural program. Under the guidance and regulations of the Treasury Department's Office of Foreign Assets Control (OFAC), a fully hosted U.S. national may not spend any money while in Cuba. The Washington-based U.S. Cuba Trade Association maintains an administrative office in Norcross, Georgia.

TAMPA TO HAVANA FERRY SERVICE – Scotia Prince Cruises of Bermuda, which has been operating cruise ferry services from the U.S. and Canada since 1970, has started a Tampa-Cuba service as a humanitarian program for Cuban-Americans with families in Cuba. The company began a Tampa to Yucatan service in November 2002 and has announced it will begin ferry service to Cuba on February 25th pending U.S. government approval. The cost of the ferry service to Cuba is slated at \$499 per adult round trip. A shipment of cargo by A.R. Savage & Son which departed Port Manatee in Tampa on Saturday, January 11th represented the first in over 40 years.

DOMESTIC BRIEFS

SECRETARY OF STATE COLIN POWELL MEETS WITH LEADER OF VARELA PROJECT OSWALDO PAYA

Secretary of State Colin Powell met with Cuban dissident Oswaldo Paya Sardinias the leader of the Varela Project, which seeks democratic and economic reforms within the framework of the Cuban Communist Constitution of 1976. The Monday, January 6th meeting between Secretary Powell and Paya took place at the State Department and is described by officials as a "gesture" of support for Paya's efforts in challenging the status quo in Cuba by collecting signatures for a petition drive to ask the government for a rights referendum. According to one unnamed State Department official, "The aim is to demonstrate our support for Project Varela and promote the idea of democracy." The Varela Project calls for freedom of speech, assembly, the right to own a business, electoral reform, and amnesty for political prisoners, all of which the Castro regime is notorious for repressing. Paya, founder of the Christian Liberation Movement which in turn is a part of the Christian Democratic International, has received international recognition including the Harriman Democracy Award from the Washington-based National Democratic Institute, the Sakharov Prize for Freedom of Thought from the European Parliament, and he is mentioned as a candidate for the Nobel Peace Prize.

HYDE CRITICIZES UN MEMBER SUPPORT FOR LIBYA'S HUMAN RIGHTS PANEL CHAIRMANSHIP

In a January 14th statement, House International Relations Committee Chairman Henry J. Hyde (R-IL) challenged support among some members of the United Nations for Libya's nomination to chair the UN Human Rights Commission, "especially in light of the fact that Libya has not accepted responsibility for its role in the terrorist bombing of Pan Am Flight 103 that killed hundreds of innocent people over the skies of Lockerbie, Scotland in 1988." Hyde and U.S. Reps. Tom Lantos (D-CA), ranking committee Democrat, and Ileana Ros-Lehtinen (R-FL) also outlined their objections in a separate letter addressed to ambassadors representing more than 50 foreign delegations in Washington. Libya is among seven countries the State Department lists as sponsors of state terrorism, which includes Cuba. The 59th Session of the UN Human Rights Commission begins on March 17th and will likely decide or not on a vote critical of Cuba's human rights record sometime in April. Last year's April 19th resolution (E/CN.4/RES/2002.L.30) called for the appointment of a Special Rapporteur (USCPR, Vol.9,No.4), which was announced on Monday, January 27th and is expected to submit its report at the upcoming session.

PRESIDENT BUSH WAIVES TITLE III OF HELMS-BURTON: MEETING THE DUAL THRESHOLD

In her January 23rd letter to the president, Congresswoman Ileana Ros-Lehtinen raises the issue of the dual threshold that a presidential waiver must meet under the law: that it is "necessary to the national interests of the United States" and that it "will expedite a transition to democracy in Cuba." One complaint waiver opponents have had since the outset has been the lack of justification provided by President Clinton when he first waived Title III of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* explaining just how such a waiver is necessary to U.S. national interests and exactly how it is expected to expedite a transition to democracy in Cuba. In fact, in a letter by then-Committee on International Relations Chairman Ben Gilman (R-NY) dated July 11, 1996 (USCPR, Vol.3,No.7) he states that the committee "specifically rejected a proposal made by the Executive branch that the President be permitted to suspend the right of action" by simply making a statement of determination. The president was obligated under the law to provide an explanatory "report" to the "appropriate congressional committees" in the course of his decision to suspend. Neither President Clinton nor President Bush has provided any such report to the Congress; only a reiterated statement has been provided in a periodic letter to the appropriate committee chairmen. Urging President Clinton not to suspend Title III, Gilman referred to the intent of Congress as detailed in the Conference Report 104-468 dated March 1, 1996. In a letter to Congress dated January 16th, President Bush waived Title III for the fourth time during his presidency (USCPR, Vol.8,No.7&Vol.9,Nos.1,7). Although the waiver lasts six months, the law permits the president to rescind his decision to waive at any time.

NOTABLE QUOTES

"Relations with the Cuban government remain essentially the same. There is no substantial change...The social-political space is always very limited and it appears often the Church is ignored." Cuban Cardinal **Jaimi Ortega** comments on relations between the Cuban government and the Roman Catholic Church in the five years since the visit of Pope John Paul II. (RL, "Cuban Cardinal says Pope's visit changed little," 1/11/03).

"Fidel Castro has hit his target. From the moment President Bush nominated Reich, the Cuban dictator worked to block him. Committed to eventual regime change in Havana, the Cuban-born Reich symbolized refusal to normalize U.S.-Cuban relations without democratization by Castro. Getting rid of Reich marked partial triumph for State Department professionals." **Robert D. Novak**, a syndicated columnist, comments in an op-ed piece about the decision by the Bush administration to not re-nominate Ambassador Otto Reich to the position of Assistant Secretary of State for Western Hemisphere Affairs following the Republican Party's electoral majority in the U.S. Senate following the November elections. (WP, "A Victory For Havana," 1/16/03, p.A19).

"Adam Cohen speaks glowingly of drinking mojitos at the Hotel Nacional in Havana ("Two Things Linger in Cuba: Fidel and a Pointless Embargo," Editorial Observer, Jan. 12). He doesn't mention that the average Cuban is barred from resort hotels, a practice known as 'tourist apartheid.' He also doesn't note that there is rampant racial discrimination in hiring in Cuba's tourist industry. Poverty in Cuba is not, as he says, a result of the embargo. It is because of Fidel Castro's adherence to a failed Marxist economic model. Freedom will come to Cuba through the efforts of the brave men and women who are standing up to the regime to demand their human rights, not as a byproduct of tourists drinking mojitos at the Nacional." In a letter to the editor, **Dennis Hays**, executive vice president of the Cuban American National Foundation, responds to Adam Cohen. (NYT, "Embargo on Cuba," 1/19/03).

"This is not an election, because in an election you can choose between different options. Here the only option is to continue as we are...This is one of Fidel Castro's many frauds." Dissident **Vladimiro Roca** criticizes elections for the Cuban National Assembly held every five years. Roca is the son of Blas Roca, the former Secretary General of the Cuban Communist Party, also known as the Popular Socialist Party (PSP). (TWT, "Castro says elections defy US: Dissidents urge boycott of vote," 1/20/03, p.A13).

"Fidel had to fight the bourgeoisie to defeat them. Here, [in Venezuela] the bourgeoisie is killing itself." **Pastor Heydra** a Congressman from the Democratic Action Party which is opposed to Hugo Chavez's presidency. (WP, "Political Deadlock Bolsters Chavez: Venezuelan Leader Exploits General Strike to Remake Institutions, Opponents Say," 1/20/03, p.A15).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; UPI – United Press International; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 10, Number 2

February 28, 2003

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

Ralph J. Galliano, Editor

THE CASTRO REGIME'S POLICY OF HOSTILITY TOWARD AMERICAN DIPLOMATS POSTED IN CUBA

WASHINGTON – The hostility of the Castro regime toward the United States government is being projected onto the 51 Americans assigned to the U.S. Interests Section (USINT) in Havana, Cuba – and it is becoming so personal that now the children of diplomatic personnel are being terrorized. Besides the violent, obscene, and sexual harassment of adults, the policy of the Castro regime is to terrorize American children whose families work for the U.S. government and are posted in Cuba. "Shortly after one family discussed the susceptibility of their daughter to mosquito bites, they returned home to find all of their windows open and the house full of mosquitoes," reads the unclassified white paper, which was released to Members of Congress in late January. The original ten page classified cable from Havana was dated November 7, 2002. "From the moment USINT personnel and their belongings enter Cuba," they and their families are "subjected to aggressive searches, [property] damage, and arbitrary confiscation." Such treatment ends only when they depart the island. Cuban secret police break into diplomats' homes at all hours of the day and night tampering with household appliances and opening windows and doors making certain the occupants are aware of the intrusion that leaves them physically vulnerable and psychologically exposed. Since the Castro regime requires that all hiring of household staff and other employees be "through the government-run CUBALSE," American diplomatic "personnel can expect to live without privacy for the duration of their time in Cuba," as the household staff "must report to Cuban intelligence" the whereabouts, movements, and casual conversations of the American diplomats and their family members. The violent and obscene treatment of adults includes "unwelcome calling cards like urine and feces" left in the homes of American diplomatic personnel along with "pilfered car parts, slashed tires, and smashed car windows." According to the document, both electronic and human surveillance is "pervasive" as USINT personnel are exposed to the extreme machinations of neighborhood spies or the so-called Committees for the Defense of the Revolution (CDRs), which have been systematically used by the Castro regime to maintain tight control over the Cuban population since it ascended to power in 1959. Electronically, telephone conversations and computer lines are monitored, while Cuban diplomatic protection personnel report on meetings that USINT personnel have with ordinary Cubans and dissidents who oppose the stifling government policies. The 23 Cubans posted at the Cuban Interests Section in Washington, whose wives are active government employees, are free from such harassment and are permitted to rent privately owned homes and to hire household personnel and office staff free of any U.S. government control.

▪ The Castro Regime's Hostility Toward American Diplomats Posted in Cuba.....	1
▪ Five Years After the Pope's Visit.....	4
▪ Cuba, Castro, and War with Iraq: The Political Dimension of Nickel & Cobalt.....	5
▪ Castro: FTAA is U.S. Plan to Dominate Latin America.....	6
▪ Homeland Security Breached by Cuban Defectors.....	7

REACHING OUT TO DISSIDENTS – As it is clearly stated U.S. policy to reach out to the Cuban people to the greatest extent possible and to obviate the Cuban government to the greatest extent possible, the Principal Officer for USINT, James Cason, has made it a common practice to invite Cuban dissidents to use the Internet facilities at the U.S. Interests Section in Havana and meet with dissidents openly to the consternation of the Castro regime. Cason, for example, met with dissidents on Monday, February 24th on the seventh anniversary of the shootdown of two Brothers to the Rescue patrol planes killing four on board (USCPR, Vol.3, No.3) in 1996. The American diplomat believes the Cuban government fears granting civil liberties to its citizens, such as freedom of speech and freedom of association. The white paper states that it is their objective to "frustrate routine business, occupy resources, demoralize personnel, and generally hinder efforts to advance U.S. policy goals." The State Department white paper also points out that, "Cuban officials take every opportunity to make doing business time-consuming and unnecessarily complicated," knowing USINT is "[o]perating under a low personnel ceiling." The Bush administration policy has been to make a concerted effort to meet with and to reach out to dissidents all across the Communist-controlled island helping to identify a myriad of dissident groups, thus giving them international recognition and legitimacy. Among these dissident groups are: the Christian Liberation Movement headed by Oswaldo Paya Sardinias sponsor of the Varela Project (USCPR, Vol.9, No.6); Todos Unidos or Everyone United headed by Vladimiro Roca; the Cuban Commission for Human Rights and National Reconciliation headed by Elizardo Sanchez, also supportive of the Varela Project; and, the Assembly for the Promotion of Civil Society headed by Marta Beatriz Roque, who believes the Varela Project doesn't go far enough in its call to grant ordinary Cubans their civil liberties. By definition, such dissident groups offer an alternative view from that of Cuban dictator Fidel Castro's failed revolutionary government. Cason explained to reporters, "Sadly, the Cuban government is scared – scared of freedom of conscience, scared of freedom of expression, scared of human rights." As a result, the Castro regime is poised to send Cason packing and declare him "persona non grata" or unwelcome at his diplomatic post in Havana. This is expected to lead to retaliation by the Bush administration and in response some have suggested closing USINT. A copy of the abbreviated State Department white paper entitled the "Cuban Regime Harassment of USINT Personnel" is reprinted below.

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V10N2

ABBREVIATED STATE DEPARTMENT WHITE PAPER

Cuban Regime Harassment of USINT Personnel

The U.S. Interests Section in Cuba (USINT) operates in a hostile environment manufactured by the Government of Cuba (GOC). The GOC's objective is to frustrate routine business, occupy resources, demoralize personnel, and generally hinder efforts to advance U.S. policy goals.

Cuban officials take every opportunity to make doing business time-consuming and unnecessarily complicated. Operating under a low personnel ceiling, the GOC knows that USINT is stretched to complete its mission. Staffing gaps at USINT are the inevitable and desired outcome of the opaque, attenuated process for clearing new personnel into Cuba.

The GOC keeps USINT staff busy by complicating every aspect of their personal and professional lives. For example, USINT personnel seeking household employees must wrestle with the GOC's arbitrary, complex lengthy hiring process. Their ability to reach out to dissidents is limited not only by restrictions, but also by things like pilfered car parts, slashed tires, and smashed car windows.

USINT personnel are treated to a steady diet of officially-sanctioned provocations, surveillance, recruitment attempts, and harassment. (Other diplomatic missions experience similar treatment that intensifies in direct correlation with their contacts with dissidents.)

The harassment begins from the moment USINT personnel and their belongings enter Cuba. Property is subjected to aggressive searches, damage, and arbitrary confiscation. The departure process is similarly invasive.

Cuban Ministry of Interior officials engage in a range of activities apparently designed [to] take a psychological and physical toll on USINT personnel. Cuban agents routinely enter U.S. employee residences to search belongings and papers; enter computers, and gather other information thought to be useful from an intelligence point of view. Vehicles are also targeted. In many instances, no effort is made to hide the intrusions.

Harassment comes in many forms including: Petty theft, unlocking doors and windows, leaving doors and windows open and air conditioners running when USINT personnel are away, leaving not-so-subtle "messages" behind (including unwelcome calling cards like urine or feces), slashing and puncturing tires, switching radio pre-sets to Cuban government stations, and various other invasions. In one example that demonstrates how regime officials actually listen to the daily activities of USINT staff, presumably through electronic bugs, shortly after one family discussed the susceptibility of their daughter to mosquito bites, they returned home to find all of their windows open and the house full of mosquitoes.

USINT employees are denied rest or relaxation by house alarms triggered in the middle of the night, being called home for manufactured emergencies, phones that ring at all hours, and by cell phones that ring every half hour for no apparent reason.

USINT personnel can expect to live without privacy for the duration of their time in Cuba. Electronic surveillance is pervasive, including monitoring of home phone and computer lines, since both licensed Internet Service Providers and the telephone company are GOC entities. U.S. personnel have had the unnerving experience of having "living room conversations" repeated or played back to them by strangers and unknown callers.

Vigilance is essential for USINT personnel who must assume that any Cuban they meet is collecting information or hoping to recruit them. GOC-provided diplomatic protection personnel are there as much to provide security, as they are to report details regarding contacts with dissidents and ordinary Cubans, travel, and other activities.

Government sanctioned citizens groups like Committees for the Defense of the Revolution (CDRs) add to the pressure through monitoring and low-level harassment in the neighborhoods in which USINT staff reside. For example, U.S. personnel sometimes find themselves being filmed in and around their homes by the local CDR.

All household and other employees must be hired through the government-run CUBALSE. To keep their jobs, they must report to Cuban intelligence regarding their USINT employers. GOC officials have called these workers "the frontlines of the defense of the revolution" because they can get "behind enemy lines

FIVE YEARS AFTER THE POPE'S VISIT

Much of President Clinton's policy toward the government of Cuba was ostensibly predicated upon the high expectations generated by Pope John Paul II's visit to the island in 1998 from January 21-25 (USCPR, Vol.5, No.3&4). In his April 30th Occasional Paper written for the Institute for U.S. Cuba Relations entitled, "A View of Pope John Paul II's Trip to Cuba: His Messages, Addresses, and Homilies," Institute founding chairman, Ambassador Alberto M. Piedra wrote, "Castro is not interested in substantial change. He himself said it at the airport the evening of the Pope's departure. Let no one be misled, he claimed, the visit of John Paul II to Cuba cannot be compared with his visit to Poland; a visit which initiated the gradual collapse of the Communist regime in that country. Cuba is different, he stressed, and Marxism-Leninism is here to stay." Shortly after the Pope's visit, the only American priest in Cuba, Father Patrick Sullivan, was ousted by the Cuban Communist Party for his daily parish work and for an interview he had granted to the *Boston Globe* in 1996 (USCPR, Vol.5, No.4). On the fifth anniversary of the Pope's visit to Cuba, the Archbishop of Havana Cardinal Jaime Ortega gave an interview to ZENIT, an international news agency, saying that nothing has changed between the Castro regime and the Catholic Church. This interview is reprinted below.

AN INTERVIEW WITH THE ARCHBISHOP OF HAVANA CARDINAL JAIME ORTEGA

Cuba's Backslide on Religious Freedom
Havana Archbishop Comments on the Island's State of the Faith

VATICAN CITY, FEB. 4, 2003 (ZENIT.org-Avvenire).- Five years after John Paul II's visit to Cuba, the restrictions on religious freedom are returning, says the archbishop of Havana. "A process has begun of return to the ideology" of repression, says Cardinal Jaime Lucas Ortega y Alamino in this interview.

Q: Five years after the Pope's visit, has something changed in Cuba?

Cardinal Ortega: Our Church has come out of silence: the presence of John Paul II made the Church known not only to the world, but also to the Cuban people. Many people discovered or rediscovered the faith as a living reality and all saw those days as the opportunity to manifest their most profound feelings with great joy and freedom. All this has left its mark. If, on the contrary, we analyze the relations between the state and the Church, nothing has changed. Still over us is the Office for Religious Affairs, which depends on the Central Committee of the Communist Party and exercises its activity of control both at the national as well as the local level. It is a fact: In Cuba the Church is very limited and often ignored by the authorities.

Q: But there are no longer certain limitations, beginning with Christmas, which has been recognized as a holiday.

Cardinal Ortega: Yes, thanks be to God this has been maintained. But then, as if in reaction to the new wind brought by the Holy Father, a process of return to the ideology was initiated, which little by little has become ever more insistent, with a propaganda as in former times that seemed to be surmounted.

Q: Does it mean that an anti-religious campaign has been unleashed?

Cardinal Ortega: No, the Church is not attacked, not directly. But there is a return to the idea of revolution for which one must give one's soul and sacrifice everything. It is evident that the Christian finds himself in conflict with this all-encompassing concept. It is followed by a silent struggle against the Church, regarded as a private entity, a marginal event, which can rob the revolution of strength and energy. In this connection, it is always regarded with a kind of indifference.

Q: "May the world open itself to Cuba and Cuba open itself to the world," was the Pope's famous invocation. Has something like this happened?

Cardinal Ortega: Immediately after the Pope's visit, many heads of state came to Havana and some countries renewed diplomatic relations with Cuba. It was logical to hope that Cuba would also open up to the world. The commercial horizon has been somewhat enlarged, but I don't think the Pope was referring to this. He was pointing out, rather, Cuba's need to open up to the Western world, to the Christian civilization to which we belong. Above all, Cuba should open to its interior, to a dialogue with society, as the Conference of Catholic Bishops of Cuba openly requested.

Q: But, however...

Cardinal Ortega: However, there has been a withdrawal, steps have been taken backward, also in the area of the economy. The small business and individual and family activities that were permitted in preceding years are burdened with a heavier tax and are driven to illegality. And the flight from the country continues with all possible means.

Q: Have you been able to talk about this with Fidel Castro?

Cardinal Ortega: After the Pope's visit, I met only once with the president, in 2001. I asked him very concrete questions, such as support for our charitable works and the entry of foreign religious personnel for pastoral activities. There was a notable increase after the Holy Father's visit, but in the last three or four years their number has continued to be practically the same.

Q: You have often mentioned the Church's right/duty to educate. What is the situation?

Cardinal Ortega: The Church has no access to education, considered the exclusive task of the state. The authorities do not want to talk about the subject. The same happens with the media: We have no access, with the exception of very few occasions of a celebratory character, for example, on the occasion of the feast of Christmas. There is no information on the activity of the Church, with the exception of some brief news on the Pope. It is as if the Church did not exist in Cuba.

Q: So, the hopes of five years ago have been disappointed?

Cardinal Ortega: I don't have this feeling. The Pope's visit touched the heart of Cubans and tore that veil of darkness that had enveloped the Church for many years. Perhaps those who expected great changes at the sociopolitical level are disappointed. Personally, I did not have this type of expectations.

Q: But something is changing at this level. At the initiative of some Catholics, the Varela Plan has come into being, which calls for a popular referendum to begin a democratic transition. What do you think?

Cardinal Ortega: Its leader [Oswaldo Paya] is a Catholic of conviction, who lives his membership in the Church with fidelity. I congratulated him in December, when the European Parliament awarded him the Sakharov Prize, as he has always exercised freedom of conscience despite the many difficulties. He does not propose violent methods, nor does he preach hatred. However, this does not mean that the Church supports his movement over another. Today there are several opposition groups in Cuba, and it is not the Church's task to give political indications.

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CUBA, CASTRO, AND WAR WITH IRAQ: THE POLITICAL DIMENSION OF NICKEL & COBALT

"Although some experts attribute it to the convulsive global situation caused by the threat of war, nickel is rapidly reoccupying its priority position in the international market," wrote Joaquin Oramas on February 3rd for *Gramma Internacional*, the official Cuban government newspaper.

The world price for nickel has increased nearly fifty percent over year-ago prices. Nickel prices settled at \$8,950 per metric ton at the end of the month in February compared to \$6,025 at the close a year earlier, increasing just under \$3,000 per metric ton. Measured by the pound, 99.8% pure Cobalt is not far behind as a revenue earner having increased in price from \$6.90 a year ago to \$7.40 on February 28th or \$15,211.74 per metric ton in 2002 to \$16,314.04 in 2003. With nickel-cobalt production reaching a high of over 75,000 metric tons in 2002, Cuba claims to have received over \$400 million in foreign exchange. According to Oramas, for the second consecutive year, "the island's production levels were in excess of 75,000 tons of concentrated nickel plus cobalt and sulfur." Cuba retains the second largest reserve base for nickel at 23 million metric tons compared to Australia at 27 million. Cuba's cobalt reserve base amounts to 1.8 million metric tons, just ahead of Australia at 1.6 million and a distant second behind the Congo (Kinshasa) at 4.7 million.

"Such increases are encouraging for the exporting nations and particularly Cuba, which has established itself as the world's fifth [largest] producer of nickel and has been working to diversify and increase the quality of its derivatives," said Oramas.

Nickel is primarily used to produce stainless steel (65%) and superalloys (12%), where the aerospace industry is the leading consumer. Cobalt's biggest use is in superalloys. Both are vital commodities having diverse uses within commercial, industrial, and military applications.

Ironically, Cuban dictator Fidel Castro, who is opposed to any U.S. led war against Iraq, spoke forcefully on the topic at the 114-nation summit meeting of the so-called Non-Aligned Movement (NAM) held in Kuala Lumpur, Malaysia from February 24-25. The nickel-cobalt markets have risen steadily in anticipation of a war with Iraq.

Higher base metal prices should encourage the Cuban government to develop new mining projects at both San Felipe in eastern Camaguey Province and Pinares de Mayari in Holguin Province, for which it long has sought foreign investors (USCPR, Vol.9,No.2). To date, the only nickel-cobalt joint-venture projects Cuba has is with the Canadian mining firm Sherritt International (USCPR, Vol.9,No.11). □

CURRENCIES & COMMODITIES

1 Euro = 1.0790 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 28.05 Cuban Peso

Rates as of February 28, 2003.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.88
Year ago nearby = 5.99
Future (May '03) = 8.45
High = 8.84
Low = 5.20

Cash/Spot price as of February 28, 2003.
Source: CSCE/NYBOT.

CRUDE OIL

(\$per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) =
Year ago (Feb. 28) = 21.71
Future (April '03) = 36.60

Cash/Spot \$ price as of February 28, 2003.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 8,950
Year ago (Feb. 28) = 6,025

(\$ per metric ton)
Official Price: February 28, 2003.
Source: London Metal Exchange.

Cobalt = 7.40 - 8.30
Year ago (Feb. 28) = 6.90 - 7.30

(\$ per pound for 99.8%)
Price: February 28, 2003.
Source: Metal Bulletin (London).

TRADE BRIEFS

CASTRO: FTAA IS U.S. PLAN TO DOMINATE LATIN AMERICA – The anti-globalization campaign headed by the Cuban government, with Fidel Castro as its chief spokesman (USCPR, Vol.9,No.12), held its fifth annual meeting in Havana on Monday, February 10th. In his speech before the 1,000 economists from Latin America, the Communist dictator assailed the free market and the neo-liberal economic policies of the U.S., IMF, and WTO. An IMF observer attended the conference along with Jose Antonio Ocampo, the executive secretary of the UN Economic Commission for Latin America and the Caribbean (ECLAC), who spoke to the gathering saying that neo-liberal globalization "has increased disillusionment" in the developing world. Specifically, Castro attacked the Free Trade Area of the Americas (FTAA) as a U.S. government plan to dominate Latin America and keep the region in poverty and economic subservience. Lowering trade barriers, the FTAA would create the largest free trade zone in the world by 2005. The Bush administration proposed on Tuesday, February 11th to slash tariffs on two-thirds of U.S. imports once the FTAA is created. U.S. Trade Representative Robert Zoellick said the U.S. "has created a detailed roadmap for free trade in the Western Hemisphere." Critics, including Ian Vasquez of the Washington-based CATO Institute, urged the U.S. to "immediately reduce its barriers to Latin America's exports, especially textiles and agricultural products." Cuba once maintained the largest integrated textile mills in all of Latin America. La Compania Textilera Ariguanabo was owned by the Hedges family, until it was expropriated by the Castro regime in 1959. Today the Pinar del Rio-based textile industry is overstaffed and requires vast modernization. Cuba, however, is excluded from the FTAA as long as the Castro regime remains in power. Latin American trade ministers are scheduled to meet in Miami on November 20-21 to further the achievement of the FTAA.

CUBA POLICY FOUNDATION ISSUES TOURISM REPORT – Following the devastation of Hurricane Michelle on November 4, 2001, the Cuban government reversed course and rejected a U.S. humanitarian aid offer opting instead to pursue a political track as it decided to purchase food for cash (USCPR, Vol.8,No.11) in order to pressure the Bush administration to lift the trade embargo. It comes as somewhat of a surprise then to read in Parr Rosson's report that "Part of Cuban food demand growth is being met by U.S. food exports to service a growing foreign tourist trade." Linking tourist travel to the purchase of additional agricultural products from U.S. farmers is the strategy developed by the anti-embargo lobby for 2003 (USCPR, Vol.9,Nos.11&12). Opening the island to American tourism would expand U.S. farm exports to Cuba says the Washington-based Cuba Policy Foundation in their February report entitled "Estimated Agricultural Economic Impacts of Expanded U.S. Tourism to Cuba" by Parr Rosson of the Department of Agricultural Economics at Texas A&M University. Commenting on the report, foreign affairs specialist Peter Orr said, "If a million-and-a-half American tourists travel to Cuba for a week each and eat in Cuba instead of eating at home, then they have not created any additional demand for food from American farmers unless one assumes that those million-and-a-half Americans would have been fasting at home for a week." This report is available on the Cuba Policy Foundation website at: www.cubafoundation.org.

INTER-AMERICAN DEVELOPMENT BANK ISSUES 2002 REMITTANCES REPORT – Enrique Iglesias, president of the Washington-based Inter-American Development Bank (IADB), told a conference of the Credit Union National Association on Wednesday, February 26th that the Latin American population in the United States, possessing a purchasing power of \$500 billion, sent to friends and relatives in their home countries \$25 billion in 2002. Remittances from the United States account for "three-quarters of all remittances" to Latin American countries, where "almost 70% of Latin immigrants to the U.S. send remittances back home on a regular basis." That translates into twelve million U.S. workers who send remittances home seven-to-eight times each year, according to the report. Mexico continued to account for the largest slice of the remittance pie receiving \$10.5 billion. Cuba accounted for \$1.138 billion, showing a growth of 22% over the previous year. The IADB report is described as "based on a comprehensive survey and analysis of reports from 19 Central Banks in the region." Interestingly, the report states that Latin America "is now the number one destination for remittances worldwide." Entitled "Sending Money Home: An International Comparison of Remittance Markets" the February IADB report is available at <http://www.iadb.org/exr/prensa/images/RoundTablesFEB2003.pdf>.

DOMESTIC BRIEFS

DIAZ-BALART CONTINUES LEADERSHIP RISE IN 108TH CONGRESS – Elected to the U.S. House of Representatives in 1992, Rep. Lincoln Diaz-Balart (FL) received an assignment to the House Foreign Affairs Committee in his first term helping his Republican colleague Rep. Ileana Ros-Lehtinen (FL) to oversee U.S. policy toward Cuba during the emerging Clinton administration. His rapid rise to the Rules Committee in 1994 came in the wake of a massive power shift in Congress; the first in over 40 years, with Rep. Newt Gingrich (R-GA) becoming Speaker of the House. On the Rules Committee, Diaz-Balart will become its new Vice Chairman of the Budget and Legislative Process Subcommittee. Republican members of the state delegation have elected the six-term Miami Congressman to serve as Florida's representative to the House Policy Committee and he has accepted an appointment from the new House Majority Whip, Roy Blunt (R-MO), to serve as an Assistant Majority Whip. Named by House Speaker J. Dennis Hastert (R-IL) to serve on the newly created Select Committee on Homeland Security, Diaz-Balart said, "There are many issues of great concern to Floridians that the Department of Homeland Security will be working on, not least of which is immigration. The security of our air and seaports are also vital issues in the new Department's jurisdiction." **CUBAN EXILE FLIERS - BROTHERS TO THE RESCUE -**

HALTS OPERATIONS – Since their founding in 1991, Brothers to the Rescue has flown over 2,500 rescue missions in and around the Straits of Florida searching for Cubans who braved the shark infested waters in rickety boats, on flimsy rafts, and clinging to automobile tire inner tubes to escape the one-party socialist state controlled by Cuban dictator Fidel Castro. At one stage, the pilot's organization was flying up to 32 patrols each week. Founder Jose Basulto made the announcement in Miami on Tuesday, February 4th to shut down the organization saying, "We are simply not as necessary as we have been in the past. It is redundant work on account of the fact that the U.S. Coast Guard is providing a very effective surveillance around the shores of Cuba that we cannot compete with." At the height of the 1994 rafter crisis, over 30,000 Cubans fled Cuba to reach the United States. In 1996 on February 24th, Cuban MiG jet fighters shot down two of three Brothers to the Rescue planes on patrol killing four aboard and narrowly missing Basulto who flew in a third plane (USCPR, Vol.3, No.3). **HOMELAND SECURITY BREACHED BY CUBAN DEFECTORS**

– Armed and uniformed, four Cuban border patrolmen, who claimed to have made a spontaneous decision on the morning of Friday, February 7th to defect to the United States, docked undetected at a Key West marina with their boat still flying the Cuban flag. The four border guards were interviewed and released and are eligible for U.S. residency. The U.S. government returned the vessel to the Cuban Border Patrol on February 9th. The President of the Cuban National Assembly, Ricardo Alarcon, has demanded the return of the four saying it would be a violation of the 1994-1995 migration agreements between Cuba and the United States following the 1994 rafter crisis. **KARL BUT NOT GROUCHO: CASTRO REGIME CONFISCATES BOOK SHIPMENT** – At a gathering of foreign media in Havana on Thursday, February 28th, James Cason, the Principal Officer for the U.S. Interests Section (USINT), announced that the Castro regime had confiscated 5,101 books valued at \$68,770.41. The books, translated into Spanish and intended for distribution to the network of independent libraries throughout the island that the government has permitted, included authors like Martin Luther King, John Steinbeck, Stephen King, Carl Sagan, Paul Johnson, and Groucho Marx, whose book is entitled *Memoirs of a Mangy Lover*. The shipment of books, however, did not include the 19th century classic *Das Kapital* by Karl Marx, the founder of modern socialism; undoubtedly, a book already familiar to the Cuban Communist elite, intellectuals, and university students. While some of the titles included in the shipment may already be held by the libraries, the Cuban government rejected the books outright and would not permit USINT to receive the cargo. "The government banned them because they believe we are giving them out with subversive intentions," said Cason. "They didn't like who we are giving the books to." Continuing the Clinton administration policy of "people-to-people" contact (USCPR, Vol.6,No.8), the Bush administration has made it policy to distribute books to grass roots libraries and shortwave radios to ordinary people.

NOTABLE QUOTES

"U.S. foreign assistance to the Western Hemisphere was not adequate under the Clinton Administration and it's not adequate under the Bush Administration. I'm glad the White House has announced that it will nominate Roger Noriega to serve as the next Assistant Secretary of State for Western Hemisphere Affairs. Ambassador Noriega is the right man for this job and we need to get him nominated and confirmed as soon as possible. But Ambassador Noriega is going to need real, sustained support from higher ups to tackle these problems. Quite frankly, we're distracted and we're not paying attention to what's happening in our own front yard." Rep. **Cass Ballenger** (R-NC), Chairman of the House Subcommittee on the Western Hemisphere makes a statement at the opening of a Congressional hearing overseeing the region. (Opening Statement, "Overview of U.S. Policy Towards the Western Hemisphere," 2/27/03).

"Further, it is clear that tourist travel has not had the hoped-for effect of expanding democratic development. Millions of Europeans and Canadian tourists have visited Cuba over the last decade, but Cubans have no more rights, and the economy is no more open. There is no reason to believe American tourism would yield different results. Until the Cuban regime is required to respond to the insistent demands for change from us, Europe, Latin America, and now from within Cuba itself, we will maintain our policy tools of encouraging civil society development while denying an unreformed communist regime the financial wherewithal it seeks to maintain itself in power." **J. Curtis Struble**, Acting Assistant Secretary of State Bureau of Western Hemisphere Affairs (WHA) Department of State appears as an administration witness before the House International Relations Subcommittee on the Western Hemisphere. (Opening Statement, "Cuba," 2/27/03).

"The Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, enacted by the U.S. Congress and signed by the President of the United States, provides important guidelines for helping promote a peaceful transition to democracy in Cuba. I am very proud to say, since 1997, USAID has provided more than \$20 million to U.S. universities and other U.S. non-governmental organizations to implement Section 109 of the Act. USAID assistance has been indispensable in helping increase the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba." **Adolfo A. Franco**, Assistant Administrator at the Bureau for Latin America and the Caribbean U.S. Agency for International Development at the Department of State, appears as an administration witness before the House International Relations Subcommittee on the Western Hemisphere. (Opening Statement, "Cuba: The Only Non-Democratic Government in the Hemisphere," 2/27/03).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; UPI – United Press International; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 10, Number 3

March 31, 2003

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

Ralph J. Galliano, Editor

BUSH ADMINISTRATION, CONGRESSMEN, AND ORGANIZED LABOR CONDEMN THE CASTRO REGIME'S CRACKDOWN OF DISSIDENTS

WASHINGTON – State Department Spokesman Richard Boucher expressed "outrage" at the start of his daily press briefing over the Cuban government's crackdown of dissidents for their meetings with U.S. diplomats, particularly James Cason, who is the principal officer at the U.S. Interests Section in Havana (USINT). On Tuesday, March 18th, the Cuban government launched the most massive crackdown of independent journalists, librarians, labor leaders, and human rights activists in over a decade. "This is an appalling act of intimidation against those who seek freedom and democratic change in Cuba," declared Boucher on the afternoon of March 19th. "These people have been arrested simply for speaking out, one of the basic and most recognized international human rights." Calling for their immediate release, Boucher said the arrests "only serve to expose the weakness and the desperation of a regime as it realizes it has no basis." This is perhaps the first instance in which a U.S. government official has moved toward a stated position that the Cuban government lacks legitimacy and does not have the support of its people, who are largely afraid to speak out and afraid to actively oppose the oppressive police state of Fidel Castro's regime. Ironically, the crackdown coincides with the start of the annual UN Human Rights Commission in Geneva, on which Cuba holds a seat. Last year, the UN Human Rights Commission voted against Cuba and called for a human rights monitor to visit Cuba (USCPR, Vol.9, No.4). Influential Members of Congress including House Majority Whip Roy Blunt (R-MO), signed a letter to Secretary of State Colin Powell on Friday, March 21st urging "swift action by the Administration to further demand the release of these brave Cubans." Their letter accuses the Cuban government – a sponsor of state terrorism – with timing the crackdown of dissidents when the United States is preoccupied with regime change in Iraq. "This new wave of arrests is calculated to coincide with our action to disarm Iraq and take advantage of the world's focus on the war," charged the Congressmen. "It comes the same week that Cuba allied itself with Iraq as the only two nations attempting to move the Security Council debate on Iraq to a Special Session of the General Assembly." In a clarion call to international labor leaders, AFL-CIO President John J. Sweeney, in a personal letter to Fidel Castro, said the union and its affiliates comprising 13 million American workers, "demands the immediate release of these labor activists and an end to all attacks against independent groups." Pledging to "stand by the Cuban workers," Sweeney urged "the entire international labor community to do the same."

▪ Bush Administration, Congressmen, and Organized Labor Condemn Crackdown.....	1
▪ OFAC Issues New Regulations.....	5
▪ Ryan et al. v. Gonzalez et al. Decided in Florida District Court of Appeal.....	6
▪ Senators Form Cuba Working Group to Promote Trade and Travel.....	8
▪ Wall Street Journal Editor Calls for Ouster of CIA's Latin America Intelligence Officer.....	9

THE CUBAN GOVERNMENT'S IDEOLOGICAL RIGIDITY AND FEAR OF FREEDOM – According to Boucher's March 19th statement, "these arrests followed a government radio broadcast attacking the head of our Interests Section and the outreach efforts of our diplomats in Cuba." In a US CPR Domestic Briefs article in the previous issue (US CPR, Vol.10, No.2) titled "Karl, But Not Groucho," it was described how the Castro regime would likely permit Cubans to read *Das Kapital* by Karl Marx but would not allow the Cuban people to read a book entitled, *Memoirs of a Mangy Lover*, by the late American comedian Groucho Marx, or books by such notables as Martin Luther King, John Steinbeck, Stephen King, Carl Sagan, and Paul Johnson. The shipment to the USINT in Havana of 5,101 books took place in late February and was intended for distribution to the Cuban people and the independent libraries throughout the island. But delivery was barred by the Cuban authorities. "It is noteworthy that Cuban representatives in the United States distribute books and other published materials regularly," said Boucher on March 6th. "It is surprising that a government willing to send its representatives throughout the United States to disseminate its views will not allow the U.S. Interests Section in Havana to share great books of literature and thought with the Cuban people. In the battle of ideas, the Cuban regime wants only one team on the field." Castro apparently took exception to Cason's remarks that the Cuban government was "scared of freedom" (US CPR, Vol.10, No.1). When President Bush announced his "Initiative for a New Cuba" during his Washington and Miami speeches on May 20, 2002 (US CPR-SE, May 29, 2002), by extending a proposal and a challenge to the Cuban government for "meaningful market-based reforms" as well as "elections" that "are certifiably free and fair" in return for an easing on the trade and travel ban between the U.S. and Cuba, the Castro regime responded with a heavy hand by announcing an island-wide petition embedding socialism in the Cuban constitution (US CPR, Vol.9, No.6). The current crackdown signifies the threat perceived by the regime posed by the nearly 80 dissidents involved and betrays the weakness of the government's stranglehold on the Cuban people. In a statement issued by the White House on Wednesday, March 26th, President Bush condemned the "Castro government's intensified repression of Cuba's growing pro-democracy and human rights activists." Copies of the statements by State Department Spokesman Richard Boucher, White House Press Secretary Ari Fleischer, AFL-CIO President John J. Sweeney, and the Congressional letter to Secretary Powell are reprinted below.

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DEPARTMENT OF STATE PRESS BRIEFING

**Daily Press Briefing
Richard Boucher, Spokesman
Washington, DC
March 19, 2003**

MR. BOUCHER: Good afternoon, ladies and gentlemen. If I might, I would like to make a statement about some of the things that are happening in Cuba right now and then we can go on to your questions about this and other things.

The United States is outraged by the Cuban Government's announced arrest of dozens of opposition members yesterday. This is an appalling act of intimidation against those who seek freedom and democratic change in Cuba. These people have been arrested simply for speaking out, one of the basic and most recognized international human rights.

We call on the Cuban Government to release them immediately and for the international community to join us in demanding their release. The announcement of these arrests followed a government radio broadcast attacking the head of our Interests Section and the outreach efforts of our diplomats in Cuba.

The Cuban Government suggested that many of the detainees were arrested for meeting with our diplomats. We also note that these events coincide with the opening in Geneva of the UN Human Rights Commission of which Cuba is a member, and we call on the Commission to condemn this action in the strongest terms. Cuba has again demonstrated that it is not fit to sit on this Commission.

While these arrests are directed against the opposition movement, they will not quell the Cuban people's desire for freedom and they only serve to expose the weakness and the desperation of a regime as it realizes it has no basis.

LETTER TO SECRETARY OF STATE

Congress of the United States
Washington, DC 20515

March 21, 2003

Dear Secretary Powell:

We are writing regarding a matter of urgent concern following the recent and continuing arrests by Fidel Castro's regime of countless dissidents, including members of independent labor groups, independent libraries, and the independent press.

This new wave of arrests is calculated to coincide with our action to disarm Iraq and take advantage of the world's focus on the war. It comes the same week that Cuba allied itself with Iraq as the only two nations attempting to move the Security Council debate on Iraq to a Special Session of the General Assembly.

We appreciate the Department of State's statement of outrage regarding the arrests this week, and urge swift action by the Administration to further demand the release of these brave Cubans. It has come to our attention that arrests took place throughout the day on March 18, 2003, and that they continue unabated. Independent Cuban economist and former political prisoner, Marta Beatriz Roque was arrested as recently as today. Berta Antunez, sister of Jorge Luis Garcia Perez "Antunez", one of the most respected political prisoners in Cuba, has also been arrested. Since her brother's arrest she has become an activist tending to the needs of political prisoners and their families. All of the detentions appear to target individuals who have met with the Chief of Mission at the United States Interests Section (USINT) Havana, James C. Cason, or have attended meetings sponsored by USINT.

As you well know, these condemnable arrests have taken place following a series of escalating acts by Castro's regime including violating the U.S. diplomatic pouch, seizing over 5000 books intended for the Cuba Outreach Program, restricting travel by USINT employees, harassment and other threats to the personal security of Chief of Mission Cason and other USINT employees, and now arrests of anyone meeting with USINT employees.

This latest act of political repression highlights the true dreadful intent of Castro's dictatorship, to destroy any opposition to the dictatorship. The move to imprison these leaders who fight for freedom and human rights is emblematic of the regime's tactics of repressing opposition when it believes the world's attention has been diverted. The tyrannical tactics by the Cuban regime – known state sponsor of terrorism – must not go unnoticed.

The situation continues to unfold. We urge the Administration to take all steps necessary to secure the release of these dissidents – including a statement by you personally to highlight the grave nature of these arrests. A partial list of dissidents known to be arrested is attached.

Thank you for your attention to this urgent matter in these trying times.

Roy Blunt (R-MO)
Dan Burton (R-IN)

Lincoln Diaz-Balart (R-FL)
Chris Smith (R-NJ)

Ileana Ros-Lehtinen (R-FL)
Mario Diaz-Balart (R-FL)

AFL-CIO LETTER

American Federation of Labor and Congress of Industrial Organizations

815 Sixteenth Street, N.W.

Washington, D.C. 20006

March 25, 2003

His Excellency Fidel Castro Ruz

President

Republic of Cuba

Plaza de la Revolución

Havana, Cuba

E-mail: f_castro@cuba.gov.cu

Fax: 011-537-333-085

Dear Mr. President:

We were informed that over twenty labor activists and independent journalists were arrested on the afternoon of March 18. Mr. Ricardo Alarcon, President of the Cuban Parliament, labeled these people as "leaders of the counter revolutionary movement," during his appearance on the television program "Round Table." A list of some of the labor activists is appended to this letter.

State security agents also ransacked Pedro Pablo Alvarez's home for eight hours, confiscating his personal documents as well as CUTC office equipment, (computer, two fax machines, typewriters, radios and union files).

The arrest of these activists is a deliberate violation of their fundamental labor rights as guaranteed by ILO Conventions 87 – Freedom of Association, and 89 – Right to Organize, both of which Cuba ratified in 1952.

The AFL-CIO, along with its affiliated unions representing 13 million workers in the United States, demands the immediate release of these labor activists and an end to all attacks against independent groups. We will continue to stand by the Cuban workers and we are urging the entire international labor community to do the same.

Sincerely,

John J. Sweeney

President

JJS/pb

Among the labor activists detained are:

Pedro Pablo Alvarez Ramos, General Secretary of the Consejo Unitario de Trabajadores Cubanos (CUTC);

Carmelo Diaz Fernandez, CUTC executive board member and deputy of the Centro Nacional de Capacitacion Sindical y Laboral;

Ivan Hernandez Carrillo, executive board member of the Confederacion Obrera Nacional Independiente de Cuba (CONIC);

Activists threatened, under surveillance and house arrest but not detained:

Nelson Molinet Espino, General Secretary of the Central de Trabajadores Democráticos (CTDC), forced to suspend his hunger strike;

Victor Manuel Dominguez Garcia, director of the Centro Nacional de Capacitacion Sindical y Laboral (CNCSL);

Alejda Godinez Soler, CONIC representative; and

Alicia Zamorra Labrada, director of Lux Infopress

THE WHITE HOUSE PRESS STATEMENT

THE WHITE HOUSE

Office of the Press Secretary

March 26, 2003

STATEMENT BY THE PRESS SECRETARY

Castro Government Cracks Down on Pro-Democracy and Human Rights Activists

President Bush condemns the Castro government's intensified repression of Cuba's growing pro-democracy and human rights activists. Over the past days, the Cuban government has jailed over 75 of these activists throughout the country. We call upon the Castro government to release immediately Marta Beatriz Roque, Rene Gomez Manzano, Felix Bonne, Oscar Elias Biscet, and all other unjustly imprisoned dissidents. Arrest of these dissidents comes on the heels of recent personal attacks by the Cuban government against our diplomats in Havana. As our senior diplomat in Havana, James Cason, has commented, "Sadly the Cuban government is afraid, afraid of freedom of conscience, afraid of freedom of expression, afraid of human rights...."

OFFICE OF FOREIGN ASSETS CONTROL (OFAC) ISSUES NEW REGULATIONS

Effective Monday, March 24th, the Treasury Department's Office of Foreign Assets Control (OFAC) updated and revised (technical changes) the travel regulations to Cuba; or more specifically, the "interim final rule" amends the Cuban Assets Control Regulations, 31 CFR part 515. These revised regulations are intended to implement President Bush's "Initiative for a New Cuba" pronounced on May 20, 2002, in speeches at both the White House and in Miami (USCPR-SE, May 29, 2002). "Among other steps, the President announced that the United States would ease restrictions on humanitarian assistance that directly serves the needs of the Cuban people and helps build Cuban civil society...", states OFAC's background summary. OFAC, the U.S. government's enforcement arm for the embargo, made two primary changes to these regulations. First, it removed the so-called people-to-people educational exchanges that under the Clinton administration had deteriorated into virtual tourism excursions having little or nothing to do with academics. Now, the new rule requires that such travel be related to accredited academic course work. Additionally, amendments to the regulations prohibit remittances to "households of senior-level Cuban Communist Party officials." Second, the new regulation, 31 CFR part 515.560(c), was "amended to raise the amount of authorized \$300 quarterly household remittances a licensed traveler may carry to Cuba from a total of \$300 to \$3,000. Thus, a licensed traveler may now carry up to ten \$300 household remittances to Cuba..." This revision has become the most controversial of all inasmuch as it is impossible to verify and relies upon the word and good faith of the licensed traveler, thereby opening this section up to potential abuse. Another controversial amendment is §515.575, which involves "construction projects intended to benefit legitimately independent civil society groups." Although "public participation and delay in the effective date" of the new regulations was "inapplicable" under "provisions of Executive Order 12866 and the Administrative Procedure Act," OFAC "will consider all comments received before the close of the comment period in developing the final rule."

INFO NEEDED TO COMMENT ON THE NEW OFAC REGULATIONS

Summary: The Office of Foreign Assets Control of the U.S. Department of the Treasury is amending the Cuban Assets Control Regulations, part 515 of chapter V of 31 CFR, to implement the President's Initiative for a New Cuba and to make certain technical changes and clarifications.

Dates: Effective Date: March 24, 2003.

Comments: Written comments must be received no later than May 23, 2003.

Addresses: Comments may be sent either via regular mail to the Chief of Records, ATTN Request for Comments, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue N.W., Washington, D.C. 20220, or via OFAC's Web site (<http://www.treas.gov/ofac>).

For further information contact: Chief of Licensing, tel.: 202/622-2480, or Chief Counsel, tel.: 202/622-2410, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220.

To read a copy of the regulations on the Treasury OFAC web site go to:
http://www.ustreas.gov/offices/enforcement/ofac/legal/regs/fr68_14141.pdf

OFAC Information on Cuba

New Travel Regulations

http://www.ustreas.gov/offices/enforcement/ofac/legal/regs/fr68_14141.pdf

Brochure on Cuba

<http://www.ustreas.gov/offices/enforcement/ofac/sanctions/t11cuba.pdf>

Industry Overviews for financial community

<http://www.ustreas.gov/offices/enforcement/ofac/regulations/t11facbk.pdf>

Industry Overviews for exporters & importers

<http://www.ustreas.gov/offices/enforcement/ofac/regulations/t11facei.pdf>

**RYAN, ET AL. V. GONZALEZ, ET AL.
DECIDED IN FLORIDA DISTRICT COURT OF APPEAL**

The seeds of a bitter family dispute were sown in Cuba of the late 1950s. On one level, it involved a business deal for vast sugar holdings created in 1916 by the Hershey chocolate company and sold to the Cuban Atlantic Sugar Company in 1946. On another level, it involved a socialist revolutionary movement attempting to overthrow a military dictatorship, whose success in 1959 brought about the nationalization and confiscation of all privately owned property on the island including the Chiriqui Sugar Mills Corporation, then-owner of the Hershey Sugar Corporation and its affiliated companies. The convergence of these two events forms the nexus for the litigation in Ryan, et al. v. Gonzalez, et al. (USCPR, Vol.7, No.12 & Vol.8, No.4).

What the executives of the Cuban-Atlantic Sugar Company may have seen as a high risk proposition by 1957, Cuban sugar magnate Julio Lobo viewed as an outstanding business opportunity. Having formed the Chiriqui Sugar Mills Corporation, a Panamanian registered entity, Julio Lobo proceeded to purchase the Hershey group of companies for \$15 million with \$9 million in financing from First National City Bank of New York pledging the "Chiriqui shares and its underlying properties as collateral," according to the Florida Fourth District Court of Appeal decision (Case Nos. 4D00-4658 & 4D01-2389). The purchase included the "Hershey Sugar Corporation and its affiliated companies, Rosario Sugar Company and Campania Azucarera Gomez Mena" consisting of three raw sugar mills: Centrals Hershey, Rosario, and San Antonio; electric generating plants; the largest sugar refinery on the island; and, the Hershey Cuban Railway connecting all three mills from Havana harbor to Matanzas.

The Castro regime's confiscation of Julio Lobo's assets in 1960, however, forced him to default on his City Bank loan. By 1963, the loan was renegotiated and the Vero Beach, Florida real estate development known as the Moorings, owned 50-50 by Julio Lobo's daughters Maria Luisa and Leonor, assumed \$3.7 million of the Chiriqui debt secured with shares of the Moorings, which had obtained a promissory note from Julio Lobo. When Julio Lobo failed to make payments in 1965, the Moorings seized the Chiriqui shares.

The sequence of events that triggered the current litigation goes something like this: Maria Luisa "redeemed her 50% interest in the Moorings" in 1980; Julio Lobo died in 1983; Leonor sold her interest in the Moorings in 1984; the Chiriqui shares, which "were represented by bearer stock certificates," were not included in the sale; Maria Luisa's son, John Ryan, learned of the Chiriqui shares in 1991; Leonor claimed 100% of the Chiriqui shares in 1996; Maria Luisa died in February 1998; and Maria Luisa's children filed suit against Leonor and her husband Jorge Gonzalez on December 30, 1998 "to recover the Chiriqui shares."

"In 1980 the Moorings was going through hard times: Maria Luisa panicked and insisted that her sister buy her out, at great risk to her sister Leonor," stated the Gonzalez attorney George Moss. "There are hundreds of documents that substantiate this. Therefore, the Chiriqui Sugar Mills Corporation (Hershey) and all its stock, today belong exclusively to Leonor Lobo Gonzalez."

The Fourth District Court of Appeal of the State of Florida in its January Term rendered its opinion on February 26, 2003 in the case of Ryan, et al. v. Gonzalez, et al., finding for Gonzalez and awarding attorney's fees. Gerald Richman, attorney for the Ryans gave a statement to the USCPR saying it was a "well written decision that missed the mark on one very important issue: that any wrong occurred in 1980...Rights didn't accrue until 1996. Until then, her [Leonor] actions were consistent with a 50% interest." However, the Court's opinion agrees with Leonor and Jorge Gonzalez that "the delayed discovery doctrine is not applicable." On March 12, 2003, Ryan's attorney filed a motion for rehearing.

CUBA'S OIL DEBT TO VENEZUELA EXCEEDS \$144 MILLION

In a March 25th article published in the Venezuelan daily newspaper *El Nacional*, Mary Mogollon writes of two audits undertaken by the Internal Auditing Department of Petroleos de Venezuela, S.A. (PDVSA) and a third audit underway, all "to determine the extent of account receivables still outstanding" from the sale of oil shipments to Cuban Petroleum (Cupet).

PDVSA, Venezuela's state-run oil company, entered into a bilateral agreement – Integrative Cooperation Agreement - with the Cuban government on October 30, 2000 to supply oil and oil by-products. The agreement, based on the Caracas Energy Cooperation Accord, CECA (USCPR, Vol.7, No.10), has according to the audit report delivered to Cuba 25.6 million bbl of oil valued at \$701.8 million.

The first audit, code CNI-CI-A-2002-014, conducted in March 2002 covers the period December 2000 through January 31, 2002. The second audit, code CNI-CI-2002-016, conducted in August 2002, covers the period February 2002 through June 2002. Apparently, no shipments occurred in the July to November 2002 period following the April 11, 2002 coup attempt. The third audit will cover the period December 2002 through March 2003.

The *El Nacional* article reports that the March 2002 and August 2002 audits, having shown Cupet's consistent failure "to honor its obligations," recommended PDVSA "cancel its November 22, 2000 contract with this Cuban concern." The final report of the second audit lists unpaid contractual obligations to PDVSA in the amount of \$114 million consisting of: \$15.8 million in past due refinanced debt; \$124.4 million past due on short term financing; \$1.2 million "in settled claims for delays in handling and in release of tankers;" and, \$2.6 million in outstanding late payments.

A great deal of friction was created within PDVSA as a result of Cupet's late payments, whereby PDVSA "placed a hold on 16 shipments to Cupet," reports Mogollon. In turn, the ship-leasing companies were forced to sue PDVSA for lost revenues. For the period covering the second audit, delays caused by the Cubans at their ports prompted more claims to be filed against PDVSA, which it passed on to Cupet. However, PDVSA considers Cupet's long-term debt as transferred to the nation of Venezuela ever since it "was instructed to present the promissory notes to the [national] Administration upon receipt." Among other issues, these circumstances were a contributing factor in the oil industry-wide strike called by PDVSA workers on December 2, 2002.

That strike shut down two major PDVSA refineries located on the Paraguana Peninsula just south of Aruba. Petroleum expert Dr. Emma Brossard, Ph.D. believes there is an effort by ExxonMobil and Shell, respectively, to restart the Amuay and Cardon refineries (940,000 bpd capacity) located there. They would likely have sent technicians to Paraguana via Aruba, she says. Brossard raises national security concerns that the oil companies' intervention would help to prop-up the anti-American Chavez government of Venezuela, which supports Cuban dictator Fidel Castro and Colombian terrorist organizations the FARC and the ELN. □

CURRENCIES & COMMODITIES

1 Euro = 1.0869 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 28.26 Cuban Peso

Rates as of March 31, 2003.
Source: NYBOT/CADECA.

RAW SUGAR CANE (cents per pound)

WORLD PRICES

Cash/Spot (fob) = 8.31
Year ago nearby = 5.93
Future (May '03) = 7.68
High = 8.84
Low = 5.20

Cash/Spot price as of March 31, 2003.
Source: CSCE/NYBOT.

CRUDE OIL (\$per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 31.00-31.05
Year ago (Mar. 28) = 26.31
Future (Mar. '03) = 31.04

Cash/Spot \$ price as of March 31, 2003.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 7,940
Year ago (March 28) = 6,710

(\$ per metric ton)
Official Price: March 31, 2003.
Source: London Metal Exchange.

Cobalt = 9.25 - 10.50
Year ago (March 28) = 6.50 - 6.70

(\$ per pound for 99.8%)
Price: March 28, 2003.
Source: Metal Bulletin (London).

TRADE BRIEFS

SENATORS FORM CUBA WORKING GROUP – One year ago this month on March 21, 2002, House Members formed the bipartisan Cuba Working Group (USCPR, Vol.9,No.3) and they are now joined by their colleagues on the Senate side. On March 13th, Senator Max Baucus initiated a letter to Senate Majority Leader Bill Frist and Senate Minority Leader Tom Daschle announcing the formation of the Cuba Working Group and their intent to promote a bipartisan policy of engagement with the government of Cuba involving trade and travel. The Cuba Working Group consists of five Democrats and five Republicans. The Democrats are: Max Baucus (MT), Byron Dorgan (ND), Maria Cantwell (WA), Blanche Lincoln (AR), and Jeff Bingaman (NM). The Republicans are Mike Enzi (WY), Chuck Hagel (NE), Norm Coleman (MN), Jim Talent (MO), and Pat Roberts (KS). Cuba trade expert Phil Peters told the USCPR, "It's another sign of growing bipartisan interest in changing Cuba policy, and it's not just about grain sales – the group is interested in travel, other trade issues, security, and political issues. We can expect that pro-engagement Senators will be more organized and active than before, and already they are collaborating with the House." Peters is the vice president of the Arlington-based Lexington Institute. In their letter to Leaders Frist and Daschle, Cuba Working Group members said it "is the only way to influence the peaceful transition to democracy and a market-oriented economy."

BAUCUS LEADS THE WAY TO OPEN TRADE RELATIONS WITH CUBA – Democratic Senator Max Baucus of Montana continues to lead the way to promote a policy of engagement with the Cuban government. As ranking member of the Senate Finance Committee, Baucus introduced the *Free Trade with Cuba Act of 2003* (S.403) on February 13th (USCPR-LA, February 25, 2003). This legislation is similar to the bills Baucus introduced in the 107th Congress, S.400 and S.401 (USCPR-LA, May 28, 2001). In his Senate Floor speech, Baucus said, "This legislation represents an important step toward normalizing the United States' economic relations with Cuba and opening a dialogue between our two nations." Baucus describes S.403 as having three essential components: 1) lifts the trade embargo against Cuba; 2) graduates Cuba from Jackson-Vanik and authorizes the President to extend non-discriminatory trade treatment to Cuba; 3) removes the restrictions on travel between our two countries. The introduction of S.403 was the first of a three part approach that Baucus planned toward normalizing relations with Cuba at the outset of the new 108th Congress. The second was the formation of the Cuba Working Group in the Senate. And the third was to give a speech at the Carter Center in Atlanta. Set for April 4th, Baucus said, "Throughout the years, former President Carter has played a large role in promoting human rights in Cuba and across the globe. I can think of no more appropriate location to address ending harmful sanctions against Cuba."

U.S TRADE VS. CUBAN REPRESSION – Arguably, the more secure the Cuban government views itself on the trade front, the more likely it is to commit human rights violations at home. Not since the imposition of the economic embargo against the Castro regime in 1962 has trade between the United States and the Cuban government been so robust. After the passage of the *Trade Sanctions Reform and Export Enhancement Act of 2000* (USCPR, Vol.7, No.10), American agri-business is enjoying rapidly growing sales figures, with Cuba among the top 50 trading partners. The bipartisan members of the Cuba Working Group routinely travel to the island to promote trade from their respective states. Moreover, on Monday, March 10th, the 15-nation European Union, considered Cuba's largest trading partner, opened a new office in Havana and is expected to give serious consideration to Cuba's participation in the trading bloc called the Cotonou Pact. Formerly known as the Lome Convention, the EU's Cotonou Pact of 78 former European colonies from Africa, the Caribbean and the Pacific countries would provide preferential trade status to Cuba (USCPR, Vol.7, No.12 & Vol.9, No.7). At the same time, dissidents are experiencing the toughest crackdown on human rights in over a decade. Senator Max Baucus (D-MT) continues to believe engagement is the best policy toward Cuba, saying, "Given the recent reports of detentions of Cuba citizens, it is more important than ever to promote democracy in the region."

DOMESTIC BRIEFS

WALL STREET JOURNAL EDITOR CALLS FOR OUSTER OF CIA'S LATIN AMERICA INTELLIGENCE OFFICER – Mary Anastasia O'Grady, senior editorial page writer and editor of the weekly column "The Americas," called on CIA Director George Tenet to "do the country a service and find someone" other than Fulton T. Armstrong to fill the position of U.S. National Intelligence Officer (NIO) for Latin America. Armstrong, whose background includes a stint with Iowa Congressman James A. Leach, a liberal Republican who currently serves on the House Western Hemisphere Subcommittee of International Relations, also served as Special Assistant to the President and Senior Director for Inter-American Affairs at the National Security Council under President Clinton. As with many others involved with Cuba and Latin America, Armstrong was acquainted with now convicted spy Ana Belen Montes (USCPR, Vol.9, No.10). Armstrong failed to show up when called to testify before the House International Relations Committee on February 27th because he preferred to testify in closed session rather than in public. In her March 14th column, O'Grady said, "Be that as it may, there is clearly a need for someone to give Congress and the public a sound analysis of how adverse political trends in Latin America pose a threat to U.S. security. This is no time for a lackadaisical approach to a mounting body of disturbing evidence." **BUSH PRESENTS CONGRESS WITH SEMI-ANNUAL CUBA TELECOM REPORT** – Issuing the 14th in a series of telecommunications reports authorized under the *Cuban Democracy Act of 1992* and the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996*, President Bush submitted his fifth report to Congress "detailing payments made to Cuba by United States persons as a result of the provision of telecommunications services pursuant to Department of the Treasury specific licenses." For the reporting period from July 1, 2002 to December 31, 2002, "calls from the United States to Cuba went through third countries under various routing agreements used in the international telecommunications industry." Since the Castro regime cut off direct telecommunications links with the United States in December of 2000 for fear of litigation that would lead to seizure under the anti-terrorism acts of 1996 and 2000 (USCPR, Vol.7, Nos.4,7,10,11,& 12), "no U.S. companies had direct U.S. - Cuba telecommunications traffic or payments" took place. The payments to third-country carriers for this current period amounted to \$24,360,118.67, nearly a third less than the previous six-month reporting period ending June 30, 2002 (USCPR, Vol.9, No.9). From the time reporting began in September of 1996, the total transferred directly and indirectly equals \$438,076,027. The American companies listed in the March 12th report are: AT&T, \$12,883,902; Sprint, \$4,451,110; WorldCom, Inc., \$5,035,903; ITXC Corporation, \$224,051; TeleCuba, Inc., 516,644; Telefonica Larga Distancia de Puerto Rico, \$99,336; iBasis, Inc., \$117,966; and, Catalyst Network, \$31,205. **STATE DEPARTMENT 2002 CUBA HUMAN RIGHTS REPORT HIGHLY CRITICAL** – Showing utter disregard for human rights, Cuba on Friday, March 14th rejected outright the appointed Special Rapporteur (USCPR, Vol.9, No.4 & Vol.10, No.1) authorized under last year's UN resolution and summarily rounded up dissidents all in the wake of the commencement of the 59th Session of the Geneva-based UNHRC and the U.S. State Department's annual human rights report. The 27th edition of the Human Rights Reports was delivered to Congress on Monday, March 31st. The Introduction of the report called Cuba "a place where human rights are violated every day" and described the efforts by leading dissidents Oswaldo Paya and Marta Beatriz Roque as "incrementally eroding the Cuban regime's grip on power and oppression." The country report on Cuba points out that the government "severely restricts worker rights, including the right to form independent unions." The State Department's Human Rights Report on Cuba is released by the Bureau of Democracy, Human Rights, and Labor. It can be found in its entirety at: www.state.gov/g/drl/rls/hrrpt/2002/18327.htm.

NOTABLE QUOTES

"I don't want to lay claim to having prophetic qualities, but in the aftermath of the pope's visit to Cuba in 1998, I wrote an op-ed piece for this page foretelling that the epicenter of opposition to the Cuban regime was changing address, to Havana from Miami." **Carlos A. Saladrigas**, chairman of the board of Premier American Bank in Miami and chairman of the Miami-based Cuba Study Group, believes the Castro regime will allow change to take place in Cuba and an opposition movement to grow, which will lead to a peaceful transition to democracy. (MH, "Change of heart in Cuban Miami," 03/02/03, p.5L).

"Cuba can easily do without this office, an incubator for counter-revolutionaries and a command post for the most offensive subversive actions against our country." Cuban dictator **Fidel Castro** threatens to close the U.S. Interests Section in Havana, which relieves the government of 20,000 Cubans annually ostensibly discontented with the regime by granting them visas to come to the United States under the 1994-1995 bilateral immigration accords. (RL, "Castro threatens to close U.S. mission in Havana, 03/06/03).

"The Venezuelan military is the only entity that can put an end to the implementation of a 'socialist' regime and prevent Venezuela from suffering the same fate as Cuba. Now, there are those who have to rise to the occasion and vigorously reject the meddling of international terrorist forces that are disguised as 'military advisers,' doctors, teachers and trainers and who are trying to manipulate the Venezuelan armed forces." **Erneido Andres Oliva**, a retired U.S. general of Cuban origin, sends a message to the members of the armed forces of Venezuela. Oliva was second in command of the ill-fated Bay of Pigs invasion and is currently the president of the Cuban-American Military Council (CAMCO). (Email message dated 03/11/03; web site www.camcocuba.org).

"After years of calling for liberalized relations with Cuba, this editorial page must now urge American policy makers to hit the brakes. This month, Fidel Castro threw up a roadblock that cannot be ignored: He sicced his political police on about 90 independent journalists, political dissidents, union activists and people who had made the mistake of privately lending books by such authors as Vaclav Havel and George Orwell. Labeling their targets traitors, Castro's cops seized computers, typewriters and books. At least 70 are still in jail. Those found guilty of 'conspiratorial activities' could end up with sentences of 20 years. The return to repression looks like a trend." Editorial page of **The Los Angeles Times**. (LAT, "Send a Message to Cuba," 03/28/03)

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; UPI – United Press International; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 10, Number 4

April 30, 2003

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

Ralph J. Galliano, Editor

CASTRO REGIME BLAMES U.S. FOR CRACKDOWN ON DISSIDENTS: UN HUMAN RIGHTS COMMISSION FAILS TO CONDEMN CUBA

WASHINGTON – Not unlike the incident of the Castro regime's shootdown of two Brothers-to-the-Rescue humanitarian mission planes killing four aboard on February 24, 1996, when the UN Security Council failed to condemn Cuba (USCPR, Vol.3, No.3) for its actions, the UN Human Rights Commission in April of 2003 similarly was unable to achieve a consensus in passing a resolution that would have condemned the Cuban government of Fidel Castro for its harsh crackdown on the dissident movement leading to the summary trials, sentencing, and execution of three Afro-Cuban ferry boat hijackers. The last major crackdown of the dissident movement came just over eight years ago when the Castro regime's security agents crushed the umbrella opposition group known as Concilio Cubano, which had simply requested to hold a conference in Havana on Saturday February 24th, coincidentally on the same day of the shootdown of the civilian planes over international waters by MiG 29 air force jets. The most recent crackdown began with the arrest of some 35 dissidents, on Tuesday, March 18th, who were accused of being threats to state security. This was followed by a six man hijacking of a Cuban Aerotaxi DC-3 plane from the Isle of Pines to Key West on March 19th. On March 31st, an armed hijacker commandeered a Cubana Airlines flight again from the Isle of Pines to Key West. All hijackers were arrested and charged by U.S. authorities. They are being prosecuted to the full extent of the law and will be permanently denied lawful residence in the U.S. Then on Wednesday, April 2nd three Afro-Cuban men seized a ferry boat carrying 50 passengers and ordered the captain to head for Florida. On April 7th, 43 of the estimated 75 dissidents arrested were sentenced to long prison terms some, including independent journalist Raul Rivero and independent economist Martha Beatriz Roque, who received 20-year prison sentences. The international human rights community was shocked, however, when the Castro regime tried, sentenced to death, and executed the three commuter ferry hijackers in a case where no one was physically injured nor was property damaged. The three Afro-Cubans, Jorge Luis Martinez Isaac, Lorenzo Enrique Copello Castillo, and Barbaro Leodan Sevilla Garcia, faced a firing squad on Friday, April 11th. Afro-Cubans make up 62 percent of the island's population. On Cuban TV Friday night April 25th, Castro defended the executions as a deterrent to a mass exodus charging, "The sinister idea is to provoke an armed conflict between Cuba and the United States in the hope of ending the revolution." For months now (USCPR, Vol.10, No.2), the Castro regime has accused principal officer James Cason, posted at the U.S. Interests Section in Havana (USINT), with counter revolutionary activities as he has carried out his stated mission under U.S. policy of reaching out to Cuban dissidents.

▪ UN Human Rights Commission Fails to Condemn Cuba.....	1
▪ Diaz-Balart Introduces Resolution Condemning Crackdown of Dissidents.....	4
▪ 2002-2003 Timeline: UN Human Rights Commission & Cuba.....	5
▪ Cuba's Sugar Harvest: Expectations for the 2002-2003 Crop.....	7
▪ Cuba Policy Foundation Closes Doors Following Crackdown and Executions.....	8

U.S. ACCEPTS WEAK RESOLUTION BUT PROTESTS UNHRC SEATING OF CUBA ON COMMISSION – Coming under strong criticism, the Bush Administration defended its stance supporting the April 17th passage of the Human Rights resolution on Cuba at the 59th session of the UN Human Rights Commission in Geneva, Switzerland. Although the weakness of this year's resolution sponsored by Costa Rica, Nicaragua, Peru, and Uruguay was obvious, State Department Spokesman Richard Boucher became defensive when reporters impressed upon him that the resolution was essentially the same as that of last year which called for a special human rights monitor to visit Cuba. Boucher responded by saying, "I don't understand how you can try to get me to say that a victory, in terms of passing a resolution on Cuba, that says something about the human rights situation, that says the world is paying attention is somehow a defeat. It's not. It's passing a resolution that says the world is concerned about the human rights situation in Cuba. That's what we wanted; that's what we got." The Castro regime rejected the monitor's visit last year and flatly rejected it once again following the passage of this year's resolution. While the U.S. supported Costa Rica's attempt to amend its original resolution, strengthening the language to reflect Cuba's recent human rights abuses, the amendment failed 15-31-7. An amendment by Cuba to insert language into the Costa Rican resolution critical of the U.S. embargo also failed 17-26-10. However, the grand failure of the UN Human Rights Commission to condemn Cuba on Thursday, April 17th for depriving its citizens of basic freedoms permitted in the Declaration of Human Rights and then to turn around on Tuesday, April 29th and permit the seating of Cuba on the 53-member commission was found seriously lacking by the White House. "The Human Rights Commission undermines its own credibility at the United Nations when they allowed Cuba to get reelected," said Press Secretary Ari Fleischer. "The Human Rights Commission not only hurts the people of Cuba, but they hurt the very cause in which nations should sign up to serve on the Human Rights Commission. The Human Rights Commission wanted to send investigators into Cuba, and Cuba said, no. And yet today, Cuba gets reelected to the Human Rights Commission. It raises troubling issues, and that's why the United States is speaking out about it. We hope others will speak out about it." Fleischer went on to call into question the commission's commitment to human rights. While calling the reelection of Cuba to the commission "troublesome," he explained, "we believe by being a part of the Human Rights Commission we can work from the inside, as well as from the outside, to effect positive change." President Bush praised the "Latin American democracies" for supporting the passage of the Cuba resolution, although none of the Latin American nations objected to Cuba's reseating on the UN Human Rights Commission. A copy of the UN Human Rights Commission resolution that passed is reprinted below.

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V10N4

UN HUMAN RIGHTS COMMISSION RESOLUTION ON CUBA
59 SESSION – 17 March – 25 April 2003, GENEVA, SWITZERLAND --

RESOLUTION

**UNITED
NATIONS**

E

**Economic and Social
Council**

**Distr.
GENERAL
E/CN.4/RES/2003/L.2
24 March 2003**

**ENGLISH
Original: SPANISH**

Situation of human rights in Cuba
Commission on Human Rights resolution 2003/13

The Commission on Human Rights,

Taking into account its resolution 2002/18 of 19 April 2002,

Considering that in the above-mentioned resolution the Commission requested the United Nations High Commissioner for Human Rights to take steps to send a personal representative with a view to cooperation between his Office and the Government of Cuba in the implementation of the resolution,

Bearing in mind that the United Nations High Commissioner for Human Rights has proceeded to appoint Ms. Christine Chanet as his personal representative,

- 1. Expresses its satisfaction with the appointment of Ms. Christine Chanet as personal representative of the United Nations High Commissioner for Human Rights, for the implementation of resolution 2002/18 of 19 April 2002;*
- 2. Urges the Government of Cuba to receive the personal representative of the United Nations High Commissioner for Human Rights and to provide all the facilities necessary for her to be able to fulfill the mandate contained in resolution 2002/18;*
- 3. Decides to consider this matter further at its sixtieth session, under the same agenda item, in connection with which the personal representative of the High Commissioner will submit her report on the implementation of resolution 2002/18.*

54th meeting

17 April 2003

*[Adopted by a recorded vote of 23 votes to 21, with 9 abstentions
See chap.IX- E/CN.4/2003/L.11]*

UN COMMISSION ON HUMAN RIGHTS VOTES

The 53-member UN Commission on Human Rights cast their votes on Thursday, April 17, 2003 in Geneva, Switzerland for resolution (E/CN.4/RES/2003/13) sponsored by Costa Rica, Nicaragua, Peru, and Uruguay calling on the Castro regime in Cuba to accept the special monitor. Although different members, the numbers in favor, against and abstentions were exactly the same as last year's vote. Debate on Costa Rica's resolution, including the two amendments, lasted for one and one-half hours. The final vote was, 23-21-9 in a breakdown as follows:

IN FAVOR Armenia, Australia, Austria, Belgium, Cameroon, Canada, Chile, Costa Rica, Croatia, France, Germany, Guatemala, Ireland, Japan, Mexico, Paraguay, Peru, Poland, Republic of Korea, Sierra Leone, Sweden, United Kingdom, and Uruguay.

AGAINST Algeria, Bahrain, Burkina Faso, China, Cuba, Democratic Republic of the Congo, Gabon, India, Indonesia, Libyan Arab Jamahiriya, Malaysia, Pakistan, Russian Federation, Saudi Arabia, South Africa, Sudan, Syrian Arab Republic, Ukraine, Venezuela, Viet Nam and Zimbabwe.

ABSTAIN Argentina, Brazil, Kenya, Senegal, Sri Lanka, Swaziland, Thailand, Togo, and Uganda.

DIAZ-BALART INTRODUCES RESOLUTION CONDEMNING CUBA FOR CRACKDOWN OF DISSIDENTS

The most egregious violations of human rights perpetrated by the government of Cuba against its people in nearly a decade had become so compelling an issue that even hard line opponents of the U.S. embargo such as Congressman Charles Rangel (D-NY) were drawn to support House Resolution 179 authored and introduced by his arch rival, Congressman Lincoln Diaz-Balart (R-FL). On the House Floor, Rangel declared his grudging support for the Diaz-Balart resolution, clearly the strongest language to appear anywhere even within the international community and certainly the lone condemnation of the Castro regime's blatant prosecutions. "Mr. Speaker, I rise in support of the resolution introduced by my colleague, Congressman Lincoln Diaz-Balart condemning the actions of the government of Cuba in violation of the rights of its citizens," said Rangel. "It is not the resolution that I would have drafted, but it comes close enough in reflecting my objections to these actions." The 16 cosponsors were: Reps. Ileana Ros-Lehtinen (R-FL), Bob Menendez (D-NJ), Mario Diaz-Balart (R-FL), Cass Ballenger (R-NC), Chris Smith (R-NJ), Tom Lantos (D-CA), Dan Burton (R-IN), Jack Kingston (R-GA), Mark Foley (R-FL), Thaddeus G. McCotter (R-MI), Frank Pallone (D-NJ), Robert E. Andrews (D-NJ), Roy Blunt (R-MO), Tom Feeney (R-FL), Katherine Harris (R-FL), and Jack Kingston (R-GA). H.Res.179 passed 414 to 0 with 10 Members voting present. A bipartisan pro-engagement caucus in the House called the Cuba Working Group issued its own statement on April 11th condemning Cuba for its actions. The full text of Diaz-Balart's resolution, H.Res. 179, is reprinted below.

H. Res. 179

In the House of Representatives, U.S.,

April 8, 2003.

Whereas the Cuban Government continues to repress all peaceful attempts by the Cuban people to bring democratic change to the island by denying universally recognized liberties, including freedom of speech, assembly, association, movement and of the press;

Whereas on March 9, 2003, many of Cuba's prominent dissidents issued a statement titled 'Joint Statement' to the European Union, wherein they reaffirmed their view of the Cuban Government's 'total vocation to immobility and its refusal to respect internationally recognized human rights or accept the existence of legitimate political opposition' and further stated that 'in recent times the Cuban Government has intensified its political and social repression';

Whereas commencing on March 17, 2003, the Cuban Government carried out a massive, island wide crackdown on members of Cuba's pro-democracy movement, which included the arrest of over 80 dissidents, among them many who signed the 'Joint Statement', activists of the Assembly to Promote Civil Society, promoters of the Varela Project, independent journalists, and numerous members of Cuba's nascent independent civil society;

Whereas the Cuban Government arbitrarily searched the homes and confiscated personal items belonging to pro-democracy activists;

Whereas independent journalists were among those incarcerated in this massive crackdown, including Raul Rivero, known as the dean of the dissident independent journalists in Cuba;

Whereas independent librarians, who make their homes available so that the Cuban population may have access to publications otherwise censored by the Cuban Government, also became victims of repression, as many were arrested, their homes ransacked and searched, and publications and other belongings confiscated;

Whereas Marta Beatriz Roque, and other leaders of the 'Assembly to Promote Civil Society', an island wide movement seeking to coordinate the various sectors of Cuba's nascent independent civil society who work for a democratic transition, were incarcerated and face lengthy sentences, including life sentences;

Whereas activists who have collected or signed petitions for the Varela Project were also incarcerated in this crackdown and may also face life sentences;

Whereas more than 80 pro-democracy leaders who work for a peaceful transition to democracy in Cuba have been incarcerated and sentenced under 'Law 88' and 'Law 91', two draconian totalitarian laws that call for long sentences of 10, 15, or 20 years, or life imprisonment, or even death for pro-democracy activity;

Whereas there is concern for the well-being and safety for all of Cuba's political prisoners, particularly Juan Carlos Gonzalez Leyva, who is a blind human rights activist incarcerated since March of 2002 without being formally charged, and Leonardo Bruzon Avila, who has been denied medical attention according to Amnesty International, despite the effects of a prolonged hunger strike while in prison.;

Whereas a plea for solidarity was made from within the notoriously harsh prison in Cuba known as 'Combinado del Este' and signed by 21 political prisoners, among them Dr. Oscar Elias Biscet, Francisco Chaviano, Rafael Ibarra, and Jorge Luis Garcia Perez 'Antunez' to the member states of the 59th Session of the United Nations Human Rights Commission;

Whereas the Cuban Government has carried out 'summary trials' to expeditiously sentence pro-democracy leaders to try to intimidate and silence other pro-democracy activists on the island, while world attention is primarily focused on Iraq;

Whereas the Castro regime has engaged in mass arrests of dissidents while the United Nations Commission on Human Rights, of which Cuba is a member, is meeting in Geneva;

Whereas certain member countries of the Latin American and Caribbean group (GRULAC) at the United Nations Commission on Human Rights are currently drafting a resolution on the violations of human rights by the Cuban Government;

Whereas the Cuban Government has repeatedly violated the rights enshrined in the Universal Declaration of Human Rights, the Inter-American Convention on Human Rights, and other international and regional human rights agreements, and has violated the mandates issued by the United Nations Commission on Human Rights;

Whereas foreign diplomats and members of the international press have been barred by the Cuban Government from being present at the 'summary trials'; and

Whereas pro-democracy leaders on the island have come together to call for the immediate release of all Cuban political prisoners, and are requesting international solidarity with the internal opposition, as reflected in a March 31, 2003, statement signed by some of the most prominent dissidents on the island: Now, therefore, be it

Resolved, That the House of Representatives--

- (1) condemns the brutal crackdown of the Cuban Government on the island's peaceful pro-democracy movement;
- (2) calls for the immediate release of all Cuban political prisoners;
- (3) supports the right of the Cuban people to exercise fundamental political and civil liberties, including freedom of expression, assembly, association, movement, press, and the right to multiparty elections;
- (4) calls on the United States Permanent Representative to the United Nations and other International Organizations in Geneva, Switzerland, to work with the member countries of the United Nations Commission on Human Rights to ensure a resolution that includes the strongest possible condemnation of the current crackdown of dissidents and of the gross human rights violations committed by the Cuban Government; and
- (5) calls on the Latin American and Caribbean group (GRULAC) at the United Nations Commission on Human Rights to exclude Cuba from its slate of candidates for the United Nations Commission on Human Rights and urges all member nations to oppose renewing Cuba's membership on the United Nations Commission on Human Rights until the Government of Cuba adheres to international human rights standards, such as those delineated in the Universal Declaration of Human Rights.

2002 – 2003 TIMELINE UN HUMAN RIGHTS COMMISSION & CUBA

The following USCPR timeline shows the inexorable cycle of the UN Human Rights Commission resolution process regarding Cuba. During this period, the delay in the appointment of the human rights monitor and Cuba's refusal to adhere to resolution 2002/18 along with the subsequent crackdown by the government on the dissident community with impunity serves to point out the ineffectiveness of the UNHRC and the weakness of the international community in matters of human rights.

2002

April 19/58th Session of the Commission on Human Rights passes resolution 2002/18 by a vote of 23 to 21 with 9 abstentions calling for the High Commissioner for Human Rights to send a personal representative or human rights monitor to implement the resolution to examine the human rights situation in Cuba (USCPR, Vol.9,No.4).

2003

January 27/High Commissioner for Human Rights appoints personal representative as human rights monitor.

February 7/Human rights monitor addresses letter to Cuban ambassador to the UN Office at Geneva requesting a "constructive dialogue."

February 11/Cuban ambassador to the UN responds with a letter to the High Commissioner for Human Rights and rejects the UNHRC resolution on Cuba.

March 14/Cuba publicly rejects UN human rights monitor called for in April 19, 2002 resolution.

March 17/59th Session of the Commission on Human Rights convenes in Geneva.

March 18/Castro regime begins crackdown of dissidents with arrest of some 35 people.

March 19/Rapid series of air and sea hijackings bound for the United States commence in Cuba.

March 24/Costa Rica, Nicaragua, Peru, and Uruguay introduce draft resolution at UNHRC to implement the 2002 resolution calling for a UN human rights monitor to investigate the human rights situation in Cuba.

March 31/The U.S. Department of State issues its annual human rights report (USCPR, Vol.10,No.3)

April 7/Castro regime sends to trial and sentences 43 dissidents up to 27 years in prison.

April 8/Congressman Lincoln Diaz-Balart (R-FL) with 16 cosponsors introduces H.Res 179 calling for immediate release of all political prisoners in Cuba, multi-party elections, and condemns the Cuban government's brutal crackdown of dissidents. H.Res.179 passed on a roll call vote of 414 to 0 with 10 abstentions.

April 8/Trial begins in Havana of 8-to-10 people accused of hijacking a commuter ferry boat to the United States.

April 11/Three Afro-Cubans having been sentenced to death are executed at dawn for attempting to hijack the Baragua ferry.

April 13/The Vatican through Secretary of State Cardinal Angelo Sodano on behalf of Pope John Paul II writes a letter to Fidel Castro asking for clemency of the dissidents sentenced to prison and writes that the "Holy Father felt deeply afflicted when he was informed of the harsh penalties imposed recently on numerous Cuban citizens and also for several who received the death penalty."

April 17/One and a half hours of debate takes place at the UNHRC in Geneva over the weakly worded resolution initially introduced by Costa Rica on March 24th. One amendment by Costa Rica in the form of a new operative paragraph calling for the humane treatment of those among the political opposition who were arrested, tried, and convicted (15 to 31 with 7 abstentions) along with a second amendment introduced by Cuba proposing to add two operative paragraphs calling for a lifting of the embargo (17 to 26 with 10 abstentions) were both defeated. Costa Rica's resolution passed 23 to 21 with 9 abstentions mirroring the vote totals from the previous year and reiterating the call for a human rights monitor to be sent to Cuba.

April 25/59th Session of the UN Commission on Human Rights adjourns meeting in Geneva.

April 25/Cuban dictator Fidel Castro appears on TV to defend the arrests, trials, sentences, and firing squad executions conducted by his regime, ostensibly as a deterrent to a mass exodus that would provoke the United States to invade Cuba.

April 29/UN Economic and Social Council nominates Cuba to continue to be seated on the UN Human Rights Commission. There were no objections from Latin American governments. Cuba has been seated on the commission since 1989.

STATE DEPARTMENT ISSUES 2002 GLOBAL TERRORISM REPORT

At the release of the State Department's *2002 Patterns of Global Terrorism Annual Report* <http://www.state.gov/s/ct/rls/pgtrpt/> on April 30th, Secretary of State Colin Powell said, "The international campaign against terrorism that President Bush launched and leads continues to be waged on every continent. With every passing month, that campaign has intensified." In the Western Hemisphere Overview, reference is made to the June 2002 OAS General Assembly meeting in Barbados where the Inter-American Convention Against Terrorism, whose purposes are "to prevent, punish, and eliminate terrorism," was opened for signature. It is described as the "a direct response to the 11 September 2001 terrorist attacks on the United States and the first international treaty against terrorism adopted since the attacks." According to the report, Cuba's ratification of "all 12 international counterterrorism conventions in 2001" seems not to make a difference in that it "remained opposed to the US-led Coalition prosecuting the war on global terrorism and has been actively critical of many associated US policies and actions." The report cites the example of Cuban agents providing false leads following the September 11th attacks (USCPR-SE, "Fisk Reveals Cuba's Deception and Disinformation Immediately After September 11th Terrorist Attacks," 09/27/02) as well as Cuba's continued harboring of fugitives and terrorists including the IRA/Sinn Fein representative in Havana, Niall Connolly, arrested and on trial in Bogota, Colombia (USCPR-SE, "IRA Arrests in Colombia Linked to Cuba," 09/25/01). The Cuba section to the report is reprinted below. This year, a section on the implications of state sponsorship of terrorism is included and also reprinted below.

PATTERNS OF GLOBAL TERRORISM 2002: CUBA

U.S. Department of State
Released by the Office of the Coordinator for Counterterrorism
April 30, 2003

Overview of State-Sponsored Terrorism

Despite significant pressure from the US Government, the seven designated state sponsors of terrorism – Cuba, Iran, Iraq, Libya, North Korea, Syria, and Sudan – did not take all the necessary actions to disassociate themselves fully from their ties to terrorism in 2002. While some of these countries have taken steps to cooperate in the global war on terrorism, most have also continued the very actions that led them to be declared state sponsors.

Although Cuba is a party to all 12 international counterterrorism conventions and protocols, and Sudan is a party to 11, both nations continued to provide support to designated Foreign Terrorist Organizations...

Cuba

Although Cuba signed and ratified all 12 international counterterrorism conventions in 2001, it has remained opposed to the US-led Coalition prosecuting the war on global terrorism and has been actively critical of many associated US policies and actions. On repeated occasions, for example, Cuba sent agents to US missions around the world who provided false leads designed to subvert the post-September 11 investigation. Cuba did not protest the use of the Guantanamo Bay base to house enemy combatants from the conflict in Afghanistan.

In 2002, Cuba continued to host several terrorists and US fugitives. Havana permitted up to 20 Basque Fatherland and Liberty members to reside in Cuba and provided some degree of safe haven and support to members of the Colombian Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN) groups. Bogota was aware of the arrangement and apparently acquiesced; it has publicly indicated that it seeks Cuba's continued mediation with ELN agents in Cuba.

An accused Irish Republican Army (IRA) weapons expert and longtime resident of Havana went on trial in Colombia in 2002. He had been caught a year earlier in Colombia with two other IRA members and detained for allegedly training the FARC in advanced use of explosives. Some US fugitives continued to live on the island.

STATE SPONSOR: IMPLICATIONS

Designating countries that repeatedly support international terrorism (i.e., placing a country on the "terrorism list") imposes four main sets of US Government sanctions:

1. A ban on arms-related exports and sales.
2. Controls over exports of dual use items, requiring 30-day Congressional notification for goods or services that could significantly enhance the terrorist list country's military capability or ability to support terrorism.
3. Prohibitions on economic assistance.
4. Imposition of miscellaneous financial and other restrictions, including:
 - Requiring the United States to oppose loans by the World Bank and other international financial institutions.

- Lifting the diplomatic immunity to allow families of terrorist victims to file civil lawsuits in US courts.
- Denying companies and individuals tax credits for income earned in terrorist list countries.
- Denial of duty-free treatment for goods exported to the United States.
- Authority to prohibit any US person from engaging in a financial transaction with a terrorist list government without a Treasury Department license.
- Prohibition of defense Department contracts above \$100,000 with companies controlled by terrorist list states.

CUBA'S SUGAR HARVEST: EXPECTATIONS FOR THE 2002-2003 CROP

Expectations for Cuba's 2002-2003 sugar harvest, slated by Havana to begin in December, are pessimistic for a number of reasons: including the fact that many of the mills started grinding up to one month late thereby missing much of January which is considered a preferred harvesting month.

This poor start is coupled with the massive restructuring plan that was announced last year involving the reallocation and closing of nearly half of the 156 state-run sugar mills confiscated by the Castro regime at the onset of the Cuban revolution of 1959 (USCPR, Vol.9, No.6). Compared to the 104 mills in operation during the 2001-2002 crop year, only 79 mills are reported operating for this current 2002-2003 period. Of these mills, the Sugar Ministry reported mills operating at 71 percent capacity instead of its target of 80 percent.

The sugar industry restructuring got underway in December 2001 when the government replaced the decades-old Cubazucar with the creation of Compania Azucarera Internacional, S.A. (CAISA), for a 30-year period. As yet, the foreign joint venture partner is unidentified. CAISA is now the company that the government has designated as the exporter of raw sugar to world markets (USCPR, Vol.9, No.3). In addition, the Cuban government's five year crop substitution plan, which has been characterized as "radical and risky" by the *Wall Street Journal*, marked the start of the 2002-2003 sugar harvesting season (USCPR, Vol.9, No.10).

Long in decline, Cuba's sugar industry has been buffeted by inefficiencies, mismanagement, and hurricanes (USCPR, Vol.9, No.3). May is expected to mark the final month for the harvest of Cuba's 2002-2003 sugar crop. *Reuters* reports (4/30/03) declining efficiency levels quoting Cuban sugar expert Juan Varela saying on state-run radio that "mills have operated at no more than 63 percent capacity so far...Only one mill has reported yields above 12 percent and seven above 11 percent, while it has taken an average of 9.65 metric tons of cane to produce one metric ton of sugar."

Originally forecast at 4.0 million metric tons, the 2001-2002 sugar harvest reportedly came in at 3.6 million metric tons. Given lowered sugar industry expectations, the current raw sugar crop is anticipated between from 1.9 to 2.0 million metric tons, of which 700,000 metric tons are held for domestic consumption.

G.B. Hagelberg, F.O. Licht's sugar expert, recently observed that "Cuba has started importing sugar in order to fulfill export contracts." Historically, that would turn Cuba into a net-sugar importer and as one astute observer noted, "that would mean Cuba is no longer a player on the world sugar market." □

CURRENCIES & COMMODITIES

1 Euro = 1.1158 Dollar

1 US Dollar = 26.00 Cuban Peso

1 Euro = 29.01 Cuban Peso

Rates as of April 30, 2003.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) =	7.46
Year ago nearby =	5.68
Future (July '03) =	7.20
High =	8.23
Low =	5.09

Cash/Spot price as of April 30, 2003.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)

Cash/Spot (fob) =	25.80-25.85
Year ago (April 30) =	27.29
Future (June '03) =	25.80

Cash/Spot \$ price as of April 30, 2003.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) =	7,995
Year ago (April 30) =	7,050

(\$ per metric ton)
Official Price: April 30, 2003.
Source: London Metal Exchange.

Cobalt =	9.10 - 9.80
Year ago (April 29) =	7.70 - 8.25

(\$ per pound for 99.8%)
Price: April 30, 2003.
Source: Metal Bulletin (London).

TRADE BRIEFS

SENATE CUBA WORKING GROUP TAKES TENTATIVE POSITION ON CRACKDOWN

– Formed a year to the month that its House counterpart held its first press conference on Capitol Hill, the Senate Cuba Working Group (USCPR, Vol.10, No.3 & Vol.9, No.3) made its debut on March 21, 2003 just days after the start of the dissident crackdown on March 18th. The pro-engagement Senators declared at the time that the formation of their group was the "only way to influence the peaceful transition to democracy and a market economy" in Cuba. Caught flat-footed by the Castro regime's brutal crackdown, the Senate Cuba Working Group remained silent on the issue of the Cuban government's mass arrests of dissidents until April 2nd when a letter was issued addressed to Dagoberto Rodriguez, head of the Cuban Interests Section in Washington. "This group will work to ease the trade and travel restrictions that have been in place for the last forty years. However, as members of the Working Group – and as advocates for improved relations between the United States – we are deeply troubled by recent actions of the Cuban government against Cuban dissidents," wrote nine of the 11 Senators who have become members of the Cuba Working Group. Senators Maria Cantwell (D-WA) and Jim Talent (R-MO) did not sign on to the letter. The bipartisan group of 10 Senators include five Democrats: Max Baucus (MT), Byron Dorgan (ND), Maria Cantwell (WA), Blanche Lincoln (AR), and Jeff Bingaman (NM); and, five Republicans; Mike Enzi (WY), Chuck Hagel (NE), Norm Coleman (MN), Jim Talent (MO), and Pat Roberts (KS). Since inception, the generally evenly divided group has brought on an additional Democrat, Chris Dodd (CT), whose name appears on the April 2nd letter. A statement issued by the House Cuba Working Group on April 11th condemned the Cuban government's crackdown. **ORGANIZATION THAT PROMOTED TRADE AND TRAVEL WITH CUBA**

STUNG BY DISSIDENT CRACKDOWN – Closely allied with the House and Senate Cuba Working Group (USCPR, Vol.9, No.3 & Vol.10, No.3), the Cuba Policy Foundation (CPF) an anti-embargo, pro-travel, pro-trade organization closed its doors following nearly three years of actively lobbying to change U.S. policy. The Clinton-era Cuba Policy Foundation (CPF) was formed in Washington in the wake of the Elian Gonzalez case (USCPR, Vol.6, No.12 & Vol.7, Nos.1-6) and the passage of the *Trade Sanctions Reform and Export Enhancement Act of 2000* permitting agricultural cash sales to Cuba for the first time in some 40 years. On this basis, the CPF operated within Washington circles to loosen restrictions on trade and travel with Cuba as well as in Havana helping to convince the Cuban government to tap into the newly passed legislation after it had adamantly professed it would not buy "A single grain of rice...not a single aspirin" from U.S. suppliers. CPF executive director Brian Alexander rhetorically asked in an April 9th missive after the Castro regime's harsh crackdown of the Cuban dissident community began on March 18th, "Is such momentum for a change in U.S. policy toward Cuba now lost?" **FORMIDABLE CUBA POLICY FOUNDATION ANNOUNCES**

WHOLESALE RESIGNATION OF BOARD FOLLOWING DISSIDENT CRACKDOWN

– Reflecting on the legislative progress made in recent years, the executive director of the Cuban Policy Foundation (CPF), Brian Alexander noted, "the apparent strategy by the Cuban government to appeal to members of Congress through politically targeted farm purchases, and efforts to court American public opinion have been trumped by actions against human rights activists that are woefully unacceptable by most Americans' standards." The crackdown involved over 80 dissidents who were summarily arrested, tried, and convicted. CPF made no specific mention of the three Afro-Cubans who were executed for attempting to hijack a commuter ferry boat out of Havana. Mulatos and Blacks make up 62 percent of Cuba's population. Once described as "formidable," the Cuba Policy Foundation issued a statement on Wednesday, April 23rd announcing the wholesale resignation of the board and its executive director. In part their statement read, "The Cuba Policy Foundation has been the premier US nonprofit organization dedicated to the study of the benefits of expanding trade and people-to-people contact with Cuba. It has embraced the view that the enlarged economic and personal exchange with the Island would, in fact, be in the interests of both countries and ease the process of change in Cuba." Clearly, the CPF's board of directors was a veritable "Who's-Who of Americans interested" in lifting the embargo including: Hon. William Rogers, chairman of the board; Darius Anderson; Hon. Diego Ascencio; Hon. Sally Grooms Cowal; Jo Ivey Boufford; Eusebio Mujal-Leon; Martha Muse; Raimundo L. Ruga; Harry Schlaudeman; Paul Smyke; and the Hon. Thomas F. Stroock.

DOMESTIC BRIEFS

INTERNATIONAL RELATIONS COMMITTEE HOLDS OVERSIGHT HEARINGS ON CASTRO CRACKDOWN OF DISSIDENTS – Congressman Christopher Smith (R-NJ), vice chairman of the committee, examined the "latest human rights abuses" taking place in Cuba at 2:00 p.m. on Wednesday, April 16th during an oversight hearing by the House International Relations Committee (HIRC). The oversight hearing of the full committee: *Castro's Brutal Crackdown on Dissidents* was held in 2172 Rayburn House Office Building. The HIRC press release opened by stating, "Summary trials are now underway in Cuba for more than 80 people arrested, beaten and imprisoned last month during the brutal crackdown of journalists, trade unionists and human rights and democracy activists by the Castro regime in more than a decade... The dissidents are accused of conspiring with U.S. diplomats in Cuba to undermine the regime, a charge vehemently denied by Cuban human rights and democracy groups and by the U.S. Department of State." However, by their very nature, the behavior and the actions of these individual dissidents and the groups to which they belong does in fact undermine the architecture of the repressive socialist system constructed by Fidel Castro at the outset of his communist revolution some four decades ago. The tight state control of every aspect of daily life for an ordinary Cuban means by definition that any deviation serves to erode the stranglehold the Castro regime has placed on Cuban society. The exercise of the basic freedoms that American citizens are granted, enshrined within the Bill of Rights of the U.S. Constitution, is anathema to the government of Cuba, which is dedicated to the preservation of the socialist state. Witnesses included: Lorne Craner, Assistant Secretary of State at the Bureau of Democracy, Human Rights and Labor; Kim Holmes, Assistant Secretary of State for International Organization Affairs; J. Curtis Struble, Acting Assistant Secretary of State for Western Hemisphere Affairs; and Karen Harbert-Mitchell, Deputy Assistant Administrator for Latin America and the Caribbean at USAID. The stated purpose of the hearing and witness statements are available on the committee's website at: http://www.house.gov/international_relations/fullhear.htm. The hearing came the day before the UN Human Rights Commission voted on a Cuba resolution.

CASON CONDEMNS DISSIDENT CRACKDOWN BY CUBAN GOVERNMENT IN MIAMI SPEECH – A self-described career foreign service officer with 33 years of experience, James Cason, Chief of Mission at the U.S. Interests Section in Havana, Cuba, spoke before a gathering at the University of Miami for the Cuba Transition Project headed by Professor Jaime Suchlicki. In the midst of the crackdown, his April 7th remarks came on the very day the Castro regime sentenced dissidents up to 27 years imprisonment for their activities as independent journalists, librarians, economists, and human rights workers, in collaboration with the U.S. government (USCPR, Vol.10, No.2). Cason said in his speech that the "Government of Cuba considers my interactions with Cuban citizens as subversive and provocative." Instead, they are "appropriate and routine." Following the arrest and trial of nearly 80 dissidents, Cason acknowledged at the Miami luncheon that the Cuban government's crackdown was "clearly a setback. However, the inevitability of change in Cuba is just as clear." Cason noted, "With its recent crackdown against human rights activists and the country's nascent civil society, the Castro regime has shown that it is willing to risk even the ire of the international community to maintain its central role." Believing the transition to democracy is already underway, with "several different Cubas...emerging from the ashes of the revolution" in a society where the central government controls the allocation of the island's resources and "retains 95 percent of the profits for itself," Cason proceeded to describe the collapse of the Cuban political system over the last 12 years and the attendant "degradation of Cuban society." Cason characterized the two U.S. policy goals in Cuba as: "the transition towards a participatory form of government" along with the "continued successful implementation of the 1994/1995 Migration Accords."

NOTABLE QUOTES

"And the beginning of the war in Iraq did play a role in the crackdown. The Cubans saw it as a signal that the United States was determined to throw its weight around to blow away anyone it doesn't like through the unilateral use of force. As one Cuban official put it to me recently, 'This new preemptive-strike policy of yours puts us in a new ball game, and in that new game, we must make it clear that we can't be pushed around.'" **Wayne S. Smith**, a senior fellow at the Washington-based Center for International Policy, served as Third Secretary at the U.S. embassy in Havana from 1958 until the U.S. broke diplomatic relations in January 1961 and Chief of Mission at the U.S. Interests Section in Havana from 1979 to 1982, when he retired from the foreign service to protest President Reagan's policy toward Cuba. CIP Cuba Project, "Why the Crackdown in Cuba?" <http://ciponline.org/cuba/humanrights/2003dissidentcrisis.htm>, 04/08/03.

"We need to send a message to the Cuban people that is more conciliatory, a message that urges possible reformers in the government to continue to push for peaceful, democratic change. We need to strengthen what is left of the opposition." **Carlos Saladrigas**, chairman of the board of Premier American Bank in Miami and chairman of the Miami-based Cuba Study Group, comments following the arrest, trial, and convictions of dissidents summarily rounded up by the Castro regime. (MH, "New purpose for embargo foes," 04/10/03, p.3A).

"Who has said that a foreign diplomat has the right to the trial of someone on trial who is not a citizen of their country? If they need information on the trials, they can come to the foreign ministry." **Felipe Perez Roque**, foreign minister of Cuba, emphatically states the Castro regime's position on open trials that would permit the international press corps and diplomats access to proceedings which were held in secret. (MH, "Cuba: Dissidents were eroding socialist system," 04/10/03, p.8A).

"Any form of dialogue with the Cuban government is dead because the Cuban government killed it. It's going to recharge the Cuban exiles. Those who were indifferent are going to be incensed, and the passion is going to come back." Miami City Commissioner **Tomas Regalado** declares following the Castro regime's summary execution of three Afro-Cubans who hijacked a ferry to escape to the United States. (MH, "Executions threaten moderate exile viewpoints," 04/12/03, p.23A).

"The recent violent crackdown on dissidents in Cuba has more to do with Fidel Castro's desire to leave a clean slate for the succession to power of his brother Raul than with U.S. policies toward and actions in the island." Professor **Jaime Suchlicki** is the director of the Institute for Cuban and Cuban-American Studies at the University of Miami. (MH, "Crackdown reflects Castro's fears, not U.S. actions," 04/15/03, p.9B).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH -- DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; UPI – United Press International; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD -- Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 10, Number 6

June 30, 2003

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

Ralph J. Galliano, Editor

POWELL CALLS ON OAS TO HELP BRING DEMOCRACY TO CUBA: INVOKES THE INTER-AMERICAN DEMOCRATIC CHARTER

WASHINGTON – At the recent annual General Assembly meeting of the Organization of American States (OAS) held in Santiago, Chile, Secretary of State Colin Powell, in a major policy address before the foreign ministers of Latin America, reasserted the principle of "representative democracy" which has become the lynchpin within one of the key American policy instruments of the region – the "Inter-American Democratic Charter" (USCPR, Vol.10,No.5), approved on September 11, 2001 in Lima, Peru. Referring to the last meeting the OAS held in Santiago in 1991, Powell said, "The meeting set an ambitious agenda to promote and defend *representative democracy* and human rights." Powell called the Charter "the purest expression of our common conviction that [representative] democracy is the only legitimate form of government and that our people deserve nothing less." Powell emphasized in his June 9th Santiago speech, "The Inter-American Democratic Charter declares that 'the peoples of the Americas have a right to democracy.' It does not say that the peoples of the Americas, *except Cubans*, have a right to democracy." The difficulty Powell faces with the nations of the region, especially in the Caribbean, is that their view of U.S. policy toward Cuba reaches beyond the issue of human rights and involves a debate over the embargo and Cuba's isolation. "There is a readiness among member states to talk about Cuba, but in a balanced way, and not only about human rights. Many states, some of Latin America and all of the Caribbean want to talk about the isolation of Cuba, the embargo, and all of that. That is the problem." *The New York Times* of Thursday, June 12th attributed this quotation to a "senior OAS official," who the USCPR believes to have been OAS Secretary General Cesar Gaveria. His remarks, however, at the opening of the June 8-10 annual meeting were devoid of any reference to Cuba. Powell, on the other hand stated, "The people of Cuba increasingly look to the OAS for help in defending their fundamental freedoms against the depredations of our hemisphere's only dictatorship." The Secretary of State deplored the crackdown against dissidents by the Castro regime and protested the "harsh sentences" that were handed down. Finally, Powell declared, "My government looks forward to working with our partners in the OAS to find ways to hasten the inevitable democratic transition in Cuba." At the end of the three day session, OAS members excluded the U.S. from participation on the Inter-American Commission on Human Rights and rejected its representative Rafael Martinez, a Cuban-American and brother of HUD Secretary Mel Martinez.

▪ Powell Calls on OAS to Help Bring Democracy to Cuba.....	1
▪ Cuba's Future in the New Inter-American Paradigm.....	2
▪ Sherritt Eyes Expansion as Nickel & Cobalt Prices Climb Higher.....	5
▪ U.S. Cuba Trademark Protection Act Ignores Private Property Rights.....	6
▪ Annual Trafficking in Persons Report Lists Cuban Tourist Industry as Sexual Exploiter.....	7

CUBA'S FUTURE IN THE NEW INTER-AMERICAN PARADIGM – It is difficult to visualize a Cuba today, under the tyranny of Cuban dictator Fidel Castro, or a future leadership in Cuba, when Castro is no longer in power, that is able to escape the lure of all that fulfilling the requirements of "representative democracy" has to offer. Although Cuba's OAS membership was suspended in 1962 for "adherence to Marxism-Leninism...incompatible with the Inter-American system," any future participation is further precluded, unless Cuba becomes a representative democracy. Ambassador Roger Noriega, the U.S. Representative to the OAS, defined a "democratic model" in his prepared statement at his Senate confirmation hearing last May (USCPR, Vol.10,No.5) as one with "institutions" for the Americas that: "requires credible electoral systems, effective legislatures, independent judiciaries, professional media, principled political parties, and militaries that respect their role in a democratic society." That democratic model "far from being imposed by any country," said Noriega, "is enshrined in the Inter-American Democratic Charter." Moreover, Cuba's current exclusion from participation in the Free Trade Area of the Americas (FTAA) agreement, which is scheduled for completion in 2005, will become permanent unless its future leaders adopt a system of representative democracy acceptable under the tenets of the Inter-American Democratic Charter. The linkage of trade with democracy is another lynchpin of the Charter that a future Cuba cannot escape. "It is my fervent hope that the good people of Cuba are studying the [Inter-American] Democratic Charter, because it represents a path to their reintegration into a free Hemisphere," Noriega said at his Senate confirmation hearing. Addressing all the trepidations and concerns of the region over free trade and democracy, Secretary of State Colin Powell said at his June 9th press briefing in Santiago following his policy speech, "We promised our people that democracy and free markets would work, and here in Chile we can see the truth of that promise. We come here to say that democracy can deliver. Good governance can make the fruits of democracy and free markets available to all the people. The United States will continue to be an active and determined partner at the OAS and within the inter-American system to realize the hopes of all the people of the Americas for a better future." Under this new inter-American paradigm, a democratic and free market Cuba is inevitable.

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EXCERPTS OF POWELL'S STATEMENTS

*Annual General Assembly of the Organization of American States
Santiago, Chile
June 8-10, 2003*

Press Briefing En Route to San Juan, Puerto Rico June 8, 2003

Secretary Powell: I want to thank you...

Question: Cuba, obviously, Cuba is moving in quite a different direction. What do you plan to say about Cuba, either publicly or privately, to your colleagues there?

Secretary Powell: In my intervention tomorrow, I will talk about Cuba rather directly. I'll point out once again that 34 of the 35 nations of our hemisphere are moving in the right direction, at different rates and with occasional setbacks, but Castro's Cuba remains the anachronism of the hemisphere, and it's not getting better.

Their human rights behavior has deteriorated in recent years, especially in recent months. The OAS has noted this. The European Union within the last 24 hours has announced restrictions on travel of European Union officials to Cuba. So, I think the rest of the world is now starting to take note of Castro's increasingly poor human rights behavior. We will not shrink from pointing this out at the intervention tomorrow.

Intervention at the Plenary of the General Assembly of the Organization of American States Santiago, Chile June 9, 2003

Secretary Powell: Madam Chairman, Distinguished Colleagues, Twelve years ago, at the last general assembly in Santiago, our heads of delegation approved the "Santiago Commitment to Democracy and the Renewal of the Inter-American System." The meeting set an ambitious agenda to promote and defend *representative democracy* and human rights. We as a hemisphere have made much progress since 1991. The Americas have truly emerged from the shadow of authoritarian rule. As President Bush has stated, "This hemisphere is on the path of reform, and our nations travel it together. We share a vision – a partnership of strong, equal and prosperous countries, living and trading in freedom."

The Inter-American Democratic Charter we adopted nearly two years ago in Lima is the purest expression of our common conviction that democracy is the only legitimate form of government and that our people deserve nothing less. Experience has shown time and again that freedom works, and political and economic freedoms work together, they work in concert.

Collectively, we have recognized...

The people of Cuba increasingly look to the OAS for help in defending their fundamental freedoms against the depredations of our hemisphere's only dictatorship. We deplore the crackdown of recent weeks against Cuban citizens seeking to act upon their basic human rights. We protest the harsh sentences that are being meted out to them. The Inter-American Democratic Charter declares that "the peoples of the Americas have a right to democracy." It does not say that the peoples of the Americas, *except Cubans*, have a right to democracy. I commend the OAS members who stood by their principles and the Cuban people by supporting the recent declaration on human rights in Cuba on the floor of the permanent council. My government looks forward to working with our partners in the OAS to find ways to hasten the inevitable democratic transition in Cuba. If our experience over the last quarter century in this hemisphere and across the globe has taught us anything, it is that dictatorships cannot withstand the force of freedom.

My friends; tyrants, traffickers and terrorists cannot thrive in an inter-American community of robust democracies, healthy citizenries and dynamic economies. President Bush remains deeply determined to working with fellow signatories of the Inter-American Democratic Charter to achieve our shared vision: a hemisphere of hopes realized. Making hopes real is why the theme of this general assembly -- "a new commitment to good governance" is so timely and important. Making hopes real is why each of our delegations need to pay special attention to the "Declaration of Santiago on Democracy and the Public Trust." We must take concrete steps to keep freedom's hope strong among the people of our hemisphere. The citizens of the Americas expect to see results, sooner not later, they expect to see results from their democracies and from having market economies. We must not fail them. We must deliver. Thank you very much, Madame Chairman.

**Press Briefing after the OAS Meeting
Hyatt Regency Hotel
Santiago, Chile
June 9, 2003**

Secretary Powell: Good evening ladies and gentlemen. It is a great pleasure for me to be back in Santiago, Chile. It is my first visit in almost twelve years. Last time, here I was Chairman of the Joint Chiefs of Staff, and I am privileged to be back now as Secretary of State. I was especially pleased to join my OAS colleagues here in Santiago for the 2003 General Assembly Meeting of the Organization of American States. I want to congratulate President Lagos and Foreign Minister Alvear for their gracious hospitality and for hosting what has turned out to be an outstanding meeting.

In the course of the day...

Indeed, one of our key objectives that flows from all of that is the establishment of a Free Trade Area of the Americas by January 2005. The bilateral free trade agreement that the United States and Chile signed on June sixth is an important way station on the road toward hemispheric free trade.

We also reviewed the role that regional cooperation can play in promoting and defending democracy and how the OAS has responded to democratic crises in Haiti and Venezuela.

The Cuban regime's appalling repression of human rights and civil liberties ensures that it will have no place--such activities will have no place--in Cuba's future, and we hope that future is not difficult to achieve on the horizon that we see in front of us. Sooner or later the people of Cuba should enjoy the kind of freedom and democracy that is sweeping the rest of the hemisphere.

Meeting the expectations of our citizens is what the Declaration of Santiago and Democracy and the Public Trust, the declaration that we passed today, is all about. We promised our people that democracy and free markets would work, and here in Chile we can see the truth of that promise.

We come here to say that democracy can deliver. Good governance can make the fruits of democracy and free markets available to all the people. The United States will continue to be an active and determined partner at the OAS and within the inter-American system to realize the hopes of all the people of the Americas for a better future.

Thank you very much and I would be pleased to take your questions.

Question: Good afternoon, Mr. Powell. The United States recently went to war against Saddam Hussein's regime that was classified by your own government as a tyrant. What stops the White House from attacking Fidel Castro's regime, which you yourself today classified as the only dictatorship existing in the hemisphere? Is a preventive attack justified? And also, I would appreciate your clarifying...you spoke today of the role that the OAS should play in what you defined as a "democratic transition" in Cuba. What does that mean in concrete terms, considering that this country, Cuba, is suspended by the OAS?

Secretary Powell: No, we have...there are no plans to take preventive or pre-emptive action with respect to Cuba. But the fact of the matter is, Cuba is the remaining totalitarian dictatorship in this hemisphere. And even though Cuba is not - does not have membership in the OAS, there is no reason that the Community of Democracies of the OAS should not speak out strongly for the Cuban people.

The Cuban people are not allowed to speak out for themselves. The Cuban people who desire to express a political view or to organize politically are thrown in jail, and not just thrown in jail for a day or two. They are being given sentences for fifteen to twenty to twenty-five years. How could we, as a Community of Democracies who has seen what we have been able to achieve in this hemisphere over the last fifteen or twenty years, fail to speak out with respect to what Castro is doing to his people? And I think it is the responsibility of every nation that believes in democracy--when faced with this kind of a lack of respect for democracy, lack of respect for human rights, unwillingness to allow people to decide what kind of leadership they should have--I think if we would call ourselves a Community of Democracies that it is our obligation to speak out, and that is what I did today, and that is what the United States will continue to do. And I hope that all members of the OAS, either collectively as the OAS or in their individual capacities, will speak out against this kind of behavior in the year 2003 in the Western Hemisphere. We have come too far not to continue the journey and help the people of Cuba ultimately to achieve a democratic system where they can decide who their leaders will be through a free, open democratic process.

Thank you.

SHERITT EYES CUBA EXPANSION AS NICKEL & COBALT PRICES RISE HIGHER

Canadian mining firm Sherritt International is eyeing increased production of its nickel and cobalt operations at its Moa facility in Cuba, according to CEO and president Dennis Maschmeyer. Speaking at the Scotia Capital Materials Conference in Toronto on Wednesday, June 4th, Maschmeyer called the prospects for both metals "extremely positive."

Supply shortages have driven up the prices of nickel and cobalt over the past month to three-year highs. The world price of nickel has increased \$1,315 per metric ton or 18.5% over year-ago prices, according to the London Metal Exchange. Nickel prices settled at \$8,395 per metric ton on Monday, June 30th. Measured by the pound, the increase in the price of 99.8% pure cobalt outpaced nickel, increasing nearly 43% over year-ago prices, according to the authoritative *Metal Bulletin* of London. Cobalt prices settled in the range of \$10.30-to-\$11.00 per pound at close on Wednesday, June 25th.

Between 65% and 75% of the world's nickel is used in the production of stainless steel and 12% is used in the manufacturing of superalloys. The biggest use of cobalt is in the production of superalloys.

Concerns over labor difficulties at Sherritt's Sudbury, Ontario operation which produces nine percent of world supply and increased demand of stainless steel by China, whose rapid industrial growth and expansion have added to worldwide shortages, are both factors that helped to push world market prices higher.

Cuba has 27 percent of the world's near-surface nickel laterite deposits compared to deeper sulfide deposits. Sherritt utilizes heap-leaching technology at Moa also known as the Pedro Sotto Alba mine located in the Province of Holguin. "We are well positioned to be a major player in the development of Cuba's nickel resources," Maschmeyer told the conference audience in Toronto. "Studies have verified that we can incrementally expand existing operations by 50,000 tons of nickel and cobalt. Such economies, in our view, are very compelling and will lead to increased capacity coming out of Cuba in the next five years."

The Sherritt joint venture with the Cuban government is currently the only ongoing foreign investment the Castro regime has in the mining industry, although it has been in talks over the years with many others, including Russian and Australian mining companies. Nickel and cobalt mining provide Cuba with a significant source of foreign exchange.

□

CURRENCIES & COMMODITIES

1 Euro = 1.1470 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 29.822 Cuban Peso

Rates as of June 30, 2003.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 6.58
Year ago nearby = 5.91
Future (Oct. '03) = 6.22
High = 7.95
Low = 5.20

Cash/Spot price as of June 30, 2003.
Source: CSCE/NYBOT.

CRUDE OIL

(\$ per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 30.15-30.20
Year ago (June 28) = 26.86
Future (Aug. '03) = 30.19

Cash/Spot \$ price as of June 30, 2003.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 8,395
Year ago (June 28) = 7,080

(\$ per metric ton)
Official Price: June 30, 2003.
Source: London Metal Exchange.

Cobalt = 10.30 - 11.00
Year ago (June 27) = 7.35 - 7.70

(\$ per pound for 99.8%)
Price: June 25, 2003.
Source: Metal Bulletin (London).

TRADE BRIEFS

OFAC DENIES CUBA TRADE SHOW LICENSES – In a letter dated June 2nd, the Treasury Department's Office of Foreign Assets Control (OFAC) denied Peter W. Nathan, head of PWN Exhibicon International L.L.C., the licenses he needed to hold concurrent healthcare and agricultural fairs in Havana in January of 2004 (USCPR, Vol.9,No.12). Nathan of Connecticut has held successful Cuba fairs in the areas of health in January of 2000 (USCPR, Vol.7,No.1) and food last September (USCPR, Vol.9, Nos.6&10). According to the OFAC letter, the licenses were being denied "based on foreign policy guidance from the Department of State," Nathan told the USCPR. Treasury Department spokesman Taylor Griffin referred to President Bush's Cuban Independence Day 2002 remarks in Washington and Miami where he presented his Initiative for a New Cuba (USCPR-SE, May 29, 2002) saying that "without meaningful reform, trade with Cuba would do nothing more than line the pockets of Fidel Castro and his cronies." In fact, the fairs promoting American farm products left behind tons of goods and succeeded in signing contracts for more than \$90 million. This is considered a setback for those who favor engagement with Cuba. However, President Bush is adamant there be political and economic reform in Cuba.

U.S.-CUBA TRADEMARK PROTECTION ACT OF 2003 IGNORES PRIVATE PROPERTY RIGHTS – In an effort to repeal Section 211 of the *Omnibus Consolidated and Emergency Supplemental Appropriations For Fiscal 1999* (USCPR, Vol.6,No.4), supporters of the *U.S.-Cuba Trademark Protection Act of 2003* (H.R.2494) characterize Section 211 as special interest legislation that violates the TRIPS agreement, risking WTO sanctions and an all out trade war with the European Union. Originally, Section 211 created trademark protection, specifically for uncompensated confiscated property. At issue is the ongoing battle over the Havana Club Rum trademark between Bacardi-Martini USA and the Cuban-French joint venture with Groupe Pernod Ricard. The hand-to-hand combat has been waged in the trenches including U.S. District Court in New York, the U.S. Congress, and the federal bureaucracy at the U.S. Patent and Trademark Office in Washington (USCPR, Vol.9,Nos.5&9). Section 211 has served as a protective measure against the Castro regime's confiscation of private property, particularly the Havana Club brand on October 15, 1960. H.R. 2494 was introduced on June 17th by Reps. Rangel (D-NY), Flake (R-AZ), Delahunt (D-MA), and others. Repeal of this protective private property measure is an agenda item for the pro-trade Cuba Working Group and the pro-engagement, anti-embargo crowd in Congress.

SANCHEZ-HILL FAMILY TO CONSIDER SUING U.S. GOVERNMENT IN JANUARY – The exiled Sanchez-Hill family from Cuba "plans to sue the government in January," reports the June 23rd issue of the Broward Edition of the *South Florida Business Journal*. The Spanish hotel chain Grupo Sol Melia is trafficking on 30 acres of their family's property in Cuba by operating five hotels on land confiscated without compensation by the Castro regime over 40 years ago. Frustrated by President Bush's continuation of the Clinton administration's Title III waivers every six months (USCPR, Vol.10,No.1) and the State Department's tacit waiver of Title IV of the *Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996* (USCPR, Vol.6,No.8), the Sanchez-Hill family attorney Nicolas J. Gutierrez, Jr. says his clients will explore various options including having the government enforce the law. Although Title III of the Act offers a specific statutory cause of action subject to the government's suspension, Sandy Berger of the Clinton administration stated at the time of passage that as of November 1, 1996, liability would accrue; even if the trafficker leaves Cuba, they can still be sued for up to two years. According to Gutierrez, the Sanchez-Hill family will consider various other options including having a third party such as Judicial Watch file suit under the Constitution's Fifth Amendment taking clause. More recently, Congresswoman Ileana Ros-Lehtinen (R-FL) raised the issue of the dual threshold of "national security" and an expedited "transition to democracy" in Cuba that the presidential waiver must meet under the law, suggesting it has not been met. Examining the litigation route, the Miami attorney said he will also advise his clients to consider a common law conversion suit similar to the Consolidated v. Sherritt case that began in July of 1996 (USCPR, Vol.4,No.3) and ended with an appeal to the U.S. Supreme Court that was eventually denied (USCPR, Vol.8,No.10).

DOMESTIC BRIEFS

ANNUAL TRAFFICKING IN PERSONS REPORT LISTS CUBAN TOURIST INDUSTRY AS SEXUAL EXPLOITER – In his cover letter, Secretary of State Colin Powell wrote, "The Annual Trafficking in Persons Report is about modern day slavery and slave trading... The President, members of Congress, and I share a commitment to end modern day slavery. This report is an important diplomatic tool towards that goal." The annual State Department report, authorized under the *Victims of Trafficking and Violence Protection Act of 2000*, is broken down into three tiers: Countries whose governments fully comply with the Act's minimum standards; countries whose governments do not fully comply with minimum standards but are making significant efforts; and, countries whose governments do not fully comply with minimum standards and are not making significant efforts to do so. Cuba falls within the third tier along with 14 other nations. The report accuses the Castro regime of "sexual exploitation and forced labor" while turning "a blind eye to this exploitation because such activity helps to win hard currency for state-run enterprises" and links it directly to the island's tourist industry. In a damning indictment of Fidel Castro's Communist government, the report states: "Despite occasional measures by the Government of Cuba to crack down on prostitution, state-controlled tourism establishments and independent operators facilitate and even encourage the sexual exploitation of minors by foreign tourists." In the area of worker rights, the reports cites the Cuban government for coercing laborers "to work on foreign investment or government priority projects without adequate compensation, which is retained by the state. Children are coerced to perform agricultural work." A copy of the report issued on June 11th can be found on the Internet at: www.state.gov/g/tip/rls/tiprpt/2003/.

AMERICAN LIBRARY ASSOCIATION SIDES WITH CASTRO REGIME AND REPRESSION – At its annual meeting held in Toronto this year, from June 19 - 25, the American Library Association (ALA) invited Cuban government librarians and neglected the leaders of the independent library movement, many of whom were arrested, jailed, and sentenced to long prison terms last April in Fidel Castro's crackdown of dissidents. Books such as George Orwell's *Animal Farm* and *1984* as well as biographies of Martin Luther King and the homilies of Pope John Paul II have been banned in Cuba. Author of *Guerrilla Prince* and journalist Georgie Anne Geyer wrote in *The Washington Times*, "Castro, even as he has boasted about pushing literacy in Cuba, has been destroying libraries and keeping out any suspect reading matter since the day he took power in 1959." The ALA has among its 175 elected board members Ann Sparanese, once a participant of the pro-Castro Venceremos Brigade and Mark Rosenzweig, the chief librarian of the Reference Center for Marxist Studies, the Communist Party USA archive. The ALA Latin American subcommittee has been described as a "den of pro-Castro extremists."

RYAN, ET AL. VS. GONZALEZ, ET AL. – Since finding for Gonzalez et al. (Appellee/Respondents) in the case disputing the ownership of the property located in Cuba known as Chiriqui Sugar Mills Corporation (Hershey) and all its stock (USCPR, Vol.10,No.3), the Appellant/Petitioners motion for rehearing en banc filed on March 13, 2003 was denied by the Fourth District Court of Appeal of the State of Florida (Case No: 4D00-4658; 4D01-2389; L.T. No: 98-696 CA16). Ryan has asked the Florida Supreme Court to review the Fourth District Court decision. Each of the parties have filed jurisdictional briefs in Supreme Court Case No. SC03-933, where petitioners "seek discretionary review of a decision of the Fourth District Court of Appeal that affirmed the trial court's final summary judgment order which found that every claim for relief in Petitioners' Second Amended Complaint was barred by the statute of limitations." The Plaintiffs must show that the Fourth District Court of Appeal decision either conflicts with other district courts of appeal decisions or with a decision of the Florida State Supreme Court in order for the appeal to be heard. Attorneys for the Respondents argue, "it is not new or novel that the doctrine of equitable estoppel presupposes that a plaintiff knows of the facts underlying the cause of action prior to the expiration of the limitations period. To the contrary, it is the rule illustrated by the Florida and federal authorities applying the doctrine in limitations cases." The jurisdictional briefs for Ryan and Gonzalez were filed in May and June respectively.

NOTABLE QUOTES

"Anything that's done to bolster the regime or increase the regime's money-making ability is something that's questionable to us. Our efforts to encourage democracy and human rights and economic freedom in Cuba, in fact, is our policy from the Arctic Circle to Tierra del Fuego. We can't lower the bar just for Cuba." **Kevin Whitaker** is Coordinator for Cuban Affairs at the Department of State. (Hispanic Trends, "Trading With the Enemy," Winter 2003, p.27).

"We recognize that the embargo is an inefficient mechanism for promoting human rights, and [our] organization is gravely concerned that in some situations it has contributed to abuses." In the wake of the Cuban government's recent crackdown on dissidents, **William F. Schulz**, executive director of Amnesty International USA, links the U.S. economic embargo to the Castro regime's human rights violations. (AP, "Amnesty Wants U.S. to Review Cuba Embargo," 6/03/03).

"We're threatened by the United States. The day we have peace, Cuba will be very different than it is today. Do you think we enjoy the media attention?...the threat is the United States. In the past few months they've proven they're ready to take military action anywhere, any time." **Carlos Fernandez de Cossio Dominguez** is Cuba's ambassador to Canada. (Toronto Star, 6/18/03).

"[Castro's] behavior since the March crackdown has been abominable on a moral level, and more recently against the Europeans, inexplicable." **Brian Latell**, an adjunct professor at Georgetown University School of Foreign Service and Senior Associate and Project Director for Central America and the Caribbean at CSIS, is a former National Intelligence Officer for Latin America (1990-94) at the Central Intelligence Agency. (MH, "Castro's behavior baffles analysts," 06/23/03).

"The facts show that while continuing normal business relations, [the government of President Luiz Inacio 'Lula' da Silva of Brazil] is embarked on a course to build a radical coalition of Latin American states that will be pro-Castro, politically hostile to the U.S., and ever more aligned with a Communist China that seeks to shift the geopolitical balance against America." **Constantine Menges** is a senior fellow at the Hudson Institute who served as a special assistant for national security affairs under President Reagan. His most recent book is entitled *2008: The Preventable War – The strategic Challenge of China and Russia*. (TWT, "Cordiality...and cause for caution," 6/27/03, p.A21).

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGI – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; UPI – United Press International; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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U.S. ☆ CUBA

Policy Report

www.uscubapolicyreport.com

Volume 10, Number 8

August 31, 2003

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

Ralph J. Galliano, Editor

PRESIDENT BUSH REVERSES CLINTON ADMINISTRATION'S ENGAGEMENT OVERTURES TO CUBA

WASHINGTON – In politics as in life, perceptions can be more important than reality. The perception, right or wrong, held by the Cuban-American community, is the Bush administration has continued the Cuba policy initiated by President Clinton and that President Bush has failed to carry out the promises made during the 2000 campaign. Implicit in this view is the upcoming 2004 presidential election looming on the horizon and whether the White House is willing to risk the appearance of taking this key constituency for granted, particularly in light of the partisan Florida recount of 2000, when candidate George W. Bush eked out a narrow margin of victory with just enough electoral votes to win the White House (USCPR, Vol.7,Nos.8 & 11). The fate of a free Cuba remains as vivid today in the hearts and minds of Cuban-Americans, having come to the United States as exiles never intending to be here very long, who continue to harbor resentment over the betrayal by President John F. Kennedy's administration at the Bay of Pigs, over four decades ago. In one of two letters to President Bush, reprinted below, Greater Miami Republican leaders write of the Kennedy administration that it, "...betrayed the dreams of Cuban freedom fighters at the Bay of Pigs, and solidified the [Castro] dictatorship's hold on the Cuban people. That betrayal became a rallying point for many Cuban-Americans to join the Republican Party." In the 2000 presidential election, Bush received 80% of the Cuban-American vote. Many who have conjectured this deep-seated sentiment is stronger among first generation exiles only have to read the letters sent to President Bush and signed by second and third generation Cuban-Americans to realize this is not the case. The scope of Cuban-American sentiment is evidenced not only by their representation in Washington but also by their representation in Tallahassee, Florida, and at the grassroots level seen throughout the communities in and around Miami Dade County. The political heat was turned up and the proverbial kettle boiled over on July 21, 2003 (USCPR, Vol.10,No.7), when 12 alleged hijackers of a Cuban government survey vessel were repatriated by the U.S. Coast Guard under the provisions of the controversial 1994-95 migration accords. Perhaps the most volatile aspect of all carryover Clinton administration Cuba policy for the Bush administration to contend with is the so-called "wet-foot, dry-foot" repatriation policy of Cuban migrants. In the context of these accords, government-to-government negotiations leading to their repatriation to Cuba, where due process is absent, the "10-year prison sentences" were found to be "offensive," write the grassroots Cuban-American leaders. Nonetheless, while President Bush's record on Cuba is a clear departure from his predecessor's policy of engagement, early missteps and a protracted confirmation process have proved politically costly.

▪ President Bush Reverses Clinton Administration's Engagement Policy.....	1
▪ Bush Administration Report Card on Cuba.....	6
▪ Cuba's 2002/03 Sugar Crop: Smallest Since 1932/33.....	7
▪ Report on Cuban Military in the Economy.....	8
▪ Gorbachev to Address National Summit on Cuba.....	9

THE SLOW PROCESS OF CHANGING COURSE – The early signs of discontent among Cuban-Americans (USCPR, Vol.8,No7), and the apparent initial test of the Bush administration's Cuba policy, came when the president exercised his first opportunity to waive Title III of the Helms-Burton Act of 1996, rejecting the protection of private property rights belonging to American nationals, a move widely seen as following in President Clinton's footsteps. A hallmark of the Cuban revolution, the wholesale confiscation of private property without compensation laid the political and economic groundwork for the Castro regime's socialist policies at home and foreign adventurism abroad. Further, the failure of the Bush administration to enforce Title IV of the Act, immediately following his election, would be seen as helping to guarantee the economic stability of a Castro regime reliant on foreign investment in that nest egg of confiscated property, following the end of subsidies with the collapse of the Soviet Union in December of 1991.

The early announcement by President Bush of his intention to nominate Ambassador Otto Reich (USCPR, Vol.8,No.3) as his Assistant Secretary of State for Western Hemisphere Affairs on March 22, 2001, was a move that would be thwarted by a Democrat-controlled Senate. In April, the fruits of the president's labor, over his administration's support of a Czech sponsored UN human rights resolution condemning Cuba were borne out (USCPR, Vol.8,No.4). On May 18, 2001, celebrating the 100 anniversary of Cuban independence at the White House, Bush voiced support for the embargo (USCPR, Vol.8,No.5) and endorsed the Helms—Diaz-Balart legislation to provide assistance to the Cuban internal opposition, specified in Section 109 of the Helms-Burton Act (USCPR-LA, May 28, 2001). The Economic Support Funds (ESF), called for under Section 109, at the \$3 million level when Bush entered the White House, have risen to \$6 million in 2003, to \$7 million for 2004, and there is a request for \$9 million in 2005. While ESF was cut 50% overall, they will have risen 300% for Cuba under the Bush administration.

On the heels of President Bush's second Title III waiver on January 17, 2002, reaffirming President Clinton's policy, the White House found it necessary to shore up its political base by reassuring the Cuban-American community of its steadfast commitment to a free Cuba in light of a series of unrelated events where the United States was rumored to be preparing for a rapprochement with the Cuban government (USCPR, Vol.9,No.1). To commemorate Cuban Independence Day, President Bush announced, both in Washington and Miami, his *Initiative for a New Cuba* on May 20, 2002, as a "result of a policy review conducted by the White House" (USCPR-SE, May 29, 2002). It called for "meaningful market-based reforms" as well as "elections" that "are certifiably free and fair," which will bring about a transition to democracy rather than a succession. This *Initiative*, which has become the cornerstone of the president's Cuba policy, was soundly rejected by Fidel Castro when the Cuban dictator announced his island-wide petition for socialism and ignored the Varela Project, a home-grown, albeit divisive proposal in both Miami and Cuba, (USCPR, Vol.9,No.7).

At its inception, the Bush administration began to review the licensing procedures by the Treasury Department's enforcement division, the Office of Foreign Assets Control (OFAC), under which the Clinton administration had authorized the issuance of countless general licenses for travel to Cuba under the auspices of people-to-people contact, largely abused by business and travel groups disguised as humanitarian assistance trips (USCPR, Vol.10,No.3). Consequently, between May 4 and July 30, 2001, OFAC had mailed 443 letters imposing average fines of \$7,500, compared to just 74 letters delivered from January 3 to May 3, 2001, a little noticed but clear policy separation between the two administrations. Leaders of a Democratic controlled Senate, like Byron Dorgan (ND), strenuously criticized the Bush administration's enforcement of the travel regulations by holding hearings to voice their displeasure (USCPR, Vol.9,No.2). President Clinton had encouraged business groups to travel to Cuba and meet with government officials, eventually signing into law the *Trade Sanctions Reform and Export Enhancement Act of 2000* (USCPR, Vol.7,No.10), as part of the agricultural spending bill that for the first time in 40 years provided for the cash sales of food to Cuba by American companies. Ironically, Cuban-Americans only saw more U.S. companies doing business with Cuba under Bush than under

Clinton. But on June 2, 2003, OFAC denied Peter W. Nathan, head of PWN Exhibicon International L.L.C., the licenses he had requested to hold concurrent healthcare and agricultural fairs in Havana in January of 2004 (USCPR, Vol.9,No.12 & Vol.10, No.6). Viewed as unenforceable, controversy erupted when OFAC announced in March 2003 the tightening of travel regulations and the liberalization of remittances that could be carried or transmitted to Cuban families, while prohibiting remittances to "households of senior-level Cuban Communist Party officials."

On January 9, 2003, President Bush announced the appointment of Ambassador Roger Noriega to replace Otto Reich as Assistant Secretary of State for Western Hemisphere Affairs (USCPR, Vol.10,No.1), a process that would take the administration nearly nine months to overcome Congressional opposition. The Bush administration is less likely to tolerate the idiosyncrasies of the Castro regime than the previous administration. It has clamped down on the visas issued to Cuban nationals and expelled a record number of Cuban diplomats from both the UN mission in New York and the Cuban Interests Section in Washington, thereby disrupting Cuban intelligence operations in the United States (USCPR, Vol.10,No.5). In August 2003, the Bush administration carried out three policy changes including: 1) the indictment of three Cuban air force personnel directly responsible for the 1996 shootdown of two planes over international airspace killing four Cuban-Americans (USCPR, Vol.3,No.3); 2) the announcement TV Marti will begin satellite transmissions to Cuba; and, 3) further instituting reciprocal treatment of Cuban diplomatic travel in the U.S. by restricting their purchase or lease of automobiles and telecommunications services. With regard to the enforcement of Helms-Burton Titles III and IV, geopolitical considerations appear to have taken precedence over local politics; however, under the Bush administration, the State Department is moving decidedly in the direction of enforcing Title IV by making examples of non-European origin hotel chains trafficking in confiscated property owned by U.S. nationals.

The Cuban-American community's perception that the Bush administration has continued President Clinton's Cuba policy and that President Bush has not carried out his campaign promises is exacerbated by the failure of the White House to respond to a comprehensive letter (January 23, 2003) addressed to President Bush by Rep. Ileana Ros-Lehtinen (R-FL), listing the laws his administration had not fully implemented (USCPR, Vol.10,No.1). As a result, the Bush administration's Cuba policy does not yet rate a passing grade in the eyes of Cuban-Americans.

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V10N8

FLORIDA STATE REPRESENTATIVES SIGN LETTER TO PRESIDENT BUSH

Florida House of Representatives

August 12, 2003
The Honorable George W. Bush
President of the United States of America
The White House
Washington, DC 20500
Dear President Bush:

It is with great pride in your dedicated service to our nation that we send our most cordial greetings from South Florida. Our continued thoughts and prayers are with you as you continue to courageously provide our country a forceful and steady hand during some difficult times in world affairs.

We take this opportunity to write in light of recent developments regarding U.S.-Cuba policy. As you know, the Cuban-American community has been one of the most, if not the most, loyal constituencies in the Republican Party's history. The elections of Republican icons like former presidents Reagan and Bush demonstrated this loyalty as Cuban-Americans voted over 90 percent for their candidacies. It is no mistake or coincidence that three out of four Hispanic Republican members of the U.S. Congress are Cuban American.

Given its loyalty to the GOP, we are obligated to share with you a growing and alarming concern in the Cuban-American community regarding the Bush administration's current Cuba policy.

The Cuban-American community is most appreciative of your steadfast commitment to maintain U.S. sanctions against the Castro regime until all political prisoners are freed in Cuba, freedom of expression and association is established and internationally supervised elections are scheduled. However, there is great disappointment and outrage over the lack of a comprehensive policy agenda that reflects your commitment to such a serious issue as the freedom of the Cuban people.

The Cuban-American members of Congress have made specific recommendations to the administration. These recommendations include:

- Immediate revision of the 1994 Clinton-Castro Migration Accord
- Indictment of Fidel Castro for the murder of three U.S. citizens and a U.S. legal resident on Feb. 24, 1996.
- Ensuring TV Marti is seen by the Cuban people.
- Increasing financial and technical assistance to Cuba's democratic opposition movement.

We wholeheartedly endorse these recommendations.

We feel it is our responsibility as Republican elected officials to inform you that unless substantial progress on the above-mentioned issues occurs rapidly, we fear the historic and intense support from Cuban-American voters for Republican federal candidates, including yourself, will be jeopardized.

Next month our Cuban-American congressmen will face another serious battle in Congress to prevent the weakening of the U.S. embargo on the dictatorship. Specifically, Republican Rep. Jeff Flake [R-AZ] is expected to renew his effort to open mass U.S. tourism to the Cuban dictatorship. You have firmly opposed any weakening of the embargo in the past.

It is absolutely critical that you express as soon as possible, once again, that you will never permit any weakening of the embargo while you are president.

Furthermore, our community is firmly opposed to the 1994 Clinton-Castro Migration Accord, by which Cuban refugees intercepted at sea are returned to Cuba.

In the fall of 2000, as a candidate for the presidency, you committed in a letter to Rep. Lincoln Diaz-Balart that you would carry out as president a thorough review of all Clinton executive actions regarding Cuba, including the Migration Accord. The community is still waiting for the promised review.

It is important for your administration to realize that there will always be threats of mass migration from Cuba, as well as other serious threats to U.S. national security, as long as the Castro regime is in power.

Accordingly, the ultimate solution to any potential migration crisis is the liberation of Cuba.

The Cuban tragedy must receive priority attention by your administration. Our members of Congress need to be continuously sought out and supported on the issue of Cuba.

The recent misguided and offensive negotiations between your administration and the Cuban tyranny for 10-year prison sentences for returned refugees who had been intercepted at sea highlights the importance of coordinating with our Cuban-American congresspersons on Cuba-related issues.

Cuba can no longer continue to suffer.

Our community deserves the highest attention and consideration regarding freedom and democracy for the Cuban people.

As stated earlier, without significant, immediate and tangible progress on the issues outlined in this letter, we cannot guarantee that in next year's election Cuban-Americans will provide Republican candidates for federal office the unprecedented levels of support garnered in past elections.

We hope this matter can be resolved before Cuban-American support for Republican candidates is further damaged. Justice for the Cuban people and the loyalty of Cuban-Americans to the Republican Party deserve nothing less.

Sincerely,

Rep. Ralph Arza
Rep. Marcelo Llorente
Rep. Julio Robaina
Rep. John Quinones

Rep. Gus Barreiro
Rep. Juan-Carlos Planas
Rep. Marco Rubio

Rep. Gaston Cantens,
Rep. Manny Prieguez
Rep. Ken Sorensen

Rep. Rene Garcia
Rep. David Rivera
Rep. Juan Zapata

cc: Senate Majority Leader Bill Frist
House Speaker Dennis Hastert
Mr. Karl Rove, The White House
RNC Chairman Ed Gillespie

GREATER MIAMI REPUBLICAN LEADERS SEND LETTER TO THE PRESIDENT

August 15, 2003
The Honorable George W. Bush
President of the United States of America
The White House
1600 Pennsylvania Avenue N.W.
Washington, DC 20500
Dear Mr. President:

We are proud and grateful for your strong, dedicated and spirited leadership as you guide our Country during these difficult times. However, it is with deep regret that we write to you today. We must join our voices to our colleagues in the Florida House of Representatives and express our deep concern over your administration's policy towards Cuba. While we appreciate your commitment to maintaining the U.S. embargo against the Castro dictatorship, the struggles and pleas of the Cuban-American community have been unanswered for too long. We supported your candidacy for President with great enthusiasm, and we expected a more proactive approach to the Cuba situation consistent with your position on Cuba during the Presidential campaign.

We have celebrated when other nations were freed from oppression and dictatorship. We have seen the peoples of Nicaragua, Panama, Haiti, Afghanistan, and now Iraq, rejoice in their freedom. We have watched in amazement as the Berlin Wall was torn down and the eastern bloc countries, one by one, broke the chains of communism. These accomplishments were due, in great part, to the political vision and wisdom of the Republican leadership in the White House and Congress. Mr. President, Cuban-Americans have great faith in your Republican Administration.

The Cuban-American community has long shared the values of the Republican Party. We have swelled the ranks of the party and have loyally supported its candidates for office, including you and other members of the Bush family. We embraced your campaign message and believed that your administration would pursue a new policy to bring Cuba back into the fold of free nations. Once you became President, you returned to South Florida and outlined a new strategy that we all applauded and supported. Sadly, as of today, little has changed regarding Cuba. In fact, your administration has continued the Clinton Administration's policies toward Cuba.

Mr. President, your attention is urgently needed in the following areas:

- Authorize improvements in Radio and TV Marti so their programs can reach the information-starved people on the island.
- Implement Title III of the Helms-Burton Act
- Abolish the "wet-foot dry-foot" policy by which Cubans who seek freedom are returned, without due process, to Cuba, a place our country has labeled as a violator of Human Rights.
- Suspend so-called "Trade Missions" to Cuba that have as their sole purpose selling U.S. products to the dictator, without providing any benefit to oppressed Cubans.

We are Republicans and elected officials of the County that supports and admires you. We must not ignore the potential for significant erosion in the loyalty of our constituency, which is frustrated over the unfulfilled promise made by every candidate for President over the last 40 years: a free Cuba. Forty-two years ago, President John F. Kennedy's administration betrayed the dreams of Cuban freedom fighters at the Bay of Pigs, and solidified the dictatorship's hold on the Cuban people. That betrayal became a rallying point for many Cuban-Americans to join the Republican Party. The Cuban-Americans' loyal support cannot, and should not, be taken for granted.

Today Cubans continue their pursuit for freedom. Oscar Elias Biscet, Martha Beatriz Roque, Raul Rivero, Lester Gonzalez Penton, and Oscar Manuel Espinosa Chepe are but a few of many dissidents and political prisoners who fill the jails, long known to be places where the most basic human rights are denied. Their only crime has been to exercise rights secured to all under the Universal Declaration of Human Rights. Mr. President, we trust your commitment to freedom for all oppressed people and support your efforts towards that goal. The time has come for the people of Cuba. We pray that God will grant you wisdom and courage to face the historical challenges ahead.

Most respectfully yours,

Ariel Abelairas, Commissioner City of Sweetwater
Bruno Barreiro, Miami Dade County Commissioner
Prisca Barreto, Commissioner City of Sweetwater
Cesar Blanes, Commissioner City of West Miami
Juan Blanes, Commissioner City of West Miami
Jose Bergouignan, Jr., Commissioner City of Sweetwater
Frank Bolanos, Miami Dade County Public Schools
Esteban Bovo, Jr., Councilman City of Hialeah
Rafael Cabrera, Jr., Commissioner City of Coral Gables
Velia Yedra Chruszcz, Mayor City of West Miami
Yioet De La Cruz, Mayor of the City of Hialeah Gardens
Jose Diaz, Miami Dade County Commissioner
Jose M. Diaz, Commissioner City of Sweetwater
Manuel Duasso, Commissioner City of Sweetwater
Luciano Garcia, Councilman City of Hialeah Gardens
Eduardo Gonzalez, Councilman City of Hialeah
Jose Manuel Guerra, Commissioner City of Sweetwater

Jorge Gutierrez, Councilman City of Hialeah Gardens
Orlando Lopez, Commissioner of Sweetwater
Joe Martinez, Miami Dade County Commissioner
Jorge Merida, Councilman City of Hialeah Gardens
Manuel Marono, Mayor City of Sweetwater
Eduardo Muhina, Commissioner City of West Miami
Julio Ponce, Councilman City of Hialeah
Tomas Regalado, Commissioner City of Miami
Julio Robaina, Councilman City of Hialeah
Joe Sanchez, Commissioner City of Miami
Luciano Suarez, Commissioner City of West Miami
Natasha Seijas, Miami Dade County Commissioner
Rebeca Sosa, Miami Dade County Commissioner
Javier Souto, Miami Dade County Commissioner
Jose Yedra, Councilman City of Hialeah
Manuel Zardon, Councilman City of Hialeah Gardens
Guillermo Zuniga, Councilman City of Hialeah

BUSH ADMINISTRATION REPORT CARD ON CUBA POLICY

The following is an analysis of the Bush administration's record on Cuba based on the enforcement of current laws and campaign promises made or implied during the 2000 presidential campaign. It covers the period from January 2001 thru August 2003 and highlights key aspects of U.S. policy. The U.S. embargo imposed on Cuba was intended to deprive the Castro regime of economic resources. It was codified in the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, also known as Helms-Burton, and can only be lifted or modified by Congressional action. President Bush has promised to veto any legislation that would weaken U.S. sanctions against the dictatorship of Fidel Castro and his regime.

REPORT CARD ON CUBA POLICY: THE BUSH ADMINISTRATION 2001-2003		
Policy	Pass	Fail
<i>Appointments:</i> Supportive of the president's policy for a rapid and peaceful transition to democracy as opposed to a succession.	√	
<i>Implementation of Title III of Helms-Burton:</i> Protection of private property rights of United States nationals. Allows a right of action to be brought in federal courts against foreign nationals who traffic in property confiscated without compensation by the Castro regime.		√
<i>Implementation of Title IV of Helms-Burton:</i> Penalizing foreign traffickers of confiscated property owned by United States nationals by excluding them from the United States.		√
<i>Trade Sanctions Reform Act (TSRA) Enforcement:</i> Prohibiting indirect financing and requiring cash sales to Cuba by American companies of designated agricultural products. The Treasury and Commerce departments have requested records from exporters to ensure this condition has been met. Denying applications for Americans to hold agricultural and medical fairs in Cuba. Denying repeated efforts by Alimport chief executive Pedro Alvarez to tour the United States.	√	
<i>Remittances:</i> An estimated \$800 mln in remittances is carried or wired annually to Cubans on the island. Enforcement ranges from difficult to impossible.		√
<i>Travel by Cuban Officials to the United States:</i> Denying visas to Cuban nationals who represent or are employed by the Cuban government or by the Cuban Communist Party.	√	
<i>Supporting the Internal Opposition:</i> Section 109(a) Helms-Burton. Increase in Economic Support Funds (ESF) from \$3mln in 2001 to \$9mln in 2005.	√	
<i>Enforcing Travel Restrictions:</i> Permitting travel which supports the President's policy by eliminating the so-called "non-degree program educational exchange" and the administration is seeking to clarify the "institutional license" intended for research institutes.	√	
<i>Authorizing Improvements in Radio & TV Marti:</i> Undertaking first-ever tests of satellite and airborne transmissions.	√	
<i>Revision of 1994-95 Bilateral Migration Accords:</i> The so-called "Wet-Foot, Dry-Foot" policy that calls for the repatriation of Cuban migrants who do not set foot on U.S. soil.		√
<i>Indictments:</i> of those Cuban nationals responsible for the shootdown in international airspace of two Brothers-to-the-Rescue planes killing four Cuban-Americans in 1996.	√	
<i>Reciprocity:</i> Cuban Interests Section (CUBINT) staff in Washington has been placed on restricted travel permits and all public diplomacy trips have been denied. CUBINT staff ability to purchase and use vehicles and telecommunications services has been severely constrained.	√	
<i>Encouraging Formation of Multilateral Coalition:</i> OAS, Latin America, Europe, East Asian Capitals.	√	

CUBA'S 2002/03 SUGAR CROP: SMALLEST SINCE 1932/33 CYCLE

By the time of its June or July newsletter, the *U.S. Cuba Policy Report* (USCPR) generally reports on Cuba's annual sugar harvest. Last April, the USCPR, reported that the raw sugar crop for 2002/03 was anticipated between 1.9 to 2.0 million metric tons, of which 700,000 metric tons would be needed for domestic consumption. One month after the last mill ground to a halt on June 23rd, the paucity of reliable information was highlighted by the fact that the Cuban government had yet to make a public pronouncement concerning the outcome of the 2002/03 sugar crop.

Such descriptions as: fantasy, pretense, and impossibility, give rise to a better understanding of the spin used by the Cuban Communist Party over the past decade to portray a more favorable state of the Cuban sugar industry and its ability to meet production targets of 6 million metric tons.

In the decade preceding the take-over by the Castro regime, Cuba's sugar industry, depending on the size of the mill and the cane supply, would begin to grind in mid-to-late January and end its harvest in April or May, depending on weather conditions. Post 1959, by dictates of the Cuban Communist Party, however, a single mill would be ordered to begin grinding in the month of November or December to give the impression of higher than actual productivity levels by the Castro regime, whose carry-over supply of cane, grinding capacity, resources, and efficiency permitted Cuba to produce crops ranging from 6.8-to-8.4 million metric tons, in 1961 and 1970, respectively.

Writing for F.O. Licht's International Sugar and Sweetener Report, expert analyst G.B. Hagelberg now says, "Unofficial estimates put [the 2002/03 sugar crop] at between 2.1 mln and 2.2 mln tonnes...500,000-600,000 tonnes below the lowest forecast and 1.4 -1.5 mln tones less than the 2001/02 crop," which came in at a reported 3.6 million metric tons. Not since the 1932/33 sugar harvest, at 1.9 million metric tons, has Cuba produced so little sugar and contributed even less to worldwide production.

Preferring propaganda and ideology over markets and economics, Cuba's sugar industry, managed and operated by the Cuban armed forces, suffers when Fidel Castro's priority consists of "monster rallies" across from foreign embassies marching against the policies of the United States and the European Union.

Hagelberg suggests there is a correlation between "reduced sugar export earnings, and the disruption of oil deliveries from Venezuela," which may have led to the abrupt order for the radical restructuring of a seriously deteriorated sugar industry starved of essential resources (USCPR, Vol.9,No.6). "Starved long enough," he says, "any organism will eventually collapse." As a result, this has caused the Cuban government to import raw and white sugar from Brazil, over the last two years, in order to meet both its export and domestic requirements, making the once "sugar bowl of the world," a net sugar importer (USCPR, Vol.10,No.4). Hagelberg concludes there is "no precedent in the history of Cuba" for this. □

CURRENCIES & COMMODITIES

1 Euro = 1.0962 Dollar
1 US Dollar = 26.00 Cuban Peso
1 Euro = 28.50 Cuban Peso

Rates as of August 29, 2003.
Source: NYBOT/CADECA.

RAW SUGAR CANE

(cents per pound)

WORLD PRICES

Cash/Spot (fob) = 6.95
Year ago nearby = 6.89
Future (Oct. '03) = 6.29
High = 7.95
Low = 5.20

Cash/Spot price as of August 29, 2003.
Source: CSCE/NYBOT.

CRUDE OIL

(\$per bbl.)

Light Sweet (WTI)
Cash/Spot (fob) = 31.55-31.60
Year ago (Aug. 30) = 28.98
Future (Oct. '03) = 31.60

Cash/Spot \$ price as of August 29, 2003.
Source: NYMEX; Spot: Dow Jones Energy.

METALS

Nickel (settlement) = 9,495
Year ago (Aug. 30) = 6,770

(\$ per metric ton)
Official Price: August 29, 2003.
Source: London Metal Exchange.

Cobalt = 9.95 -11.00
Year ago (Aug. 30) = 6.75 - 7.15

(\$ per pound for 99.8%)
Price: August 29, 2003.
Source: Metal Bulletin (London).

TRADE BRIEFS

ATRIP SPONSORS U.S. CUBA TRAVEL CONFERENCES – The newly formed Cuba-travel advocacy group, the Association of Travel-Related Industry Professionals (ATRIP) (USCPR, Vol.10,No.7), cosponsored its first conference on July 15th on Capitol Hill called Freedom to Travel: Forum and Day of Action. Other cosponsors included: the Center for International Policy (CIP), the Lexington Institute, and USA Engage. The forum was touted as an examination of "U.S. Policy on Cuba Travel and an Afternoon of Action." ATRIP executive director Brent Gibadlo, the former legislative director for Rep. Jeff Flake (R-AZ) was scheduled to give a luncheon briefing on "how to lobby Congress." Two bills critical to ATRIP's agenda are: the *Freedom to Travel to Cuba Act of 2003* (S.950) introduced by Senators Mike Enzi (R-WY) and Max Baucus (D-MT); and, the *Export Freedom to Cuba Act of 2003* (H.R.2071) introduced in the House by Rep. Jeff Flake. Another conference, The U.S. Cuba Travel Conference is scheduled for October 16-18, 2003 in Cancun, Mexico with a Cuban Ministry of Tourism and Havanatur fully hosted day-trip to Havana, Cuba on October 19th. Among the many topics, the conference agenda will cover: the business potential; longer term investment opportunities; what Cuba offers and what is available in Havana and at Varadero; and, opening up travel. Speakers in Cancun are expected to include: Kirby Jones of Alamar Associates; Brent Gibadlo of ATRIP; Ibrahim Ferradaz, Cuban Minister of Tourism; and Members of the Cuba Working Groups in the House and Senate are expected to participate. Among the participants from Cuba are: Maria de la Luz B'Hamel, Director of North America-Ministry of Foreign Trade; Gustavo Machin, Deputy Director of North America-Ministry of Foreign Relations; Dagoberto Rodriguez, Chief of Cuban Interests Section-Washington, DC; and, Executives from the Spanish Hotel chain, Sol Melia.

TRAVEL RESTRICTIONS ON U.S. CITIZENS – While the Association of Travel-Related Industry Professionals (ATRIP) has placed its argument in favor of U.S. citizen travel to Cuba within a constitutional framework calling their campaign the "Constitutional right to freedom of travel for all Americans," the Bush administration has framed its argument in favor of democracy and freedom for the Cuban people. It states in its U.S. Cuba Policy Fact Sheet released on July 30th, "Sanctions, specifically the embargo and travel restrictions on U.S. residents, are central components of U.S. policy." The State Department's July 24th Fact Sheet on Cuba's Foreign Debt addresses the issue of U.S. tourist travel to Cuba in a section entitled: Commercial Tourism in Cuba. Describing as assertion the suggestion that both Americans and Cubans would benefit from the commercial interaction of tourism, the fact sheet dispels the argument stating, "the Castro government will follow the same practices of the former Soviet Union and Eastern Europe" where "American tourists will have limited contact with Cubans" and "[t]ravel would be controlled and channeled into the tourist resorts built in the island away from major centers of population." The fact sheet refers to "sex-tourism" as an expanding growth sector in a stagnant Cuban economy and cites a 2002 Johns Hopkins University Study which reported, "Canadian and American tourists have contributed to a sharp increase in child prostitution and in the exploitation of women in Cuba." A litany of "Unintended Effects of American Tourism" is listed in this foreign debt fact sheet, which can be found on the State Department website at: <http://state.gov/p/wha/rls/fs/>.

REPORT ON CUBAN MILITARY IN THE ECONOMY – The Information Service of the Cuba Transition Project has issued a staff report entitled: The Cuban Military in the Economy (Issue 46, August 11, 2003). Placing Fidel Castro's brother, Raul Castro, as the "man behind the transformation" of Cuba's military, the report credits Fuerzas Armadas Revolucionarias (FAR) with involvement in the "international tourist industry" as well as the "lucrative domestic economy." The report points out, "When foreign tourists bask in the sun at a Sol Melia or Club Med beach resort in Cuba, get away to one of the island's remote pristine keys on commuter airline Aero Gaviota...indulge in a Cohiba cigar after dinner, they are also unwittingly contributing to the bottom line of the Cuban military's diverse business ventures that bring in an estimated US\$1 billion a year." It also includes lists of "Major Military Managed Enterprises and Industries" and the "Managerial Elite in Uniform." The Cuba Transition Project is produced by the Institute for Cuban and Cuban American Studies at the University of Miami.

DOMESTIC BRIEFS

STATE DEPARTMENT ISSUES FACT SHEETS ON CUBA – The U.S. State Department's Bureau of Western Hemisphere Affairs, under the Bush administration, has issued a series of highly critical fact sheets on Cuba including: *Cuba's Foreign Debt* – July 24, 2003; *Cuba: Economic Summary* – July 30, 2003; *Cuba: Espionage* – July 30, 2003; *U.S. Cuba Policy* – July 30, 2003; and most recently, *Cuba: The State of Political Prisoners* – August 1, 2003. On political prisoners, the fact sheet decries the deplorable treatment and conditions of Cuban prisons. Using statistics, the economic fact sheet reviews Cuba's key industries including: sugar, mining, oil & gas, and tourism. The fact sheet on foreign debt relies on figures provided by the Banco Central de Cuba and cites the Cuban government as being in arrears to both the Paris Club creditors and the commercial creditors of the London Club. According to this fact sheet, "Cuba's petroleum debt with Venezuela's State Oil Company, PDVSA, rose to \$266 million by May 2003." The text to each of these fact sheets may be found at: <http://state.gov/p/wha/rls/fs/>.

GORBACHEV TO ADDRESS NATIONAL SUMMIT ON CUBA – The World Policy Institute and Americans for Humanitarian Trade with Cuba have scheduled former Soviet President Mikhail Gorbachev to address the upcoming Florida National Summit on Saturday, October 4th, at the Biltmore Hotel in Coral Gables. World Policy Institute spokeswoman, Lissa Weinmann says Gorbachev will "discuss his longstanding interest in Cuba and offer historic perspectives on U.S. policy toward the island." At the upcoming summit on Cuba, Gorbachev "will join a host of Cuban-American and elected leaders from the state of Florida, former American government officials, current members of Congress, heads of two major international human rights organizations and international representatives to discuss how changing dynamics affect now and future U.S. policy toward Cuba." The Florida National Summit agenda includes such speakers as: General John Sheehan, USMC (Ret.); William D. Rogers, former Assistant Secretary of State and head of the Council on Foreign Relations Cuba Task Force; Peter Borne, MD and former assistant to President Carter for health issues, Reps. William Delahunt (D-MA) and Jeff Flake (R-AZ), J Brent Gibadlo, executive director of the Association of Travel-Related Industry Professionals (ATRIP); and, American University Professor William LeoGrande. The Florida National Summit, the second National Summit on Cuba organized by the New York-based World Policy Institute (USCPR, Vol.10,No.7), is described as: "a concept formulated by the World Policy Institute Cuba Project to publicly raise a national debate on how U.S.-Cuba policy affects U.S. national interest, the Cuban people and future stability in Cuba, the harmonization of the divided Cuban family, and American international leadership." Additional information may be obtained at: www.nationsummitoncuba.org.

NORIEGA TO ADDRESS INSTITUTE FOR CUBAN AND CUBAN AMERICAN STUDIES – The Bush administration's senior diplomat for Latin America, Ambassador Roger Noriega is expected to address a U.S. Cuba conference on Saturday, October 4th at the Biltmore Hotel in Coral Gables. Not unlike the parallel events held by the National Summit on Cuba and Americans for a Democratic Cuba at the National Press Club in Washington on September 17, 2002 (USCPR, Vol.9,No.9), the University of Miami-based Institute for Cuban and Cuban American Studies (ICCAS) has scheduled a parallel conference to the World Policy Institute's Florida National Summit on Cuba, also at the Biltmore Hotel. The U.S. Cuba Conference agenda includes such speakers as: Professors Jaime Suchlicki, Director of ICCAS, Antonio Jorge, professor of political economy at Florida International University, Pamela Falk, professor of political science at Hunter College of New York; The Hon. Paul Cejas, former U.S. Ambassador to Belgium; and Assistant Administrator for Latin America and the Caribbean, Adolfo Franco. For additional information, call 305/284-2822.

NOTABLE QUOTES

"Last March, on the very day that U.S. forces entered Iraq, Fidel Castro launched a major crackdown on peaceful Cuban political dissidents. The Iraqi operation was a surprisingly swift one – and so was Castro's. Within three weeks, the statue of the Cuban leader's old friend Saddam Hussein had been toppled in central Baghdad; meanwhile, Castro had summarily tried and imprisoned 75 Cubans. Their sentences – for supposed crimes against the country's security – averaged 20 years. A few days later, as if in an afterthought, three [Afro-Cuban] men, who had hijacked the Havana Bay ferry in an attempt to escape the island, were also tried. This group was even more unlucky; they were executed by firing squad, despite the fact that there had been no violence during their botched crime." (FA, "The Crackdown in Cuba," Sept/Oct 2003, p.118) The author of this article, **Theresa Bond**, is described by *Foreign Affairs* as "the pseudonym for a respected political analyst specializing in closed societies."

"In the last couple of years, Cuba has spiraled out of control in not meeting its obligations. It's a sign the wheels are coming off the bus. It's an overwhelming burden." **Dennis Flannery**, executive vice president of the Inter-American Development Bank, describes the Cuban economy as "teetering on the precipice of economic collapse" according to the *Miami Herald* at Herald.com. (MH, "Expert: Cuban economy on brink of collapse," 8/8/03).

"I say the Cuban Revolution was a success. Note the past tense. From 1959 through the late 1980s, it accomplished its major goals: sovereignty and independence, equalizing income and fostering social justice. Thanks to the revolution, Cuba was transformed from an informal United States colony through 1958, into a proud nation. In the 1970s and 80s, Cuban troops fought battles in Angola that changed the history of southern Africa...The Revolution ended in the late 1980s when the Soviet Union collapsed. Cuba no longer had the resources to change itself or the world. Tourism and dollarization have introduced dubious values. A black market thrives. Where is Cuba going?" **Saul Landau** is a fellow at the Institute for Policy Studies and teaches at Cal Poly Pomona University. (CounterPunch, "The Legacy of Moncada: The Cuban Revolution 50 Years Later," 8/16/03, www.counterpunch.org/landau08162003.html).

"We are reviewing where we are in meeting the president's commitment to promote democratic change on the island. Right now we are doing an inventory looking for concrete, specific, achievable objectives. This is something I feel very strongly about. The president has made explicit commitments...to support change in Cuba. My job is to make good on those commitments. I am convinced we can be doing a better job." **Roger Noriega** is the Bush administration's senior diplomat for Latin America. (TWT, "U.S. aims to erode Castro's position," 8/29/03, p.A17).

The *U.S. Cuba Policy Report* (ISSN 1093-099X) is published by the Institute for U.S. Cuba Relations and is available to: businesses, law firms, libraries, government agencies, embassies, and non-profit institutions at the annual subscription rate of \$150.00; individuals at \$75.00; and students at \$37.50. Add \$25.00 for international mailing. Reproduction, fax, and/or electronic transmission of the *U.S. Cuba Policy Report* is strictly prohibited without explicit written permission of the publisher.

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Source Guide - the following abbreviations should serve as a partial guide to sources contained in the *U.S. Cuba Policy Report*: AFP – Agence France Presse; AP – Associated Press; BLP – Bloomberg LP; BG – The Boston Globe; CR – Congressional Record; ENH – DJNW – Dow Jones News Wire; El Nuevo Herald; FA – Foreign Affairs Magazine; FP – Financial Post; FT – Financial Times; GI – Granma International; HC – Hartford Courant; JOC – Journal of Commerce; LAT – Los Angeles Times; MH – The Miami Herald; MB – Metal Bulletin; NPR – National Public Radio; NYT – The New York Times; OGJ – Oil & Gas Journal; PR – Press Release; PRN – PR Newswire; RL – Reuters Limited; ST – The Seattle Times; UPI – United Press International; WSJ – The Wall Street Journal; TWT – The Washington Times; WP – The Washington Post; WTD – Washington Trade Daily; ZNA – ZENIT News Agency.

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