

ECONOMIC EYE ON CUBA©
26 April 2004 to 2 May 2004

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Attachment: Letter From USCTEC To The OFAC

PESO UNCHANGED IN VALUE AGAINST U.S. DOLLAR- Republic of Cuba government-operated Cajas de Cambio S.A. (CADECA) sold the Convertible Peso (equal to US\$1.00) for 27 Pesos and purchased the U.S. Dollar for 26 Pesos in the city of Havana from 3 December 2001. This is the highest value of the U.S. Dollar against the Peso since 1997. The percentage of Republic of Cuba nationals with access to U.S. Dollars is highest in Havana (population 2.19 million) where approximately 20% of the Republic of Cuba's 11.217 million citizens reside. The official international exchange rate of one Peso to one U.S. Dollar, in effect for more than thirty years, remains unchanged. The government of the Republic of Cuba maintains a fixed exchange rate for its international dealings and a more flexible exchange rate for domestic use. The government of the Republic of Cuba does not fluctuate the value of the Peso for commercial transactions regardless of any fluctuation with the value of the U.S. Dollar or other currencies on the international market. The Peso and the U.S. Dollar circulate freely in the Republic of Cuba.

<i>CADECA Buy (Havana)</i>	<i>CADECA Sell (Havana)</i>	<i>From / To</i>
26	27	3 December 2001 to Present
26	26	24 October 2001 to 2 December 2001
25	25	22 October 2001 to 23 October 2001
23	23	8 October 2001 to 21 October 2001
22	22	4 July 2001 to 7 October 2001

CORRECTION: In the 22 March 2004 to 25 April 2004 issue of the ECONOMIC EYE ON CUBA©, the following item was published: "The Bismarck, North Dakota-based **North Dakota Wheat Commission** reported that Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (Alimport), under the auspice of the Ministry of Foreign Trade of Cuba (MINCEX), has purchased 220,000 bushels of durum wheat sourced from North Dakota-based entities." This information was subsequently proven to be incorrect:

The U.S. Department of Agriculture indicates that the sale from last week of 220,000 bushels (6,000 metric tons) of U.S. durum wheat to Cuba has been taken off the books due to erroneous reporting. It would have been the first sale of U.S. durum to Cuba since the early 1960s. North Dakota Wheat Commission Marketing Director Jim Peterson remains optimistic that Cuba will

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buy U.S. durum, saying, "U.S. Wheat Associates and the North Dakota Wheat Commission have established a positive trade relationship with the Cubans." He explains that Cuba has been buying other classes of U.S. wheat. "For Cuba to purchasing U.S. durum as part of a combination cargo with hard red spring and soft red winter wheat from Mississippi River ports would make a lot of sense from both an economic and logistical standpoint."

Ellen Huber

Public Information Specialist

N.D. Wheat Commission

4023 State Street

Bismarck ND 58503-0690

Phone 701-328-5111; Fax 701-328-5115; ehuber@ndwheat.com; www.ndwheat.com

PER DIEM FOR LICENSED TRAVELERS TO CUBA INCREASED BY 1.8%- On 1 May 2004, the Office of Allowances within the Office of Operations of the Bureau of Administration of the Under Secretary of Management of the United States Department of State in Washington, D.C., increased the Per Diem rate for individuals subject to United States law traveling to the Republic of Cuba. Per Diem rates within the Republic of Cuba are based upon the Per Diem Rate For Foreign Areas issued by the United States Department of State. Individuals subject to United States law traveling to the Republic of Cuba (with the exception of individuals subject to United States law traveling to the Republic of Cuba on a "fully hosted" basis) under the auspice of a specific license from the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C., or a general license from the OFAC are authorized to spend up to **US\$167.00 per day for hotels, meals, ground transportation, etc. (the cost of telephone calls are exempt from the Per Diem)**. The OFAC also generally authorizes the expenditure of "additional money for transactions directly related to the activities for which" a license was issued. Individuals who are full-time journalists traveling to the Republic of Cuba under a general license from the OFAC are permitted to spend above the US\$167.00 for expenses "*incidental to journalist activities.*" Specific exemptions to the US\$167.00 per day authorization can be requested from the OFAC. "Fully hosted" travelers are not subject to spending limits while within the Republic of Cuba.

A change in the Per Diem reflects an evaluation by the United States Interests Section in the city of Havana, Republic of Cuba (which represents the United States Department of State within the Republic of Cuba) that prices within the Republic of Cuba have changed.

Since June 1999, individuals subject to United States law traveling to the Republic of Cuba under a general license from the OFAC or a specific license from the OFAC have been permitted to spend at parity with representatives of the United States government traveling to the Republic of Cuba on official business.

From 1985 through May 1999, individuals (non-employees of the United States government) subject to United States law traveling to the Republic of Cuba under a general license from the OFAC or a specific license from the OFAC were permitted to spend US\$100.00 per day (no distinction with respect to lodging and meals).

The United States Interests Section has negotiated discount hotel rates with hotels in the city of Havana including **1)** Republic of Cuba government-owned hotels managed by Republic of Cuba government-operated companies and **2)** Republic of Cuba government-owned hotels managed by non-Republic of Cuba-based companies. The discounted hotel rates are only for use by United States government personnel visiting the Republic of Cuba on official business.

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Effective Date	Lodging	Meals & Incidentals	Total Per Diem	% Change From Previous Year
1 May 2004 to Present	US\$95.00	US\$72.00	US\$167.00	+1.8%
1 May 2003 to 31 April 2004	US\$90.00	US\$74.00	US\$164.00	-1.2%
1 August 2002 to 30 April 2003	US\$85.00	US\$81.00	US\$166.00	+5.1%
1 July 2000 to 1 August 2002	US\$80.00	US\$78.00	US\$158.00	-24%
1 June 1999 to 1 July 2000	US\$113.00	US\$82.00	US\$195.00	+6.16%
1 December 1996 to 1 June 1999	US\$102.00	US\$81.00	US\$183.00	+15.85%
1 November 1995 to 1 December 1996	US\$90.00	US\$64.00	US\$154.00	-0-

Expenditures within the Per Diem are not required to be divided as per the above categories

The following is the Per Diem values in effect since 1 July 1992 for travel to areas within the Republic of Cuba other than the city of Havana and the United States territory at Guantanamo Bay, Republic of Cuba.

Effective Date	Lodging	Meals & Incidentals	Total Per Diem	% Change From Previous Year
1 July 1992 to Present	US\$69.00	US\$56.00	US\$125.00	-0-

Individuals subject to United States law traveling to the Republic of Cuba under the auspices of either an OFAC General License (excluding “fully hosted” travelers subject to United States law) or an OFAC Specific License may return from the Republic of Cuba to the United States with up to US\$100.00 worth of Republic of Cuba-origin products (such as cigars, rum, tee-shirts, crafts, etc.) every six months for their personal use.

For cigars, the United States Customs Service permits up to 100 cigars, but the total value must not exceed US\$100.00. For example, if a traveler returns with 100 cigars which cost US\$1.00 each, the traveler would not be permitted to bring any additional Republic of Cuba-origin products (such as rum, but not including informational materials such as books, newspapers, magazines, music products, and artwork) because the total value of imported Republic of Cuba-origin products would then exceed US\$100.00. If a traveler purchased 100 cigars for US\$50.00, then the traveler would have an additional US\$50.00 to spend on other Republic of Cuba origin products such as rum, tee-shirts, crafts, etc. Travelers subject to United States law should retain a receipt showing the amount paid for all Republic of Cuba-origin products.

The Per Diem rate generally reflects reduced discounted hotel rates obtained by the United States Interests Section for use by United States government personnel visiting the Republic of Cuba on official business, not the retail hotel rates generally paid by individuals subject to United States law traveling to the Republic of Cuba under the auspice of a general license from the OFAC or a specific license from the OFAC who are not United States government personnel. The United States Department of State has thus far refused to recalibrate the Per Diem rate to reflect parity with retail hotel rates.

The maximum per diem rates for foreign countries are based on costs reported in the Hotel and Restaurant Section (Form DS-2026) submitted by foreign posts. This report includes prices for hotel rooms and meals at facilities representative of moderately priced and suitable hotels and restaurants most frequently used by typical Federal travelers. The lodging portion of the allowance is based on average reported costs for a single room, including any mandatory service

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charges and taxes. The meal portion is based on the costs of an average breakfast, lunch, and dinner at facilities typically used by employees at that location, including taxes, service charges, and customary tips. The M&IE rate is based on these meal costs plus an additional amount, equal to 10% of the combined lodging and meal costs, to cover incidental travel expenses.

Requests for Per Diem Revisions: In order for the Department of State to maintain appropriate travel per diem rates in foreign areas, employees of the Federal Government who believe that the per diem rate authorized for a particular area is inappropriate for expenses normally encountered while on temporary duty are encouraged to notify their respective agency travel officials. Those agencies that receive complaints about a per diem rate for a locality where there is frequent travel may submit a request to the Department of State for review. This request should include cost data on lodging and meals using Form DS-2026. This information must be submitted in accordance with instructions in section 074.3 of the Standardized Regulations (Government Civilians, Foreign Areas) (DSSR).

USCTEC WRITES TO THE OFAC REGARDING DISCREPENCIES IN TRAVEL POLICIES- On 28 April 2004, the U.S.-Cuba Trade and Economic Council, Inc., delivered the following letter to Mr. R. Richard Newcomb, Director- Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C.

U.S.-Cuba Trade and Economic Council, Inc.

30 Rockefeller Plaza • New York, New York 10112-0002

Telephone (212) 246-1444 • Facsimile (212) 246-2345 • E-mail: council@cubatrade.org

Internet: <http://www.cubatrade.org>

28 April 2004

Mr. R. Richard Newcomb
Director
Office of Foreign Assets Control
United States Department of the Treasury
Washington, D.C. 20220

Dear Mr. Newcomb:

As you know, the U.S.-Cuba Trade and Economic Council has always sought quiet resolution to problems encountered by United States-based entities regarding issues relating to the Republic of Cuba. Unfortunately, recent actions taken by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury necessitate my writing to you.

I am astonished that the OFAC would issue a license to a fourteen year old individual, Mr. Cliff Kaehler of Kaehler's Homedale Farms in Minnesota, who visited the Republic of Cuba to attend a "*purchasing conference*" hosted by Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (Alimport), under the auspice of the Ministry of Foreign Trade of the Republic of Cuba (MINCEX); and, whose visit included a speech in opposition to United States policy toward the Republic of Cuba.

Whether a parent should place a child in such a position is not the focus of my concern in writing to the OFAC. However, I acknowledge a principal role in having Mr. Kaehler participate in the OFAC-licensed *U.S. Food & Agribusiness Exhibition*, held in the Republic of Cuba in September 2002. However, Mr. Kaehler's purpose during that event was to care for livestock that had been sold to Alimport; not to engage in political activity, which he did not.

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My concern is the reasoning by the OFAC that a fourteen year old child should be permitted to visit the Republic of Cuba under provisions of the Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000, while, for example, an organization such as World Trade Center of Greater Philadelphia, is denied a license to organize a delegation of companies representing agricultural products, food products, and healthcare products to visit the Republic of Cuba for commercial, not political, purposes.

The OFAC has seemingly permitted selected consultants to operate with impunity- even when the OFAC has knowledge that the consultants have not disclosed decisions by the OFAC that impact upon the marketing of events sponsored by the consultants. To my knowledge, the professional boxer, Mr. Mike Tyson, has not been sanctioned for what has previously been reported by media organizations as an unlicensed visit to the Republic of Cuba. Yet, organizations, and United States-based companies, that seek to comply with both the letter and spirit of the TSRA or the Cuban Democracy Act (CDA) of 1992, continue to have, and, in increasing instances, received additional scrutiny. Tragically, this apparent lack of consistency by the OFAC only serves to maintain the general hostility with which the OFAC is perceived by those whose livelihood depends upon decisions taken by the OFAC. Thanking you in advance, I look forward to hearing from you soon. Warmest regards.

Sincerely,

John S. Kavulich II
President

The U.S.-Cuba Trade and Economic Council is a private, nonpartisan, not-for-profit, membership-based organization that does not take positions with respect to United States-Republic of Cuba political relations.

NATIONAL FOREIGN TRADE COUNCIL ISSUES STATEMENT REGARDING TRADEMARK LEGISLATION- On 28 April 2004, the Washington, D.C.-based National Foreign Trade Council issued the following statement on "*Newest 'Bacardi' Section 211 Bill.*"

WASHINGTON, April 28 /PRNewswire/ -- Today Bill Reinsch, President of the National Foreign Trade Council, made the following statement in response to the introduction of H.R. 4225 which deals with Section 211 of the 1999 Omnibus Appropriations Act:

"While we welcome the opportunity this bill presents to have the first open, thoughtful debate on the Section 211 intellectual property issue and the harm it threatens to do to the U.S. business community, we are very disappointed with the bill's contents. Section 211 violates both WTO rules and other international obligations of the United States. H.R. 4225 claims to correct only the WTO problem and would, in reality, benefit only one company. It does nothing to address other treaty violations, which would, as a result, leave some 400 other American companies with trademarks lawfully registered in Cuba vulnerable to seizure by Castro.

NFTC members, who hold many of the 5,000 U.S. trademarks currently registered in Cuba, support full repeal of section 211 as the only solution that fully protects our trademarks. H.R. 2494, the U.S.-Cuba Trademark Protection Act, provides for such repeal, and we urge the Congress to pass it. We look forward to the debate on these two bills because we are confident that once Members of Congress study them, they will conclude, as we have, that the only way to comprehensively protect current and future American business interests in Cuba while adhering to all of our intellectual property protection obligations is through enactment of the bipartisan U.S.-Cuba Trademark Protection Act."

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The National Foreign Trade Council is a leading business organization advocating an open, rules-based global trading system. Founded in 1914 by a broad-based group of American companies, the NFTC now serves 300 member companies through its offices in Washington and New York.

OFAC REPORTS ON RESOURCES FOCUSED UPON CUBA- The Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C., reported the following information at the request of The Honorable Max Baucus (D- Montana), a member of the United States Senate. Senator Baucus is a member of the Committee on Agriculture, Nutrition and Forestry of the United States Senate; Ranking Minority Member of the Committee on Finance of the United States Senate; and Ranking Minority Member of the Subcommittee on International Trade of the Committee on Finance of the United States Senate. Senator Baucus visited the Republic of Cuba in 2003 and in 2002.

1990 To 2003 Reporting Period	
Terrorism-Focused Staff	4
Cuba-Focused Staff	12
Terrorism-Related Investigations	93
Cuba Investigations	10,683
Terrorism Fines Collected	US\$9,425.00
Cuba Fines Collected	US\$8,000,000.00

CHINA REPORTS DRY BEAN, PEA, AND LENTIL EXPORTS TO CUBA- The government of the People’s Republic of China has reported the following values for dry bean, pea, and lentil exports to the Republic of Cuba; and reported the following global market rankings. The government of the People’s Republic of China provides substantial financing for purchases of food products and agricultural products by Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (Alimport), under the auspice of the Ministry of Foreign Trade of the Republic of Cuba (MINCEX).

MY 03/04 Oct-Feb	MY 02/03 Oct-Feb	MY 02/03	MY 01/02	MY 00/01	MY 99/00	MY 98/99
US\$7.497	US\$24.712	US\$52.966	US\$22.396	US\$24.251	US\$26.912	US\$0.000
Rank 6	Rank 2	Rank 2	Rank 2	Rank 2	Rank 2	-0-

USDA WEEKLY AGRICULTURAL COMMODITY EXPORTS TO CUBA- The Foreign Agricultural Service (FAS) of the United States Department of Agriculture (USDA) in Washington, D.C., reported that agricultural commodity exports to the Republic of Cuba for the period 15 April 2004 to 22 April 2004 included the following as defined by “*Outstanding*” (reported by exporters as not yet shipped) and “*Accumulated*” (total shipped during marketing year for particular agricultural commodity):

15 April 2004 To 22 April 2004					
Product	Outstanding This Week	Outstanding Year Ago	Accumulated This Week	Accumulated Year Ago	Next Marketing Year (Outstanding Sales- Second Year)
Wheat (Hard Red Winter)	81,000 metric tons	10,000 metric tons	301,100 metric tons	73,700 metric tons	100,000 metric tons
Wheat (Hard Red Spring)	5,000 metric tons		16,500 metric tons		10,000 metric tons
Wheat (Soft Red Winter)			5,000 metric tons		

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Product	Outstanding This Week	Outstanding Year Ago	Accumulated This Week	Accumulated Year Ago	Next Marketing Year (Outstanding Sales-Second Year)
Corn (unmilled)	157,300 metric tons	75,000 metric tons	305,200 metric tons	161,400 metric tons	
Soybeans	50,000 metric tons	20,000 metric tons	89,900 metric tons	58,400 metric tons	
Soybean Cake and Meal	15,000 metric tons	65,000 metric tons	80,700 metric tons	97,900 metric tons	
Soybean Oil		22,500 metric tons	29,900 metric tons	37,000 metric tons	
Rice Long Grain Rough	5,000 metric tons	19,800 metric tons		67,500 metric tons	
Rice Long Grain Milled	18,900 metric tons		88,600 metric tons	25,300 metric tons	
Cotton (1 1/16 th and over)	4,100 running bales		2,400 running bales		
Totals	<i>338,200 metric tons; 4,100 bales</i>	<i>212,300 metric tons</i>	<i>916,900 metric tons; 2,400 bales</i>	<i>521,200 metric tons</i>	<i>110,000 metric tons</i>

USDA SEEKS NOMINEES FOR EMERGING MARKETS ADVISORY COMMITTEE-

The United States Department of Agriculture (USDA) in Washington, D.C., is seeking nominations for the Advisory Committee on the Emerging Markets Program:

WASHINGTON, April 26, 2004 – The U.S. Department of Agriculture is seeking nominations for 15 members to serve on its Advisory Committee on the Emerging Markets Program. Committee members must have expertise in international agriculture, trade and development, especially as these areas relate to emerging market economies.

The committee is composed of 20 representatives of various U.S. food and rural business sectors. The committee advises USDA on the U.S. private sector's efforts to enhance food and rural business systems in emerging markets and reviews funding proposals under the Emerging Markets Program. The program, managed by USDA's Foreign Agricultural Service, supports private and governmental technical assistance activities designed to promote U.S. agricultural exports. Committee members must pass a background check. They serve without compensation, but will be reimbursed for travel to attend committee meetings. All appointments will expire two years from the date of appointment. The Secretary of Agriculture may renew an appointment for one or more additional terms.

Written nominations, along with forms AD-755 and SF-181, must be received by the Foreign Agricultural Service by May 26, 2004. Persons interested in serving on the advisory committee, or in nominating individuals to serve, should contact Douglas Freeman, FAS, by telephone (202) 720-4327, fax (202) 720-9361, or e-mail emo@fas.usda.gov. Form AD-755 is required and is available at the FAS home page at: <http://www.fas.usda.gov/mos/em-markets/Form%20AD-755.doc>. Form SF-181 is requested, but optional, and is available at <http://www.opm.gov/forms/pdfimage/sf181.pdf>. Applications may be mailed to the Foreign Agricultural Service, Room 4932-Stop 1042, U.S. Department of Agriculture, 1400 Independence Avenue S.W., Washington, D.C. 20250-1042. The request for nominations was published in today's Federal Register, which can be accessed on the web at <http://www.fas.usda.gov/info/fr/notices.html>

Congress originally authorized the Emerging Markets Program in the Food Agriculture, Conservation, and Trade Act of 1990 and amended it in the Federal Agriculture Improvement and Reform Act of 1996 and the Farm Security and Rural Investment Act of 2002.

U.S.-Cuba Trade and Economic Council, Inc.

Speaking Schedule

Mr. John S. Kavulich II, president of the U.S.-Cuba Trade and Economic Council, has accepted an invitation from The San Juan, Puerto Rico-based **Puerto Rico Export Council** to deliver a presentation on 11 May 2004 at the “*Cuba: An Emerging Market*” seminar. *For additional information, please contact Mr. Eduardo Fernandez at telephone (787) 273-6100 ext. 711; facsimile (787) 273-6872; e-mail: efernandez@panamericangrain.com; or Internet: <http://www.promoexport.com>*

Mr. John S. Kavulich II, president of the U.S.-Cuba Trade and Economic Council, has accepted an invitation from The Cuban Research Institute of the Latin American and Caribbean Center at Miami, Florida-based **Florida International University** to deliver a presentation at the “*Florida/Cuba Trade: Present and Future Challenges and Opportunities*” conference on 10 June 2004 at The Biltmore Hotel in Coral Gables, Florida. *For additional information, please contact Mr. Damien Fernandez at telephone (305) 348-1991; facsimile: (305) 348-3593; e-mail: fernande@fiu.edu; or Internet: <http://www.fiu.edu>*

Mr. John S. Kavulich II, president of the U.S.-Cuba Trade and Economic Council, has accepted an invitation from the Nampa, Idaho-based **U.S. Dry Bean Convention** to deliver a presentation on 28 July 2004 at the organization’s annual gathering, to be held at the Marriott Harbor Beach Resort & Spa in Fort Lauderdale, Florida. The U.S. Dry Bean Convention includes five dealer associations: California Bean Shippers, Michigan Bean Shippers, Rocky Mountain Bean Dealers, North Central Bean Dealers, and Western Bean Dealers. *For additional information, please contact Ms. Gloria A. Smith at telephone (208) 463-1289; facsimile (208) 463-1238; e-mail: usdbc@earthlink.net; or Internet: <http://www.usdbc.org>*

Mr. John S. Kavulich II, president of the U.S.-Cuba Trade and Economic Council, has accepted an invitation from the **James A. Baker III Institute For Public Policy Student Forum** at Houston, Texas-based Rice University, to participate in the “*Cuban-American Relations in the 21st Century*” program, with a date to be determined. *For additional information, please contact Ms. Emery Ellis or Ms. Noorain Khan at telephone (713) 348-4683; facsimile (713) 348-5993; e-mail: bisf@rice.edu; or Internet: <http://www.bakerinstitute.org>*

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U.S.-Cuba Trade and Economic Council, Inc.

30 Rockefeller Plaza • New York, New York 10112-0002

Telephone (212) 246-1444 • Facsimile (212) 246-2345 • E-mail: council@cubatrade.org

Internet: <http://www.cubatrade.org>

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Washington, D.C. 20220

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Sincerely,

John S. Kavulich II
President

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