

ECONOMIC EYE ON CUBA©
3 May 2004 to 9 May 2004

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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

SENATORS LAUTENBERG AND FEINSTEIN INTRODUCE AMENDMENT TO THE IEECA- The Honorable Frank R. Lautenberg (D- New Jersey) and The Honorable Dianne Feinstein (D- California), both members of the United States Senate, have introduced an amendment to the International Emergency Economic Powers Act (IEEPA). This amendment would not, on its face, seem to negatively impact the following 1994 ruling by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C., relating to the Republic of Cuba; and the amendment was not introduced for the purpose of focusing upon the Republic of Cuba:

On 4 March 1994 the OFAC issued an opinion to Mr. John S. Kavulich II, which stated that a U.S. business or individual subject to U.S. law may make a secondary market investment in a third-country business which has commercial dealings within the Republic of Cuba provided that the investment does not result in control-in-fact of the third-country business by the U.S. investor and the third-country company does not derive a majority of its revenues from business activity within the Republic of Cuba. Secondary market investment that falls short of a controlling interest in such a business is not prohibited.

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AMENDMENT NO. ___

Calendar No. ___

Purpose: To clarify the application of Presidential action under the International Emergency Economic Powers Act.

IN THE SENATE OF THE UNITED STATES—108th Cong., 2d Sess. S. 1637

To amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes. Referred to the Committee on _____ and ordered to be printed; Ordered to lie on the table and to be printed.

AMENDMENT intended to be proposed by Mr. LAUTENBERG

Viz:

At the end, add the following:

TITLE IX—NON-REVENUE PROVISIONS

SEC. 901. CLARIFICATION OF CERTAIN SANCTIONS.

(a) IN GENERAL.—

(1) CLARIFICATION OF CERTAIN ACTIONS UNDER IEEPA.—In any case in which the President takes action under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) with respect to a foreign country, or persons dealing with or associated with that foreign government, as a result of a determination by the Secretary of State that the government has repeatedly provided support for acts of international terrorism, such action shall apply to a United States person or other person as defined in paragraph (2).

(2) DEFINITIONS.—In this section:

(A) PERSON.—The term “person” means an individual, partnership, corporation, or other form of association, including any government or agency thereof.

(B) UNITED STATES PERSON.—The term “United States person” means—

(i) any resident or national (other than an individual resident outside the United States and employed by other than a United States person); and (ii) any domestic concern (including any permanent domestic establishment of any foreign concern) or any foreign subsidiary or affiliate (including any permanent foreign establishment) of any domestic concern, which is controlled in fact by such domestic concern.

(C) CONTROLLED.—The term “is controlled” means—

(i) in the case of a corporation, holds at least 50 percent (by vote or value) of the capital structure of the corporation; and

(ii) in the case of any other kind of legal entity, holds interests representing at least 50 percent of the capital structure of the entity.

(b) APPLICABILITY.—

(1) IN GENERAL.—In any case in which the President has taken action under the International Emergency Economic Powers Act and such action is in effect on the date of enactment of this Act, the provisions of subsection (a) shall not apply to a United States person (or other person) if such person divests or terminates its business with the government or person identified by such action within 90 days after the date of enactment of this Act.

(2) ACTIONS AFTER DATE OF ENACTMENT.—In any case in which the President takes action under the International Emergency Economic Powers Act on or after the date of enactment of this Act, the provisions of subsection (a) shall not apply to a United States person (or other person) if such person divests or terminates its business with the government or person identified by such action within 90 days after the date of such action.

SEC. 902. NOTIFICATION OF CONGRESS OF TERMINATION OF INVESTIGATION BY OFFICE OF FOREIGN ASSETS CONTROL.

(a) NOTIFICATION REQUIREMENT.—The Office of Federal Procurement Policy Act (41 U.S.C. 403 et seq.) is amended by adding at the end the following new section:

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“SEC. 42. NOTIFICATION OF CONGRESS OF TERMINATION OF INVESTIGATION BY OFFICE OF FOREIGN ASSETS CONTROL.

“The Director of the Office of Foreign Assets Control shall notify Congress upon the termination of any investigation by the Office of Foreign Assets Control of the Department of the Treasury if any sanction is imposed by the Director of such office as a result of the investigation.”.

(b) CLERICAL AMENDMENT.—The table of sections in section 1(b) of such Act is amended by adding at the end the following new item: “Sec. 42. Notification of Congress of termination of investigation by Office of Foreign Assets Control.”.

PRESIDENT BUSH ANNOUNCES NEW ENFORCEMENT MEASURES FOR CUBA-

On 6 May 2004, The Honorable George W. Bush, President of the United States of America, issued the following remarks subsequent to meeting with members of the Commission for Assistance to a Free Cuba at The White House:

“Mr. Secretary [to The Honorable Colin Powell, Secretary of State of the United States], thank you for the report you've just given me. I've received a Commission for the Assistance of a Free Cuba, it's a report from a commission that I have put together in my administration to hasten the day that Cuba will be a free country. We believe the people of Cuba should be free from tyranny. We believe the future of Cuba is a future of freedom. It's in our nation's interest that Cuba be free. It's in the neighborhood's interest that Cuba be free. More importantly, it's in the interest of the Cuban people that they be free from tyranny. This strategy is a strategy that encourages the spending of money to help organizations to protect dissidents and to promote human rights. It is a strategy that encourages a clear voice of the truth being spoken to the Cuban people through radio and TV Marti. It is a strategy that will prevent the regime from exploiting hard currency of tourists and of remittances to Cubans to prop up their repressive regime. It is a strategy that says we're not waiting for the day of Cuban freedom, we are working for the day of freedom in Cuba. The commissioners did good work. I appreciate it, Mr. Secretary. Thank you for coming.”

FACT SHEET ON REPORT OF THE COMMISSION FOR ASSISTANCE TO A FREE

CUBA- The following is a fact sheet from the Commission for Assistance to a Free Cuba as presented to The Honorable George W. Bush, President of the United States of America:

The objectives of United States policy towards Cuba are clear: Bring an end to the ruthless and brutal dictatorship; Assist the Cuban people in a transition to representative democracy; and Assist the Cuban people in establishing a free market economy. To achieve these objectives, the President created the Commission for Assistance to a Free Cuba with a mandate to identify: Additional measures to help the Cuban people bring to an end the dictatorship; and Elements of a plan for agile, effective, and decisive assistance to a post-dictatorship Cuba. In response to the mandate to support the hastening of democratic change in Cuba, the Commission recommended an integrated approach which pairs a more robust and effective effort to support the opposition in Cuba with measures to limit the regime's cynical manipulation of humanitarian policies and to undermine its survival strategies.

Immediate Actions: Hastening the End of the Cuban Dictatorship

The President has directed that up to \$59 million over the next 2 years be committed to implementing key Commission recommendations including: Up to \$36 million to carry out democracy-building activities, support for the family members of the political opposition, and to support efforts to help youth, women, and Afro-Cubans take their rightful place in the pro-democracy movement; Up to \$18 million for regular airborne broadcasts to Cuba and the purchase of a dedicated airborne platform for the transmission of Radio and Television Marti into Cuba; and Provide \$5 million for public diplomacy efforts to disseminate information abroad about U.S. foreign policy, including Castro's record of abusing human rights, harboring terrorists, committing espionage against other countries, fomenting subversion of democratically-elected governments in Latin America, and other actions which pose a threat to United States national interests.

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1. The President has also directed that the following actions be taken to deny resources and legitimacy to the Castro regime:

Eliminate abuses of educational travel programs through tighter regulations; Counter the regime's manipulation of our humanitarian policies by:

Limiting recipients of remittances and gift parcels to immediate family members, while denying remittances and gift parcels to certain Cuban officials and Communist Party members; Stepping up law enforcement and sting operations against "mule" networks and others who illegally carry money; Limiting family visits to Cuba to one trip every three years under a specific license to visit immediate family (grandparents, grandchildren, parents, siblings, spouses, and children) (new arrivals from Cuba would be eligible to apply for a license 3 years after leaving Cuba); and Reducing the authorized per diem amount for a family visit (the authorized amount allowed for food and lodging expenses for travel in Cuba) from \$164 per day to \$50 per day (8 times a Cuban national's likely earnings in a 14-day visit).

Neutralize Cuban government front companies by establishing a Cuban Asset Targeting Group made up of law enforcement authorities to investigate and identify new ways hard currency moves in and out of Cuba;

Support and work with NGOs and other interested parties to help Cuban citizens access the Inter-American Commission on Human Rights (IACHR) and to provide in-country training to help to prepare claims for the IACHR;

Ensure that Cuban independent labor representatives are able to engage with the International Labor Organization, and to draw attention to exploitative labor conditions in Cuba and to assist Cuban workers in obtaining redress; and

Target regime officials for visa denial if they (1) are or were involved in torture or other serious human rights abuses or (2) provided assistance to fugitives from U.S. justice.

NOTE: While President Bush did not mention a change to the US\$100.00 limit on Republic of Cuba-products for personal use when accompanying an individual subject to United States law having visited the Republic of Cuba under a license issued by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C., there are indications that the US\$100.00 limit will be eliminated. Whether United States government representatives (United States Department of State, United States Congress, etc.) will be included in this change in policy is not certain, as they have previously exempted themselves from compliance.

2. The President has directed the establishment of a Transition Coordinator at the State Department to facilitate expanded implementation of pro-democracy, civil-society building, and public diplomacy projects and to continue regular planning for future transition assistance contingencies.

Plans to Assist a Free Cuba Transition to Democracy and a Free Market Economy:

The Commission has worked and will continue to work with interested parties to develop recommendations to help the Cuban people recover the lost decades of the Castro years. These recommendations are not a prescription for Cuba's future, but an indication of the kind of assistance the international community should be prepared to offer a free Cuba. These recommendations will serve as the basis for a process of engagement with other countries, and international organizations to ensure that they too are prepared to support a Free Cuba. The recommendations outline how the United States could assist a free Cuba to:

Consolidate the transition and build a strong democracy based upon democratic institutions, the rule of law, and respect for human rights; Meet the basic needs of the Cuban people in the areas of health, education, housing, and human services, while the Cuban people sweep aside the consequences of decades of cynical decisions by the regime to concentrate resources on sustaining the repressive apparatus; Create the core institutions of a free economy, unleashing the creative potential and entrepreneurial spirit of the Cuban people which have for too long been stifled by the regime; modernize infrastructure so that it can support humanitarian efforts and the growth of a modern, vibrant economy; and Recover and safeguard its environmental assets and ensure that they are put to use for the benefit of the Cuban people.

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EXECUTIVE SUMMARY ON REPORT OF THE COMMISSION FOR ASSISTANCE TO A FREE CUBA- The following is the executive summary from the Commission for Assistance to a Free Cuba as presented to The Honorable George W. Bush, President of the United States of America:

CHAPTER 1: HASTENING CUBA'S TRANSITION

As an essential part of America's commitment to stand with the Cuban people against the tyranny of Fidel Castro's regime, President George W. Bush mandated that the Commission for Assistance to a Free Cuba identify additional means by which the United States can help the Cuban people bring about an expeditious end to the Castro dictatorship.

In the past, the United States has tended to initiate policies towards Cuba that were implemented in isolation from each other. For instance, economic sanctions were initially imposed with little, if any, support to Cuban civil society, and were not coupled with initiatives to break the regime's information blockade or proactively engage the international community. In addition, well-meaning humanitarian policies were authorized without thorough consideration of the relationship they would have to the fundamental policy objective of assisting the Cuban people regain their freedom and their right to determine their way of life and their future.

The Commission sought a more proactive, integrated, and disciplined approach to undermine the survival strategies of the Castro regime and contribute to conditions that will help the Cuban people hasten the dictatorship's end. The recommendations focus on actions available to the United States Government, allowing us to establish a strong foundation on which to build supportive international efforts. This comprehensive framework is composed of six inter-related tasks considered central to hastening change: Empower Cuban Civil Society: The Castro dictatorship has been able to maintain its repressive grip on the Cuban people by intimidating civil society and preventing the emergence of a credible alternative to its failed policies. As a result of Castro's 45-year strategy of co-opting or crushing independent actors, Cuban civil society is weak and divided, its development impeded by pervasive and continuous repression. Through absolute control of the Cuban economy and the manipulation of U.S. migration policy, the Castro regime has made it all but impossible for human rights activists and reformers to operate and has forced many into exile.

Now, the tide of public opinion has turned and Castro's loyalists must constantly work to restrain the Cuban people from organizing and expressing demands for change and freedom. Cubans are increasingly losing their fear and vocalizing their desire to be architects of their own destinies. By continuing to isolate the Castro regime while supporting the democratic opposition and empowering an emerging civil society, the United States can help the Cuban people in their efforts to effect positive political and social change in their country. Cuban civil society is not lacking spirit, desire, or determination; it is hampered by a lack of materials and support needed to bring about these changes.

Break the Cuban Dictatorship's Information Blockade: The Castro regime controls all formal means of mass media and communication on the island. The Cuban Communist Party exerts strict editorial control over newspapers, television, and radio through the regime's pervasive apparatus of repression, preventing the Cuban people from obtaining accurate information on such issues as the regime's systematic violations of human rights and fundamental freedoms, and the state of the Cuban economy. Consistent with its fear of an uncontrolled information flow to the Cuban people, the regime has set up technological, administrative, and intelligence structures to impede the ability of pro-democracy groups and the larger civil society, both on and off the island, to effectively communicate their message to the Cuban people. In concert with efforts to strengthen Cuban civil society, and building on the excellent work already underway by U.S. Government broadcasting entities, the means exist to increase the availability to the Cuban people of reliable information on events in Cuba and around the world and to assist in the effort to present a democratic alternative to the failed policies of the Castro regime.

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Deny Resources to the Cuban Dictatorship: The policies of the Castro regime have debilitated the Cuban economy and impoverished the Cuban people. Rather than address the deprivation confronting Cubans, the regime cynically ignores its obligations and seeks to exploit external engagement with the island and humanitarian assistance to the Cuban people in order to maintain its grip on power. The economic lifelines of the Castro regime are tourism; access to subsidized Venezuelan oil; commodities; and revenues and other support generated by those with family on the island, with the vast majority of such support coming from the United States. Over the past decade, the regime has built an apparatus designed to exploit humanitarian aspects of U.S. policy, specifically to siphon off hundreds of millions of dollars for itself. Remittances, gift parcels and travel-related revenues from those in exile with family on the island, especially those Cubans who have come to the United States since the early 1990s, are avenues through which the regime has franchised out the subsistence of a significant portion of the Cuban population. The dollars made available to the regime through these means permit it to divert resources to the maintenance and strengthening of its repressive apparatus and away from meeting the basic needs of the Cuban people. Dollars and donated goods, although provided with good intentions by U.S. persons, are effectively helping keep the regime afloat. U.S. initiatives should maintain avenues by which Americans can engage the Cuban people, and by which those with family on the island can reasonably assist immediate relatives, while minimizing the regime's manipulation and exploitation of the plight of the Cuban people.

Illuminate the Reality of Castro's Cuba: The current survival of the regime is, in part, dependent upon its projection of a benign international image. Cuba presents itself internationally as a prime tourist destination, as a center for bio-technological innovation, and as a successful socialist state that has improved the standard of living of its people and that is a model for education, health care, and race relations for the world. This image belies the true state of Cuba's political, economic, and social conditions, its status as a state sponsor of terrorism, and the increasingly erratic behavior of its leadership.

Encourage International Diplomatic Efforts to Support Cuban Civil Society and Challenge the Castro Regime: There is a growing international consensus on the nature of the Castro regime and the need for fundamental political and economic change on the island. This consensus coalesced, in large part, after the regime's brutal March-April 2003 crackdown on peaceful pro-democracy advocates, an act properly characterized as the most severe repression of peaceful political activists in the history of Cuba, and certainly the most significant act of political repression in Latin America in a decade. Infuriated by, and fearful of, the valiant effort by these same activists to continue to reach out to the Cuban people and the international community, the regime reacted; Castro's political attacks against the European Union (EU) and other nations also reveal his regime's continuing trepidation in the face of peaceful Cubans calling for their fundamental rights. Many of those who once stood by Castro have now begun to speak out publicly against the regime's abuses. However, while this same international consensus has limits, encouraging multilateral diplomatic efforts to challenge the regime in international organizations and to strengthen policies of proactive support for pro-democracy groups in Cuba should form a cornerstone of our policy to hasten an end to the Castro regime. The International Labor Organization and the Inter-American Commission on Human Rights, amongst other international organizations, are natural fora for highlighting the conditions under which Cubans live and struggle to survive.

Undermine the Regime's "Succession Strategy": The Castro dictatorship is pursuing every means at its disposal to survive and perpetuate itself through a "succession strategy" from Fidel Castro to Raul Castro and beyond; its goal is that the unelected and undemocratic communist elite now in power remain so indefinitely. The United States rejects the continuation of a communist dictatorship in Cuba, and this Commission recommends measures to focus pressure and attention on the ruling elite so that succession by this elite or any one of its individuals is seen as what it would be: an impediment to a democratic and free Cuba.

SELECTED RECOMMENDATIONS:

Provide an additional \$29 million (to augment the current Cuba program budget of \$7 million) to the State Department, USAID, and other appropriate U.S. Government agencies to:

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Work with willing third-country allies to support creation of an international fund for the protection and development of civil society in Cuba, to engage, train, and provide resources for volunteers of different nationalities to travel to Cuba to provide assistance to independent libraries, professional organizations, charity organizations, journalists, educators, nurses, and medical doctors working independently of the regime; Fund programs to provide educational opportunities to family members of the political opposition and, working with the Organization of American States (OAS), to establish a university scholarship program for the children of Cuban dissidents to study at Latin American universities; and Fund programs to support democracy-building efforts by youth, women, and Afro-Cubans to train, develop, and organize these disaffected and marginalized segments of Cuban society to take greater action in support of democracy and human rights in Cuba.

Direct the immediate deployment of the C-130 COMMANDO SOLO airborne platform and make available funds to acquire and refit a dedicated airborne platform for the transmission of Radio and Television Mart into Cuba, consistent with U. S. international telecommunications obligations; Support efforts by NGOs in selected third countries to highlight human rights abuses in Cuba, as part of a broader effort to discourage tourist travel and reinforce international attention on the plight of the Cuban people, including political prisoners and civil society; Eliminate abuses of educational travel by limiting it to undergraduate or graduate degree granting institutions and for full-semester study programs, or shorter duration only when the program directly supports U.S. policy goals; Direct U.S. law enforcement authorities to conduct "sting" operations against "mule" networks and others who illegally carry money and offer rewards to those who report on illegal remittances that lead to enforcement actions; Reduce the regime's manipulation of family visits to generate hard currency -- while preserving efforts to promote legitimate family ties and humanitarian relief for the Cuban people by:

Limiting family visits to Cuba to one (1) trip every three years under a specific license; individuals would be eligible to apply for a specific license three years after their last visit to Cuba; new arrivals from Cuba would be eligible to apply for a specific license three years after leaving Cuba; Limiting the definition of "family" for the purposes of family visits to immediate family (including grandparents, grandchildren, parents, siblings, spouses, and children); and Reducing the current authorized per diem amount (the authorized amount allowed for food and lodging expenses for travel in Cuba) from \$164 per day to \$50 per day (i.e., approximately eight times what a Cuban national would expect to earn during a 14-day visit) for all family visits to Cuba, based on the presumption that travelers will stay with family in Cuba.

The process for implementation of Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act should ensure that the full range of policy options are made available to the President, and that a detailed, rigorous, and complete country-by-country analysis of policies and actions with respect to Cuba is provided to the President for use in assessing whether the suspension is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba; To deter foreign investment in Cuba in confiscated properties, claims to which are owned by U.S. nationals, aggressively pursue Title IV visa sanctions against those foreign nationals trafficking in (e.g., using or benefiting from) such property, including devoting additional personnel and resources to application and enforcement; Neutralize Cuban government front companies by establishing a Cuban Asset Targeting Group, comprised of appropriate law enforcement authorities, to investigate and identify new ways in which hard currency is moved in and out of Cuba; Provide an additional \$5 million for U.S. Embassy public diplomacy initiatives to:

Disseminate information abroad about U.S. foreign policy, specifically regarding human rights and other developments in Cuba, including Castro's record of harboring terrorists, committing espionage against the United States and other countries, fomenting subversion of democratically elected governments in Latin America, and the U.S. Government's belief that Cuba has at least a limited developmental offensive biological weapons research and development effort; and Fund and promote international or third-country national conferences to disseminate information abroad about U.S. policies on transition planning efforts related to Cuba.

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Increase direct efforts with willing third-country governments to implement a robust, proactive policy to (1) support Cuban civil society, including the opposition, and (2) develop policy frameworks for assistance to a post-dictatorship Cuba; Work with NGOs and other interested parties to assure that a Cuban independent labor representative or labor representative in exile is able to speak at ILO conferences; Encourage efforts by NGOs to draw attention to exploitative labor conditions in Cuba and assist Cuban workers in obtaining redress for that wrong; Fund NGO projects designed to help Cuban citizens obtain effective access to the Inter-American Commission on Human Rights and provide in-country training, through appropriate NGOs, to Cuban human rights activists in collecting and preparing information in order to file claims with the IACHR; Target regime officials for visa denial if they (1) are or were involved in torture or other serious human rights abuses or (2) provided assistance to fugitives from U.S. justice; and Establish a Transition Coordinator at the State Department to facilitate expanded implementation of pro-democracy, civil-society building, and public diplomacy projects for Cuba and to continue regular planning for future transition assistance contingencies.

CHAPTER 2: MEETING BASIC HUMAN NEEDS IN HEALTH, EDUCATION, HOUSING, AND HUMAN SERVICES

Cuba's transition from the Castro regime to a democratic society with a free economy will be a challenging process. The task of meeting the basic human needs of the Cuban population involves the removal of the manifestations of Castro's communism; the introduction of the values and practices of democracy and free enterprise; and the building of institutions and services that will improve the health, nutrition, education, housing, and social services available to the Cuban people. The fundamental goal of any assistance to a free Cuba must be to empower the Cuban people by improving their economic and social well-being, ensuring that adequate health and social services are maintained, reconstructing a democratic civic culture through education and institution-building, dealing with the human cost of the totalitarian police state, and supporting the Cuban people as they cope with these issues and work to transform themselves.

The international community, especially organizations in the Western Hemisphere, can play a leading role in assisting the Cuban transition process. The U.S. Government can work through the Organization of American States and regional agencies, and with the United Nations and its agencies, and other organizations and individual countries. Improving Cubans' condition will require dramatic reforms to ensure that democratic values and a civic culture return, that important democratic institutions -- including private and faith-based organizations -- are able to flourish, and that helping agents such as schools, clinics, and community centers can respond to real needs and be accountable to the citizenry.

Some of the effort to meet basic human needs will involve immediate, short-term assistance to ensure that critical health, nutrition, and social services issues are addressed; that schools are kept open and provided with new instructional materials and staff; that any housing emergencies are addressed; that comprehensive needs assessments and data collection are begun; and that food and medical aid is distributed as needed. As a new Cuban government initiates the process of establishing the rule of law, safeguarding human rights, and creating a new climate of opportunity, a variety of programs and services are identified that U.S. public and private sources could provide to the Cuban people over the medium- and long-term. It is expected that such assistance would come not only from U.S. Government agencies and contractors, but also from philanthropic foundations, non-profit expert organizations, and businesses investing in Cuba's future. Cuban-American and other U.S. citizens and organizations would be involved in these efforts.

Both short- and long-term issues will involve the work of many players and will need to be coordinated. The Cuban people are educated to a good basic standard and, despite the repression of the Castro regime, they have shown themselves to be remarkably resilient, savvy, and entrepreneurial. They will need the resources (including short- and long-term loans), technical assistance, and general support to enable them to improve health standards, manage the change to a market economy, and maintain and improve their infrastructure and basic services.

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SELECTED RECOMMENDATIONS:

The U.S. Government, if requested by the transition government, should be prepared:

To conduct a hands-on needs assessment to provide objective data and observations on the state of health care, nutrition, education, housing, and social services; For the immediate immunization of all children under five who have not been already immunized under the existing health system for the major childhood diseases; To distribute food aid as needed and as feasible, and consider a food aid monetization program for merchants to maintain the price of food at a reasonable level; To work with Cuban churches and their external supporting church institutions to use local religious networks and structures to assist with humanitarian relief; Prepare to keep all schools open during an emergency phase of the transition in order to keep children and teenagers off the streets and learning during this unstable period; To institute large-scale public works projects using local Cuban labor to provide immediate jobs and help with aid efforts; and To provide support to Cuban small farmers to supplement food aid and to encourage self-reliance. Use the humanitarian aid program to encourage the democratic transition by empowering Cuban churches, free libraries, civic centers, the media, and small businesses to assist in the effort.

CHAPTER 3: ESTABLISHING DEMOCRATIC INSTITUTIONS, RESPECT FOR HUMAN RIGHTS, RULE OF LAW, AND NATIONAL JUSTICE AND RECONCILIATION

The United States is committed to assist a post-Castro transition government in the promotion and consolidation of representative democratic processes and institutions that will respect the human rights and personal freedoms of all Cuban citizens.

Only when the Castro regime's authoritarian institutions and practices are abandoned, its instruments of repression dismantled, and a popularly based democratic process initiated, will Cubans be able to begin governing themselves through the exercise of their own free will. Such a liberation from Fidel Castro's brutal communist dictatorship will inspire a new political order based on national reconciliation, the rule of law, personal choice, and equal justice and opportunity for all.

Leaders of a transition government will likely move urgently to address a number of immediate priorities. Political prisoners will be freed because they have been unjustly incarcerated for exercising their fundamental freedoms. The large segment of the population that has been subjugated and silenced by government intimidation and violence will fear no more. The many forms of violence that have characterized the Castro regime's behavior at home and abroad will be abandoned. The Cuban people will have reason once again to be proud as they take collective responsibility for restoring their country to a respected, peaceful, and constructive role in the international community.

Other immediate priorities a transition government will face include: professionalizing military and civilian police and security services; considering whether to end obligatory military service; voiding constitutional provisions that are inimical to democracy; revising criminal codes and sentencing guidelines; deciding what laws and regulations should be rescinded; cleansing the judiciary of corrupt and political judges; initiating a national debate about the provisions of a new constitution and procedures for drafting and ratifying it; opening prisons for the first time to outside inspection; guaranteeing human rights and freedom of speech; and ending all forms of discrimination.

Among the most daunting challenges a transition government immediately will face are those that will pit popular demands for prosecutions of former Castro regime officials against the imperative of establishing a government firmly founded on the rule of law and due process. On balance, the prospects for a rapid and peaceful transition to democracy could depend more on this key variable than any other.

Middle- and longer-term priorities will include building all of the institutions, processes, relationships, and values that will nourish democratic governance. The U.S. Government should be prepared to work with the Cuban people and their chosen representatives, should they ask, to lend assistance in drafting

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laws and regulations, preparing a new constitution, and establishing a system of checks and balances and the spectrum of national and local level democratic institutions (executive, legislative, and judicial) responsive to the public will.

U.S. public and private assistance could also help in the critical longer-term task of promoting a culture of lawfulness in which citizens believe in their new system, accept its legal and constitutional principles and understand their obligations in that context, and involve themselves in an emerging civil society. In building professional, apolitical law enforcement institutions, international assistance could be beneficial.

As the transition to a multi-party democracy progresses -- with the help and encouragement of the United States -- Cubans will be able for the first time in decades to enjoy the freedoms that prevail in the rest of the Western Hemisphere. The experiences of some of those neighbors -- and of former communist countries -- that have progressed from dictatorship to democracy could influence the choices Cubans make in constructing their own free society. A free and democratic Cuba will be welcomed back as a full participant in the inter-American system.

The assistance and encouragement of democracies in the region, and elsewhere, could prove to be crucial in helping to assure that the transition to constitutional democracy is rapid and peaceful. Assuming a free Cuban government agreed, the U.S. Government would also be prepared to assist as Cubans form diverse and representative political parties, interest groups, labor unions, and other free political institutions, as well as civic, professional, and commercial associations. A national legislature, such other regional and local governments as the Cuban people desire, courts and other legal and judicial infrastructure, as well as new and accountable executive branch agencies could receive U.S. assistance, if desired. Eliminating and preventing official corruption will be a continuing priority.

A peaceful transition to democracy will require the presence of effective, professional Cuban security institutions that are committed fully to supporting the democratic transition. As an immediate priority, and assuming the new Cuban government desires it, the United States would be prepared to assist a free Cuba develop a truly professional civilian police force.

SELECTED RECOMMENDATIONS:

Introduce exchange programs to inform Cuban leaders and administrators about democratic policy and decision-making and transparent governance; The U.S. Government should be prepared to provide technical assistance and capacity building to strengthen legislative institutions, processes, and procedures; The U.S. Government should be prepared to provide technical assistance on decentralization through the development of provincial and municipal governments; If requested by a transition government, the U.S. Government should provide technical assistance to promote and develop democratic political party structures and processes and introduce concepts and mechanisms for citizen oversight of parties as well as of local government; Offer expertise and assistance, if requested by a transition government, to help develop and strengthen a democratic electoral system including on the drafting and reform of election laws and training election officials in voter registration, maintenance of voting lists and balloting procedures, and proactive measures against fraud and abuse; and Work with the OAS to support electoral observation missions to help Cuban transition government authorities bring accountability to their electoral process.

CHAPTER 4: ESTABLISHING THE CORE INSTITUTIONS OF A FREE ECONOMY

The Cuban economic system is broken; it will not be easily fixed. It will take time to build national institutions, as well as develop in individuals the attitudes, expertise, and skills capable of managing Cuba's reconstruction. Lessons learned from other transition countries demonstrate that it is extremely important to identify and prioritize needs, and to manage expectations correctly.

After decades of repression and material deprivation, Cubans will also be able to assert their new political

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freedoms to establish an entirely new economic order. Liberated from the rigidities and corruption of Castro's communist system, they will be free to create a private sector capable of providing jobs and opportunity, generating wealth, and spurring diversified growth. Long denied rights available to peoples in nearly every other country of the world, Cubans can be expected to place a high immediate priority on restoring rights to private ownership and the formation of competitive free enterprise.

The reconstruction effort in a free Cuba will be costly. In this regard, the burden of reconstruction need not fall completely on the shoulders of the United States and must be done in close consultation with the Cuban people. There is a significant role to be played by the international donor community, the international financial institutions (IFIs), including the Inter-American Development Bank (IDB), and the United Nations development agencies, all of which can provide programs and assistance to a free Cuba. We should seek engagement by the international community and the IFIs to better ensure a smooth transition when the time comes.

Economic change in Cuba will not occur in a vacuum. Two generations have grown up under Castro's repressive system. There are Cubans (i.e., the communist elite) who will have vested interests in maintaining the status quo. They will present a difficult but not unprecedented problem. It is crucial that the Cuban people be full partners in the reform process, that whatever proposals we make to a free Cuban people are realistic, and that any promises made are promises kept.

SELECTED RECOMMENDATIONS:

The U.S. Government, applying its experiences with other non-market economy transitions, should be prepared to encourage a free Cuba to decontrol prices, including energy prices, in the near term; The U.S. Government should provide examples to a free Cuba from Eastern Europe concerning its experiences in transitioning from a centralized economy, including experiences with the restructuring of enterprises controlled by militaries; The U.S. Government and the IFIs should be prepared to offer assistance to a free Cuba to help it design an effective privatization program as well as prepare enterprises for privatization, including industries and enterprises operated or managed by the Cuban Armed Forces; The U.S. Government should be in a position to work with a free Cuba to establish a U.S.-Cuba Joint Committee on Trade and Investment (JCTI). The JCTI would focus on post-embargo relations affecting trade and investment. It would also serve as a precursor and first step toward the possible negotiation of a U.S.-Cuba Free Trade Agreement; The U.S. Government should encourage a free Cuba to rejoin the International Monetary Fund (IMF), World Bank, and OAS, and join the IDB as quickly as possible; The U.S. Government and the IFIs should be prepared to assist a free Cuba in developing a new investment regime that fosters foreign investment and investor confidence, consistent with appropriate free market mechanisms; and The U.S. Government should encourage a free Cuba to settle outstanding claims issues as expeditiously as possible, bearing in mind that a long, complicated process is not in Cuba's best economic interest.

CHAPTER 5: MODERNIZING INFRASTRUCTURE

As a result of years of inadequate investment and neglect of repairs and maintenance, Cuba's infrastructure has significantly deteriorated. Examples of the abysmal state of Cuba's infrastructure are not difficult to identify. The only investment realized in Cuba's transportation infrastructure over the last two decades has been to support the narrow interests of the tourism industry at the expense of the general population. Ports, roads, and bridges suffer from a lack of investment, as do many of the supporting components of a healthy transportation and distribution system.

To assist a transition government in Cuba and meet humanitarian as well as reconstruction challenges significant infrastructure investments will be needed in transportation systems, energy, telecommunications, water resources, and sanitation. Since infrastructure, by definition, implies facilities and equipment that are unlikely to be built or acquired in a 90-day timeframe, this Commission identified short-term actions, such as operational changes and signing of new cooperative agreements, that can

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facilitate the most rapid assistance to the Cuban people in a time of transition. It also identified the areas which would need, in the proper context, on-site technical evaluation to establish needs and priorities for longer-term infrastructure reconstruction.

In the short-term, the U.S. Government can assist a free Cuba and its citizens by facilitating the acquisition of new and/or used equipment, opening avenues of cooperation between public/private U.S. transport entities and their Cuban counterparts, conducting technical needs assessments, and providing technical assistance to develop an infrastructure development plan that will identify emergency requirements as well as medium- and long-term needs.

To address long-term infrastructure needs, elements of the U.S. Government can support a free Cuba in seeking donor assistance from the international community and organizations such as the World Bank and the Inter-American Development Bank to help finance feasibility studies, improve the operation and financial viability of public utilities, upgrade and replace plants and equipment, undertake the privatization of utilities, encourage competition in services, and develop regulatory mechanisms for natural monopolies.

SELECTED RECOMMENDATIONS:

Transportation: **Highways:** Subject to the desires of a free Cuban government, the U.S. Government could provide advisors to a Transportation Ministry to assist Cuban officials with design, construction, and maintenance issues associated with primary and secondary roads and bridges. **Aviation:** The U.S. Government should be prepared to provide technical assistance to conduct airport assessments in Cuba to facilitate granting them permission to serve as the last point of departure for the United States. **Maritime:** The U.S. Government should be prepared to assist a free Cuba in identifying priority needs for port equipment and investments in port and intermodal infrastructure. **Railways:** In a transition context, the U.S. Government should be prepared to assist a free Cuba to ascertain the status of railroad bridges, culverts, track, and other critical rail-related infrastructure assets, including rolling stock.

Energy: Work with officials of a free Cuban government to perform a comprehensive assessment of energy sector needs, priorities, and acquisition planning.

Potable Water: If requested by a transition government, assess existing plants to ensure that the population is receiving water that is clean and safe and offer technical assistance to develop a coordinated program of capital rehabilitation of the distribution system and distribution to end users of home water disinfection chemicals (i.e., sodium hypo chlorite as used in many developing nations).

CHAPTER 6: IDENTIFYING & ADDRESSING ENVIRONMENTAL DEGRADATION

Cuba has many natural assets and challenges. The natural environment has suffered degradation as a result of the neglectful policies of Cuba's Soviet-style economic system. Cuba faces degraded soil, old and decaying water and sanitation infrastructure, wildlife habitat destruction, and salt water intrusion into its fresh water supplies. Thanks to the regime's insistence on crushing organizations it cannot control, Cuba also lacks an independent non-governmental organization (NGO) sector capable of providing accountability and advocating on behalf of the environment and natural resources and to serve as a mechanism to raise public awareness and bring new ideas and issues to the attention of policy makers for action. Among Cuba's assets are a rich biodiversity, mineral reserves, relatively low levels of industrialization, elements of an environmental framework law, an educated population, and highly trained experts and scientists. These assets could serve as a foundation for sustainable development in a free Cuba.

The poor environmental protection policies that have been in effect are evident in the quality of land, water, air, and natural habitats that exist on the island today.

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Land and Soils: The Cuban government has permitted deforestation and over-cultivation of the land, compaction of soils due to the use of heavy farm machinery, and strip mining. These practices have resulted in salinity in soils and heavy erosion of the land.

Water: Agricultural runoff from heavily treated fields has contributed to the degradation of surface water streams, in addition to the untreated wastewater from cities, sugar mills and other food-processing plants, and nickel mining operations. Irrigation practices have resulted in low groundwater levels, causing significant salt-water intrusion into fresh water and salinity in coastal soils. Low river flows due to dam construction have in turn caused lower re-charge of aquifers and further salinity in the streams.

Habitat/Biodiversity: Wildlife habitat has been affected by water quality in freshwater streams, which is in turn affected by runoff from agricultural practices, erosion due to deforestation, and sedimentation of freshwater streams. The introduction of non-native species has also had a significant impact on the overall viability of the ecological system. The relatively recent phenomenon of major hotel and tourism infrastructure construction projects, particularly in highly fragile ecosystems like the Sabana-Camaguey Peninsula, has already had deleterious effects, which will worsen if uncontrolled development continues.

Air: Air emissions from industry and transportation cause significant health problems. Stationary sources of emissions (electric power plants, petroleum refineries, cement plants, nickel plants, and other old industries) emit large amounts of sulfur dioxide and particulate matter. While it is true that Cuba's poverty means that it has a comparatively low density of vehicles per capita, Cuban vehicles are old and lack basic pollution controls and maintenance.

U.S. cooperation and technical assistance can help a free Cuba address the immediate and long-term needs it will face in a post-Castro era. As an immediate step, the U.S. Government can help a transition government conduct a rapid assessment of immediate equipment needs to ensure that drinking water systems are operational and chemicals needed to treat the water are made available. For medium- and long-term actions, a wide range of cooperation and assistance possibilities exist. However, it is important to select a few key areas where there can be a short-term success as well as work on medium- and long-term capacity building efforts. Generating and providing quality environmental information to the public will be a cornerstone for engaging a free Cuban people in environmental and natural resources management.

SELECTED RECOMMENDATIONS:

The U.S. Government should be prepared to offer to a free Cuba strengthen its legal framework and improve its development and implementation of its environmental laws; The U.S. Government should be prepared to assist a free Cuba in developing and conducting assessments of the impacts of point and non-point sources of pollution; U.S. Government agencies could provide a free Cuba with significant capacity building expertise, including the development of monitoring programs, review and assessment of water quality data (drinking water, effluent discharge, ambient water quality), long-term development of laws and regulations, development of pre-treatment programs (control of industrial discharges into public waste water systems), etc.; The U.S. Government can assist transition government coral reef managers with a number of tools, including mapping of benthic habitats of coral reef ecosystems and assessing the associated reef fish and their essential fish habitat; In the area of solid wastes, if requested by a transition government, U.S. Government experts could provide technical assistance in the areas of contaminant-specific Environmental Technologies, treatment & control of solid wastes, medical waste tracking, municipal solid waste source reduction, soil washing (chemical and metals removal), management of watersheds and freshwater ecology, and erosion control and water management associated with solid waste landfill situations; The U.S. Government could provide assistance, if requested, in addressing all facets of soil erosion, sedimentation, soil compaction, and related conservation practices; and The U.S. Government should be prepared to look for public-private partnerships and partnerships with cities -- with the objective of identifying U.S. expertise that could help a free Cuba reduce pollution, such as landfill methane recovery or industrial energy efficiency, and develop policies for "responsible investment."

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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 22 April 2004 to 29 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):

22 April 2004 To 29 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	40,000 metric tons	301,100 metric tons	84,200 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		
Corn (unmilled)	150,000 metric tons	95,000 metric tons	315,900 metric tons	177,900 metric tons	
Soybeans	35,000 metric tons	20,000 metric tons	103,400 metric tons	58,400 metric tons	
Soybean Cake and Meal		65,000 metric tons	96,400 metric tons	97,900 metric tons	
Soybean Oil		15,000 metric tons	29,900 metric tons	44,500 metric tons	
Rice Long Grain Rough	5,000 metric tons	10,000 metric tons		87,900 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>294,900 metric tons; 4,100 bales</i>	<i>245,000 metric tons</i>	<i>956,800 metric tons; 2,400 bales</i>	<i>576,100 metric tons</i>	<i>110,000 metric tons</i>

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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The Wall Street Journal

New York, New York

7 May 2004

WORLD NEWS

U.S. Moves to Increase Pressure on Castro

By JOSE DE CORDOBA

Staff Reporter of THE WALL STREET JOURNAL

President Bush said the U.S. would ratchet up pressure on Cuban President Fidel Castro's regime by breaking through Cuba's information blockade, aiding dissidents and limiting the money Cuban-Americans are allowed to bring with them on family visits to the impoverished island.

Mr. Bush approved a report that recommends spending as much as \$18 million on Radio and TV Marti, U.S. government-run stations which until now have broadcast news and entertainment to Cuba with little success because of jamming. The commission recommends buying an "airborne platform" that would be used to get the signal through. Mr. Bush directed that another \$36 million be spent over the next two years to help dissidents and promote democracy in Cuba.

The report also recommends cutting the amount of money that Cuban-Americans can take on family visits from the current \$164 a day, as well as restricting the number of visits they can make. Last year, some 132,000 Cuban-Americans made the trip -- 85% of all Americans who legally traveled there, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York.

The commission didn't cut the amount of money Cuban Americans can send to relatives, which stands at \$1,200 a year. The travel restrictions, along with a proposed remittance cut, which was dropped from the final version of the report, could prove to be a double-edged sword with Cuban-American voters, a key voting block in Florida, which is crucial to Mr. Bush's re-election hopes. Two-thirds of South Florida's estimated 600,000 Cuban-Americans are registered Republicans.

A March poll by Florida International University's Cuban Research Institute found that 56% of them plan to vote for Mr. Bush this year, down from 64% in 2000.

USA Today

Arlington, Virginia

7 May 2004

Panel calls for tougher rules on Cuba embargo

By James Cox, USA TODAY

A presidential commission on Thursday recommended steps to speed the downfall of Cuban leader Fidel Castro, in part by tightening the economic embargo to slow the flow of dollars to his regime.

Economic measures urged by the commission would hurt U.S. air charter companies that fly from Florida to the island and money-transfer services, such as Western Union, that wire dollars there.

Cuban-Americans, now able to travel to Cuba once a year, would be limited to one visit every three years. The amount they are allowed to spend in Cuba would be cut from \$164 a day to \$50, under U.S. law. Money sent to relatives — estimated at \$400 million a year — could go only to immediate family. "Dollars and donated goods, although provided with good intentions by U.S. persons, are effectively helping keep the regime afloat," the commission's report said. President Bush, in a May 20 speech in Miami to commemorate Cuban independence day, is expected to outline steps he will take to harden U.S. policy toward the Castro regime. Those steps are likely to include increased support for Cuba's internal political opposition and a boost in humanitarian aid delivered through churches and non-governmental groups.

The administration also might mount a more aggressive hunt for offshore companies controlled by the Cuban government. It is considering increasing efforts to deny executives of foreign companies permission to travel in the USA if their companies do business on property seized by Castro's regime. The United States has maintained a 40-year economic embargo against Castro and Cuba. Under an exception passed during the Clinton administration, U.S. firms can sell farm products and health care items there.

Grain handlers Archer Daniels Midland, Cargill and FC Stone, along with poultry giant Tyson Foods and rice giant Riceland Foods are among the companies that sold \$256 million in goods there last year.

The administration already is making things tougher on American companies doing business with Cuba. Treasury officials have slowed licensing for travel and transactions by American executives and companies, says John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors the island's economy. "It increases the hassle factor," he says.

Nicolas Gutierrez, a Cuban-American lawyer and anti-Castro activist in Miami, says he was "generally pleased" with the commission's work. "This could be the very beginning of the end" for Castro, he says.

Sen. Byron Dorgan, D-N.D., called the administration's hard-line policy toward Cuba "absolutely absurd." He says the administration was diverting resources — such as Treasury money-laundering trackers — from the war on terror to tighten the embargo on communist Cuba. "It has everything to do with votes in Florida and nothing to do with sound public policy."