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## Tampa Bay Times

St. Petersburg, Florida

19 September 2016

### Cuba wants access to Orlando market through Port Tampa Bay

Paul Guzzo, Times Staff Writer



ANDRES LEIVA | Times

Port Tampa Bay bought two gantry cranes for \$24 million to help it market itself as a gateway to Central Florida. The cranes will help grow the port's cargo container business.

TAMPA — Mickey Mouse might have as much of an impact on Tampa-Cuba relations as José Martí. Before the embargo against the island-nation, Tampa and Cuba were major trading partners. Tampa primarily sent cattle and got tobacco.

Local leaders who favor normalizing relations are now pushing for a renewed trade relationship with Cuba. And they believe Port Tampa Bay has an edge over competing U.S. ports because of a century-old connection between Tampa and Cuba that includes the use of Ybor City by freedom fighter José Martí as a staging ground during his War of Independence against Spain in the 1890s.

Port Tampa Bay is indeed a preferred partner for Cuba's Port of Mariel, according to a statement to the *Tampa Bay Times* by TC Mariel, the company that runs the container shipment operation there. But access to Orlando is the reason, not any shared history, according to the statement, forwarded to the *Times* by TC Mariel's managing director Charles Baker.

Orlando is coveted because it is a destination for tourists and home to many regional distribution hubs for inbound cargo that would prefer their containers land in nearby Tampa rather than Miami.

Even as the embargo endures, according to the TC Mariel statement, the Port of Mariel and Port Tampa Bay still can prosper from a relationship if Congress or the president repeals a separate federal rule — one prohibiting ships from any country that dock in Cuba from docking in the United States within 180 days.

Direct trade with Cuba would still be forbidden in the United States because of the embargo, but a repeal of the 180-day rule might allow other nations to send cargo to Tampa through Cuba.

That echoes what Baker recently told the U.S.-based global trade publication, the *Journal of Commerce*. "If you allow transshipment to take place from Mariel to U.S. ports, you could open up service to Tampa, which is the closest port to Orlando," Baker is quoted as saying.

This falls in line with efforts by Port Tampa Bay to market its facility as a gateway to Central Florida, made possible through the recent purchase of two giant gantry cranes to help grow cargo container business and

by the state's construction of the Interstate 4 Crosstown Connector that moves traffic quickly from the port to Interstate 4 and on to Orlando.

"Port Tampa Bay is Cuba-ready and we are open to any legal opportunities," said Edward Miyagishima, the port's vice president of communications.

A delegation of Cuba's port leaders is expected to visit Port Tampa Bay within the next few months. Tampa-based international public relations firm Tucker/Hall will lead a separate delegation of local maritime officials to Cuba in October to speak with maritime counterparts there.

"If Mariel picks Tampa Bay as its priority entry point to the United States, it will be transformative for our region," said Bill Carlson, the president of Tucker/Hall. "We will have access to the world's markets."

The recent widening of the Panama Canal was designed to accommodate larger sea vessels that can carry more cargo. Port Tampa Bay cannot handle these ships.

But if such ships stop in ports that can, the cargo could be loaded onto smaller boats to be taken to Tampa and then distributed throughout the region. This is called transshipment.

The Port of Mariel was built to accommodate these larger ships. It covers 180 square miles west of Havana and features factories, storage for trade and the TC Mariel terminal, which has a current annual capacity of around 800,000 containers and can be expanded to handle 3 million.

The Senate Appropriations Committee has approved an amendment to the 2017 financial appropriations bill to repeal the 180-day docking rule.

If the amendment fails, the 180-day rule can still be worked around, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

By order of the president, the Treasury Department can issue a general license allowing cargo ships to sail between the United States and Cuba as frequently as needed. That's how the cruise industry is able to run regular trips from the United States to Cuba despite also being bound by the 180-day rule.

U.S. Rep. Kathy Castor, D-Tampa, has sponsored a bill to end the Cuban embargo. Meantime, Castor supports repealing the 180-day rule to open transshipment between the Port of Mariel and Port Tampa Bay.

"It is time that Congress moves forward with a modern policy towards greater engagement with Cuba," Castor said, and stops imposing "outdated restrictions on Americans and our communities and choke off jobs and trade and put our ports at a disadvantage."

## **Miami Herald**

### **Miami, Florida**

### **15 September 2016**

## **First flights to Cuba take off without air marshals. What now?**



Donald Traill AP Images for JetBlue

Florida Republican Sen. Marco Rubio is calling for the suspension of the regularly scheduled flights between the United States and Cuba that began in recent weeks because he says, despite previous claims, federal air marshals still aren't aboard the new flights to and from the island.

In response to a request from the U.S.-Cuba Trade and Economic Council, the TSA issued a statement in August that said: "In the spirit of enhancing the security of international civil aviation, the United States and The Republic of Cuba entered into an aviation security agreement that sets forth the legal framework for the deployment of U.S. in-flight security officers — more commonly known as federal air marshals — on board certain flights to and from Cuba."

But during a House hearing Wednesday, TSA Deputy Administrator Huban Gowadia said that the Cuban government has not yet signed the agreement, meaning the first scheduled flights between the United States and Cuba since 1961 began without the deployment of air marshals.

Gowadia clarified that air marshals only fly on select charters rather than the new flights, and said the United States and Cuba are continuing to work toward an agreement covering regularly scheduled flights. She cited security concerns for not making public that there was no agreement with Cuba on in-flight security officers at the time the first scheduled flight took off on Aug. 31. It was a JetBlue flight from Fort Lauderdale to Santa Clara.

"There have been no air marshals on board thus far despite the fact that the administration said there would be," Rubio said on the floor of the Senate on Wednesday. "So basically what we have here is an outright lie. Today, only because they [the TSA] were asked, only because they were asked, did they admit this is not happening."

He said it was "incumbent upon the TSA to lock down a federal air marshal agreement" before more flights take to the air. In addition to JetBlue, American Airlines and Silver Airways also have flown regularly scheduled flights to Cuba, and several other airlines have announced plans to begin service to Cuban provincial cities and Havana before the end of the year.

Restoring regularly scheduled flights is part of a normalization process with Cuba that the Obama administration began in December 2014.

Rubio called the lack of air marshals "the latest example of an administration that is so intent on burnishing its legacy, on getting credit for this opening that they're willing to throw everything else out the window." Rubio and New Jersey Democratic Sen. Bob Menendez have filed a bill that would stop the scheduled flights until there is an agreement with the Cuban government and adequate security measures are in place. The same bill has been filed in the House.

"Given what I know now about the status of the air marshals, the TSA should never have issued that original statement," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "All it's done is make existing issues worse and create new ones."

## Politico

### Washington, DC

### 14 September 2016



Passengers deplane in Santa Clara, Cuba, on Aug. 31 from the first commercial flight from the U.S. | Getty

**TSA admits Cuba hasn't signed agreement for air marshals**

By Jennifer Scholtes

A top TSA official divulged Wednesday that Cuba has yet to agree to allow U.S. air marshals aboard scheduled airline flights between the two countries — meaning there have been no air marshals on board thus far, despite representations officials made previously.

At a House hearing, TSA Deputy Administrator Huban Gowadia confirmed that air marshals are currently only allowed on charter flights between the U.S. and Cuba because the Cuban government has yet to sign the agreement U.S. officials provided in August to expand that security protection to scheduled flights.

The disclosure comes after Seth Stodder, an assistant secretary for policy at the Department of Homeland Security, told the House Homeland Security Committee in May that new scheduled air service to and from Cuba would not begin until air marshals were allowed on board those flights. Additionally, in August, TSA provided the U.S.-Cuba Trade and Economic Council, as well as reporters, a statement explaining that the United States and Cuba had “entered into an aviation security agreement that sets forth the legal framework for the deployment” of air marshals “on board certain flights to and from Cuba.”

Rep. John Katko, chairman of the Transportation Security subcommittee, told Gowadia during a full committee hearing that TSA “misled the American public when you issued that press release saying that it was going to be on select commercial flights.”

“And you did it at a time right before the flights were about to start,” he added.

Gowadia defended her reluctance to publicly acknowledge that U.S.-Cuba air service commenced in late August without air marshals on board scheduled flights, citing security concerns. Additionally, she said Stodder “misspoke” when he told lawmakers that the new service would not start until air marshals were allowed on those flights. And she argued that the Obama administration withheld the distinction between chartered and non-chartered flights also in the interest of security.

“It is important that the exact deployments, the types of flights that are covered by FAMs, be retained for the security enterprise, of which you are definitely a part,” she told Katko, “which is why we have as many meetings with you and your staff on a regular basis.”

Gowadia said the TSA continues to pursue agreements for allowing federal air marshals aboard flights from all foreign airports with service to the United States and that there is “no reason to believe” that Cuba will resist U.S. efforts to place the security officers on U.S.-bound planes.

“We need the partnership of our international colleagues — our nation-state partners, the airlines, the airports,” she said. “And we must continue to work with them in a collaborative way so that we can negotiate those agreements, share the right kinds of information and be able to raise the level of security across the globe. That desire is constant between you and us.”

Katko argued that the TSA’s vagueness on which Cuban flights would get air marshal protection hurts the agency’s reputation among lawmakers and the public.

“I think that is the type of thing that causes rifts in relationships and trustworthiness between agencies and oversight persons such as myself,” Katko said. “And it pains me to bring this up in a public setting. But I do it as an example of why we need more openness and more collaboration instead of obfuscation between the agencies.”

## **Inside US Trade**

**Arlington, VA**

**14 September 2016**

**Lawmaker Pledges To Push Ahead On Cuba Trade Bill After House Hearing**

A Republican lawmaker from Arkansas will continue to push forward on his bill allowing private companies to extend credit to Cuba to purchase U.S. agricultural products following a Sept. 14 House Agriculture Committee hearing on trade with that country.

Rep. Rick Crawford indicated during the hearing on trade with Cuba that he is willing to meet with opponents to discuss changes to a bill allowing the issuing of private credit to Cuba to purchase agricultural products from the United States. A staffer in Crawford's office said he's hopeful there's enough support to move the bill during a potential lame-duck session later this year, but added the congressman will offer the bill again next year if it fails to get a vote this year.

The hearing comes after Crawford was promised a path forward for his bill in exchange for not proposing it as an amendment to a House financial services appropriations bill in July. That promise included a committee markup for the stand-alone bill.

Members raised several issues with Crawford's bill, H.R. 3687, including that private money from the U.S. will go to the Castro brothers or the Cuban military; that U.S. agricultural products will be traded through ports and property seized from American companies by the Cuban government; and that the U.S. will not see enough economic concessions in return for easing the embargo.

Agriculture Committee Chairman Michael Conaway (R-TX) and ranking member Collin Peterson (D-MN) both said they support the legislation. A handful of other members, both Republicans and Democrats, either specifically said they back Crawford's bill, or want their states' agricultural industries to have improved access to Cuba.

Rep. Steve King (R-IA) was one of the most vocal opponents to the legislation on the committee, saying the bill does not create new demand for U.S. products, and instead the U.S. would supplant imports from another market. Critics also said the bill only shifts existing U.S. exports from one market to another.

Crawford indicated he is willing to work with opponents of his bill to try strike a compromise on the language.

During an exchange with witness Mauricio Claver-Carone, executive director of Cuba Democracy Advocates, Crawford asked if the anti-Castro activist was willing to continue discussing the legislation outside the hearing. Claver-Carone said he would be open to such discussions and reiterated that he believes the bill needs stronger language ensuring private credit does not end up in the hands of the Castro government, and is instead issued to private citizens and business.

Such a policy would force Cuba to make significant economic changes, especially since all imports currently go through Alimport, a government-owned entity, and not through private companies.

“With all the sincerity, would you be willing to continue the dialogue to bring this to the satisfaction to the folks in south Florida? If we can do that, we can move forward to reaching an agreement,” Crawford said. Claver-Carone cautioned the committee against voting for the bill in response to a drastic decrease in U.S. agricultural exports to Cuba since 2009. While several nations including China, Korea and Brazil allow the extension of credit that is backed by their respective governments, which gives their agricultural industries an advantage over the U.S., he added Cuba has a history of trying to influence foreign lawmakers through spending and changing its import practices to target specific congressional districts or industries. He added Cuba also has a history of failing to pay its bills on time.

If the U.S. does scale back elements of its existing trade embargo, Claver-Carone said, it needs to see concrete changes in Cuban policies, such as lifting a current prohibition on U.S. companies working directly with privately owned businesses.

“The Castro regime does not allow that currently,” Claver-Carone said. “We want to encourage that -- private ownership. If Congress sent that message to the regime, 'please allow your people to be independent entrepreneurs, have property rights and to trade freely with the United States'... if we were going to export our principles, we should do it under the conditions and terms that are consistent with those principles.”

A key question that was not answered during the hearing is whether private export companies or banks are willing to extend credit to Cuba.

Witness Karen Lowe, senior vice president and agriculture export finance division head at CoBank ACB, a company that provides agriculture credit, said anyone issuing credit will want to know whether they are working with Alimport or another entity. U.S. companies will also want more access to financial and credit information, especially because any credit issued will not be backed by the U.S. government.

That is a key difference between the U.S. and other governments, Lowe pointed out. Other governments have backed the credit their private industries extended to Cuba.

“In the very short-term, the impact this bill has will be somewhat limited, but it does create a level playing field,” Lowe said. “More things need to happen -- particularly with the credit worthiness of the importing agency in Cuba.”

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a group that analyzes U.S.-Cuban policies, said nothing new came out of the hearing regarding U.S.-Cuban relations. Kavulich maintained his position that lawmakers are wasting their time focusing on Crawford's bill, especially since no legislation on Cuba has passed in nearly 16 years. House Speaker Paul Ryan (R-WI) and key members of the Senate have also opposed easing the embargo.

Instead, Kavulich said more pressure should be directed at the Obama administration to issue changes to the embargo as President Obama prepares to leave office in January, especially since Cuba will be a low priority under a new administration.

It will also be easier for lawmakers to wait until 2018, when Raul Castro is expected to step down from power, in order to build support for any Cuba-centric legislation. Current law limits what can be done under the embargo as long as the Castros remain in power.

“For many members of Congress, there are only two people that live on that 800-mile-long archipelago, and they're both named Castro,” Kavulich said, referring to brothers Raul and Fidel Castro, who have run the one-party communist state for decades. “That makes it easier for some members of Congress who are just vehemently opposed to what the Castros stand for, to help 11.3 million people whose names are not Castro.” -- *Nate Robson*

## Reuters

### Havana, Republic of Cuba

9 September 2016

#### Cuba launches new international campaign against U.S. embargo



Cuba's Foreign Minister Bruno Rodríguez Parrilla speaks during a news conference in Havana, Cuba

REUTERS/Enrique de la Osa  
By Nelson Acosta | HAVANA

U.S. sanctions cost Cuba \$4.6 billion last financial year, the government said on Friday, and called on U.S. President Barack Obama to do more to ease the pressure in the spirit of improved relations between the two countries.

Foreign Minister Bruno Rodriguez made the comments at the launch of an annual campaign for a United Nations resolution condemning the U.S. trade embargo put in place after Cuba's 1959 revolution, but which has softened a little under Obama.

"The blockade imposed by the United States on Cuba persists," Rodriguez told reporters at a news conference. "The blockade is the main cause of the economy's problems and obstacle to development."

Rodriguez said damages from April 2015 through March 2016 amounted to \$4.6 billion and to \$125.9 billion since the embargo's inception.

This year's U.N. General Assembly vote, set for Oct. 26, will be the 25th time Cuba has marshaled international support against the embargo. Cuba usually wins overwhelming support for a resolution which is non-binding.

Since Presidents Obama and Raul Castro stunned the world in December 2014 by announcing they would work to normalize relations, the Cold War foes have opened embassies, restored commercial flights, opened travel options and negotiated agreements on issues affecting the environment, law enforcement, the postal service and communications.

Obama, who visited Cuba earlier this year, has also gradually poked holes in the embargo through executive orders.

Rodriguez said the advances so far were positive but "limited and superficial" in the economic sphere. "President Obama reserves broad executive latitude that he can use up to his last minute in the White House," he said.

More than 100 U.S. business delegations have visited Cuba since 2014 and around 300,000 Americans are expected to arrive this year under looser travel restrictions. U.S. telecommunications companies have signed roaming agreements, a Carnival cruise ship makes regular stops and a Havana hotel is under U.S. management. But many U.S. companies say the embargo makes business nearly impossible.

Obama has insisted he opposes the embargo but can do little more because only the Republican-controlled Congress can lift it. Many experts beg to differ and are urging him to act before leaving office in January.

"There are approximately 12 regulatory changes that the Obama administration can implement today which would have enormous impact upon opportunities for United States companies," John Kavulich, president of the N.Y.-based U.S.-Cuba Trade and Economic Council, said.

## **WLRN**

### **Miami, Florida**

### **5 September 2016**

## **U.S. Airlines Fly High In Cuba, But The Island's Economy Is Badly Grounded**

By Tim Padgett



The JetBlue flight from Fort Lauderdale gets a water-cannon salute as it arrives in Santa Clara, Cuba, last week. Carl Juste / Miami Herald

Listen 4:43

<http://www.cubatrade.org/blog/2016/9/6/wlrn-npr-miami-us-airlines-fly-high-in-cuba-but-the-islands-economy-is-badly-grounded>

Excerpts...

There was a lot of celebration – and not a little hype – last week when JetBlue took the first U.S. commercial flight into Cuba in more than 50 years.

It was another big step in the normalization of U.S.-Cuba relations. But beneath all the airborne cheering is the grim reality that Cuba's economic wings have been all but clipped.

Thanks largely to the collapse of its oil-rich ally Venezuela, Cuba's economy is in big trouble – forecast to grow just 1 percent this year if at all.

And if you think Cuba's distress means it will open up to more free-market reforms, think again. It could mean instead that its socialist leadership will dig in its heels.

Few know that better than John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. Kavulich has been watching Cuba for more than a quarter century, and he sat down with WLRN to discuss Cuba's crisis – and how it's affecting the new U.S.-Cuba relationship.

**The Cuban government has had to cut the island's fuel consumption by a third. You've been to Cuba this year; you're going back this month – how badly is the economy getting hit?**

Not to the extent of the so-called “special period” of the 1990s, when Cuba lost all its aid from the former Soviet Union. But the issues with Venezuela are irreversible. Venezuela's economy has imploded; providing discounted oil to Cuba is simply no longer sustainable for the Venezuelan government. And further, export markets for Cuban services of people – doctors and others – now they're having issues. So a billion-plus dollars of revenue the Cuba government depended on from the export of services is now in jeopardy. For the Cuban citizenry, workdays are getting shorter; ground transportation less frequent; initiatives the government said they were going to push through that help individuals wanting businesses – that is impacted too. Maybe most important: Cuba publicly has said they are having trouble paying their bills.

**Why is that so important?**

For the Cuban government there's a worse dynamic now, because the U.S. is no longer a bystanding actor. It is an active actor. We are invading Cuba again, with dollars this time instead of bullets.

Generally, they're not transparent about that. So we have a sort of truth serum, which is I think good for the Cubans.

**Would things be even worse if President Raúl Castro hadn't introduced at least limited free-enterprise reforms so that half a million Cubans could now run their own businesses?**

Yes, it would certainly have been harder now if he hadn't.

**So Cuba's leaders ought to reason that the best way out of their troubles now is more free enterprise, right?**

Yeah. But that's not how the Cuban government operates. When they feel threatened, they're generally going to retrench even more. And for them there's a worse dynamic now, because the United States is no longer a bystanding actor. It is now an active actor. We are doing everything possible to resurrect a middle class in Cuba that the Cuban Revolution sought to extinguish.

President Obama's initiatives for the last 600-plus days – the five rounds of regulatory changes – put into Cuba more than a billion dollars. And remittances have gone up as well, from people of Cuban descent in

South Florida and northern New Jersey. So the Cuban government's situation has been made less worse because of what President Obama has done – but at the same time, they know what President Obama is trying to do.

Which is: Use visitors as an army; commercial airplanes as an air force; cruise ship lines as they navy, and businesses as the marines. We are invading Cuba again. But this time, instead of using bullets we're using dollars.

## **ASPIRATION VS. REALITY**

**Is this soft invasion perhaps more alarming to the Cuban leadership than a hard invasion like the Bay of Pigs?**

Oh, absolutely. Because the more money that's in the system that they didn't create, the more it shows that their system doesn't work.

**But didn't Raúl Castro and the Cuban leadership *know* this would be the case?**

Yes, but they also thought they could *control* it. So, because of President Obama's initiatives, U.S. companies can now export almost anything to an independently operated Cuban business. But instead of opening things up, the Cuban government has said no to that. You've had a thousand U.S. business people going down there in the last 600 days – and they've come back with nothing. And we continue this year to have a 27 percent decline in food and agricultural exports from the U.S. to Cuba.

**So why do U.S. companies keep wanting in to Cuba?**

There's a lot of aspiration chasing very little reality. It's like trying to get into a club. They don't necessarily know what's in the club, but they don't want to be on the other side of that rope. What they see is what they *want* to see – not necessarily what's there.

# **The Hill**

## **Washington, DC**

### **3 September 2016**

## **Air travel to Cuba divides Congress**



Getty

By Melanie Zanona

Commercial flights to Cuba resumed for the first time in 50 years this week, but don't expect a flood of legislative changes to follow.

Proponents of further loosening travel restrictions on Cuba had hoped that the resumption of air service with the country would give them new momentum.

In the Senate, appropriators have already approved an amendment that would lift the tourism ban with Cuba, while similar legislation has garnered over 50 cosponsors.

But over in the House, advocates still face fierce opposition from the majority on the Homeland Security Committee, which is pushing a bill that would ground flights to Cuba until a thorough airport security review is conducted.

“Despite continued concerns about the safety and security of Cuba's airports, the Administration rushed resuming regularly scheduled commercial flights to Cuba — again putting security concerns far behind the President’s legacy building effort,” Rep. Michael McCaul (R-Texas), the chairman of the House Homeland Security Committee, told The Hill in a statement.

“Once Congress is back in session, I plan to move legislation through my Homeland Security Committee to force DHS and GAO to both identify and close any and all of the major security gaps that currently exist.”

Critics of travel to Cuba say they don’t plan to back down just because flights to the island are underway. The stalemate is unlikely to yield any legislative changes this year on travel to Cuba, an issue that has divided lawmakers for more than five decades.

“Does [resuming air service with Cuba] potentially increase the conversation? Yes,” said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, Inc. “But does it change the outcome? No.”

The Obama administration announced a historic agreement earlier this year to re-establish scheduled air service between the U.S. and Cuba.

The first U.S. flight touched down in Santa Clara, Cuba, on Wednesday morning. The arrival was widely seen as a milestone in President Obama’s push to normalize diplomatic relations with the former Cold War rival. But American tourism on the island is still prohibited and can only be approved by Congress.

The new flight routes will only open up travel for family visits, official U.S. government business, foreign governments, journalistic activity, professional research, educational activities, religious activities, public performances, humanitarian projects and certain authorized export transactions.

James Williams, president of Engage Cuba, believes it’s only a matter of time before the travel ban is fully lifted. “I think it will add more momentum than anything we could have done,” Williams said. “The more Americans are going to Cuba, the more people are seeing and experiencing it, and the more they will see that the travel ban is outdated.”

Perhaps more importantly, Williams expects the airline industry to begin putting lobbying and advocacy muscle behind the issue, now that they have a number of daily commercial flights to Cuba that they want to fill. “After the initial few months of curiosity, I think they’re going to have a hard time sustaining them without the travel ban being lifted,” he said.

There is some evidence that the GOP may be warming to the idea of allowing tourism to Cuba. The Senate Appropriations Committee adopted an amendment by voice vote to the fiscal 2017 spending bill for financial services and general government that would lift the travel ban.

A standalone measure from Sens. Jeff Flake (R-Ariz.) and Jerry Moran (R-Kan.) also would lift the Cuban travel restrictions. It has garnered 51 cosponsors. And companion legislation in the House from Rep. Mark Sanford (R-S.C.) has 130 cosponsors.

“With U.S. airlines now poised to unleash the power of American travelers and their frequent flier miles, the time has come for Congress to eliminate the archaic restrictions on U.S. travel to Cuba,” Flake state in a statement.

But there is still staunch opposition from prominent lawmakers such as Sens. Ted Cruz (R-Texas) and Marco Rubio (R-Fla.), who argue the travel would enrich the Castro government despite its history of human rights abuses.

Meanwhile, a group of House lawmakers say they still don't know whether Cuba's airport security is up to snuff. They want to know whether the island has adequate body scanners, explosive detection systems, technology for detecting fake passports and strong employee vetting process.

They are pushing legislation that would halt Cuba flights until the Transportation Security Administration (TSA) conducts a thorough review of the security measures in place at all of Cuba's 10 airports.

The measure, which is backed by Rep. John Katko (R-N.Y.), chairman of the House Homeland Security Subcommittee on Transportation Security, also would require an agreement that allows TSA agents to inspect Cuban airports, while permitting federal air marshals on flights between the U.S. and Cuba.

The TSA did announce an agreement with Cuba last month that will allow federal air marshals to be on board certain flights to and from Cuba.

But bill sponsors say they are still alarmed because the country's airports only meet international standards, not American ones. They plan to keep pressing on the issue when they return from the August recess.

"The facts remain the same — we still don't know if Cuban airports have the proper screening and explosive detection, if they have the ability to check for fake passports or IDs, and how or if they vet airport workers," bill sponsor Richard Hudson (R-N.C.) said in a statement to The Hill.

Kavulich of the U.S.-Cuba Trade and Economic Council says advocates of Cuban travel should focus on regulatory changes that could be made in the remaining days of the Obama administration, instead of focusing on legislation that is unlikely to pass the Republican-led Congress.

It's been nearly 16 years since the last Cuba-related legislation was signed into law, Kavulich pointed out. Kavulich also said that working to alleviate some of the concerns of opponents — such as ensuring federal air marshals are on planes — can help thread the needle on Cuban air travel.

"You take away a little bit of the fangs," he said. "You don't solve the problem, but you lesson [the argument's] viability."

## **Bloomberg**

### **Washington, DC**

#### **31 August 2016**

### **JetBlue Flight to Cuba Wednesday to End Half-Century U.S. Ban**

Ezra Fieser

#### **Flight 387 from Florida scheduled to land in Santa Clara Despite embargo, nearly 23,000 from US visited island in June**

For the first time in more than half a century, a scheduled, commercial flight from the U.S. is due to land in Cuba Wednesday morning. Cuban officials hope it will be the first of many, helping turn the flow of U.S. tourists to the Communist island into a flood.

JetBlue flight 387 from Fort Lauderdale, Florida, is due to touch down in Santa Clara at 10:57 a.m., the first of dozens of daily and weekly flights that carriers from Frontier Airlines to Sun Country plan to offer between U.S. cities and 10 Cuban destinations. Passengers on today's flight will include U.S. Secretary of Transportation Anthony Foxx, according to Cuban officials.

Since announcing a thawing of relations with Cuba in December 2014, President Barack Obama's administration has made it easier for citizens to travel to the island, easing a five decade-old economic embargo. The number of U.S. visitors leaped 61 percent in June from a year earlier, to 22,696, according

to the Cuban government. The start of scheduled flights should boost visitor numbers still further, said John Kavulich, president of U.S.-Cuba Trade and Economic Council Inc., a non-profit organization that gathers and analyzes data about Cuba.

“It shifts Cuba from being a destination to avoid to a destination to consider in the mind of the traveler,” Kavulich said by phone from New York. “It removes a barrier because now someone can go online and book a ticket, they can use frequent flier miles, they can fly first class if they want.”

Other airlines will begin scheduled services this fall or winter after receiving approval from the Cuban government, said Caitlin Harvey, a spokeswoman for the Department of Transportation. Previously, U.S. tourists wanting to visit the island had to use charter flights or travel through other countries.

Airlines are unlikely to fill the more than 1.4 million seats on flights they’re planning to fly to the island every year, at least while the embargo, which only Congress can repeal, remains in place, Kavulich said.

Consumers remain confused about who is allowed to travel and under what conditions, said Lee Abbamonte, a travel blogger who was scheduled to be on the JetBlue flight Wednesday, but changed his plans.

“People just keep hearing about Cuba opening to Americans, but few actually know anything about going,” he said in an e-mail. “And many will stay away because of the confusion.”

# The New York Times

## New York, New York

### 31 September 2016

## Passenger Jet Service From U.S. to Cuba Starts Wednesday

By FRANCES ROBLES AUG



La playa Santa María en La Habana, Cuba Credit Lisette Poole para The New York Times

MIAMI — The first scheduled passenger jet service in history from the United States to Cuba will take off Wednesday morning from Fort Lauderdale, another important step toward normalized relations between two former Cold War foes.

It has been so long since an airline in the United States flew a regularly scheduled flight to the island that the last time it happened, the passengers flew on a propeller plane, said Marty St. George, the executive vice president of JetBlue.

JetBlue took the time to research this historic aviation fact because on Wednesday morning, it is expected to become the first American airline to fly scheduled service to Cuba in more than 50 years. The 9:45 a.m. flight will land in Santa Clara, about 175 miles east of Havana.

Transportation Secretary Anthony Foxx will be on board.

“We do think it’s an important part of history,” Mr. St. George said. “From a challenge perspective, we know the drill. Cuba has some unique elements because of 50 years of history between the U.S. and Cuba, but we’re ready to go.”

The scheduled air service is the latest in a string of important changes between the nations since President Obama decided nearly two years ago to restore diplomatic relations with Cuba. Embassies were opened, direct mail service was restored and Carnival cruise lines has sailed to Cuba.

Other moves, such as ferry service and the building of an American tractor assembly plant, were authorized by the Obama administration, but stalled by the Cuban government.

“Anyone who suggests that the regulatory and policy changes made by the United States made in the last 664 days are not impressive is being delusional,” said John S. Kavulich, the president of the U.S.-Cuba Trade and Economic Council, who counts the days since relations were restored and what actions have been taken since that date. “There’s absolutely no question that the U.S. government has given far more to Cuba than Cuba has given to the U.S. There’s no debate there.”

Six airlines were approved for flights to nine Cuban cities, but not all of them have announced their schedules, Mr. Kavulich said.

The difference for passengers will be immense. Until now, people flying to Cuba had to book charter flights, which required passengers to arrive at the airport four hours before takeoff. Prices were high, lines were long and flights were often hours late. The document review process was time-consuming, while passengers stood in separate lines to check in, check bags, weigh bags and pay for the checked luggage.

“Up to a year ago, we were doing reservations by fax machines,” said Peter Sanchez, the chief executive of Cuba Tours and Travel.

Now customers who qualify under the 12 authorized categories approved for travel can book directly on an airline’s website.

JetBlue expects to have up to seven daily flights to Cuba, although most of them to cities other than Havana, like Holguín and Camagüey, which begin in the fall.

Silver Airways, a commuter airline, will begin offering three weekly flights to Santa Clara on Thursday, and then will offer flights to Cienfuegos, Santiago de Cuba, Cayo Coco, Varadero, Cayo Largo and Manzanillo later this year. American Airlines begins service on Sept. 7 to Cienfuegos and Holguín, and will expand to three more Cuban cities this year.

Frontier Airlines, Sun Country Airlines and Southwest Airlines were also approved for flights.

The Department of Transportation is expected to announce on Wednesday which airlines will fly to Havana. Although the number of Americans flying to Cuba has been soaring, experts say it is unlikely that the market will be able to bear such an abundance of seats.

“There’s going to be a lot of seats on the market,” said Michael Zuccato of Cuba Travel Services, a charter company whose business will be in peril now that consumers can book directly with airlines. “I do not believe the flights are going to be full.”

## **Comienzan los vuelos regulares entre Estados Unidos y Cuba**

Por Frances Robles



La playa Santa María en La Habana, Cuba Credit Lisette Poole para The New York Times

MIAMI — El primer servicio regular de vuelos comerciales en la historia de Estados Unidos y Cuba empezó el miércoles en la mañana con un vuelo de JetBlue que despegó desde Fort Lauderdale, en Florida, y aterrizó en Santa Clara, a más de 200 kilómetros de La Habana. Este es un paso más en la normalización de las relaciones entre los dos países, antiguos enemigos desde los días de la Guerra Fría.

Ha pasado tanto tiempo desde que una aerolínea estadounidense voló con regularidad a Cuba que la última vez que sucedió, los pasajeros volaban en un avión de hélice, según Marty St. George, vicepresidente ejecutivo de JetBlue, la cual el miércoles, se convirtió en la primera aerolínea estadounidense en viajar comercialmente a Cuba en más 50 años.

El Secretario de Transporte de Estados Unidos, Anthony Foxx, viajó a bordo.

“Creemos que es histórico”, dijo St. George. “Sabemos que existen desafíos, pues Cuba es particular debido a los últimos 50 años de la historia común con Estados Unidos, y estamos preparados para asumirlos”.

La normalización de los vuelos entre ambos países es el último de una serie de cambios que han sucedido en los últimos dos años, tras la decisión del presidente Barack Obama de restaurar las relaciones diplomáticas con Cuba. Al anuncio le siguieron la reapertura de embajadas, el funcionamiento de correo directo y ahora, una línea de cruceros une a ambos países.

Otras iniciativas, como el servicio de ferris o la construcción de una fábrica de ensamblaje de tractores de Estados Unidos en Cuba han sido autorizadas por Obama pero detenidas por el gobierno cubano.

“Cualquiera que sugiera que los cambios regulatorios y políticos decididos por Estados Unidos en los últimos 664 días no son impresionantes es que no tiene ilusión”, dijo John S. Kavulich, presidente del U.S.-Cuba Trade and Economic Council. “No hay dudas de que el gobierno de Estados Unidos ha dado más pasos que el de Cuba. No hay debate”.

Seis aerolíneas han conseguido la aprobación para volar a nueve ciudades cubanas pero algunas todavía no han anunciado sus horarios y rutas, según Kavulich.

La diferencia para los pasajeros será inmensa. Hasta ahora, los viajeros a Cuba tenían que reservar vuelos charter y tenían que llegar al aeropuerto cuatro horas antes del despegue. Los precios solían ser altos, había largas filas y los vuelos se retrasaban de manera habitual. El proceso de revisión de documentos se hacía eterno mientras los pasajeros debían hacer filas diferentes para registrarse en el vuelo, facturar las maletas, pesarlas y pagar por el equipaje.

“Hace un año hacíamos las reservas por fax”, recuerda Peter Sanchez, el director ejecutivo de Cuba Tours and Travel.

Ahora los pasajeros que clasifican en una de las 12 categorías a las que se autoriza el viaje pueden reservar sus vuelos directamente por internet.

JetBlue espera tener siete vuelos diarios a Cuba, aunque no podrán viajar a ciudades distintas a La Habana, como Holguín y Camaguey, hasta el otoño.

Silver Airways, otra aerolínea, comenzará a ofrecer tres vuelos semanales a Santa Clara desde el jueves y después lo hará a Cienfuegos, Santiago de Cuba, Cayo Coco, Varadero, Cayo Largo y Manzanillo. American Airlines comenzará a volar el 7 de septiembre a Cienfuegos y Holguín y ampliará sus rutas a tres ciudades más antes de fin de año.

Frontier Airlines, Sun Country Airlines y Southwest Airlines también cuentan con autorización para volar. Aunque el número de estadounidenses que vuela a La Habana no ha dejado de aumentar, los expertos dicen que no es probable que haya mercado suficiente para tanta oferta.

“Va a haber muchos asientos en el mercado”, dijo Michael Zuccato, de Cuba Travel Services, una empresa de vuelos charter cuya cuota de mercado peligraba ahora que los pasajeros pueden reservar directamente con la aerolínea. “No creo que esas rutas vayan a llenarse”.

# AFRO

## Baltimore, Maryland

### 31 August 2016

Business Delegation Heading to Cuba

by: Lenore T. Adkins Special to the AFRO

Prince George's County, Md. officials and businesses will embark on a 5-day exploratory mission to Cuba in November. The goal is to uncover current and future business opportunities that could emerge if Congress lifts the longstanding embargo against the communist island.



Prince George's County Executive Rushern L. Baker III will lead a delegation on an exploratory mission to Cuba in November. (Courtesy photo)

The inaugural trip, which starts Nov. 15, gives local entrepreneurs and county leaders a chance to meet Cuban officials and lay the groundwork that could lead to business deals later. County officials will also learn about and meet leaders from Cuba's education and art scene for future exchanges and collaborations. The trip will target the following industries: information technology, hospitality, engineering, construction, and medical/life sciences.

County Executive Rushern L. Baker III will lead the delegation of approximately 20 business people and an undetermined number of county officials. The trip costs \$5,850 per person, a hefty price tag that includes round-trip airfare from Baltimore-Washington International Airport to José Martí International Airport in Havana, five nights at the historic Hotel Nacional, meals, security, transportation, entertainment, and more. Entrepreneurs are responsible for their own costs. Meanwhile, sponsorships will cover county employees' expenses, said Lori Valentine, director of communications at the Prince George's County Economic Development Corporation.

They'll spend the first full day getting face time with Havana Mayor Martha Hernandez, representatives of ProCuba, which promotes foreign trade and investment on the island, the Ministry of Commerce and Trade, the Ministry of Foreign Relations, and the Chamber of Commerce of Cuba. Other days will focus on the arts and education, urban planning, and Havana's history. Tour options include visiting the Viñales Tobacco Farm, Old Havana, and the biggest fort in the Americas.

Interestingly, Margaret Pulles Machado, a distant relative of former Cuban President Gerardo Machado, is organizing the county's trip through her company, VamosGlobal.

The trip is part of Baker's long-term plan for international business development that he released this year. Future trade missions will involve Canada, a return trip to China, Mexico, South Africa, and South Korea. The Cuba trip will likely be the first of several to the island.

The mission trip would commence nearly two years after President Barack Obama an ease to relations with Cuba at the end of 2014, following more than 50 years of hostility between the former Cold War enemies. Obama's subsequent Cuba policy eased the decades-old embargo in areas like travel, trade, telecommunications, financial services, and remittances. The overall embargo will remain in place, even after Obama's term, and can only be removed with Congressional action.

Following Obama's historic announcement, business and government-led delegations from across the United States and the world descended on Cuba, seeking deals of their own. Jim Coleman, president and

CEO of Prince George's County Economic Development Corporation, insists the county isn't too late to the game.

"Would it have been nice if we went down there last year? Maybe so, but this is still early in the relationship, very early," Coleman said. "And so the county executive is doing the right thing by getting this trip put together right now, so we don't feel like we're behind one bit. Now if we waited five years, now that's too late."

There have been many trade visits from U.S. groups since the rapprochement, but John Kavulich, president of the U.S.-Cuba Trade and Economic Council, argues most haven't amounted to much, since Cuban officials are not interested in transactions that require them to invest significant amounts of money.

"The vast majority of representatives of U.S. companies who have visited Cuba have not done so because of a specific focus – they've done it for general interest," Kavulich said. "If they were going down for specific transactional opportunities then, based upon what's happened within the last 19 months, most of them wouldn't go."

Javier Torres, president and CEO of The Corporate Group LLC in Prince George's County, knows he can't sell his janitorial products and chemicals in Cuba until the embargo falls. Even so, he's going on the trip to build relationships with Cuban officials to use the island as a hub for Latin America and the Caribbean once it's legal for him to do so. "I want to be positioned so that two, three, four years from now our company is one of the many that will be doing business with the local Cuban government and the local (private sector) businesses in Cuba," he said.

## **Bloomberg**

### **Washington, DC**

**29 August 2016**

#### **New Cuba Flights May Intensify Lobbying to Dissolve Tourism Ban**

*By Stephanie Beasley*

Aug. 29 — U.S. companies lobbying Congress to normalize relations with Cuba say the restoration of daily, scheduled flights Aug. 31 could bring a swift end to the travel ban and eventually another look at lifting the trade embargo, according to a top official at the U.S. Chamber of Commerce.

"The more that people are able to get on those flights and see the changes in Cuba, they'll see how antiquated the ban is," Jodi Bond, vice president of the Americas division at the U.S. Chamber of Commerce, told Bloomberg BNA.

Altogether 10 U.S. airlines—including Delta Air Lines Inc., American Airlines and Southwest Airlines Co.—will begin offering flights to Cuba this fall.

From April to June this year, the Chamber spent more than \$22 million on a slew of bills that included the Freedom to Travel to Cuba Act (H.R. 664/S. 299) (30 DER A-42, 2/13/15) (25 DER A-38, 2/6/15). Airlines for America, which represents all of the major air carriers with the exception of Delta, spent about \$1.9 million total during the second quarter of this year lobbying Congress on air service to Cuba.

#### **Status of Ban**

The Obama administration has taken several steps over the past year to normalize relations with its former Cold War adversary. Over the summer, the Department of Transportation approved scheduled flights between the U.S. and 10 Cuban airports, including Jose Marti International Airport in Havana (See previous story, 07/08/16). JetBlue Airways Corp. plans to begin operating nonstop flights between Fort Lauderdale,

Fla., and Santa Clara, Cuba, on Aug. 31. And American Airlines Group Inc. and Silver Airways Corp. are slated to begin flights in early September.

However, U.S. citizens are still banned from traveling to the island as tourists. Instead they must be authorized under at least one of 12 categories, such as family visits, journalism activity, educational activities and humanitarian projects. The restoration of scheduled flights between the U.S. and Cuba could add to pressure on Congress to lift those travel restrictions, Bond said.



### Increased Lobbying on Cuba

The Chamber increased its lobbying around legislation that would lift the U.S.-Cuba travel ban and trade embargo in 2014—the year that President Barack Obama announced plans to take a series of steps that would ease restrictions on trade and diplomatic relations. The organization spent more than \$21 million total during the fourth quarter of 2014 on a list of trade-related lobbying activities, including the embargo on Cuba, according to the Center for Responsive Politics, which tracks lobbying data. The Chamber has consistently listed legislation that would lift the embargo and travel ban in subsequent filings over the past two years.

Perhaps not surprisingly, the airline industry also intensified its Cuba-related lobbying efforts before the DOT awarded scheduled flight slots to Cuban airports (See previous story, 02/16/16) (See previous story, 02/16/16). For example, American Airlines spent about \$2.3 million total between April and June on a series of lobbying activities that included gaining support for its route applications in Cuba, according to reports collected by the Center for Responsive Politics. That is a big change for the company who did not report lobbying on Cuba-related issues for the same quarter in the previous year. In fact, Cuba was not mentioned in any of the air carriers' lobbying reports for the entirety of 2015.

The efforts paid off. DOT authorized American Airlines to operate flights between Miami and five Cuban cities, though notably not Havana. JetBlue Airways, which scored a Havana slot, spent about \$610,000 lobbying lawmakers on its Cuba route applications during the second quarter of this year. It also did not list Cuba-related policy within its lobbying activities for the previous year.

### Possible Legislative Action This Year

Bond said she expects to see a greater uptick in lobbying this year by companies not only in the travel and tourism industries but also companies in ancillary industries like infrastructure and equipment manufacturing that are hoping to get in on the ground level of efforts to build up Cuba's ports, hotels, roads and other infrastructure, as the island prepares for an influx of American visitors.

Heavy equipment manufacturers such as Caterpillar Inc. are already lobbying to lift the embargo. The company spent more than \$1 million from April to June lobbying lawmakers to lift the travel and trade bans. Engage Cuba, a coalition of businesses that includes Starwood Hotels & Resorts Worldwide Inc. and the National Association of Manufacturers, spent about \$70,000 lobbying on Cuba-related legislation during that same period.

The heightened level of lobbying could result in legislative efforts to lift the U.S.-Cuba travel ban this year and perhaps re-examine the trade embargo in 2017 under a new president and new Congress, Bond said.

Sen. Jeff Flake (R-Ariz.), a sponsor of the Freedom to Travel to Cuba Act, told Bloomberg BNA that there were enough senators who favored the bill to pass it out of the chamber. He is working to get House members “on board.”

As to what might happen next year, Flake noted that Democratic presidential nominee Hillary Clinton had been supportive of the executive actions President Obama had taken to ease relations with Cuba.

“There are steps that the president can take and Obama has taken most of those steps,” he said. “Nobody is going to roll back what he's done.”

### Advocacy Versus Lobbying

There is certainly increased advocacy for normalizing relations with Cuba, but it might not translate to more lobbying or legislative changes, said U.S.-Cuba Trade and Economic Council President John Kavulich. He said many U.S. companies are belatedly recognizing how difficult it is to break into the Cuban market not just because of the embargo but also because of Cuban restrictions on foreign businesses.

Further, he said it was a pipe dream to believe that Congress would take any steps to make it any easier for companies to do business there in the near future.

“Whoever is spouting that narrative is both delusional and on crack,” he said.

President Obama may make additional regulatory changes related to Cuba before he leaves office, but it is highly unlikely that either Senate Majority Leader Mitch McConnell (R-Ky.) or House Speaker Paul Ryan (R-Wis.) will want to touch the issue of lifting the travel ban on Cuba before the end of this year, Kavulich said. And the next administration was likely to have a new list of priorities, he said.

“For President Obama, the status of Cuba is one that he wants to use for the purpose of his legacy,” he said. “Whoever comes after Barack Obama is going to come into the White House with a long list of domestic and international interests and Cuba is not going to be one of them and it shouldn't be.”

### Cuban Concessions Possible Post-Castro

Kavulich said he agrees with those who say the Obama administration made more concessions to the Cuban government than it got in return. If you made a list quantifying what the U.S. gave and what the Cubans gave, the Cuban side is “damn near blank,” he said.

Additional changes in U.S.-Cuba relations will likely require more cooperation from the Cuban government, Kavulich said. That's more likely to happen after Cuban President Raul Castro retires, which he is expected to do in 2018, he added.

Sen. Flake said that one of the steps Cuba will need to take to facilitate normalized trade relations would be to change current labor laws that require foreign companies to hire Cuban government employees. “U.S. companies aren't going to be good with that,” he said.

## Reuters Americas Havana, Republic of Cuba 29 August 2016

### New Cuba tourism seen slow to take off despite U.S. flights



(L to R) Mayda Molina, an official of the Institute of the Cuban Civil Aviation, Eduardo Rodriguez, Cuba's vice-minister of Transport and Alfredo Cordero, President of the Institute of the Cuban Civil Aviation, attend a news conference in Havana, Cuba, August 29, 2016.

REUTERS/Enrique de la Osa

By Marc Frank and Jeffrey Dastin | HAVANA/NEW YORK

An expected explosion in U.S. tourism to Cuba will likely take years to materialize even after U.S. airlines resume commercial flights to the Caribbean island this week for the first time since 1961, industry officials said.

JetBlue Airways Corp (JBLU.O) will pilot its historic flight from Florida to the Cuban city of Santa Clara on Wednesday, the latest step in normalizing relations that earlier this year included a visit by U.S. President Barack Obama and the first U.S. cruise to the island in decades.

The planes may some day be filled with U.S. beach-goers, looking for an economical Caribbean break at resorts favored by Canadians and Europeans on the sandy keys north of Santa Clara.

But for now, U.S. law and constraints on Cuba's tourism infrastructure will act as brakes on increasing demand, experts said.

Congress has yet to lift a trade embargo that prohibits U.S. citizens from visiting Cuba as tourists. The Obama administration has approved 12 categories of exceptions to the ban ranging from cultural, religious and educational travel to business and visiting family.

That means JetBlue's initial flights will mainly carry Cuban-Americans visiting relatives or other U.S. citizens interested in seeing the Che Guevara Mausoleum and other cultural sites.

Eventually, up to 25 flights a day by various carriers will connect the United States and the Cuban provinces, with another 20 to Havana, under an agreement reached by the two Cold War foes as part of a gradual détente begun in December 2014.

Services on Silver Airways and American Airlines Group Inc (AAL.O) from the Miami area to other outlying provinces are the next to start, in September.

While the direct flights could carry more than a million U.S. residents to Cuba annually, according to John Kavulich, head of the New York-based U.S.-Cuba Trade and Economic Council Inc, he and other experts believe that mark will not be reached for several years.

In the beginning, the new routes are expected to absorb customers from the average of 17 charter flights that Cuba's government says have arrived from the United States daily for several years.

"The fares that have come out so far, announced by American and JetBlue, have been super competitive," said Bob Guild, vice president at Marazul Charters Inc. "I don't have any question that it's going to shrink," he said of the charter services. Marazul, one of the largest charter companies operating to Cuba, plans to scale back services to provinces this fall but continue with its Havana flights while commercial airlines await approval, Guild said.

There is already a boom in visits to Cuba from the United States. Some 300,000 Cubans living in the United States now travel home annually. In 2015, the Cuban government reported 161,233 Americans visited, compared to 91,254 in 2014, and arrivals through June nearly doubled over the same period last year, a trend that the dawn of commercial flights can only further.

"The fact that travelers can book flights directly online not only streamlines that process and makes it more affordable, it adds a feeling of legality," said Collin Laverty of Cuban Educational Travel.

But another barrier to increased U.S. travel is that Cuba's hotels, bed and breakfasts, transportation services and amenities are already stretched to the limit, with a record 3.5 million foreign arrivals last year. Higher hotel prices, pegged to the U.S. dollar, might push out some travelers from Europe and Canada, creating more space for Americans, said Emilio Morales, CEO of Miami-based Havana Consulting Group. Private bed and breakfasts would absorb what they could of increased demand, he said.

Over time, airlines are betting travel restrictions will be further relaxed and want to get their foot in the door before Obama leaves office next year.

"While all of the flights are unlikely to operate at capacity, the airlines want to plant their respective flags," Kavulich said.

# The Journal of Commerce

## Newark, New Jersey

### 24 August 2016

## Cuba shipping gains unlikely in the short term



It could be some time before Cuban container cranes, such as these pictured in Havana, start lifting more volumes bound for international markets.

Greg Miller, Special Correspondent

Despite all the hype on Cuba, commercial shipping's opportunities to do business with the island are unlikely to significantly improve until at least February 2018.

U.S. President Barack Obama has since December 2014 used his regulatory powers to ease restrictions on U.S. business ties with Cuba. In the maritime industry, the highest-profile example was permission for Carnival Corporation to offer cruises to Cuba.

However, volume gains for commercial shipping still hinge on the U.S. Congress lifting the embargo on trade with Cuba and repealing the "180-day rule," which prevents ships without a waiver calling at a U.S. port within 180 days of visiting Cuba.

"Since December 2014, the legislative efforts have been almost a waste of time," said U.S.-Cuba Trade & Economic Council President John Kavulich in an interview. "You have a lot of inspiration and a lot of aspiration chasing very little reality."

"When it comes to Cuba, there has been more public relations than actual growth," said Carlos Urriola, senior vice-president of Carrix, the parent of port group SSA International. "Even if things are starting to move forward, it's not going to change tomorrow."

Commentators have focused on the potential for lifting the trade embargo after a new U.S. president is inaugurated and a new Congress convened in January 2017.

However, Kavulich sees that timetable as overly optimistic.

"There will be no legislative changes before President Obama leaves office and after his presidency Cuba is not going to be a priority on the list of issues facing the new president," he said.

"Nor should it be. It shouldn't be high on anyone's agenda, because no one (in the U.S.) needs Cuba. Cuba is not China, where if a company doesn't have China it can put the company in jeopardy. Cuba doesn't have that role."

Any political momentum for ending the U.S. embargo will be focused on a later date: Feb. 24, 2018, according to Kavulich.

“That is the date when (Cuban president) Raul Castro has said he’s going to retire, so members of Congress on both sides of the aisle will look at the process and say, ‘We should hold back on making changes because we want to have something to either use as bait for Raul’s successor or to reward Raul’s successor. Let’s not give everything now to the old guy. Let’s try to enhance the new people,’” he said.

In other words, the closeness of Castro’s retirement date — just 13 months after the U.S. government’s transition — will effectively push back the timetable for transformative change until 2018.

Hopes have been raised within maritime circles that the 180-day rule could be repealed before the trade embargo is lifted. While the U.S. president can exempt shipping companies on a case-by-case basis, abolishing the rule would require an act of Congress.

If the 180-rule were revoked, container lines could use neo-Panamax ships to drop off Asia-sourced transshipment cargo at the PSA-operated terminal in Mariel, Cuba, and then continue on their front-haul voyages to final destinations in the United States.

The challenge facing this lobbying effort is that U.S. business interests would not necessarily benefit. In fact, some could be harmed.

Repealing the 180-day rule would allow no additional U.S. export volumes to Cuba beyond the currently permitted cargo categories. However, Mariel would be enabled to develop a transshipment business to serve Caribbean islands in direct competition with U.S. exporters and U.S.-based liners sailing out of ports in Florida and along the U.S. Gulf Coast.

“For U.S. ports, having Mariel as a receptacle for U.S. exports is great, but having Mariel as a potential competitor is not. That’s where the challenge is,” said Kavulich.

“By opening the 180-day rule, you’re hitting Miami, you’re hitting Port Everglades, you’re hitting Jacksonville — and what would you (the U.S.) get in return?” Carrix’s Urriola said.

Ending the 180-day rule and providing an economic boost to Cuba prior to Castro’s retirement would also go against the grain of America’s long-standing strategy, said Kavulich.

“There is a feeling that we (referring to U.S. government leaders) don’t want to be giving the current Cuban government any more money it can use to perpetuate itself, because the more money it has, the less incentive it has to change,” he said. “We want to make it difficult for them, so they have to make the changes.”

## **iHLS (Israeli Homeland Security)**

**Tel Aviv, Israel**

**24 August 2016**



המינהל האמריקאי לבטיחות בתחבורה הודיע השבוע כי ארה"ב הגיעה להסכם עם קובה אשר על פיו יורשו מאבטחים לעלות על טיסות בין היעדים כיוון שהם מהווים גורם מרכזי בבטיחות הטיסה. הודעת המינהל הגיעה לאור דרישת הוועידה לסחר בין ארה"ב לקובה.

עוד נאמר בהודעה: "מאבטחים על הטיסות הם הקו האחרון של ההגנה נגד הטרור ומהווים חלק מרכזי באסטרטגיית ההתגוננות האמריקאית מפני טרור בתעופה אזרחית. "חבר הקונגרס מייקל מקאול, יו"ר הוועידה לביטחון לאומי הצהיר בהקשר זה: "למרות מה שהסכם מתיר, שהוא צעד חיובי, על אמריקאים להיות מודאגים מהבטיחות במדינה בה סירבו לארח את חברי הקונגרס מהאפשרות שטרוריסטים ישתמשו בקובה כקרח פפיצה בדרך לביצוע פיגוע בארה"ב".

מחוקקים הביעו דאגה hstoday.us המתווה של הנשיא אובמה בעניין טיסות קבועות בין ארה"ב לקובה נתקל בביקורת רבה. על פי מהאפשרות שטרוריסטים ישתמשו בקובה כקרח פפיצה בדרך לביצוע פיגוע בארה"ב".

חבר הקונגרס ג'ון קטקו, יו"ר וועדת המשנה לביטחון פנים בתחבורה הסביר: "המינהל בעצם אומר לנו לסמוך על מדינה שהוסרה מרשימות המדינות תומכות הטרור לפני שנה בלבד".

בחודש יולי, קטקו הציע חקיקה שתאסור על טיסה בין ארה"ב לקובה עד ששדות התעופה יחזיקו ברמת אבטחה אשר תספק את המינהל האמריקאי לבטיחות בתחבורה. שבועות קודם לכן, קטקו ומספר חברי הוועדה לביטחון פנים בראשותו נחסמו על ידי הממשלה הקובנית, בבואם לבצע הערכה של סיכוני הביטחון במקום.

הטיסה הראשונה בין המדינות צפויה להמריא לקראת סוף אוגוסט.

### **In-Flight Security Officers on board US-Cuba Flights**

The Transportation Security Administration (TSA) announced that the United States and Cuba have reached an agreement which will allow federal air marshals on board certain flights to and from Cuba explaining that federal air marshals play a crucial role in aviation security. TSA released a statement on the decision at the request of the US-Cuba Trade and Economic Council.

The statement added: "In-Flight Security Officers (IFSOs) serve as an active last line of defense against terrorism and air piracy, and are an important part of a multi-layer strategy adopted by the US to thwart terrorism in the civil aviation sector."

Commenting on the announcement, Rep. Michael McCaul (R-Texas), Chairman of the House Committee on Homeland Security, warned: "While the agreement to allow federal air marshals on-board flights between the United States and Cuba is a positive step, the American people should have grave concerns about the level of security currently in place at any foreign airport where the host government refused to allow Congress to visit".

President Obama's plan to open regularly scheduled commercial air service to Cuba has been met with significant reservations. According to hstoday.us, lawmakers have expressed concerns that terrorists could use Cuba as a gateway to the United States.

Rep. John Katko (R-NY), who chairs the House Homeland Security Committee's Transportation Security subcommittee: "The Administration is telling us that we should entrust the safety and security of American citizens to the Cuban government. A country that was removed from the state sponsors of terrorism list only one year ago".

In July, Katko introduced legislation to prohibit all scheduled commercial air travel between the United States and Cuba until TSA certifies that Cuban airports have the appropriate security measures in place to keep Americans safe.

Just weeks beforehand, Katko and other members of the House Homeland Security Committee were blocked by the Cuban government from entering the country to assess security risks associated with resuming air travel between the United States and Cuba.

The first of the more than 100 daily roundtrip flights between the two countries is slated to begin at the end of August.

# **Cigar Aficionado**

# New York, New York

## 24 August 2016

### Americans Are Flocking To Cuba, But Is The Island Ready?

By Elena Sheppard



Photo: Age Fotostock/Alamy Stock Photo An aerial view of The Hotel Nacional in Havana.

In May the *MV Adonia*, the first cruise ship to sail across the Florida Straits from Miami to Cuba in more than 50 years, charted an easy path from continent to island and in doing so, set off a far more complicated journey into the unknown future of American tourism in Cuba.

Cuba is only 90 miles from Key West. For decades, this proximity yielded a booming tourist industry on the island, the destination treated by the American elite as something of a nearby exotic playground—a glamorous hub for hedonism just offshore. "Before the [Cuban] Revolution, Cuba was a top destination for Americans looking to indulge in pleasures restricted in the United States," Albert Laguna, an assistant professor in American studies at Yale University, told *Cigar Aficionado*. "Cuba was, in many ways, a canvas for the projection of American fantasies in the 1940s and '50s."

Then in 1959 Fidel Castro and a group of revolutionaries seized power. A few months later, President Dwight D. Eisenhower imposed a near-full trade embargo on Cuba and cut off diplomatic ties, and in February of 1962, President John F. Kennedy levied a complete economic embargo with heavy restrictions on American travel to the island. The music and art, the legendary cigars and rum, the tropical weather, pristine beaches and architectural wonders were sealed tightly behind a door of American restriction.

Those limits stayed largely in place until December 2014, when President Obama announced a policy shift towards normalizing relations between the nations. While officially American tourism remains banned under the trade embargo, his changes expanded the possibilities for visiting Cuba providing 12 categories of legal entry for Americans. With the announcement came an outpouring of American desire to visit the island, most of the rhetoric centralizing around a want to "see Cuba before it changes."

American businesses, like Carnival Cruise Line, which operates the *Adonia*, are capitalizing on this demand. "There is pent-up demand to cruise there," Roger Frizzell, Carnival's chief communications officer, told *Cigar Aficionado*.

From 2014 to 2015, American visitors to the island rose 77 percent. In the first months of 2016, Cuba's Ministerio del Turismo reports that 94,000 U.S. citizens had already visited the island (for comparison, last year's total number of American tourists was 161,000). Cuban officials expect these numbers to grow.

"Ten years from now, Cuba will be among the most popular destinations in the world," said Peter Sanchez, founder and chief executive officer of Cuba Tours and Travel. "Cuba has everything, from thousands of miles of pristine beaches, hundreds of islands in untouched archipelagos surrounded by protected coral reefs, mountains, rivers, rain forests and many beautiful, historic, cosmopolitan cities with deep culture roots and contemporary entertainment and culinary scenes. You can't see Cuba in one trip. It is too big and there is just too much to see and do. Tourism in Cuba 10 years from now will be going strong and it will be all over the island—not just the western region."



Photo: AP Photo/Desmond Boylan

*A tour guide speaks to a group of travelers in Havana.*

Experts and insiders are expressing concern that the island is nowhere near ready to keep pace with the surging influx of visitors, a number which will only grow with the introduction of regular flights and ferries from the U.S.—a change anticipated to go into effect this year.

Travel writer and Cuba expert Claire Boobbyer tells *Cigar Aficionado* that this year's expected increase in flights from the U.S. to Havana will put a heavy weight on Cuba's already overstretched infrastructure. "The rise in visitor numbers in general (not just American visitors) has seen hotels booked solid, bed and breakfasts booked out, private restaurants oversubscribed, and car hire prices soar." In addition to infrastructure issues, she also pointed to concerns of cultural impact. "Parts of Cuba are beginning to look like a theme park—I am thinking of tiny colonial Trinidad, which is currently overwhelmed by visitors." Boobbyer was also quick to add that the widespread concerns of cultural erosion by Americans are patronizing and misled, "France is one of the world's most visited countries yet no one talks about French culture suffering under the weight of visitors."

Though the island is trying to keep pace with the changes, the roughly 63,000 hotel rooms (many of them run by the state) are not enough to accommodate the growing number of tourists, and tour companies often recommend booking and planning months in advance. Many of the rooms are also now being reserved in bulk by high-end American tour groups able to snatch up a large number of accommodations, which leaves less rooms for individual travelers. Boobbyer said she's seen tourists in the popular town of Viñales have to sleep in the church plaza due to the lack of rooms. In Viñales, it is also reported that cabbies charge \$10 per night for tourists to sleep in the backseat of their cars.

Still, Cuba is expecting to use tourism—and American tourism at that—as an economic pillar. Gaviota, the state-run tourism company, has plans to add 50,000 hotel rooms by 2020, with Havana as the top priority. Meanwhile American businesses, such as Starwood Hotel and Resorts and Airbnb, are also stepping in to try and close the gaps between supply and demand. Starwood is in the process of opening three hotels in Havana, and just recently opened the Four Points Havana; the first American hotel on the island since the revolution.

The American-founded online rental home marketplace Airbnb is also capitalizing on the Cuba opportunity. Since their launch on the island in 2015, they have accrued 5,000 listings across 40 different cities. "This is faster than in any other market in company history," the company's regional director for Latin America, Jordi Torres, told *Cigar Aficionado*. Additionally, the financial opportunities for Cubans listing properties on Airbnb are astronomical. Where the average monthly income on the island is around \$26, those listing properties on the website are often able to earn \$25 per day.

Rooms are not the only necessity in high demand and low supply, experts are also concerned about the ability of privately owned restaurants (called *paladares*) to have enough food, water and gas to accommodate the flood of American tourists. WiFi is also infamously hard to find on the island.

For Cubans, the American tourist is also a new profile of visitor. "U.S. travelers aren't used to hearing 'no' or getting less than high-level service if they are paying for it," said Sanchez. "This is a new profile of tourist in Cuba, but Cubans have a remarkable way of evolving quickly and rising to the occasion. They aren't ready now, but it isn't to say that they aren't moving in that direction."



Photo: Joe Raedle/Getty Images

*Miami-bound passengers have their tickets checked as they prepare to board a charter plane at José Martí International Airport in Havana, Cuba.*

As for the island's airports, they are also underprepared for the surge in flights heading their way. It is not unusual to spend hours in the airport after landing at Havana's José Martí International Airport, due to a lack of necessary equipment like stairs and luggage conveyors.

The strain on resources is particularly acute in Havana and will continue to be so. While Cuba has channeled resources into building beach resorts popular amongst Europeans, the island's cities have received less touristic preparation. This becomes a problem for American tourists who are still prohibited from vacation-style visits—like beach holidays—to the island. "There's an overwhelming focus on building thousands of rooms on Cuba's stunning beaches," Boobbyer said. "It's as if the government is slow to recognize the cultural and natural value of anything in the interior." Experts say it will be years before Havana is able to adequately absorb the influx of people.

The American rush to Cuba seems to be a desire to see Cuba before Americans rush to see Cuba. "For many, [the] narrative of Cuba remains appealing," said Laguna. "Think of the success of the Buena Vista Social Club in the 1990s playing old Cuban standards. You couldn't get coffee at Starbucks without hearing them. Walk into any Cuban restaurant in your local town and the décor will likely reflect this fantasy of pre-revolutionary Cuba: plenty of sepia prints of smoldering Cuban cigars and the Tropicana Club. Seeing that fantasy Cuba today is certainly part of the draw and informs the idea of a place 'frozen in time.' "

The concern amongst American travelers is largely that these sepia-hued mojitos on the Malecón and classic Chevrolets trundling through the old city streets will dissipate with a growth in the island's economy as influenced by the U.S. "It is common to hear people say that they 'want to see Cuba before it changes'—before Starbucks and McDonald's appear on every corner," Laguna said. "This captures a certain degree of American arrogance. The Cuban government has done business with privately owned business all over the world. Tourists from Canada and Europe have been streaming into the island for decades. To think that things are going to change so rapidly overestimates American influence and underestimates the Cuban government's tight control over the terms of foreign investment."

In a harkening back to pre-Revolution Cuba, one American group finding its way easily to the island is the rich and famous. Beyoncé and Jay Z have visited, as did the Kardashians, and recently Chanel hosted a fashion show on Havana's iconic Paseo del Prado boulevard. All of these visits were, at least photographically, defined by the nostalgia-infused dream version of Havana, a version of Havana that John Kavulich, president of the US-Cuba Trade and Economic Council, calls an "amusement park of decay."

There is a vast amount of work to be done, both in terms of infrastructure and political policy, to take Cuba and America into the next phase of their relationship. While American visitors expect both a certain set of standards and nostalgia, Cuba must work overtime to meet those needs. They need to "import more hire cars, establish more coach service routes, train better guides, and build more hotels and convert old buildings for accommodation in cities and rural environments," Boobbyer told *Cigar Aficionado*.

There is also the reality that as the novelty of access to the island wears off, Cuba will become a tourist destination for different reasons. "The Cubans have always said that they are at the center of the universe," Boobbyer said. "I actually think that the increased visitor numbers will strengthen that position. Cubans can now demonstrate—on their doorstep—what they have always known: that their music, their art, their dance,

their literature, their architectural beauty, their seas and lush landscapes, and their human beauty and character is world class."

"My guess is that people will be increasingly attracted to Cuba for ecotourism and Havana's buzzing art and culture scene," Laguna says. "There is much more to Cuba than '57 Chevys and men in linen shirts singing love songs."

# Tampa Bay Times

St. Petersburg, Florida

13 August 2016

## Cuban agency may include Tampa in planned visit to U.S. ports

Paul Guzzo, Times Staff Writer

As their two nations build new relations, the people who run the ports in Cuba are making plans to visit the operators of U.S. ports on the Gulf of Mexico during the next few months.

Tampa, which traded in tobacco and cattle with Cuba before the United States imposed an embargo five decades ago, is home to one of the ports recently contacted by Cuba's port authority.

"Port Tampa Bay is Cuba ready, and would welcome meeting with the representatives of the Cuban National Port Authority should they come to the U.S. to tour Gulf ports," Edward Miyagishima, the Tampa port's vice president of communications, said via email.

The trip is being arranged with the help of Engage Cuba, a Washington, D.C., coalition of private businesses working to lift the embargo on Cuba. No dates have been set but the visit is expected before the end of the year, said Engage Cuba president James Williams.

The tour is designed to help develop relationships with U.S. ports. "We are certainly hopeful that the trip happens and are optimistic it will," Williams said.

At least two other sites along the gulf, the Port of New Orleans and Alabama State Port Authority, said they also have been contacted by Cuba about a visit. Both these ports already ship limited supplies of agricultural products to Cuba.

Meantime, a delegation of maritime industry leaders in Tampa will visit Cuba in October through Tucker Hall, an international public relations agency in Tampa that has supported business and humanitarian missions in Cuba since 1999.

The trip is a private initiative separate from Port Tampa Bay but some port tenants will join the delegation, said Bill Carlson, president of Tucker Hall.

They are scheduled to meet with the Cuban Foreign Ministry and with leaders in the fields of environmental protection and deep water oil drilling and to learn about the future of the cruise line industry in Havana.

They might also visit the Port of Mariel, an industrial center encompassing some 180 square miles west of Havana that features factories, storage for trade, and a marine terminal with an initial annual capacity of about 1 million containers.

Some see the Port of Mariel as ideally positioned to capitalize on recent expansions to the Panama Canal that will accommodate ships with greater capacity. They see the Cuba port as a trans-shipment hub for gulf ports in the United States.

"Cuba is the most important economic development opportunity Tampa Bay will experience in our lifetimes," Carlson said. "There will be billions of dollars in foreign investment in Cuba. That trade should be going through Port Tampa Bay."

Still, few see any immediate economic payoff in establishing a relationship with Cuba's port leaders. The Port of Mariel needs time and U.S. laws need to change before the two nations become major trading partners.

One U.S. law prohibits a container ship that has entered Cuban waters from entering an American port for 180 days unless it is granted an exemption from the U.S. Treasury Department.

And while Cuba and the U.S. re-established diplomatic relations more than a year ago, the two have yet to become major trading partners. U.S. businesses can import products from Cuba if they originate from the growing private sector there.

Still, no major commercial transactions have been reported, according to the U.S.-Cuba Trade and Economic Council, a New York-based organization that tracks business transactions between the nations.

Through the first six months of 2016, \$99.9 million in American agricultural products have been sold to Cuba. In all of 2009, the number was \$710 million, the council said. It has been legal for Americans to sell agricultural and food products to Cuba since 2000.

Conversely, Cuba's private sector has yet to make bulk buys of any of the items President Barack Obama added to the list of authorized U.S. exports, such as building materials, construction supplies, restaurant equipment, and farm equipment.

Regardless, Carlson said, if local leaders want to see container ships, cruises and ferries sailing to and from Cuba in the future, the time to forge a relationship with the island's people and government is now. "We have to move quickly," he said, "and be aggressive to compete with other cities and states."

# **Yahoo News**

## **Sunnyvale, California**

### **12 August 2016**

## **Obama's Last 100 Days: Cuba and Castros edition**

Olivier Knox  
Chief Washington Correspondent



Cuban President Raúl Castro and President Obama at the conclusion of their joint news conference at the Palace of the Revolution in Havana, March 2016. (Photo: Ramon Espinosa/AP)

*Ever since the administration of President Franklin Delano Roosevelt, presidents have been judged on the successes they notch during their first 100 days. Now, as Barack Obama prepares to end his star turn on the political stage, Yahoo News is launching *The Last 100 Days*, a look at what Obama achieved during his consequential presidency, how he navigates the struggles of his final months in office and*

*what lies ahead for him after eight years filled with firsts. And we will look at how country bids farewell to its first African-American president.*

*It won't all be about policy. As Obama himself is fond of noting, he also spent his two terms as father to daughters Malia and Sasha and husband to first lady Michelle Obama. And even without much input from the White House, the cultural landscape shifted dramatically over his two terms on issues such as gay rights.*

*And then there's the way the president sees the presidency — not just his own tumultuous years at 1600 Pennsylvania Avenue but also the institution and its relationships (for better or worse) with other branches of government and the news media.*

*In this second installment of our series, we look at Obama's historic outreach to Cuba.*

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President Obama will make a fresh push in his final months in office to invigorate his historic opening to Cuba, using executive power to promote commercial and cultural exchanges; pushing Congress to act on easing travel restrictions; prodding the Castro regime to make good on pledges of reforms; and probably taking the potentially risky step of nominating an ambassador to Havana, senior officials say. Obama will encourage private sector investment in U.S.-Cuban relations, as well as interest from American nonprofits in projects on the island — one example being efforts by Catholic groups in the States to preserve symbols of Cuba's Catholic heritage. And he will encourage developments already in the works, such as the inauguration of direct flights from U.S. airports to Cuba, expected to begin in late August or early September.

The goal is to make the process of eliminating the last vestiges of the Cold War in the Western Hemisphere “irreversible,” aides say. The president will renew his call for Congress to lift the decades-old U.S. embargo on Cuba, though he does not expect lawmakers to act before he leaves office in late January.

Obama announced a new era in U.S.-Cuba relations on Dec. 17, 2014. On Aug. 14, 2015, Secretary of State John Kerry reopened the U.S. Embassy in Havana, more than five decades after Washington broke off relations in the aftermath of the revolution that swept Fidel Castro to power.



Secretary of State John Kerry and other dignitaries watch as U.S. Marines raise the U.S. flag over the newly reopened U.S. Embassy in Havana, Aug. 14, 2015. (Photo: Pablo Martinez Monsivais, Pool/AP)

But one year after Kerry watched the Stars and Stripes rise over the outpost in the Cuban capital, the president has yet to nominate an ambassador, an important symbolic step. For months, aides have privately debated whether the downsides of doing so outweigh the upsides: Congressional opponents of Obama's policy would seize the opportunity to use confirmation hearings as a stage from which to denounce any thaw with Havana, and then block the nominee. The career diplomat currently in charge at the embassy, Chargé d'Affaires Jeffrey DeLaurentis, has done a stellar job, administration officials say. Passing him over would be a poor reward, but so would exposing him to what is sure to be partisan vitriol with feeble prospects for confirmation. Obama aides were bearish on a nomination because it's one of the easiest things for just one senator — a Ted Cruz or a Marco Rubio, for example — to block.

But now, a top administration official told Yahoo News, Obama is leaning toward making a nomination. “I think it's likely that we'll have an ambassador to announce,” a senior administration official told Yahoo News on Thursday, before adding, “I don't think we'd be optimistic about the confirmation process.”

It's not clear who Obama would pick if he chooses this course. Names floating around Washington have included DeLaurentis or even Carlos Gutierrez, who served as commerce secretary under President

George W. Bush and has converted from anti-Castro hard-liner to supporter of the current president's policy.

While confirmation is thought to be a lost cause this year, administration officials note that Obama's policy is broadly popular, and say that a Republican refusal to confirm a respected career diplomat like DeLaurentis, or one of their own like Gutierrez, would only hurt the GOP.

An ambassadorial nomination would likely be the highest-profile development on Cuba policy between now and Jan. 20, when Obama leaves office. The White House isn't seriously looking at inviting Cuban President Raúl Castro, according to one senior administration official. "We have not had discussions about that. Nor have they raised it with us," the official said.

But aides are looking at smaller but still significant victories that they hope will edge the policy forward. Some of the new steps would be in the form of executive actions.

"I think we have one more round of regulatory changes in the pipeline," likely coming in the fall, the official said.

Like a previous round of changes, they would probably involve interpreting existing statutes to make it easier for Americans to visit Cuba despite a formal U.S. ban on tourism, and to pave the way for greater commercial ties. "We are looking at what is permissible under the law," the official said.



A Cuban fan of President Obama sits near the U.S. Embassy in Havana, Aug. 14, 2015.  
(Photo: Alexandre Meneghini/Reuters)

The administration will also try to publicize changes already made, such as loosening limits on some dollar-denominated transactions in Cuba. Officials believe that more U.S. banks could take advantage of these rules, for example, to make it easier to use credit cards on the island.

"People just don't understand" some of the new policies, the official said.

Government agencies have sometimes hindered more than helped. After significant badgering by the U.S.-Cuba Trade and Economic Council, which favors closer ties, the Transportation Security Administration finally confirmed to the group on Aug. 9 that U.S. air marshals would be on board some flights to and from Cuba. But the agency did not post the news on its website or its Twitter account. And repeated efforts by Yahoo News to obtain the statement from the TSA public affairs staff were unsuccessful.

On the legislative front, administration officials say they will keep pushing Congress to lift the ban on Americans traveling to Cuba as tourists, and to enhance credits that permit Havana to buy U.S. agricultural goods. The Senate Appropriations Committee has approved measures reflecting both priorities, but it's unclear whether the House will follow suit.

"We plan to test how far we can get on these legislative efforts," the senior official said.

Obama has no plans for a return trip to Cuba, but senior officials like Kerry will travel there to press the case for Havana to make more progress on embracing free-market reforms and respecting human rights. When it comes to advancing the policy and pushing for change in Cuba, the official said, "we have to finish strong."

## Consumer Affairs

# Lake Tahoe, Nevada

12 August 2016

## Air marshals will be on many Cuban flights At issue is the security being provided by Cuban airports

**By James R. Hood**

ConsumerAffairs' founder and former editor, Jim Hood formerly headed Associated Press Broadcast News, directing coverage of major news events worldwide. He also served as Senior Vice President of United Press International and was the founder and editor of Zapnews, a newswire service for radio and television.



Marti Airport, Havana (Photo via Wikipedia)

There has been a lot of hoopla about the resumption of commercial airline flights between the U.S. and Cuba. But behind the scenes, there's also been a lot of friction over the level of security Cuba's airports will be providing for U.S.-bound flights.

As a partial solution to those concerns, the Transportation Security Administration will put air marshals on board many of the first flights, the TSA announced.

“In the spirit of enhancing the security of international civil aviation, the United States and The Republic of Cuba entered into an aviation security agreement that sets forth the legal framework for the deployment of U.S. in-flight security officers — more commonly known as federal air marshals — on board certain flights to and from Cuba,” the TSA said in a statement to the U.S.-Cuba Trade and Economic Council. “For security reasons, we will not divulge which flights air marshals will be aboard.”

Just a stopgap

But, flowery language aside, Rep. Michael McCaul (R-Texas), chairman of the House Homeland Security Committee, says the air marshals are just a stopgap.

“While the agreement to allow Federal Air Marshals on-board flights between the United States and Cuba is a positive step, the American people should have grave concerns about the level of security currently in place at any foreign airport where the host government refused to allow Congress to visit,” McCaul said in a prepared statement.

McCaul says the addition of air marshals doesn't change the fact that the Cuban government has, at least so far, refused to let U.S. lawmakers visit the country to size up its airport security. The Cuban government refused to approve visas for McCaul and other lawmakers who had planned a visit to the island nation in June.

Cuba was once a popular destination for hijackers, but the issue that concerns McCaul and others is the reverse of that -- terrorists using Cuba as a point of embarkation into the U.S.

International airports must meet TSA requirements for screening passengers, checking luggage, forwarding passenger lists, and taking other steps to ensure that U.S.-bound flights aren't importing trouble.

Congressmen blocked

Three congressmen -- Reps. John Katko (R-N.Y.), Richard Hudson (R-N.C.), and Henry Cuellar (D-N.Y.) -- introduced a bill last month to block flights between the U.S. and Cuba, but it has gone nowhere so far. They were among the congressmen blocked from visiting Cuba in July.

“I still have serious concerns about the capabilities of Cuba’s airport screening equipment and procedures, how Cuban airport workers are vetted, and whether or not Federal Air Marshals will even be able to fly missions on American planes to and from Cuba,” Katko said in a statement issued prior to the agreement to allow air marshals on the flights.

Katko said in May that Cuba had a long way to go to meet U.S. security requirements.

“Cuba possesses no explosive trace detection equipment, only two body scanners, and poorly trained K9 units. What’s more, flights to and from Cuba have historically been attractive targets for terrorists and hijackers,” he said.

Flights to Cuba are scheduled to resume on Aug. 31 when JetBlue begins regularly scheduled service between Fort Lauderdale-Hollywood International Airport to Santa Clara, Cuba.

# Homeland Security Today

Dayton, Ohio

11 August 2016

## US to Deploy Federal Air Marshals on Cuba Flights

By: Amanda Vicinanza, Online Managing Editor

The Transportation Security Administration (TSA) announced this week that the United States and Cuba have reached an agreement which will allow federal air marshals on board certain flights to and from Cuba. TSA released a statement on the decision at the request of the US-Cuba Trade and Economic Council.

TSA explained that In-Flight Security Officers (IFSOs), also known as federal air marshals, play a crucial role in aviation security. The agency plans to continue to work with Cuba to expand the presence of IFSOs on flights to and from Cuba.

“This agreement will strengthen both parties’ aviation security efforts by furnishing a security presence on board certain passenger flights between the United States and The Republic of Cuba,” TSA said in the statement, adding, “IFSOs serve as an active last line of defense against terrorism and air piracy, and are an important part of a multi-layer strategy adopted by the US to thwart terrorism in the civil aviation sector.”

Commenting on the announcement, Rep. Michael McCaul (R-Texas), Chairman of the House Committee on Homeland Security, warned that despite the presence of federal air marshals on flights between the two countries, Americans traveling to Cuba remain at risk.

“While the agreement to allow federal air marshals on-board flights between the United States and Cuba is a positive step, the American people should have grave concerns about the level of security currently in place at any foreign airport where the host government refused to allow Congress to visit,” McCaul said.

President Obama’s plan to open regularly scheduled commercial air service to Cuba has been met with significant reservations. As *Homeland Security Today* previously reported, lawmakers have expressed concerns that terrorists could use Cuba as a gateway to the United States.

“The Administration is telling us that we should entrust the safety and security of American citizens to the Cuban government,” Rep. John Katko (R-NY), who chairs the House Homeland Security Committee’s Transportation Security subcommittee, said in a May 2016 statement. “A country that was just removed from the state sponsors of terrorism list one year ago on May 29. A country whose leaders have repeatedly derided the values and principles for which our great nation stands.”

In July, Katko introduced legislation to prohibit all scheduled commercial air travel between the United States and Cuba until TSA certifies that Cuban airports have the appropriate security measures in place to keep Americans safe.

Just weeks beforehand, Katko and other members of the House Homeland Security Committee were blocked by the Cuban government from entering the country to assess security risks associated with resuming air travel between the United States and Cuba.

The first of the more than 100 daily roundtrip flights between the two countries is slated to begin at the end of this month.

## **Politico**

### **Washington, DC**

#### **11 August 2016**

**AIR MARSHALS NOT ENOUGH FOR CUBA FLIGHTS?** House Homeland Security Chairman Mike McCaul says the TSA's move this week to put air marshals on flights to and from Cuba is a "positive step." But he contends that the added security doesn't change the fact that the Cuban government won't let U.S. lawmakers visit to size up the country's airport procedures. "The American people should have grave concerns about the level of security currently in place at any foreign airport where the host government refused to allow Congress to visit," the chairman said in a written statement this week.

**A long story:** TSA sent a statement to the U.S.-Cuba Trade and Economic Council on Tuesday saying that the agency struck an agreement with Cuba that "sets forth the legal framework" for putting air marshals on flights between the two countries. That announcement came after McCaul and several other lawmakers were unable to travel to the island nation in June because the Cuban government did not approve their visas for the trip to assess aviation security.

## **The Miami Herald**

### **Miami, Florida**

#### **11 August 2016**

### **How a GOP hardliner on Cuba changed sides and what it cost him**



Former U.S. Secretary of Commerce Carlos Gutierrez gives a speech during the opening session of the first China Conference of Quality at the Great Hall of the People in Beijing, China on Sept. 15, 2014. Feng Li AP

By James Rosen  
WASHINGTON

On a steamy summer day one year ago, standing on a dusty Havana back-road, Carlos Gutierrez was somehow able to find the childhood home he'd last seen more than a half century earlier, before he and his family fled Fidel Castro's communist revolution.

It's a blood bank now, but he walked down the street, rounded a curve and recognized it right away: No. 26, a simple one-story house.

More remarkable still was Gutierrez's presence there at all, helping to lead a high-level American delegation to mark the reopening of the U.S. Embassy in Havana.

For Gutierrez, the most fascinating journey of all has been an internal one, an intellectual and emotional excursion that has carried him from his role as an anti-Castro hardliner in Republican George W. Bush's Cabinet to his new role as a champion of American business investment in his homeland.

Gutierrez gives numerous reasons for his policy shift, ranging from having left Miami as a child to his family's time in Mexico and his later work in China.

By themselves, none of those things had been enough to change his mind. But they culminated in a long talk with President Barack Obama that he found persuasive.

Obama's talk was like the last drop in a chemistry experiment that makes a liquid solution turn solid in an instant: Each drop that came before it contributed to the change, but only the last one made it happen. "That sort of opened the door," Gutierrez told McClatchy. "It forced me to think even more realistically."

Some one-time friends of the former commerce secretary don't buy his evolutionary depiction of the shift. They see a financial motive tied to his position as co-director of the Albright Stonebridge Group, a high-powered Washington consulting firm that helps open doors for American companies seeking to do business abroad.

"When it's an outright case of just literally doing it for the money on an issue that he was a big believer in, I'm sorry – I have zero respect for that," Rep. Mario Diaz-Balart, a Cuban-American Republican from Miami, told McClatchy. Gutierrez, 62, rejects that kind of judgment. "I don't need the money, but I do want to help the country of my birth," he told McClatchy.

Only three of his nine trips to Cuba in the past year, Gutierrez said, have been for Albright Stonebridge clients. Four have been unpaid excursions as head of the U.S.-Cuba Business Council, a U.S. Chamber of Commerce affiliate that he's headed without compensation since February 2015.

His initial journey in August last year was as part of the official U.S. delegation for the embassy opening in Havana, while his other trip came at the invitation of the Meridian International Center, a Washington-based nonprofit that asked him to join a cultural exchange.

That first morning back in Cuba, filled with wonder, Gutierrez had pulled open the curtain in his room at the Hotel Nacional and looked out at the once-grand Spanish Colonial shops of Old Havana.

"I felt joy," Gutierrez recalled in an interview at Albright Stonebridge, which he heads along with former Secretary of State Madeleine Albright. His office is just a few blocks north of the U.S. Commerce Department, the mammoth federal agency he led less than a decade ago.

"I felt just happy to be in the place that I was born – the place I'd thought so much about and read so much about. It was just a very special feeling. And, then, the people are great."

As happy as it made him, the homecoming came at a steep personal price. Gutierrez, a handsome man with a gray mustache on a trim face, had been a hero to Cubans in South Florida and beyond – only the second Cuban-American member of a White House Cabinet. The first, Mel Martinez, served as Secretary of Housing and Urban Development under Bush before Gutierrez joined his Cabinet. Martinez later represented Florida in the U.S. Senate.

Gutierrez's embrace of the Castro regime made him an overnight pariah among his own. "They see it as betrayal," Gutierrez said. Friends stopped talking to him, and not just Diaz-Balart. Miami Republican Rep. Carlos Curbelo, whose election campaign Gutierrez supported in 2014, said he felt blindsided. "I consider his change of position drastic, and it was unexpected," Curbelo said.

Some of Gutierrez's friends felt ambushed. "It was sad to hear," Orlando Gutierrez Boronat, head of the Cuban American Directorate in Miami, told McClatchy. "I regret that he's taken that position."

Asked whether he and Carlos Gutierrez remain close, Boronat responded, "We were friends. It's been a while since I've spoken with him."

Doubts about his true motivations anger the normally unflappable Gutierrez. “Naysayers should have the courage to go to Cuba to see the damage this failed (embargo) policy has done to millions of people, instead of sitting behind a desk making misinformed statements about a country they’ve never visited,” he said.

The former Kellogg Co. CEO said a number of peers from his generation have expressed support privately. “I’ve spoken with people in their 60s who have told me, ‘Look, I would like to go back to Cuba, but my parents are still alive. And I just can’t do it while they’re still alive,’” he said.

The United States and Cuba restored diplomatic relations July 20, 2015, after a more than 54-year freeze. Gutierrez left Cuba with his family on July 16, 1960, shortly after the Castro regime had confiscated the pineapple plantation his father co-owned in Majagua, a town in Ciego de Avila province in the center of the island, 250 miles southeast of Havana. He was 6 years old.

The family spent its first 2 1/2 years in the United States in Miami, starting with a three-month stay at the Richmond Hotel on Collins Avenue. They moved to New York and Mexico, where Gutierrez began what would become a three-decade career with Kellogg. In April 1999, he was named the cereal company’s chairman and CEO, becoming the only Latino head of a Fortune 500 company at that time.

While he tries to eat healthy breakfasts, Gutierrez admits an abiding weakness for Froot Loops and Frosted Flakes of Tony the Tiger fame. “Frosted Flakes and whole milk – hard to beat,” he said. Gutierrez still lives in Washington, though he often travels abroad and frequently visits friends in South Florida.

Gutierrez’s coming-out declaration on his Cuba conversion arrived in the form of a New York Times column on June 23, 2015, six months after Obama announced that the United States would be restoring diplomatic relations with Havana after a 54-year break grounded in the Cold War.

Under the headline “A Republican Case for Obama’s Cuba Policy,” Gutierrez wrote: “Today, I am cautiously optimistic for the first time in 56 years. I see a glimmer of hope that, with Cuba allowing even a small amount of entrepreneurship and many American companies excited about entering a new market, we can actually help the Cuban people.”

A month earlier, in a speech at Georgetown University, Gutierrez had hinted at his evolving views. He pointed to the increased depth and other improvements at Cuba’s Mariel port, in order to accommodate bigger cargo ships passing through the widened Panama Canal, as a key sign of the Castro government’s commitment to economic reform.

“There are ports on the East Coast of the United States that aren’t ready yet for Panama’s expanded canal, but the Port of Mariel is ready,” Gutierrez said. “So would you build that kind of port if you weren’t thinking about doing something to the economic system?”

In February of this year, Gutierrez introduced visiting Cuban Foreign Trade Minister Rodrigo Malmierca to a standing ovation at the U.S. Chamber of Commerce in Washington, on the same day the two governments signed a commercial aviation agreement in Havana.

“As a proud U.S. citizen born in Cuba, it became very evident to me that the love of the people, the love of the land of my birth – of my parents’ birth, of my grandparents’ birth, the land of my ancestors – that love was greater than any political differences that we could have between the two countries,” Gutierrez told American corporate leaders.

Gutierrez urged Congress to end the economic embargo first imposed on Cuba in October 1960 during President Dwight Eisenhower’s waning weeks in office. These actions stunned the former commerce chief’s Cuban-American friends. To many, his 180-degree turn from hardliner to peacemaker came out of the blue.

A widely disseminated photograph of a smiling Gutierrez and Malmierca hit like an earthquake in the Cuban-American communities of South Florida, New York and Los Angeles. “Somebody called me Judas,” Gutierrez said with a rueful smile.

Naysayers should have the courage to go to Cuba to see the damage this failed (embargo) policy has done to millions of people, instead of sitting behind a desk making misinformed statements about a country they've never visited.

Gutierrez had long been a committed hardliner about Cuba. As commerce secretary, he co-chaired the Committee for Assistance to a Free Cuba, established by Bush with the express goal of overthrowing the Castro regime.

In September 2008, nearing the end of his tenure at commerce, he said in a speech at the Harvard School of Government: "What the embargo has accomplished, it has denied a sworn enemy of our country more resources that he could use against us."

At first, he even pronounced himself opposed to Obama's Cuba policy shift. "The U.S. has given so many concessions and not received anything in return," he told Time Magazine.

Yet within six months Gutierrez would publish his bombshell column in The New York Times, and his life would undergo a seismic shift.

Gutierrez struggles to pinpoint one thing that caused his change. There was the private chat with Obama and his long experience in China, first with Kellogg and more recently in his current post.

"I've watched Chinese who left China go back to China, do business in China and sort of look to the future," he said "And one question I always had is: Why can't I do that about Cuba? And that's where I've tried to go objectively."

Leaving Miami as a youngster, Gutierrez said, also may have left him more open to change. "I think it's tougher for people who live in Miami to actually make the intellectual leap that 58 years have transpired – to be able to step back and see Cuba objectively, not emotionally."

Living for 30 years mainly in Mexico and Battle Creek, Michigan, site of Kellogg headquarters, exposed Gutierrez to different points of view.

On a more personal level, Gutierrez said his father was less ideologically rigid than some other Cuban exiles of his generation. "My father was very realistic," he said. "He didn't want to hear about it. He never wanted to go back. From early on, he just said, 'It's over, and it will never be the same.' "

John Kavulich, the founder and head of the U.S.-Cuba Trade and Economic Council in New York, which has promoted trade with Cuba long before the U.S. Chamber ever thought of doing so, believes that in the end, Gutierrez's sudden public shift on Cuba must remain somewhat mysterious. Over the last year, Gutierrez has picked Kavulich's brain during numerous meetings and phone talks before and after the former commerce secretary's trips to Cuba.

"He has gravitas because he was CEO of Kellogg and he was secretary of commerce in a Republican administration," Kavulich said. "Now he's had this epiphany. Having an epiphany can be good. The question going forward is: What will he do with his epiphany beyond using it as just a marketing tool? It's hard to get into someone's head."

Jaime Suchliki, director of the University of Miami's Institute for Cuba and Cuban-American Studies, is one Gutierrez friend who hasn't ended the relationship over Gutierrez's extraordinary policy shift. Gutierrez is a non-resident scholar there and a member of its advisory board.

The two men went out to breakfast in Miami a few months ago and had a frank conversation. Suchliki asked him if he was out to make money or maneuvering to be ambassador to Cuba, and he said no to both questions.

"I was tough with him, but he kept on giving the line that we have to help the Cuban people, maybe this is going to bring some change," Suchliki said.

When Gutierrez asked whether Suchliki wanted him to withdraw his ties to the institute, it was Suchliki's turn to say no. "I said, 'I think you're wrong, but you can have your opinion,'" Suchliki recalled.

While Gutierrez feels some sadness about the ruptured friendships, he has made peace with his controversial position. "I feel very comfortable with where I am," he told a reporter. "And you can quote me on that."

# The Hill

## Washington, DC

### 10 August 2016

## Federal air marshals will be aboard Cuban flights



Getty Images

By Melanie Zanona

Federal air marshals will be aboard U.S. flights to and from Cuba when they begin taking off later this month, the Transportation Security Administration (TSA) has announced.

With regular air service scheduled to resume between the two countries for the first time in 50 years, lawmakers and officials have been making a push to ensure that Cuban airports are up to U.S. security standards.

Whether air marshals would be traveling on the flights was one of the flashpoints in the debate.

But the TSA signaled this week that it reached an agreement with Cuba for the legal framework that will permit federal air marshals on commercial planes traveling to and from the island, although the agency declined to identify which flights for security reasons.

"This agreement will strengthen both parties' aviation security efforts by furnishing a security presence on board certain passenger flights between the United States and The Republic of Cuba," the TSA said in a Tuesday statement.

Federal air marshals "serve as an active last line of defense against terrorism and air piracy, and are an important part of a multi-layer strategy adopted by the U.S. to thwart terrorism in the civil aviation sector," the agency added. "More and more countries accept the value of these programs in the fight against terrorism."

The first of 110 regularly scheduled daily commercial flights are slated to begin at the end of August, following an effort by the Obama administration to normalize relations with its formal Cold War rival.

But it's unclear whether the TSA's latest announcement will be enough to alleviate the concerns of lawmakers who are seeking to ground Cuba flights until TSA conducts a thorough investigation of the security protocols at all of Cuba's 10 international airports.

A group of House members — who were denied visas to visit Cuba and assess airport security risks themselves — introduced legislation that would prohibit Cuban flights unless federal air marshals are allowed on the planes.

But they also want assurances that TSA agents will be granted full access to inspect Cuban airports with direct flights to the U.S.

John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the group had worked “quietly and patiently with the TSA” on the issue.

“I am gratified that the TSA made the effort to create a statement when they were not inclined to do so,” Kavulich said. “The issue of incorporating Air Marshals into the regularly-scheduled flights has become an issue for some Members of Congress and by issuing a statement both public sector concerns and concerns by passengers will be addressed.”

# The Miami Herald

Miami, Florida

9 August 2016

## U.S. air marshals will be aboard Cuba flights



Kevin Mase, an American Airlines chief pilot, draps a Cuban flag from an AA Boeing 737 on Dec. 16, 2015 -- the day the United States and Cuba said they had reached an agreement on restoring commercial air service between the two countries. American Airlines TNS

By Mimi Whitefield

A sticking point in resumption of commercial airline service to Cuba has been resolved: U.S. air marshals will travel on certain flights to Cuba.

At the request of the U.S.-Cuba Trade and Economic Council, the Transportation Security Administration released a statement addressing the issue of federal air marshals on flights to and from Cuba. Regularly scheduled service to Cuba is tentatively scheduled to resume after a hiatus of more than five decades on Aug. 31 when JetBlue begins service from Fort Lauderdale-Hollywood International Airport to Santa Clara, Cuba.

Pending final approval from the Cuban government, other airlines, including American Airlines, are scheduled to begin their inaugural service to destinations outside the Cuban capital soon after that. The U.S. Department of Transportation has tentatively approved Havana routes for eight airlines and is expected to announce final approvals later this month.

“In the spirit of enhancing the security of international civil aviation, the United States and The Republic of Cuba entered into an aviation security agreement that sets forth the legal framework for the deployment of U.S. in-flight security officers — more commonly known as federal air marshals — on board certain flights to and from Cuba,” said the TSA statement. “For security reasons, we will not divulge which flights air marshals will be aboard.”

TSA statement

The TSA said the agreement “will strengthen both parties’ aviation security efforts” and that it will continue to work with Cuba to expand air marshal presence on flights and to enhance security.

During testimony before a House Committee on Homeland Security subcommittee TSA Representative Larry Mizell said that the TSA had worked with the government of Cuba to “share with them best practices and lessons learned” to make sure any security concerns discovered at Cuban airports are remedied.

“We wouldn’t fly to a place that we don’t think is safe,” Martha Pantin, a spokeswoman for American Airlines, said Tuesday. American is scheduled to begin its commercial service to Cuba on Sept. 7 with flights to Cienfuegos and Holguín from Miami International Airport.

Even though it will be American’s first ever scheduled service to Cuba, it has leased its planes for the past 25 years to charter companies flying to the island. Last year, there were 1,200 charter flights that used AA planes.

Air marshals serve as “an active last line of defense against terrorism and air piracy, and are an important part of a multilayer strategy adopted by the U.S. to thwart terrorism in the civil aviation sector,” the TSA said.

In July, four members of Congress, including three Republicans and a Democrat, said they wanted to stop Obama administration efforts to resume regularly scheduled flights to Cuba until the TSA certified that Cuban airports have appropriate security measures. One of their concerns was whether air marshals would be aboard Cuba flights.

# The Miami Herald

Miami, Florida

5 August 2016

## Cuba denies it's negotiating with U.S. on compensation claims



By Nora Gámez Torres

A Cuban government official has denied that a recent meeting with U.S. representatives to discuss mutual compensation claims amounts to a negotiation, raising doubts about Havana's willingness to settle the issue anytime soon.

A senior U.S. State Department official who recently briefed journalists on the compensation talks said the two sides held “very substantial discussions” despite the nine months between the first and second meetings. But the Cuban government’s public version of the talks was quite different.

Deputy Foreign Minister Abelardo Moreno told a news conference in Havana on Monday that “we are not negotiating yet. ... We are now engaged in informational talks.” A transcript of the news conference was published by *Cubadebate*.

Moreno said the U.S. representatives “have stated the need to resolve the issue as quickly as possible, but ... these are going to be extremely complex negotiations from all points of view ... and we cannot rush things.”

Jason Poblete, a lawyer who specializes in Cuba claims with PobleteTamargo LLP in Washington D.C., said that although Moreno's statements are typical of negotiations, the discussions “are negotiations, because they're sitting at a table and talking about the issue,” he said, adding that Moreno’s statements point to a decision by Cuba to delay the process.

“These statements show they are not interested in finding a solution, that there is a tactic to delay,” Poblete said. He believes the Cuban government may be waiting to see if the U.S. president elected in November “will offer them something better.” The delays also would maintain the status quo until 2018, when Cuban ruler Raúl Castro has said he will surrender the presidency.

That could be a mistake, said John Kavulich, director of the US-Cuba Trade and Economic Council: “Cuba will never have a more compliant negotiating partner than it does in the Obama Administration, for whom [improved relations with Havana] ... is a visceral component of a legacy construct,” he said.

Moreno's comments in fact could be “an indirect message that they are not interested in solving this issue. I am speculating, but perhaps they want to win the elimination of all sanctions before they pay” compensation, said Poblete.

The State Department official told journalists that the U.S. side seeks \$1.9 billion in compensation for Cuba's seizure of properties owned by U.S. citizens in the early 1960s; \$2.2 billion of judgments outstanding against Cuba; and a “hundred to a couple hundred millions of dollars” that relate to interests that the U.S. government had in mining on the island.

Cuba seeks nearly \$300 billion as compensation for the economic and human damages caused by the U.S. trade embargo and other policies and activities against the Castro governments since 1959.

The State Department official said there is “nothing different in these negotiations from our experience negotiating claims with other countries,” and added that both sides “are committed to trying to resolve this in a mutually satisfactory manner.”

The Cuban official, however, has linked the payment of compensations to the U.S. embargo, which Havana calls a “blockade.”

“The solution to the issue of compensations ... is obviously directly linked to the blockade. I believe that all of you understand that the normalization of relations between the two countries will be very difficult, if not impossible, while the blockade against Cuba remains in place,” Moreno declared.

U.S. negotiators have considered the possibility of signing a bilateral agreement with a one-time payment to resolve the issue. But Moreno, asked if the Cuban side would accept such a deal, said the island's claims are not negotiable.

“The claims of the Cuban people were approved by the courts, and claims are not negotiated,” he said. “I can't say, 'Cuba claimed X amount of money — which was approved by the courts — but now we're going to change it to another amount.' No. Those are judicial rulings that must be obeyed by our government officials.”

The two sides ended the second meeting, held in Washington, without agreement on the date for the next meeting. The first meeting, held in Havana, also ended without agreement on the date for the second.

Kavulich said the key challenge for the Cuban government is to recognize that there will be no specific monetary reparations from the U.S. side.

“The negotiators will need to ask whether the imagery of seeking what will not be given is more important for the 11.3 million citizens of the Republic of Cuba than removing a significant impediment to ... immediate multilateral benefits,” he said.

Poblete agreed: “If the Cubans are interested in having the U.S. sanctions removed, they would pay the claims, which would help the groups in Washington that are pushing for the elimination of sanctions” on Havana, he said.

Kavulich also questioned whether the Obama Administration views the compensation issue as a priority.

“Two meetings in 599 days. No further meetings scheduled, and the Obama Administration ends in 175 days. And this is defined as a high priority of the Obama Administration. The certified claimants have been concerned, and now that concern is magnified,” he said.

“Claimants have not seen the effort they deserve,” Kavulich added. “A legacy is not built by focusing on the relatively easy issues, but on the difficult issues.”

## **USA Today**

### **Arlington, Virginia**

**20 July 2016**

### **U.S. urges Cuba to do more to improve relationship**

By Alan Gomez



(Photo: Michael Reynolds, European Pressphoto Agency)

MIAMI — On the first anniversary of renewed diplomatic relations between the United States and Cuba, the U.S. government prodded the island’s communist leaders Wednesday to take greater steps toward economic and political freedom.

A senior State Department official told reporters in a briefing that there have been signs of progress over the past year, including increased travel between the two countries and productive discussions between government officials. But the official, who spoke on the condition of anonymity because he was not authorized to publicly discuss the new relationship, said the Cuban government needs to allow more trade and connections between citizens and business of both countries.

For example, the Obama administration now allows U.S. businesses to export goods to Cuba's growing class of private entrepreneurs, but the Cuban government has not allowed those entrepreneurs to import the goods.

President Obama and Cuban President Raúl Castro first announced in December 2014 that the longtime foes would end their 50-year freeze and begin normalizing relations. After months of negotiations, the two sides officially agreed a year ago Wednesday to resume formal diplomatic ties.

Since then, more Americans are visiting the long-isolated island, businesses are making small inroads into the Cuban market, and both countries are expanding cultural and educational exchanges. The Obama administration allowed more trade and travel to empower Cuban citizens to fight for democratic change.

But Cuba's leaders have been slow to reciprocate.

"The United States business community is disappointed with the pace of engagement by the government of Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. "There was an expectation that the government of Cuba would appreciate the importance of having a broad and deep export and service landscape well in place."

Cuba's lead negotiator with the United States, Josefina Vidal, defended her government's progress, saying Cuba remains severely limited by a continued U.S. economic embargo, which only the U.S. Congress can lift. So far, it has no intention of doing so.

"It's up to the United States to disassemble the hostile, unilateral politics that created a confrontational character on the links between the two countries," Vidal said in an interview published Wednesday in *Granma*, Cuba's state-run newspaper. "Cuba doesn't have similar policies toward the United States."

There are several notable examples of how the relationship has changed:

**Dialogue.** Last summer, both countries reopened embassies in Washington and Havana. That kicked off a series of high-level meetings on commerce, law enforcement, health care and the environment. According to Kavulich, more than 80 representatives of the Cuban government have visited Washington, and more than 160 U.S. officials have visited Cuba since Obama and Castro started the rapprochement.

**Travel.** The 704-passenger *Adonia*, operated by Fathom Travel and owned by Miami-based Carnival Corp., became the first U.S. cruise ship to pull into Havana's harbor in decades when it made a maiden voyage in May. U.S. airlines this summer are starting up to 110 regularly scheduled flights a day to Cuba. And Starwood Hotels and Resorts signed an agreement to operate three Havana hotels. The first hotel — the Four Points Havana — is already open.

**Tourism.** An estimated 700,000 Americans visited Cuba in 2015, the State Department official said.

**Trade.** Swiss-based Nespresso will begin selling Cuban coffee in U.S. stores later this year. DISH, the Colorado-based TV provider, launched a channel in June to broadcast shows and movies produced in Cuba. And Cuban musicians, professors, artists, researchers — and even dissidents — are traveling more easily to the U.S.

Many hurdles remain. Cuba continues to arrest hundreds of political dissidents each month. Cuba's economy is faltering in ways not seen in decades, in part because its main benefactor, oil-rich Venezuela, is suffering a major economic crisis and massive food shortages. Cuban officials have warned of power outages and other shortages in the months to come.

Despite the concerns, the Obama administration said its decision to re-establish relations was the right one. The State Department official said engaging with Cuba remains a far better option than the previous decades of isolation.

## Travel Weekly

Secaucus, New Jersey

19 July 2016

**Maine airport licensed to refuel foreign planes flying to Cuba**

By Robert Silk

In a move that indicates a further relaxation of U.S. travel restrictions on Cuba, Maine's Bangor International Airport has been licensed to service foreign aircraft on non-traffic transit stops en route to or from Cuba.

The decision, handed down by the Office of Foreign Assets Control on Monday, makes Bangor the first U.S. airport to receive such authorization.

"The baseline of this is that whatever the Obama administration can do that will further introduce and create a landscape for commercial activity with Cuba, it is going to do that," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which supports increasing commercial ties between the two nations. "If more airports apply to do what Bangor is going to do, [the administration] will be looking for a reason to say yes."

Under the licensing, passengers can't disembark in Bangor on their way to or from Cuba. But carriers that aren't from the U.S. or Cuba can stop at the airport for services, including fueling and de-icing. Until now, carriers from Europe in need of such services had to stop in Canada.

OFAC's decision comes on the heels of the U.S.-Cuba aviation agreement completed early this year. That deal has set the stage for the renewal of regularly scheduled commercial flights between the two countries this fall.

## **Inside US Trade**

**Washington, DC**

**13 July 2016**

### **In Trade**

#### **Outside Views: Cuba Trade Group Urges Focus On Policy And Regulation Instead of Legislation**

The U.S.-Cuba Trade and Economic Council sees last week's last-minute withdrawal of a House amendment meant to ease trade restrictions on agricultural products with Cuba as a reminder that regulatory and policy changes are more efficient than legislation when addressing the embargo.

Council President John Kavulich, in a blog post, said that while Cuban trade advocates painted last week's withdrawal as a victory because their opponents agreed to talk about moving a stand-alone bill, the Cuban government was probably less enthusiastic about the results.

Kavulich was referring to Rep. Rick Crawford's (R-AR) decision on July 6 to not offer his amendment to the financial services appropriations bill after he secured commitments from House leadership that included meetings with Florida lawmakers who opposed the measure. The amendment would allow private companies to provide credit to Cuba to purchase U.S. agriculture goods.

A similar amendment is still awaiting consideration in the Senate's version of the appropriations bill, though Kavulich has said he expects that amendment will fail, too. A similar Senate amendment failed last year.

"The result all but assures no legislation in the 114th Congress and simultaneously harms the foundations for advocacy in the 115th Congress -- during which issues relating to the Republic of Cuba will again not be a priority for the leadership in either the United States House of Representatives or the United States Senate; or probably the next president," Kavulich wrote.

"Why are advocates focusing upon legislation when regulation and policy change are more efficient mechanisms by which to expand the commercial, economic and political relationship between the United States the Republic of Cuba during the remaining 192 days of the Obama Administration," Kavulich added.

A Crawford spokesman last week said moving forward on stand-alone legislation would provide long-term solutions for changing existing embargo laws that complicate agriculture trade with Cuba.

The spokesman said the commitments the lawmaker secured for withdrawing the amendment included a path forward for the lawmaker's original bill, H.R. 3687, which was introduced on Oct. 6, 2015. Passage of that bill would provide a permanent solution to opening the Cuban market to U.S. agriculture; an appropriations amendment would have to be renewed annually.

Critics of Crawford's amendment and President Barack Obama's current policies easing trade restrictions on Cuba have said the measures benefit the Castro regime without securing enough commitments in return. Kavulich previously told *Inside U.S. Trade* that Obama is looking to cement his legacy before his term ends, and has shown he is willing to act alone within his authority as president on the Cuban embargo.

An example is the action Obama took in December 2014 to ease financial regulations on Cuba. The president's moves included easing a policy requiring cash payments for traded goods by allowing Cuba to pay for goods while they are en route to Cuba from a U.S. port. Another change allowed U.S. financial institutions to open accounts with Cuban institutions, a move meant to remove the need for third-party banks to handle transactions between the two countries. Third-party banks are still required because the change did not allow Cuba to create accounts in the United States.

Kavulich has said he expects that issue to be rectified by the end of the year.

# The Washington Post

Washington, DC

8 July 2016

## **Eight U.S. airlines will fly between American cities and Havana**



Southwest is one of six US airlines which have been licensed to operate up to 90 round-trip flights per day to Cuba, potentially opening up a new era for mass tourism. (Karen Bleier/AFP/Getty Images)

By Karen DeYoung

Eight U.S. airlines will be awarded 20 direct daily flights between U.S. cities and Havana, with service to begin this fall, the Transportation Department announced Thursday.

The airlines, whose selections won't be finalized until the end of this month, will fly primarily from Florida — including six daily flights from Miami — although six other cities around the country are also included.

A bid by United Airlines to operate direct flights from Washington was not approved.

The Transportation Department announcement said the selections were made to allocate nonstop Havana service to “areas of substantial Cuban-American population, as well as to important aviation hub cities.” The announcement is one of the last steps toward putting into effect a commercial aviation agreement signed by the two countries in February as part of normalizing their relations. Separate awards announced last month authorized a smaller schedule of U.S. flights to other Cuban cities.



An American Airlines airplane prepares to land at Jose Marti International Airport in Havana last September. (Carlos Garcia Rawlins/Reuters)

Although authorized charter flights began service to Cuba decades ago, regularly scheduled service has been prohibited since the early 1960s as part of U.S. economic sanctions against Cuba.

The normalization agreement also allows for Cuban airlines to fly to the United States, but Cuba has made no application to the Transportation Department for its national carrier, Cubana de Aviacion, to begin service. The Cuban government has put the issue “on hold” because of concerns that the government-owned planes could be seized to settle financial judgments against Cuba, according to John Kavulich of the New York-based U.S.-Cuba Trade and Economic Council.

U.S. courts have awarded damages totaling up to \$2 billion in legal cases, most of them involving the 1996 Cuban shoot-down of a plane operated by the Miami-based exile group Brothers to the Rescue.

Separately, the U.S. Foreign Claims Settlement Commission has certified 5,913 property claims against Cuba for seizures following the 1959 revolution. Settlement of those claims, also totaling close to \$2 billion, is part of ongoing U.S.-Cuba normalization. An unknown number of claimants have won court judgments outside the official settlement process.

Tourist travel to the island is still illegal under the remaining U.S. trade embargo, which only Congress can remove. But the Obama administration has greatly loosened restrictions on who can travel there, including approval of individual visits for self-declared “people-to-people” exchanges.

In the year following the announcement of normalization made by the two governments in December 2014, nearly 150,000 Americans — not including individuals of Cuban descent — visited Cuba out of more than 3 million visitors, according to Cuban statistics.

Figures for the first six months of 2016, visits are on track to total more than 300,000 this year, with an economic impact Kavulich estimated at about \$630 million.

But he predicted a “massive choke point” as travel increases to Cuba, which operates only 64,000 hotel rooms. While the use of some U.S. credit cards and cellphone connections has been approved, the transactions and calls are often unworkable. Internet connections remain spotty.

U.S. carriers, however, clearly see Cuba as a potentially lucrative new market, and the routes tentatively awarded Thursday followed heated competition. Twelve carriers applied to carry passengers and cargo; the sharpest contest was between JetBlue and American, which vie to dominate U.S. travel to the Caribbean. Carriers and tentatively awarded Havana routes included: Alaska Airlines, once daily from Los Angeles; American Airlines, four times daily from Miami and once daily from Charlotte; Delta Airlines, once daily from New York (JFK), Atlanta and Miami; and Frontier Airlines, once daily from Miami.

Others were JetBlue Airlines, twice daily from Fort Lauderdale (but once on Saturdays), and once daily from New York (JFK) and Orlando; Southwest Airlines, twice daily from Fort Lauderdale and once from Tampa; Spirit Airlines, twice daily from Fort Lauderdale; and United Airlines, once daily from Newark and once weekly (Saturdays) from Houston.

**The New York Times**  
**New York, New York**  
**8 July 2016**

# Eight U.S. Airlines Win Tentative Approval to Fly to Cuba

By ANNALYN KURTZ



José Martí International Airport in Havana, Cuba's capital. American tourism to Cuba is still technically prohibited, but the federal government in March relaxed some travel restrictions. Credit Yamil Lage/Agence France-Presse — Getty Images

United States airlines' fiercely contested battle for the Obama administration's approval for flights to Havana is nearing a close.

Eight carriers — most with flights departing from the Miami and New York metropolitan areas — received tentative approval on Thursday to operate direct flights to José Martí International Airport in Havana, Cuba's capital. Twelve airlines had submitted requests for a combination of 60 flights a day, but only 20 daily routes were available under an arrangement between the governments.

The decision was made a year after the United States and Cuba re-established diplomatic relations. The United States Department of Transportation announced last month that it had approved routes to nine other Cuban cities, but it delayed authorizing the Havana routes because of competition among the major airlines. The department awarded the routes to serve markets with substantial Cuban-American populations, and crucial aviation hub cities.

Among the winners was American Airlines, which will operate five direct flights to Havana, four flights from Miami and one from Charlotte, N.C. American, which was approved for more than any other airline, had been operating charter flights to Cuba for 25 years.

“American has a rich history in the Cuban market, and we are excited to continue to be the leader in providing air service between the United States and Cuba,” Andrew Nocella, American's chief marketing officer, said in a statement.

Alaska Airlines is the only carrier that will fly to Havana directly from the West Coast. It will operate a once-daily flight from Los Angeles.

While American tourism to Cuba is still technically prohibited, the federal government in March relaxed travel restrictions to allow “people to people” educational trips without special permission from the government. Those trips must fall under one of 12 categories, like visiting family members or for humanitarian projects.

About 3.5 million people worldwide visited Cuba last year, according to state news media, and the number is expected to increase sharply as scheduled flights from the United States resume for the first time in 50 years. At the same time, Cuba's private and state businesses are straining to accommodate the influx of travelers.

“Where are all of these people going to stay?” said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. “Cuba won't have the hotel rooms for these people. The interest may be there, but the ability to provide them with rooms won't be.”

Six direct flights will be offered from Miami each day, and three flights from the New York metropolitan area. Delta Air Lines and JetBlue Airways will each offer a daily flight from Kennedy International Airport, and United won a route from Newark Liberty International Airport.

Other flights stem from Fort Lauderdale and Tampa, Fla., and Atlanta and Houston. Spirit Airlines and Southwest Airlines also won routes. Applications from four small airlines, Silver Airways, Dynamic International Airways, Eastern Air Lines and Sun Country Airlines, were not approved.

“There will be comments and there will be appeals,” Mr. Kavulich said. “it’s likely there will be adjustments to the routes.”

The airlines and other stakeholders have until July 22 to submit formal objections to the routes, and the Transportation Department plans to complete its decisions this summer. The first flights are expected to take off as early as September.

# **Bloomberg News**

## **New York, New York**

### **8 July 2016**

## **Eight U.S. Airlines Approved to Fly to Havana**

*By Stephanie Beasley*

Eight U.S. airlines have been granted tentative approval to operate nonstop flights to Havana.

Transportation Secretary Anthony Foxx announced July 7 that out of a dozen airlines that applied, eight got the nod to operate up to 20 daily round-trip flights total between the U.S. and the Cuban capital as soon as this fall.

Those eight are: Alaska Airlines, American Airlines, Delta Air Lines, JetBlue Airways, Frontier Airlines, Southwest Airlines, Spirit Airlines and United Airlines.

The flights will depart from four Florida cities—Fort Lauderdale, Miami, Orlando and Tampa—as well as Atlanta; Charlotte, N.C.; Houston, Los Angeles and New York.

The Transportation Department said it will review any objections submitted to the agency by July 22. A final decision will be issued later this summer.

### **Rebuilding Relations**

Reinstituting direct flights to Havana is the most recent example of the Obama administration's efforts to normalize relations with Cuba, Foxx said.

“Today we take another important step toward delivering on President Obama’s promise to reengage Cuba,” he said. “Restoring regular air service holds tremendous potential to reunite Cuban American families and foster education and opportunities for American businesses of all sizes.” Last month, the DOT approved six U.S. airlines to serve nine Cuban cities outside of Havana (See previous story, 06/13/16).

The departure cities for the Havana flights were selected based on their Cuban-American populations and the size of their aviation hubs. The decision makes sense because the flights likely will serve mostly Cuban-American passengers traveling to the island to visit relatives, John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, told Bloomberg BNA.

### **Routes Could Be Unprofitable**

Americans continue to have restricted legal access to the island, Kavulich said. Thus, some of the routes could prove to be unprofitable.

If that turns out to be the case, some airlines could return the routes to the DOT and the agency could then offer other airlines the opportunity to increase the number of flights they can operate, he said. That might be especially appealing to large, traditional air carriers such as United and American that each received just 40 percent of the flights they requested.

“Probably the first grouping for unprofitability would be the non-Havana flights,” Kavulich said, adding that most Cuban-Americans would want to fly into the capital.

The nine Cuban cities previously approved to be served by U.S. flights are Camaguey, Cayo Coco, Cayo Largo, Cienfuegos, Holguin, Manzanillo, Matanzas, Santa Clara and Santiago de Cuba.

### Calls to Lift the Ban

Engage Cuba, a coalition of businesses lobbying Congress to lift the travel and trade embargo, said the restored flights should prompt Congress to take action.

“I think many Americans will be surprised to learn that even with daily U.S. commercial flights to our island neighbor, you still cannot travel to Cuba as a tourist,” Engage Cuba President James Williams said. Sen. Jeff Flake (R-Ariz.) agreed. “With U.S. airlines now poised to unleash the power of American travelers and their frequent flier miles, the time has come for Congress to eliminate the archaic restrictions on U.S. travel to Cuba,” he said in a statement.

## The Record

### Woodland Park, New Jersey

7 July 2016

### Newark among 10 cities chosen for daily flights to Havana



Mitsu Yasukawa/ Staff Photographer

United Airlines planes line up at Terminal C in Newark Liberty International Airport on Tuesday, June 16, 2015.

**BY RICHARD NEWMAN AND MONSY ALVARADO**  
STAFF WRITERS |  
THE RECORD

Passenger flights to Havana may begin in the fall from Newark, one of 10 American cities picked Thursday by the U.S. government as part of a plan to restore air travel between the United States and Cuba — the first flights between the two nations in more than 50 years as tensions between the former Cold War adversaries continue to thaw.

Under the tentative plan announced by the U.S. Department of Transportation, United Airlines, the dominant carrier at Newark Liberty International Airport, was selected as one of eight airlines to fly daily to the Cuban capital.



Viorel Florescu/Staff photographer

Ofelia Gutierrez of North Bergen and owner of the CostaMar travel agency said she expects business to grow when commercial flights to Cuba resume later this year.

“These flights open the door to a new world of travel and opportunities for our customers,” Oscar Munoz, United’s chief executive officer, said in a statement.

The other airlines chosen are Alaska, American, Delta, Frontier, JetBlue, Southwest and Spirit.

The DOT plan calls for service between Havana and four Florida cities: Miami, Fort Lauderdale, Orlando and Tampa. Miami, which has more Cuban-American residents than any other U.S. city, gets six round trips a day.

Outside of Florida, a stretch of communities from southern Bergen County through Hudson County and eastern Union County has the highest concentration of Cuban-Americans in the nation, according to the U.S. Census Bureau.

The other U.S. cities selected for Havana service are New York; Atlanta; Charlotte, N.C.; Houston; and Los Angeles.

The U.S. government said the decision won’t be final until later this summer in order to provide a 30-day public comment period.

Plans for the restoration of commercial air service between Cuba and the U.S. come as the two nations continue to move toward a more open relationship. President Obama in 2014 announced that the U.S. would resume full diplomatic relations with Cuba and open an embassy in Havana. However, tourism is still prohibited since the trade embargo has not yet been lifted. But the administration has eased the rules, allowing travelers to design personal cultural exchange tours with little oversight. The number of Americans visiting Cuba climbed 84 percent for the first half of this year, according to Cuban state news agency Prensa Latina.

Ofelia Gutierrez of North Bergen, owner of Costamar Travel Agency on 39th Street in Union City, said she expects that when commercial flights resume, her business of providing reservations for Cubans going to the island to visit family will grow. She said now she has to work with charter companies for those types of reservations, which tend to be costlier.

Gutierrez, who is from Cuba, said she hasn’t visited the island — where her aunts, uncles and cousins live — since 2000, but said the commercial flights may allow her to return sooner rather than later.

Alexandra Estevez of Little Ferry has traveled to Cuba four times to visit family. She said she hasn’t been back since 2008 and said she is opposed to people flying to the island nation on other than family visits.

“I just don’t think they should be pumping more money into that government,” said Estevez, who was born in the United States but whose parents were born in Cuba.

Victor Benet of Lyndhurst, who left Cuba when he was 15, said the convenience of flying out of Newark would be helpful to those who travel there. He said he went to Cuba to visit his grandmother for her 100th birthday, and traveled from New Jersey to Miami, where he caught a flight to the island.

“At least you won’t have to go to Miami,” he said.

Mike Boyd, an aviation consultant in Colorado, predicts the airlines will not be able to fill their Havana-bound planes with passengers. “This is not a preferred destination,” he said. “It’s a nice place if you want to see ’55 Chevys.” Havana lacks modern hotel rooms and amenities most American travelers expect. If the Cuban government allows hotels, restaurants and other infrastructure to be rebuilt, however, those flights are “potentially gold mines,” Boyd said.

While some visitors do go to Havana because they want to see “an amusement park of decay,” most are Cuban-Americans visiting family members, said John S. Kavulich, president of the New York City-based U.S.-Cuba Trade and Economic Council Inc.

Airlines may ground unprofitable flights and succumb to DOT’s “use them or lose them rules,” said Kavulich. “It’s likely there will be some attrition,” he said. With the high concentration of Cuban-

Americans living in northern New Jersey, “Newark will likely run at higher [passenger] load factors than JetBlue and Delta from JFK.”

A lack of hotel rooms in Havana and rising prices of those rooms are sure to dampen demand.

The decision to open up travel with Cuba has been particularly controversial in New Jersey, because the former militant black activist Joanne Chesimard has been living in Cuba under the name Assata Shakur after her 1979 escape from prison. She was convicted in the 1973 murder of New Jersey State Trooper Werner Foerster.

Sen. Bob Menendez, a Cuban-American who has been critical of the Obama administration’s attempts to restore relations, said Thursday in a statement that Cuba “was a state sponsor of terrorism” and he is concerned about the safety of Americans who fly to Cuba.

Two congressional delegations were recently denied visas to visit Cuba and investigate its aviation security, he said.

Other New Jersey elected officials were more optimistic about the restoration of service. The Newark-Havana route “will spur economic activity and job creation,” and bring “new travel choices and business development opportunities,” Ras J. Baraka, the mayor of Newark, said in a statement issued by United.

A dozen U.S. airlines had applied for nearly 60 flights, but arrangements made by the two governments permit each country only to make up to 20 daily round-trips between the United States and Havana. Last month, the DOT approved six U.S. airlines to begin scheduled flights to nine Cuban cities other than Havana.

DOT said Thursday it wanted to pick carriers that “could maintain the best service,” and the agency looked to bring flights to “areas of substantial Cuban-American populations” and to “important aviation hub cities.” Currently, most Americans visiting Cuba take charter flights from Miami, although Carnival Cruises has since May been sailing there from South Florida, said Arthur Berman, vice president of Latin American and Cuban travel for Central Holidays, a tour operator in Moonachie.

The commercial flights should make Cuban excursions more affordable, although the rising hotel prices will offset some of the savings.

## **Politico**

### **Washington, DC**

#### **7 July 2016**

**HEALTH THE FOCUS OF WASH. STATE MISSION TO CUBA:** Cuba may be geographically just 90 miles from Florida but it’s the state of Washington (2,700 miles away) that will be sending an 18-person delegation to visit the island nation in September, the U.S.-Cuba Trade and Economic Council reports. The group, which will be led by Lt. Gov. Brad Owen — Gov. Jay Inslee reportedly had a conflict with the dates — will include six officials from the state’s health care industry. The visit is being “contextually defined as a trade mission,” but the main focus of the trip is to review Cuba’s health care systems, Owens’ staff reportedly told USCTEC.

Among the businesses executives going: Babak Parviz, the creator of Google Glass who was successfully hired away by Amazon in 2014. Inslee’s office also mentions Boeing, Microsoft and Starbucks as famous Washington companies that it expects to “be successful in the Cuban marketplace.” Read more about the trip [here](#).

# The Seattle Times

Seattle, Washington

6 July 2016

## **Retiring Lt. Gov. Brad Owen to visit Cuba with state officials, others**

By Joseph O'Sullivan

Unlike standard trade missions, this weeklong trip is intended to be more of a listening tour to learn about Cuba's medical system.

OLYMPIA — A delegation of state officials plans to head south to Cuba in September.

But unlike standard trade missions, this weeklong trip is intended to be more of a listening tour, according to Lt. Gov. Brad Owen. The trip comes as U.S.-Cuba relations warm and the United States eases commerce and travel restrictions.

Owen, a veteran of trade missions who is retiring this year, will lead the delegation. The trip will focus on learning about Cuba's long-recognized medical system, from its minister of public health, medical universities and local clinics.

"We hope to get some ideas on some things we might be able to implement to make our health-care system a little more efficient, a little more data-driven," Owen said Wednesday.

Sen. Karen Keiser, D-Kent, came up with the idea for the mission and is one of four state senators scheduled to be on the trip.

Keiser hopes Washington officials can pick up ideas to improve primary and preventive medical care. "So many things can be either prevented or avoided," with better care early on, she said.

Among others, the 19-member group will include Lisa Brown, chancellor of Washington State University's medical college, officials from the Washington State Department of Health and Washington State Hospital Association, and Babak Parviz, vice president of Amazon.com.

The delegation will spend a week in Cuba, beginning Sept. 4, according to a news release by the U.S.-Cuba Trade and Economic Council. No itinerary was provided.

The mission might have had a broader focus, but the Washington State Department of Agriculture wasn't interested in sending a representative, according to the news release.

And no representatives from major state companies such as Boeing, Microsoft or Starbucks have signed on.

# The Washington Post

Washington, DC

5 July 2016

## **Ray-Bans, iPhones and Nikes: Some Cubans are getting a taste for luxuries**

By Sally H. Jacobs



Esbel Ruiz shops for clothing and other items in the discount store Nooo! Que Barato!  
(Angel Valentin for The Washington Post)

MIAMI — It's a hot Saturday morning and the crowd is churning at Nooo! Que Barato!, the sprawling discount store where many Cuban Americans buy cheap goods for their relatives back home. But lately, shoppers at the store, whose name roughly translates to Wow! That's Cheap!, are exhibiting more discerning tastes.

Yes, the six-packs of bras for \$5.99 are still popular. And the men's "descarado" muscle shirts — "just \$5.99!!" — are still hot. But as the long-sealed door between Cuba and the United States cracks open, Cubans are clamoring not just for clothes or medicine but for the iPhone 6 and Ray-Bans and Nikes. Most of all, they want money put on their cellphone plans so they can surf the Internet and look at ever more extravagant things to pursue through their relatives in the States.

"Minutes, minutes, minutes — that's what every Cuban wants," said clerk Yoacnee Pereda, 31, watching the crowd at the Cubacel counter. "After 50 years living in the darkness, the light has snapped on. For them, it's like paradise."

Cubans have long turned to their relatives abroad for support in the face of chronic shortages plaguing the isolated island nation. The amount of remittances to Cuba is estimated at more than \$2.5 billion annually, much of it coming from the more than 1 million Cubans living in greater Miami. Now, as more American visitors arrive bearing the latest technological accoutrements, and increased Internet access reveals a realm of material goods previously unimaginable, some Cubans are developing a taste for luxuries.



Women's underwear on display at Nooo! Que Barato! in Hialeah, Fla.  
(Angel Valentin for The Washington Post)



Shoppers browse the sale racks at Nooo! Que Barato! in Hialeah, Fla.  
(Angel Valentin for The Washington Post)

Also high on the wish list are cellphones. But not just any phone. It should be an iPhone 6. And reserve the next phone that Apple produces. Computers and tablets are in demand. And about those packets of budget bras: Couldn't they send Victoria's Secret, please? As for men, they'd like some little blue pills.

"Viagra — that's what they want," said Luis Nieves, 66, who left Cuba in 1999. "Some guys from my town called and said, 'Hey, can you get us some of that?' I told them I don't use it. And if I don't use it, I don't send it."

Cubans in Miami say that for years they've gladly provided the relatives they left behind with necessities such as food and bedding. Now that their phones ring with requests for designer clothing and acrylic nails, some don't even pick up. Or they come up with a reason they can't talk.

“I pick up, but I say: ‘I am going into a tunnel! I can’t hear you! I can’t heeeeeeaaar you!’ ” said Eloisa Canova, whose sisters live in Cuba. “I just got fed up.”

Most Cubans continue to lack some necessities, despite the reestablishment of relations with the United States, the growth of small businesses and the greater influx of money. Shelves in many stores are nearly empty. The average monthly salary, for those lucky enough to have a job, is less than \$25.



Customers can buy new cellphones or refill existing ones for family and friends.  
(Angel Valentin for The Washington Post)

At the same time, the easing of Internet access has opened a window to the larger world that many on the island are hungrier for than food. It’s not just the fancy goods that they want, as some see it, but also the connection to modern life that such things represent.

“A lot of Cubans today may not have food to eat, but they’ve got \$5 in minutes on their cellphones,” said Elizabeth Hernandez, 45, who takes a variety of items, including lacy push-up bras and faux diamond tiaras, to her relatives in Cuba. “It’s all about being connected to the world, and the illusion of looking good and having luxuries. If you have that kind of stuff, then you’re not so isolated and stuck on an island anymore.”

The Obama administration has made it easier for Cubans to get such stuff in several ways. Gone are the limits on cash remittances that can be sent to islanders from family members and non-relatives. A new broad category, “Support for the Cuban People,” allows gifts of cooking equipment, building materials and telecommunications gear. The eventual start of ferry service and the resumption of U.S. mail delivery to the island are expected to open new channels for the shipment of such goods.

Since the normalization of relations between Cuba and the United States was announced at the end of 2014, connectivity on the island has improved somewhat. Last year, the government increased the number of WiFi hotspots to 65 and has promised an additional 58 this year, according to Freedom House, a nonprofit organization devoted to human rights and democracy. Cellphone use among Cuba’s 11 million citizens has also risen steadily from 2.5 million subscriptions in 2014 to 3.4 million subscriptions in 2015, according to the International Telecommunication Union, an agency of the United Nations.

Cuba remains one of the least-connected countries in the Western Hemisphere; estimates suggest that fewer than 10 percent of its citizens have Internet access. In downtown Havana, the lucky few are clustered in hotspots on sidewalks and in public parks late into the night, texting and scrolling websites.



Nooo! Que Barato! sells various goods. It’s a very popular stop for people who are traveling to Cuba. (Angel Valentin for The Washington Post)

Alfonso Martin, a professor of Spanish grammar and literature living in West Palm Beach, said that when his two 20-something cousins in Havana asked him for iPhones in 2013, he sent them each iPhone 4s for Christmas. Less than two years later they asked him to send them a pair of the newly released iPhone 6s. Martin was annoyed.

“I asked if the other phones were broken, and they said, ‘No, we just want to be with the times,’ ” Martin said. “I refused, and they got upset, of course. I try to put myself in their position because the iPhone is the thing that people have in the rest of the world. They are just tired of being deprived of what everyone else has. But the truth is that at the time I didn’t even know there was an iPhone 6.”

Sandra Cordero, a teacher who left Cuba in 1980, did not mind when her relatives used to ask for \$25 for milk. But when they asked her to put \$25 in minutes on their phone, she went through the roof.

“I said: ‘Are you kidding me? I am going to send you \$25 of my hard-earned salary so you can talk to whom about what, random chitchat? I don’t think so,’ ” she said.

In the end, Cordero found that it was cheaper to buy the minutes than to call Cuba on her own phone. That opened up the request line: nail polish, name-brand shoes and flat irons for hair. “To be honest, I don’t like it at all,” said Cordero, whose husband is a truck driver. “A few years ago they would never have asked for such things. The real problem is they are ignorant and secluded and they think money grows on trees over here.”

Rosalia Alvarez, a Miami doctor, said one of her co-workers was told by family members “not to get shoes from Payless or Kmart. They only wanted shoes from Macy’s. They’re getting much more discriminating.” This growing appetite for the good stuff could make it difficult for the Castro brothers to preserve the Communist mantra of equality — and the restrictions of the current regime.



The first U.S. cruise ship bound for Cuba in half a century, the Adonia — a vessel from Carnival's Fathom line — departed from Miami and arrived at the port of Havana on May 2. (Adalberto Roque/Agence France-Presse via Getty Images)

“Cubans want to emulate their neighbors next door, not the Canadians or the Germans,” said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council and a longtime Cuba observer. “All of this is creating a middle class that is precisely what the revolution was designed to eliminate and which provides a tremendous political challenge for the Cuban government.”

Others suggest the greater flow of goods will not hasten the fall of the regime but preserve it, by mollifying Cubans with consumer goods while allowing human rights violations to continue unchallenged.

Daniela Rovira, a 26-year-old travel agent in Miami whose mother lives in Havana, is not among those who worry. The influx of luxe can only be good for Cubans, she said, “because they have nothing. Why shouldn’t they have the clothes and shoes that other people have?”

Which may include the hottest designer labels soon enough. One recent morning at the Versailles restaurant, a popular gathering spot for Cuban exiles, several men were poring over a news report of Chanel’s recent fashion show in the heart of Havana and speculating about its impact.

“Cubans have never seen anything like those clothes,” declared Andy Castro, who left Cuba in 1961. “Now, every single woman in Cuba is going to want a Chanel outfit.”

## **Tampa Bay Times**

**St. Petersburg, Florida**

**1 July 2016**

### **Tourism ban withers as commercial flights to Cuba resume**

Paul Guzzo, Times Staff Writer



The beaches of Varadero, shown here in 2009, will get more crowded starting this fall when commercial flights to Cuba from the United States resume. Travel for tourism is still banned under U.S. law but enforcement efforts are fading. [Times file]

Cuba was once considered Florida's playground, offering fun and sun on a scenic island a short flight away. Then came the Cuban Revolution, communism and a U.S. travel and trade embargo.

A bipartisan measure to lift travel restrictions has advanced in the U.S. Senate but faces rough going before a Congress with strong anti-Cuba sentiment.

It may not matter.

The embargo has been whittled away anyway through executive orders issued by President Obama to restore relations with Cuba after five decades of separation between the two countries. These efforts have made the travel ban nearly impossible to enforce.

"It's no secret the Obama administration has been trying to circumvent the law as regards to Cuba policy," said Mauricio Claver-Carone, director of U.S.-Cuba Democracy, a Washington lobbying group that opposes engaging with the Castro government. "This is no different."

Havana is already connected to the U.S. via charter services, including seven weekly flights out of Tampa International Airport. Now, the U.S. government has approved commercial flights to nine Cuban cities including Varadero and Holguin, two popular resort cities. They start this fall.

Tampa residents can connect to those via Miami.

Only one thing stands in the way of Americans lounging on the sands of the island nation once again — travel is restricted to one of 12 specific reasons, including education and research. No resort activities.

For years, the U.S. Office of Foreign Assets Control, or OFAC, required Americans to apply for licenses to travel to Cuba. Permitted educational trips on Cuban culture were only allowed as part of a certified tour group.

With the easing of restrictions, Americans need only obtain a general license to visit Cuba for any of the 12 reasons allowed and can take educational tours on their own.

Little prevents Americans from lying about fulfilling their obligations.

"The Obama administration is using tourism travel to provide an economic lifeline to the Castro brothers," U.S. Rep. Ileana Ros-Lehtinen, a Cuban-born Miami Republican, said. "And the 'look the other way' attitude of the administration encourages purely tourist travel."

As restrictions loosened, the number of Americans going to Cuba has grown too rapidly for OFAC to properly monitor, said Doug Jacobson, a lawyer in Washington, D.C., whose practice involves nations under sanction of some kind.

"OFAC has limited resources and unless they receive information about a possible violation, they do not routinely audit," Jacobson said. "As a result, there have been few Cuba enforcement cases over the past years."

As of April, 94,000 Americans traveled to Cuba during 2016 — an increase of 93 percent from the same time last year, according to the Cuban government. The numbers do not include Cuban-Americans visiting family.

Visits are expected to soar higher in the coming year.

Commercial flights to Havana will be approved later this summer. Tampa is in the running. Cuba's capital city is expected to remain the most-visited destinations for Americans.

With its beaches and resorts, Varadero, already a busy destination for international tourists, is also expected to be popular among American travelers.

U.S. citizens can stay in Varadero resorts as long as their visit fits within one of the 12 categories of travel allowed.

Matanzas is ripe with educational day-trip possibilities for American visitors staying in neighboring Varadero, said Johannes Werner, editor of Cuba Standard, an online publication following Cuban business news. With its vibrant theater scene, Werner calls Matanzas the "Athens of Cuba."

But self-certified tours and a lack of oversight also make Varadero accessible for those interested strictly in tourism if they are willing to break a law that is seldom enforced.

"One action prevents them from doing anything they want to do in Cuba — their ability to control themselves and not post a selfie that the government can see," quipped John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "Other than that, they're good."

## **Inside US Trade**

**Washington, DC**

**23 June 2016**

### **Congress Likely To Block Private Credit Extension For Cuba Ag Purchases**

Both the House and Senate have sent amendments to the floors of their respective chambers that would end the U.S. government's prohibition on private companies offering credit to Cuba to purchase U.S. agriculture products, but the language is expected to face intense political opposition in both chambers and ultimately might not pass.

The Senate Appropriations Committee on June 16 tacked the amendment onto the financial services appropriations bill, and the House Rules Committee on June 21 allowed a similar amendment to go to the House floor when that chamber debates its version of the financial services appropriations bill.

On the Senate side, the full committee passage of the amendment to the financial services appropriations bill, offered by Sens. John Boozman (R-AR) and Jon Tester (D-MT), marks the second time the language was tacked on to an appropriations bill in the past two years. Congressional and agriculture industry sources said last year's language was removed from a final appropriations bill passed by the House and Senate, and a similar fate is expected this year with several key lawmakers opposed to ending the Cuban embargo.

The House amendment marks the first time the legislation has moved in that chamber. A House companion bill, H.R. 3687, was introduced by Rep. Rick Crawford (R-AR) on Oct. 6, 2015, and was referred to the Agriculture Committee. It has yet to be considered.

A Crawford spokesman said the congressman doubted the standalone bill would pass this year, which is why he wanted to add it as an amendment to the House financial services bill. The spokesman said he believes there is enough support to pass the amendment.

The House amendment won't be debated until July at the earliest, after a sit-in by Democrats demanding a vote on a gun bill compelled Republican leaders to adjourn a day early for the week-long July Fourth recess. House Speaker Paul Ryan (R-WI) has repeatedly criticized President Barack Obama's push to normalize relations with Cuba without securing various commitments in return, sources said. Those sources added

that Senate Majority Leader Mitch McConnell (R-KY) is focused on preserving the Republican majority in the Senate and is unlikely to spend his time on Cuba, especially with several key members opposed. -- including three senators of Cuban descent who have criticized Obama's actions on Cuba: Marco Rubio (R-FL), Ted Cruz (R-TX) and Robert Menendez (D-NJ).

Questions also remain on whether U.S. companies want to lend to Cuba because of its poor credit history, and whether those companies will offer terms competitive with government-backed credits from Canada, the European Union, China and Vietnam. Many governmental financial terms offer longer repayments than private lenders, sources said.

The Cuba amendments are seen as a way to get more U.S. agriculture exports to Cuba, given that current purchases must be paid for in cash.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a group that analyzes U.S.-Cuban policies, said Cuba is often used as a political bargaining chip on Capitol Hill, which is how both houses ended up with amendments to appropriations bills.

"In the end, they are not going to hold up an appropriations bill because of Cuba," Kavulich said. "I think the legislation may continue its process through the Senate, but it likely will be stripped out either because the House doesn't include it or because it's removed during conference. It's unlikely to become law."

Richard Sawaya, vice president of the National Foreign Trade Council, which supports the amendment, said many

Democrats in both chambers are supportive of the push to open trade with Cuba, but that House Republicans remain overwhelmingly opposed. Senate Republicans, by comparison, are slowly warming to the idea, he said.

Sawaya said half -- or eight -- of the Republicans on the Senate Appropriations Committee voted for the amendment.

The Appropriations Committee voted 22-8 to add the amendment to the fiscal 2017 Financial Services and General Government Appropriations bill. The full bill passed on a unanimous vote and is headed to the Senate floor, but it is unclear when it will be heard.

The amendment is based on S.1049, which was introduced by Boozman and Sen. Heidi Heitkamp (D-ND) on April 22, 2015.

Proponents of the Senate amendment believe it will boost U.S. agriculture exports to Cuba and move the U.S. closer to normalizing relations with Havana. Opponents believe the U.S. has not received enough concessions from Cuba in exchange for steps already taken to open relations.

Concessions the Obama administration and other lawmakers have sought and failed to acquire include allowing the U.S. to trade directly with privately owned businesses. All agriculture imports to Cuba, for example, must run through a Cuban government run program called Alimport.

Kavulich said he doubts there will be a surge of exports to Cuba because the nation has poor credit, to include missed payments and late payments. The U.S. government has also failed to fully allow banking transactions between the two nations, making it harder for Cuba to pay its bills to U.S. companies.

Kavulich elaborated that U.S. banks are allowed to have accounts with Cuban banks, but Cuban banks are not allowed to create accounts with U.S. banks. This means the Cuban government would have to send money to a third-party bank in a country like France or Panama and then have the money transferred again to the United States. This means it can take several days to complete a transaction through a third-party bank instead of making a direct transaction in a matter of hours.

It's also unclear if private companies will offer repayment terms that can last for years, similar to government export credit programs, Kavulich said. Many private companies want their money back within months.

Cuba is ultimately pursuing access to government credit programs in the U.S., like those offered by the Department of Agriculture, but that will not happen for years if at all, Kavulich said. Those government-backed credits are used to finance foreign purchases of U.S. agricultural products, and have longer payment periods than private creditors demand.

Sawaya said other nations allow credit to be extended to Cuba, and allowing U.S. agriculture exports the same ability places them on a level playing field with competitors.

When asked if U.S. companies are willing to lend to Cuba because of its credit history, Sawaya said, "That's for the banking community or the financing community to decide. The other answer is to let the market decide instead of the government's thumb."

Joshua Tonsager, legislative director for the National Association of Wheat Growers, said other countries providing credit to Cuba is the key reason U.S. wheat exports to the nation have fallen from a peak of 454,000 metric tons in 2007-2008 to zero metric tons in 2011-2012. U.S. wheat exports in 2007-2008 represented 49 percent of Cuba's imports.

Countries where wheat exports have grown -- primarily Canada and the EU -- are using government credits, Kavulich said. This means Cuba may try to pressure U.S. companies for similar financial terms if the U.S. hopes to boost exports. The U.S. could also try to leverage better logistical options to reduce transportation costs, Kavulich added. -- *Nate Robson*

## Inside US Trade

Washington, DC

20 June 2016

### Daily News

#### **Lawmakers Likely To Block Proposal Extending Private Credit For Cuba Ag Purchases**

The Senate Appropriations Committee last week approved a proposal that would end the U.S. government's prohibition on private companies offering credit to Cuba to purchase U.S. agriculture products, but the language faces intense political opposition in both the Senate and House and seems unlikely to advance any further.

The full committee passage of the amendment to the financial services appropriations bill, offered by Sens. John Boozman (R-AR) and Jon Tester (D-MT), marks the second time the language was tacked on to an appropriations bill in the past two years. Congressional and agriculture industry sources said last year's language was removed from a final appropriations bill passed by the House and Senate, and a similar fate is expected this year with several key lawmakers opposed to ending the Cuban embargo.

The committee approved the financial services bill on June 16.

A House companion bill, H.R. 3687, was introduced by Rep. Rick Crawford (R-AR) on Oct. 6, 2015, and was referred to the Agriculture Committee. It has yet to be considered.

A Crawford spokesman said the congressman doubts the standalone bill can pass this year, and that he plans to offer it as an amendment to the House financial services spending bill on the House floor this week. The spokesman said he believes there is enough support to pass the amendment.

House Speaker Paul Ryan (R-WI) has repeatedly criticized President Barack Obama's push to normalize relations with Cuba without securing various commitments in return, sources said. Those sources added Senate Majority Leader Mitch McConnell (R-KY) is focused on preserving the Republican majority in the Senate and is unlikely to spend his time on Cuba, especially with several key members opposed. Opposition

includes three senators of Cuban descent who have criticized Obama's actions on Cuba -- Marco Rubio (R-FL), Ted Cruz (R-TX) and Robert Menendez (D-NJ).

Questions also remain on whether U.S. companies want to lend to Cuba because of its poor credit history, and whether those companies will offer terms competitive with government-backed credits from Canada, the European Union, China and Vietnam. Many governmental financial terms offer longer repayments than private lenders, sources said.

The Boozman-Tester amendment is seen as a way to get more U.S. agriculture exports to Cuba since current purchases must be paid for in cash.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a group that analyzes U.S.-Cuban policies, said Cuba is often used as a political bargaining chip on Capitol Hill, which is how it ended up as an amendment in an appropriations bill.

“In the end, they are not going to hold up an appropriations bill because of Cuba,” Kavulich said. “I think the legislation may continue its process through the Senate, but it likely will be stripped out either because the House doesn't include it or because it's removed during conference. It's unlikely to become law.”

Richard Sawaya, vice president of the National Foreign Trade Council, which supports the amendment, said many

Democrats in both chambers are supportive of the push to open trade with Cuba, but that House Republicans remain overwhelmingly opposed. Senate Republicans, by comparison, are slowly opening to the idea, he said.

Sawaya said half -- or eight -- of the Republicans on the Senate Appropriations Committee voted for the amendment.

The Appropriations Committee voted 22-8 to add the amendment to the fiscal 2017 Financial Services and General Government Appropriations bill. The full bill passed on a unanimous vote and is headed to the Senate floor, but its unclear when it will be heard.

The amendment is based on S.1049, which was introduced by Boozman and Sen. Heidi Heitkamp (D-ND) on April 22, 2015.

Proponents of the Senate amendment believe it will boost U.S. agriculture exports to Cuba and move the U.S. closer to normalizing relations with Havana. Opponents believe the U.S. has not received enough concessions from Cuba in exchange for steps already taken to open relations.

Concessions the Obama administration and other lawmakers have sought and failed to acquire include allowing the U.S. to trade directly with privately owned businesses. All agriculture imports to Cuba, for example, currently have to go through a government run program called Alimport.

Kavulich said he doubts there will be a surge of exports to Cuba because the nation has poor credit. This includes missed payments and late payments. The U.S. government has also failed to fully allow banking transactions between the two nations, a move that would only make it harder for Cuba to pay its bills to U.S. companies.

Kavulich elaborated that U.S. banks are allowed to have accounts with Cuban banks, but Cuban banks are not allowed to create accounts with U.S. banks. This means the Cuban government would have to send money to a third-party bank in a country such as France or Panama and then have the money transferred again to the United States. This means it can take several days to complete a transaction through a third-party bank instead of making a direct transaction in a matter of hours.

It's also unclear if private companies will offer repayment terms that can last for years, similar to government export credit programs, Kavulich said. Many private companies want their money back within months.

Cuba is ultimately pursuing access to government credit programs in the U.S. like those offered by the Department of Agriculture, but that will not happen for years if at all, Kavulich said. Those government-backed credits are used to finance foreign purchases of U.S. agricultural products, and have longer payment periods than private creditors demand.

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# Quartz

New York, New York

20 June 2016

## CARIBBEAN CAFFEINE

**The next taste of US-Cuban diplomacy will be coffee-flavored**



Longtime Cuban barista Miguel Angel Ponce at El Escorial slowly pours espresso to make the perfect Irish coffee. (Keenan Steiner)

Written by Keenan Steiner

HAVANA, CUBA

Whether it's well-balanced cortadito, a simple espresso, or one of the many coffee concoctions found at Havana's coffee shops, Cubans are particular about their caffeine. Cuban coffee, as a style, is usually some combination of strong, dark-roast espresso with sweetness from sugar.

Cubans are better known around the world for their rum and cigars than their coffee. But in the mid-1950s, before the revolution, Cuba exported more than 20,000 metric tons (22,000 tons) of coffee to global markets, and official figures in the 1980s often exceeded 12,000 metric tons. Since the Cuban economic collapse following the fall of the Soviet Union, exports from the annual harvest have fallen drastically to just 660 metric tons, according the most recent figures provided by the International Coffee Organization.

In that time, Americans have become rabid and discerning consumers of caffeine. And since the Obama administration made a little-noticed regulatory update in April allowing certain Cuban coffee imports, some

entrepreneurs and companies have been racing to make it the first Cuban agricultural good to be commercially exported to the US since the embargo was imposed more than 50 years ago.

Nestle-owned Nespresso, which sells single-serve coffee capsules for its home brewing machines, appears to be winning that race, announcing today that it will begin sales of a Cuban espresso roast in the US in the fall. The coffee was produced by small farmers and purchased from Cubana, a British company that already imports Cuban coffee to Europe, and the state-owned enterprise Cubaexport, Nespresso said. Though its initial purchase is only a few dozen tons, the company plans to invest to increase Cuban farmers' production through a partnership with sustainable development nonprofit TechnoServe.

Another company in the race is GulfWise Commerce. Formed last year to do business with Cuba, GulfWise is exploring ways to import coffee to roast, package, or distribute, at a new fruit dehydration factory in Alabama that will include a coffee roaster. In March, GulfWise also secured the first license to sell agricultural equipment to Cuba (in the form of about \$100,000 in tractors), and is hoping to get coffee onto US shelves as early as this year.

When Christina McInnis, a partner at Gulfwise, has discussed Cuban coffee with independent roasters in the US and Cuban fruit with food companies, they all want a taste, she said; the fruit has an "amazing" reputation for being organic. "Honestly, I put Cuba in front of anything, and they all want to try it." Cuban fruit has not been cleared for import but it would likely be next, especially if a successful coffee trade takes place, according to John Kavulich, the head of the US-Cuba Trade and Economic Council, an association of US businesses.

#### Cuban flavor

Nespresso and GulfWise are far from the only companies looking to sell Cuban coffee. Portland-based Sustainable Harvest, a socially-minded business that supplies roasters like Starbucks, Stumptown and Green Mountain, is talking to European importers of Cuban coffee about how best to work with Cuban coffee producers.

Jorge Cuevas, Sustainable Harvest's chief coffee officer, thinks Americans' romantic view of Cuba, a place they are increasingly visiting, will make them want to buy its coffee. Americans "are going to fall in love with the place and the people and say, 'I want to replicate my Cuban coffee experience back home,'" he said. US roasters are going to want a Cuban-style dark roast, Cuevas said, and he wants to be the one to sell it.



Beans dry in the roaster at the state-run El Escorial in Old Havana.(Keenan Steiner)

Many Americans have—whether or not they know it—already tasted Cuban-style coffee, via the cheap supermarket brands Café Bustelo (which is now being marketed to hip consumers) and Café Pilon. Though both are now owned by the same company, their early owners learned to roast in Cuba before immigrating to America.

But those pushing for Cuban coffee imports have their sights set on a higher-end market. Kavulich said several big companies have approached his council wanting to know who to talk to about importing it, including the specialty markets Zabar's and Dean & DeLuca (which sell their own branded coffee) and three national coffee houses.

Engage Cuba, a Washington lobby group pushing to end the embargo, also said it is aware of companies interested in importing Cuban java. Kavulich said he's even been approached by two Las Vegas nightlife companies that want to put Cuban coffee into signature drinks. (Zabar's denies contacting Kavulich's council, and Dean & DeLuca said that while "there is a chance that one of the 800 Dean & DeLuca

employees of across the world reached out” to the council, the company has no current plans to import Cuban coffee.)

Gourmet brands like Dean & DeLuca would seem to be the right marketers for Cuban coffee, though the fanciest brands, such as Stumptown and Intelligentsia, are less likely to be interested. The relatively low altitudes of Cuba’s mountains don’t make for the very best coffee, according to George Howell, a coffee quality expert. He cited a slightly cheaper roaster, like Counter Culture, or importers like Sustainable Harvest and Equal Exchange, as potential suitors. Cuevas, of Sustainable Harvest, thinks that Cuban coffee would likely work well as espresso.

### Coffee diplomacy

Coffee imports could be an easy first step in rebuilding Cuban-American trade ties. For Cuba, revitalizing coffee production and exporting to the US would be a natural part of the economic reforms under way. Knowing it needs to boost food production and its trade imbalance, Cuba has been reducing state involvement in the farm sector (by most notably encouraging farmers to sell more goods on the open market within Cuba) while trying to attract foreign investment. While it’s been doing that since the 1990s, it’s now “on a scale they’ve never done before,” Phil Peters, the director of the Cuban Research Center in Virginia, said. Havana is “tired of paying \$2 billion per year to import food.”



Baristas at Café Fortuna build a layered “Cualquier Cosa,” a drink made with condensed milk, espresso, and steamed milk, topped with instant coffee, cinnamon, and toasted cereal.(Keenan Steiner)

For the US, meanwhile, Cuban coffee poses less of a conflict than some other imports. As the two countries have expanded ties, US brands of rum and tobacco have clashed with Cuban brands in trademark disputes, but the US doesn’t grow much coffee of its own. Coffee, Kavulich said, gets media attention, won’t compete with US producers, would have a “niche” market, and would “likely” have companies who want to import it.

What’s more, coffee is already mostly produced by independent Cuban entrepreneurs, which is one US State Department requirement for importing goods from the island (though the Cuban government still controls the sale of Cuban coffee and has a role in many aspects of its production).

However, that doesn’t mean just any US company can fly in and gobble up much coffee, said Phillip Oppenheim, the director of Cubana, the company that provided the coffee for Nespresso. Oppenheim says he expects to ink a deal with Cuban authorities this year to control the rights to export the bulk of the coffee from a prime growing region in the far east of the island, near Guantánamo Bay, to companies such as Nespresso. The deal would include investing \$5 million in upgrading de-pulping plants, training, and veterinary care for the mules that carry the farmers and the coffee. Finalizing a deal with the Cuban authorities is “a very long process,” Oppenheim explains; they don’t necessarily favor large multinational companies over small ones. Moreover, the harvest was poor this year due to drought.

“What we hope is that our project will increase the quality of Cuban coffee and then, within two or three years time, there will be a reasonable quantity for the US market,” Oppenheim said.

**Tampa Bay Times**

**Tampa Bay, Florida**

**11 June 2016**

## U.S. approves commercial flights to nine Cuban cities; Havana routes coming later

Paul Guzzo, Times Staff Writer



Times (2011)

TIA hosts charter flights to the Cuban cities of Santa Clara and Camaguey and is still vying for commercial flights to Havana when the Transportation Department announces them this summer.

Commercial airlines will connect the United States and Cuba later this year, one of the strongest signs yet of warming relations between two countries that had remained largely separated for more than five decades.

The U.S. Department of Transportation announced Friday it approved flights by six American commercial airlines to nine Cuban cities — Camaguey, Cayo Coco, Cayo Largo, Cienfuegos, Holguín, Manzanillo, Varadero, Santa Clara and Santiago.

Left off the list for now is Cuba's top destination, the capital city of Havana, in part because so many requests were filed for flights there.

"They'll show people there are other things to do in Cuba besides Havana," said Jason Bewley, chief financial officer of Silver Airways, whose airline is the only one approved to serve all nine cities outside Havana. "It is diverse in terms of the geography and culture of it."

The first flights will depart from Miami, Fort Lauderdale, Chicago, Philadelphia and Minneapolis/St. Paul by this fall, the Transportation Department said. The approved carriers are Silver, American Airlines, Frontier Airlines, JetBlue Airways, Southwest Airlines and Sun Country Airlines.

No airlines requested flights from Tampa to the cities outside Havana. But Tampa International Airport is still in the running for commercial flights to Havana when the Transportation Department announces them later this summer. JetBlue, Southwest and Silver Airways each requested the Tampa to Havana routes.

In addition, Bewley told the *Tampa Bay Times* that whenever the Transportation Department expands the number of flights to cities outside Havana, his airline will consider adding the service in Tampa.

Prices and schedules for the new flights are still being worked out. Flying from South Florida, commercial airlines could enter the Cuba market with tickets running \$150 to \$250, Miami-based Havana Consulting Group said in a recent report. One charter company flying from Miami and Tampa, ABC Charters, said a round trip charter flight to Havana now costs \$469.

Flight times from one destination, Fort Lauderdale, will be about 70 minutes to Santa Clara, 90 minutes to Camaguey, and — once they start up — 80 minutes to Havana.

Cuba experienced a record breaking year for tourism in 2015 with 3.5 million visitors, according to its Ministry of Tourism. This year is on pace to top that, in part because of the 94,000 U.S. visitors recorded through April — an increase of 93 percent over this time last year. The numbers do not include Cuban-Americans visiting family back home.

Not counting the family visits, as many as 90 percent of U.S. citizens visiting Cuba are headed to Havana, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

"Familiarity is the driver," said Marguerite Fitzgerald, a partner at the Boston Consulting Group, said. "When people think of Cuba they think of Havana. There is no real knowledge of other parts of Cuba. The flights will change this."

Tampa International Airport does host charter flights twice a week to Santa Clara, once a week to Camagüey, and once a week to Holguín. Still, all of them but a single route to Santa Clara are seasonal.

Charters throughout Florida typically offer one or two days of flights per week to Cuban cities other than Havana, according to information provided by Suzanne Carlson of Carlson Maritime Travel.

Such infrequent schedules keep destinations from attracting more Americans, said Tom Popper, president of Insight Cuba, which takes tour groups to the island nation. "Not everyone wants to go to Cuba for a week," Popper said. "Sometimes they just want to go for a few days. More flights a week help."

All but one of the destinations outside Havana will have a number of commercial flights each week. The exception is Cayo Largo, a small resort island off Cuba's main shore, where a Silver Airways' 34-seat airplane will fly just once a week. In addition to greater frequency, commercial airlines also can market flights to Cuba to a larger U.S. audience than charter companies can. What's more, the major carriers can sell tickets online and their flights from city to city connect. Charters offer neither service. "I don't think we'll see an immediate shift as far as opening up Cuba," Popper said. "But this is a start."

An obstacle remains: U.S. law prohibits Americans from visiting Cuba for tourism only. Trips must fall under one of 12 categories such as education, research and athletic competition. Another concern is that Cuba may not be ready for more Americans. Its hotel industry is already so taxed the government says it needs to add as many as 110,000 rooms in the next 14 years. Plus, many of the hotels outside of Havana need work and would not be considered up to American standards, Insight's Popper said.

But finding international financing for upgrading the hotel industry will be easier once commercial flights start landing, said Kavulich of the U.S.-Cuba Trade and Economic Council.

"Cuba will show potential investors photos of American airliners providing scheduled service to the other cities," Kavulich said. "That's critical when Cuba is trying to develop secondary destinations."

The private sector could also benefit.

"Cubans will set up restaurants in their homes and have people stay in their homes," said Fitzgerald with Boston Consulting Group. "Anything that touches the tourist industry is where you are going to see initial work."

The Cuban and U.S. governments negotiated for 110 daily flights to Cuba, 20 of which are designated for Havana and 10 each to the other nine cities.

One indication of Havana's importance to U.S. carriers is that their requests for flight allotments to the Transportation Department are triple the number available. That's why Havana flights still are being worked out. Allotment requests did not hit the maximum in any of the other nine cities.

Those who oppose the new era of normalized relations with Cuba argue that visiting the island nation supports an oppressive regime since most of the hotels are government run and are used to supplement the military's budget.

Insight's Popper said the new commercial flights align with several provisions of the initiative by President Barack Obama to normalize relations with Cuba. They will provide an economic lift to the island, bring citizens of the two nations together, and teach Americans more about life in a nation long blocked off from them. "Each area of Cuba has something different to offer," Popper said. "Thinking Cuba can be summed up with just a trip to Havana is like thinking all of the U.S. is like New York City."

**Iowa Public Television**  
**Johnston, Iowa**

## 10 June 2016

Cuba lies ninety miles south of the United States. Despite a nearly six-decade-old embargo, trade relations have tempered somewhat over the past 15 years allowing for the export of a few American products.

Last November, a U.S. agricultural delegation travelled to Cuba as part of an effort to remove the last barriers to trade. In exchange, high-ranking Cuban officials were invited to visit the U.S..

And recently, Secretary Vilsack made good on his end of the bargain -- hosting Cuba's Minister of Agriculture Gustavo Rodriguez Rullero.

Josh Buettner explains.

Sec. Tom Vilsack/USDA: "We have a tremendous opportunity in Cuba to expand exports of soybeans, rice and poultry at some point. They in turn have a tremendous opportunity to import into the U.S. organic production – high value-added opportunity. Trade must be a two way street."

Last week USDA chief Tom Vilsack hosted a Cuban agricultural delegation in his home state of Iowa. The historic event gave the group a glimpse into agribusiness diversity in a region that leads the U.S. in several farm production sectors.

Sec. Tom Vilsack/USDA: "The ambassador wanted this guy to go to Virginia. I said no – he's comin' to Iowa."

The reciprocal visit follows the first American presidential trip to the Caribbean island nation since 1928. There both countries signed a Memorandum of Understanding to collaborate on agricultural research and ideas.

In Iowa, dignitaries saw a high-tech greenhouse at seed giant DuPont Pioneer, where staff stressed the importance of research and genetics for improved yields. In the past, Cuba has been relatively isolated from crop technologies like genetically modified seeds.

But a stopover at fifth-generation farmer Aaron Lehman's organic operation offered one way Cuba's farmers could use past seclusion to their advantage.

Aaron Lehman/Polk City, Iowa: "If we have a certified organic crop, we will typically receive an extra 50 percent to even 200 percent for each bushel we produce."

Lehman has been converting some of his farm's conventional acreage to organic over the past decade. And while the three-year regulatory transition period can come with a financial pinch, a steady 15% annual increase in U.S. demand for organic products makes the move worthwhile.

Sec. Tom Vilsack/USDA: "The reality is there are not a lot of families like Aaron's. So we are having to import."

But relations with the Communist nation are still subject to a U.S. embargo which has been in place since 1962. Obama has called the law a relic of the Cold War, but the chief executive is legally powerless to cut trade sanctions.

As lawmakers contemplate the issue on their own timetable, Vilsack says USDA has authorized the use of commodity checkoff dollars for education and training to continue momentum.

Sec. Tom Vilsack/USDA: "I'm optimistic and hopeful that Congress will at some point in time lift the embargo."

Since 2001, a diplomatic defrost has allowed limited U.S. farm and food exports to Cuba, but the market is volatile. According to the U.S.- Cuba Trade and Economic Council, agricultural shipments to Cuba peaked in 2008 at \$700 million. Meager by comparison, 2015's \$170 million total has been attributed to uncertainty and increased global competition.

Voice offscreen: “That’s 20 years old?”

Aaron Lehman/Polk City, Iowa: “Yeah. We try to take care of it...”

Gustavo Rodriguez Rollero/Agricultural Minister - Cuba(in Spanish): “50 years!”

Sec. Tom Vilsack/USDA: “50 years. They know how to take care of a tractor.”

U.S. officials say untangling credit barriers would allow Cubans to purchase new items like American tractors, many of which they currently own are as long in the tooth as the island’s well-known classic cars. Gustavo Rodriguez Rollero/Cuban Agriculture Minister: “We believe there are many areas of agriculture in which we have common views...and what is left to be done is deepen our collaboration.”

Cuba’s Agricultural Minister echoed the sentiments of his American counterpart both on the farm and at Iowa State University, as the delegation explored the institution’s commitment to research and business growth - while educating the next generation of farm leaders.

A culmination of knowledge and discipline rounded out the groundbreaking day at a nearby ethanol plant. Lincolnway Energy board members explained how Iowa’s biofuel production model creates multiple use products, jobs in rural areas, and helps the auto industry comply with mandates on fuel economy.

Bill Couser/Lincolnway Energy Board of Directors: “We’ve used this corn, just like a barrel of crude. We take it apart, and we have food and fuel.”

Sec. Tom Vilsack/USDA: “And the best way to get to higher octane fuels is blending more of that.”

While USDA lays the groundwork for robust agricultural trade with Cuba, critics contend the former U.S. adversary has a plethora of other issues to iron out before normalized relations are fully realized.

Sec. Tom Vilsack/USDA: “There will always be differences but they don’t necessarily have to prevent us from having a relationship. Abraham Lincoln once said that the best way to eliminate an enemy is to make a friend. I don’t know of anything more powerful in making friendships and eliminating past challenges than agriculture.”

For Market to Market, I’m Josh Buettner.

# Delaware Business Times

Wilmington, Delaware

9 June 2016

**Cuba is open for business — almost**



*by Michael Bradley*

*Special to Delaware Business Times*

Joe Miro could see it more than three years ago, when he visited the island he left in 1962 as a boy of 13. Cuba is ready.

The people are clamoring for more foreign goods. Other countries are already doing business in the country, which has been shut off for decades from the U.S. commerce by government embargo. But as President Obama pushes for normalization of relations between the two countries, and cruise ships head to the nation just 90 miles from the southern tip of Florida, excitement is growing that American companies will soon have greatly expanded trade prospects.

“As far as trade is concerned, the opportunities are immense,” said Miro, a member of the Delaware House who represents that 22nd District. “What is not clear at this point is the mechanism by which businesses will be able to comply with those opportunities.”

Miro’s experience with Cuba and its complexities is vital at this point in the history between it and the U.S. On May 17, he attended the World Trade Center Delaware breakfast meeting on trade with Cuba that featured guest speaker John S. Kavulich II, the president of the U.S.-Cuba Trade and Economic Council.

The program looked at what is next for the countries’ relationship, as well as the ramifications of Obama’s historic March visit.

Although the idea that there will be unfettered access to American goods on the island in the next several months is preposterous, there is no doubt companies will have the chance to tap into the Cuban market in the future. As Miro said, it’s important protocols be established and the groundwork be developed that will allow for commercial give-and-take.

“People in the streets are eager to see change, but I think change is going to be slow, because of the number of years people have lived under a particular system,” Miro said. “They are accustomed to having their needs met by the government.”

While he was in Cuba during his last visit in late 2012, Miro saw foreign-owned hotels and noticed that citizens had more American goods than before, some of which they were selling from their houses without the previous fear of government crackdown. “The idea of private business is growing, as well as many restaurants,” Miro said. “Much of that was not available when I visited in 2007.”

Delaware already has a trade history with Cuba. In 2007, Mountaire Farms signed an agreement to export poultry to the island. Because the nation has no broiler-chicken production and limited egg harvests, it is in need of product from many other places, including the U.S. and Delaware. Five years ago, the then-export trade director for Global Delaware, which is part of the Secretary of State’s office, organized a mission to Cuba involving poultry companies from the state to look at opportunities. Since then, other states have arranged similar missions to Cuba in the past few months, hoping to tap into the fertile market.

David Mathe, the current export trade director, is interested in helping the state’s farmers, as well as any other businesses, navigate the intricacies of the Cuban market. Although Global Delaware’s current focus is on Canada, Mexico, Germany and South Korea, it is interested in taking advantage of the opportunities that Obama’s new approach to Cuba will offer. He sees the trade center’s Delaware event as a chance for local businesses to learn how to begin the process of trade with Cuba. “We are learning what the opportunities and what are the challenges,” Mathe said. “We want to be prepared when the embargo is lifted.”

Since, as Mathe said, there aren’t many “assets on the ground” in Cuba, businesses and the organizations that support them rely on the U.S. Department of Commerce for information and guidance. One would imagine that the programs offered will expand as the country opens more and the U.S. permits a wider array of contact with Cuban markets.

Obviously, one thing that could slow down trade progress is the human-rights issue. When Obama visited in the winter, he was clear that there must be progress in that area before the U.S. can launch any total spectrum of relations with Cuba. But there is an undeniable allure to working with a partner that is only 90 miles away.

“It’s a close market,” Mathe said. “We work with companies in Delaware who are trying to do business with Asia, which is halfway around the world and a 13-hour time difference away. Cuba is easily accessible, and because it has been closed to us for so long, there is a romance associated with it. But there is a desire there for our products.”

The “romance” of which Mathe speaks is real. But while some American companies may envision a citizenry thirsting for U.S. goods and eager to fill the coffers of our businesses, there are few things to remember. Cuba is nearby and is an untapped market, but it has also spent the past several decades building relationships with other nations for many items. And it’s not just old Soviet-bloc countries. Its biggest partners are Venezuela, Canada, China and the Netherlands. Plus, because the nation’s population is a modest 11.3 million people, it’s not exactly as if firms would be tapping into the Indian or Chinese markets.

Finally, since the Castro regime has been so repressive, and the planned-economy system has kept incomes down, there is not abundant disposable income available. Still, a new market is always exciting, and as Mathe said, there is a romance to Cuba. People have to remember, though, that it will require some patience. “Doors are getting opened, but it’s a slow process,” Miro said. “Nothing is going to take place overnight. [The Cubans] are cautious about who is going to what, when and how.”



John S. Kavulich, President of the U.S.-Cuba Trade and Economic Council, focused on the basic tension between the strategically slow Cuban government and the excitement of American business as trade barriers begin to fall in remarks he delivered to members of World Trade Center Delaware last month.

He delivered a message of “sobering encouragement” to Delaware businesses – balancing the allure of new markets with sizeable challenges that remain.

“There are export opportunities for United States companies, but they are hostage to politics, logistics, and ability to pay,” Kavulich said.

Kavulich noted that trade with Cuba already exists in Delaware, a result of the Trade Sanctions Reform and Export Enhancement Act, signed into law by President Bill Clinton in October 2000. It reauthorized the direct export of food products and agricultural commodities from the United States to Cuba.

And while Kavulich understands the desire to travel to Cuba on business – to drink “the Mojito at El Floridita where the writer Ernest Hemingway would sit on a stool” – he also advises business leaders to go with a specific plan and to research in advance what is, and is not, allowed in a quickly changing marketplace.

“You don’t need a consultant,” he said. “You probably don’t initially require legal services. But you should try to make certain that you know what the United States government authorizes you to do and what the government of Cuba authorizes you to do. There is often a tremendous distance between the two opportunities.”

## **The Miami Herald**

**Miami, Florida**

**8 June 2016**

**Panama law firm turned a blind eye to U.S. embargo on Cuba  
Cuban companies created by Mossack Fonseca were linked to firms on U.S. sanctions list**

## **U.S. company sold products to Cuba through Panama company MF kept ties to companies doing business in Cuba, even after directive barring that**

El Nuevo Herald identified at least 25 companies registered in the Bahamas, Panama and the British Virgin Islands linked to Cuba appearing in the records of the Mossack Fonseca , the law firm at the center of the Panama Papers .

By Nora Gámez Torres

The Panama law firm of Mossack Fonseca provided services to companies that may have broken the U.S. embargo on Cuba or were linked to companies specifically blocked by the U.S. Treasury Department, according to the Panama Papers.

Some of the secret Cuban companies the firm helped to incorporate had ties to names on the list of people and entities the U.S. government has banned from U.S. business deals because of economic sanctions or their ties to terrorism or drug trafficking.

Three companies created by the Cuban government in offshore tax havens — Miramar Investment Corporation Ltd., Mercaria Trading S.A. and Caribbean Sugar Traders — shared a director named Porfirio Medero Paiva, who had the same Madrid address as CRYMSA Import Export. The Spanish company is on the list of blocked persons and “specially designated nationals” kept by Treasury's Office of Foreign Assets Control (OFAC).

What’s more, Acepex Management S.A., registered in the British Virgin Islands and active in seafood exports, had links to the Cuban Company for Fish and Shellfish, known by its Spanish initials CARIBEX. It is also on the list of entities sanctioned by OFAC.

Acepex director René Besteiro Bauta was deputy head of the Fishing Industry Ministry. CARIBEX, which succeeded Acepex, still uses the email address [acepex@ceniai.inf.cu](mailto:acepex@ceniai.inf.cu).

The Cuban government has been far from transparent on the offshore companies it owns. Its Official Gazette reported in December of 2004 that the government had authorized “the British Virgin Islands company Acepex Management S.A.” to renew its place in “the National Registry of Branches and Agents of Foreign Companies maintained by the Cuban Chamber of Commerce.”

### **POSSIBLE EMBARGO VIOLATIONS**

A number of foreigners who were doing business with Cuba also used offshore companies to carry out surreptitious deals with the island that might have earned them stiff fines from the U.S. government.

Jose Luis Fuchs, a Peruvian-Spanish businessman based in Costa Rica, owned several companies that distributed medical products sold by Orthofix, an international company based in Texas.

Fuchs also was Orthofix vice president for Latin America in 2006 when he used M.I.S. Technologies S.A., a company registered in Panama and administered by Mossack Fonseca, to carry out a deal with the Cuban government’s CIMEX S.A. business conglomerate for orthopedic nails and screws. The deal was worth about 3.7 million euros—roughly \$4.5 million at the time.

“Orthofix cannot sell directly to Cuba because it has business in the USA. Therefore M.I.S. serves as intermediary and distributor. The merchandise has been sent to M.I.S. in Panama by Orthofix from various production sites and are stored in a warehouse in the Colon Free Zone,” said a Mossack Fonseca memorandum.

CIMEX S.A. is also on the OFAC list of sanctioned entities. Founded by the Cuban Ministry of the Interior, it is currently run by the armed forces and has offices in Havana, Panama, Spain and Mexico.

Payment for the deal was sent by the government-owned Banco Financiero Internacional de Cuba to the BBVA branch in Panama. The money was then to be transferred to an account managed by Mossack Fonseca. “Once the funds have been transferred from BBVA to this new account, about USD 2.1 million

will be transferred to Orthofix and about USD 600,000 to other intermediaries,” the memorandum adds. It did not identify the other intermediaries.

The contract was signed by Eduardo Bencomo Zurdos and Raúl Fuentes González, at the time the president and the general manager of CIMEX. Mossack Fonseca employees listed as directors of M.I.S. Technologies signed for the Panama company.

Orthofix cannot sell directly to Cuba because it has business in the USA. Therefore M.I.S. serves as intermediary and distributor. The merchandise has been sent to M.I.S. in Panama by Orthofix from various production sites and are stored in a warehouse in the Colon Free Zone. Mossack Fonseca memorandum explaining one company’s circumvention of the embargo

Peter Quinter, an expert on U.S. embargo laws and former head of the International Law section of the Florida Bar Association, said a transaction in which a U.S. company uses an offshore company to sell products to a Cuban company on the OFAC list could be investigated by the U.S. Department of Justice as a violation of the embargo.

Even after President Barack Obama started to ease U.S. sanctions on Cuba, “companies and individuals under U.S. jurisdictions cannot do business, directly or indirectly, with Cuban companies or people identified by OFAC on its list of blocked persons or ‘specially designated nationals.’ ” said Quinter, now head of the Customs and International Trade Law Group at the GrayRobinson law firm in Miami.

Offshore companies owned or controlled by U.S. companies also are barred from doing business with Cuba, he said.

If the Cuban entity is blocked by OFAC, Quinter added, “the U.S. company and those persons or companies that conspire with it to do business may be the subject of a criminal investigation for a violation of the embargo.”

A State Department spokesperson confirmed to El Nuevo Herald that if a U.S. company’s deal with Cuba is not approved “by a general or specific license, then it is equally forbidden for the company to take part in the deal ... through an intermediary.”

Orthofix could have asked for a U.S. license to sell its products directly to Cuba. “Those products are still regulated by the U.S. government, but obtaining licenses to export them to Cuba is not a problem,” Quinter said.

Orthofix did not respond to El Nuevo Herald requests for comment on this story. Fuchs could not be located for comment.

The U.S. Treasury does not comment on the number of special licenses issued for exports to Cuba. A spokesperson said the time it takes to process requests depends on the complexity of the deal, the need to coordinate with other U.S. agencies and the volume of other requests on hand.

Licenses for exporting medical products to Cuba, which are issued by the Department of Commerce’s Bureau of Industry and Security, normally take 30 to 40 days to process and are generally approved, although each case is reviewed to make sure it meets the requirements.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors U.S. exports to Cuba, said export licenses “became easier to obtain under the Cuban Democracy Act of 1992,” which re-authorized the direct export of medical equipment and instruments, medicines and pharmaceutical products to Cuba with certain restrictions. They included cash payment in advance and a verification that their destination is not, for example, an institution linked to the Cuban military.

Kavulich added that the U.S. companies must keep records of the verifications of the final destinations, “and there’s never been a report of a misuse of any export, that it was sold for one purpose and used for another.”

Data gathered by his organization show that in 2006, when the Fuchs contract was signed, the U.S. government licensed medical exports to Cuba valued at \$814,866. The following year, when the Orthofix deal for \$4.5 million was concluded, exports worth \$436,773 received U.S. licenses.

Kavulich cautioned, however, that his numbers may not be totally precise. A Treasury Department official declined to comment on the number of license petitions processed each year.

The people who appear as directors of the offshore Cuban companies are generally employees or lawyers of state enterprises, and rarely top officials.

## **MOSSACK FONSECA'S RISKS**

Mossack Fonseca also acted as the registered agent for the majority of the companies that operated in Cuba or listed administrators or members of boards of directors who were officials or lawyers of government entities in Cuba — even though the island was under a broad regime of U.S. sanctions.

The Panama Papers, documents leaked to the International Consortium of Investigative Journalists and shared with the McClatchy Washington Bureau, Miami Herald and El Nuevo Herald, among others, contain hundreds of thousands of pages from the files of Mossack Fonseca, which has offices in 33 other countries. The firm's archives show its employees sporadically checked the names of some of the Cuban companies' directors, but never found any of Cuba's better-known officials. The people who appear as directors of the offshore Cuban companies are generally employees or lawyers of state enterprises, and rarely top officials. Mossack Fonseca recently started to pay more attention to some of the companies linked to Cuba. A check in February of 2015 on Curtdale Investments Ltd. and Ardpoint Company Inc. showed one of their directors was Hernán Aguilar Parra, a member of Cuba's legislative National Assembly.

The company also checked in 2011 on Corporación Panamericana, but not on its listed director, José L. Fernández de Cossío Domínguez, who was Cuba's ambassador to Japan from 2008 until 2012.

Although it maintained relations with Cuban clients for many years without asking too many questions, Mossack Fonseca decided recently to change its policy on Cuba, apparently because of fears of OFAC, which enforces U.S. sanctions on Cuba and all several other countries.

OFAC has been increasingly aggressive in punishing violators, especially banks, and on July 1, 2015, the French bank BNP Paribas agreed to pay a fine of \$8.83 billion to settle charges that it had violated U.S. sanctions on Cuba, Iran and Sudan.

Mossack Fonseca directors reacted quickly, and eight days later the law firm issued a new policy to start distancing itself from companies linked to countries under U.S. sanctions, especially if a Mossack Fonseca member appeared as a director or registered agent of the company.

An email sent by a Mossack Fonseca attorney told company employees on July 13, 2015, that the law firm had decided "to resign our directors from the 35 societies [companies] identified in the system as active in countries listed by OFAC." Among them were three identified as doing business in Cuba.

The email also ordered the sale or change of companies that listed Mossack Fonseca directors "if they are to carry out activities in countries listed by OFAC, regardless of the sanctions program applied."

It also warned that the law firm should not "provide the service of acting as registered agent for companies that will be active in OFAC countries under full sanctions," such as Cuba, Sudan and Iran.

Mossack Fonseca did not cut off its links with some of the companies, however, encouraged by the warming U.S.-Cuba relations and the hope that the U.S. embargo would soon be eliminated. The U.S. State Department removed Cuba from its list of state sponsors of terrorism in 2015, opening the way for the reestablishment of diplomatic relations between the two countries.

A review by the Mossack Fonseca department in charge of compliance initially recommended ending all services to Spanish businessman Victor Moro Suarez, who headed Vima World Ltd. and other offshore companies like Mundicompras S.A., Restaurantes del Caribe S.A. and Vima Caribe S.A. The review concluded that their activities in Cuba could put Mossack Fonseca at risk of U.S. punishment.

But the head of the Mossack Fonseca office in Geneva, Adrian H. Simon, interceded on behalf of the Spaniard, because the law firm had served as a registered agent for the businessman for 21 years.

\$8.83 billion What one French bank, BNP Paribas, paid as a fine for violating U.S. sanctions on Cuba, Sudan and Iran.

“The company [Vilma World Ltd.] is totally transparent. The clients could not establish a Cuban company at that time because it was not allowed,” Simon wrote. “It is not something illegal or fraudulent. They supply internationally known hotel chains in Cuba, Dominican Republic and Spain.”

“We all know that Cuba is going to come out of the embargo, and we all know the steps that have been taken in that direction, that the United States again has an embassy in Cuba. They are in the process,” he added.

The exchange of emails concludes with a decision in favor of continuing services to Moro, “taking into account the current situation of the Cuba embargo and the type of activity carried out, as well as the length of our relationship with him.”

Mossack Fonseca executive Josette Roquebert nevertheless made reference to instructions to follow “to offset the risks that come with providing services to a client who has a relationship with Cuba, because these services are not covered by our policy.” Vima is still registered to do business in Cuba, with Moro as its representative.

Mossack Fonseca did not reply to several questions sent by El Nuevo Herald about its services to companies linked to Cuba. In a statement after the Panama Papers were leaked, the law firm insisted that it “routinely withdraws from agreements with clients when due diligence and/or updates of sanctions lists show that one part of a company that we service has been convicted or shows up on a sanctions list.”

## **LSE Business Review**

**London, United Kingdom**

**7 June 2016**

### **American companies kick the tires of Cuba’s new-old economy**

The allure masks major obstacles to doing business there, writes Ken Fireman



The car was a Detroit classic on a Havana street, a pink and white 1956 Chevy Bel Air with a nickname out of a rock ‘n roll song: Lola. And parked behind the wheel was a distinguished American guest, New York Governor Andrew Cuomo, come to Cuba in April 2015 on an official trip. But Lola carried a surprise under the hood. The original Chevrolet power plant had long since died. In its place was a four-cylinder Toyota diesel engine.

The mash-up is typical in a Cuba where vintage cars that would make a collector salivate are kept running through agile, creative cannibalization. And it could serve as a metaphor for a Cuban economy that entices American businesses with the lure of an untapped market, but contains disguised obstacles that can frustrate

all but the hardest entrepreneur, writes freelance journalist Christina Hoag in her report for SAGE Business Researcher.

“The attraction of Cuba is kind of an amusement park in decay,” John S. Kavulich III, president of the U.S.-Cuba Trade and Economic Council, told Hoag. With the re-establishment of Cuban-U.S. diplomatic relations after a half-century freeze-out and President Obama’s recent visit, U.S. business executives are dreaming big dreams.

Trade fairs in Havana draw scores of top-drawer American companies ranging from PepsiCo to Caterpillar to Boeing. The Cuban government is opening the state-run economy to foreign investment with a goal of attracting \$8.2 billion in FDI. Obama has carved out ever-wider exceptions to the 54-year-old U.S. embargo on trade with Cuba that enables expanded activity in fields such as telecommunications and travel.

“Everyone is interested in Cuba right now,” Alana Tummino, head of the Council of the Americas’ Cuba Working Group, told SAGE Business Researcher. “The Cubans are totally inundated with business groups traveling down and wanting to meet with ministry officials.”

But then come the hard realities of trying to do business in an economy that is tightly controlled by a one-party state, an infrastructure that is dilapidated and outdated, and a populace whose purchasing power is limited by a monthly median wage equivalent to \$20.

Add to that a legal system that lacks transparency and is heavily tilted in favor of the state; court proceedings are conducted in secret, and those at the top of the law school classes are recruited as prosecutors, while judges often are chosen from the bottom. “There’s been a lot of irrational exuberance about Cuba,” says James Cason, who served as principal officer of the U.S. Interests Section in Havana, which functioned in lieu of an embassy, from 2002 to 2005. “It’s a very risky business.”

British business executive Stephen Purvis found out just how risky. The head of a company called Coral Capital that invested in Cuban tourism and other businesses, Purvis was accused of espionage in 2011. After spending 16 months in jail awaiting trial, he was convicted of illegal foreign currency transactions and then released. He lost \$15 million in assets. “The central bank had authorized all our transactions for 12 years,” Purvis said. “Then, all of a sudden, they were saying they weren’t authorized, and that we didn’t have specific permission. It was a very arbitrary application of the law.”

Other companies, however, report utterly benign experiences. “We’ve been in Cuba for over 20 years, and it’s a remarkably stable place to do business,” said David Pathe, CEO of Canada’s Sherritt International, which operates a nickel mine and is one of Cuba’s largest foreign investors.

And, risks or not, the Americans are coming. Airbnb, the internet-based home rental service, expanded to Cuba last year with 1,000 listings. Sprint and Verizon have started offering cell phone roaming services after signing agreements with the state-run telecommunications company. Netflix heralded the arrival of its streaming video service in 2015 with an exuberant tweet of “Bienvenida Cuba!”—even though its \$7.99 monthly charge represents more than one-third of the median wage.

If the promise is to be fulfilled, a way must be found to bridge the differing economic goals of the two governments, according to analysts. Washington’s main objective is to stimulate greater private investment, while Cuban leaders want deals that will shore up the state-owned enterprises that control three-quarters of the economy. “There’s a disconnect between what U.S. companies can do [under the embargo] and what Cubans want,” says Tummino of the Council of the Americas.

**Fox News Latino (EFE)**

**New York, New York**

**2 June 2016**

## **Cuban agriculture minister seeks to increase bilateral cooperation with U.S.**

Cuba wants to hold a dialogue "between farmers" with the United States to increase bilateral cooperation, although "credit limitations" imposed by the U.S. trade embargo are still an obstacle to that, the island's agricultural minister, Gustavo Rodriguez Rollero, said in Washington on Thursday.

"The most practical way to stimulate cooperation is the language of farmers," said Rodriguez Rollero at an event at the U.S. Chamber of Commerce. The Cuban minister said that one of the problems is "the difficulty in accessing credit facilities" when doing business with the United States, citing as an example the fact that Cuba must pay in advance for all its purchases.

On the other hand, Rodriguez Rollero emphasized the need for Cuba to raise its farm output significantly because of the expected increased tourist flow, as highlighted by the recent arrival of the first cruise ship sailing from Florida to the island in more than 50 years. "We import \$2 billion worth of food, but we want to produce at least 50 percent," he said in a chat with former U.S. Commerce Secretary Carlos Gutierrez, who is of Cuban origin. Specifically, he said that the most promising sectors for cooperation are tobacco, apiculture and organic agriculture.

Rodriguez Rollero's trip comes at the invitation of U.S. Agriculture Secretary Tom Vilsack, who will accompany the Cuban official on Friday morning to his home state of Iowa, the largest producer of corn, soybeans and eggs in the United States.

In 2015, U.S. agricultural exports to Cuba totalled \$170 million, with chicken making up almost half and the rest consisting of soybeans, soy derivatives such as soymeal or soyoil and rice, according to the U.S.-Cuba Trade and Economic Council.

Since the reestablishment of diplomatic relations between Cuba and the United States, the government of Barack Obama has adopted assorted measures to alleviate the trade embargo on the communist island that has been in place since 1962, something that can only be done fully by Congress, which is currently controlled by the Republicans, who are firmly opposed to lifting it. EFE

# **Des Moines Register**

**Des Moines, Iowa**

**1 June 2016**

## **Vilsack hopes meeting will push Congress on Cuba trade deal**

**By Christopher Doering**



(Photo: Kelsey Kremer/The Register)

WASHINGTON — Agriculture Secretary Tom Vilsack said he is optimistic a visit with his Cuban counterpart Friday in Iowa can help build pressure on Congress to fully lift the embargo on trade with the communist country.

The White House announced in late 2014 efforts to improve relations with Cuba's communist regime, including expanding trade. While President Barack Obama has eased some financial and travel restrictions and reopened the U.S. embassy in Havana, Congress has not agreed to lift the embargo.

“I think as we build those connections the political case for removal of the embargo will strengthen and eventually we’ll get to the point where there are adequate numbers in Congress to overcome the resistance to lifting the embargo,” Vilsack said Friday. “When that day comes ... we’re going to see an explosion of opportunity, and we just want to make sure we are prepared with the relationships and the awareness of that Cuban market.”

In an interview ahead of the meeting with Cuban Agriculture Minister Gustavo Rodriguez Rollero, Vilsack said Iowa — the nation’s top corn, soybean, pork, egg and ethanol producer — has an “amazing diversity of opportunity” that could benefit from expanded trade. The former Iowa governor said the state’s soybean industry could be among the biggest beneficiaries of improved trade relations, along with pork and poultry. “I want (Rollero) to know that Iowa is a place that represents a diversified agricultural economy, similar to one that he can help develop in his country,” Vilsack said.

During the Iowa visit, Vilsack and Rollero plan to visit Dupont Pioneer, an organic farm in Polk City, a seed center at Iowa State University and Lincolnway Energy in Nevada. Rollero also is scheduled to meet in Washington Thursday with Michael Scuse, USDA's acting deputy secretary.

Iowa is unlikely to be a direct exporter of soybeans to Cuba but could still benefit from farmers in the southern United States who will experience increased demand for their crops, said Kirk Leeds, chief executive officer of the Iowa Soybean Association. As those states ship more of their product to Cuba, it will create opportunities for Iowa and other states to fill that void.

“Cuba is never going to be a huge market for the U.S. relative to other markets in the world, but in a time of overproduction and strong supplies, any and all markets are important to us,” Leeds said. “Any beans that they use from the U.S. is going to be good for Iowa farmers.”

Trade sanctions against Cuba have exempted food and agricultural exports since 2001. But rules on completing transactions — using cash isn’t an option, for example, and payments are required in advance — resulted in extra expense and time, complicating shipments of some products.

Agricultural shipments to Cuba have remained volatile the past decade, peaking at around \$700 million in 2008. In 2015, shipments totaled nearly \$170 million, with frozen chicken making up 46 percent of the figure, according to the U.S.-Cuba Trade and Economic Council. Herbicides, soybeans and soybean products made up an additional 46 percent.

Agricultural shipments during the first quarter of 2016 plunged 29 percent from the same time a year ago. John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said one reason for the decline is that other countries are offering better credit terms to Cuba. The country also is likely holding back on imports from the United States in order to send a message.

“Cuba feels by buying less they’ll somehow instill a crack-like response by the U.S. business community that more needs to be changed in terms of law and regulation,” Kavulich said. Still, he wasn't optimistic about congressional action anytime soon. “There will be no legislation (from Congress) this year and quite likely next year,” he said.

# **Tampa Bay Times**

**Tampa Bay, Florida**

**1 June 2016**

**Can Obama administration settle Cuba claims issue before time runs out?**

By Paul Guzzo

Two key criteria have to be met before Congress can even consider lifting the economic embargo against Cuba: The Castros must be out of power and U.S.-certified claims against Cuba for American properties and businesses nationalized in the 1960s need to be settled.

Father Time took care of the former. Fidel Castro resigned as president in 2008. His successor and brother Raul Castro promises to do so by February 2018.

Those close to the claims issue now wonder: With less than 250 days remaining in President Barack Obama's administration, is there enough time for negotiations, and if not, what does that mean for the president's efforts to normalize relations with Cuba.

"Without a settlement of certified claims, every Obama administration initiative becomes less secure in terms of post-Obama administration survival," said John Kavulich, president of the New York-based US-Cuba Trade and Economic Council that reports business trends between the nations.

Kavulich questions if the next president will want to place a similar emphasis on Cuba.

Presidents typically do not focus on their predecessor's legacy projects, which Cuba is for Obama, Kavulich said. Nor might a first-term president still facing reelection be as flexible in the give-and-take with Cuba.

"President Obama has the political capital to get this done now so his successor will not have to deal with the issue in an uncertain future," said Antonio C. Martinez II, the chief operating officer of New York-based Cuban Strategic Partnerships Inc. "With the claims issue resolved, Congress will be able to rapidly move and end the embargo."

Much has been accomplished since U.S. policy on Cuba switched from isolation to engagement. Diplomatic relations are restored. Trade and travel opportunities have increased. A bilateral oilspill clean-up agreement is pending.

Still, this new relationship is based primarily upon executive orders that can be reversed by future presidents.

For Obama's policy of engagement to remain, the Cuban Embargo must be lifted by Congress. If certified claims are settled and neither Castro is president, Congress may struggle to justify the embargo even if communism still rules Cuba.

U.S. government officials met with their counterparts in Havana last week to discuss further détente.

The U.S. State Department says there are 5,913 certified claims against Cuba totaling \$1.9 billion plus interest. They are labeled a priority, though officials acknowledge dealing with them is a complex process that will take time.

"I would love this to be settled before Obama leaves office, but it is doubtful at this point," said attorney Raul Valdes-Fauli, chairman of the Miami-based Cuban Claims Owners Association, which provides legal analysis on the issue.

Cuba's government is slow to make decisions, he said, and the issue of claims -- an explosive one on the island - will be no exception. A sticking point is that the Cuba government says it is owed at least \$121 billion in reparations incurred by the embargo.

"The Cuba claims issue is complex and challenging," said Doug Jacobson, a sanctions lawyer in Washington D.C. "There is no doubt it will have to wait until the next administration." But there remains the concern that a future president will not be inclined to make Cuba a priority.

It's why those "actively close to the Cuba issue" say Obama wants Vice President Joe Biden to travel to the island to serve as a "closer" on certified claims negotiations, said the US-Cuba Trade and Economic Council's Kavulich.

But certified claims are not the only claims that could prevent full detente. There are \$4 billion in civil judgements against Cuba, \$3.2 billion of which is owed to Gustavo Villoldo, a South Florida man who says the Cuban government forced his father to turn over his assets in Cuba and commit suicide to prevent the murder of his family.

While Cuba remained on the U.S. State Sponsors of Terrorism list from 1982-2015, it was stripped of its sovereign immunity in the U.S. protecting it from lawsuits such as Villoldo's. Until settled, plaintiffs can freeze Cuban government money that makes its way through the American banking system. They can also confiscate Cuban goods that enter the U.S. market in a post-embargo world. Villoldo's attorney Andrew Hall doubts this administration will settle the civil claims.

His pessimistic tone was a far cry from November, when he excitedly emailed, "There is a global settlement in sight!" weeks before the State Department officially announced it would begin negotiating all American claims against Cuba. Since then, said Hall, "the government has shown no interest in informing us on what they are doing." This leads him to believe little is happening. But he has a message for this and future administrations: "We are not going away."

## PR Week

### New York, New York

27 May 2016

#### How Carnival sailed around comms challenges to promote first U.S.-to-Cuba cruise in decades

by David Frederick

The PR strategy and execution behind the Fathom cruise line's first trip to Cuba in May was greatly affected by an unpredictable approval process. Because of this, parent Carnival had to plan carefully.



**Company:** Carnival Corporation

**Campaign:** Carnival Corporation makes history with first U.S. cruise to Cuba in half a century

**Agency mix:** LDWWgroup; Golin Miami

**Duration:** July 2015 – May 2016

**Budget:** N/A

Carnival Corporation's Fathom brand recently made history as the first cruise line to sail from the U.S. to Cuba in more than 50 years.

Last year, Carnival was granted approval by the U.S. for its brand new Fathom cruise line, and its 724-passenger premium small ship, Adonia, to sail directly to Cuba for the purpose of providing cultural exchanges between American and Cuban citizens. The cruise set sail in May.

## Strategy

A major goal for the campaign team was to successfully market and launch the first cruise to Cuba, but Carnival had to gain approval from the U.S. and Cuba to sail.

U.S. approval for travel to Cuba was granted in July 2015. This approval was followed by discussions between Carnival and Cuba to secure Cuban travel approval, which did not happen until this March, with the first sailing on May 1.

The PR strategy and execution was greatly affected by the unpredictable approval process.

The team built a strategy for announcing approval that was based on ideal scenarios and contingency plans related to how and when approval would come and how much lag time there would be to organize before having to go public. A strategic scenario planning process outlined all the different options from ideal to "out of necessity," depending on how much time the team had to execute. Scenario planning also included detailed crisis response and management strategies around hotbed issues related to Cuba.

As part of the historic sailing, Carnival wanted to successfully promote and launch Fathom, the company's newest brand. The PR team also sought to leverage the events in Cuba to showcase Carnival's "industry leadership on the world stage," as the world's largest cruise company with key stakeholders, Carnival Corporation CCO Roger Frizzell told *PRWeek*.

"[The voyage to Cuba] helped broaden the positive conversation about cruising to a mass audience," he said. "In addition, it positioned the company as one that lives its key values, as well as a company that was able to do the near-impossible: negotiate a change in Cuban policy that will positively impact Cuba and the U.S. for years to come."

There was an aggressive media plan for the inaugural May voyage that was designed to match the historical nature of the event. Many media outlets were invited to join the cruise.

## Tactics

LDWWgroup managed proactive media relations and incoming requests from the significant media interest generated by the announcement of the first cruise to Cuba in 50 years.

The team used six news releases, visuals, and social media outreach to tell the story in its ongoing stages from July 2015 through May 2016, including all approvals, developments, crisis communications, and the ultimate celebration of a history-making voyage.

Carnival Corporation hosted an inaugural voyage press conference in Miami on the day of departure, followed by another press briefing during the voyage for onboard media, and several days of one-on-one executive interviews during the trip.

The campaign team invited more than 60 media members onboard for the historic trip, including an exclusive with the NBC family of networks for onboard video. Other media outlets covering the cruise from onboard included: NBC News (*Today Show*, *NBC Nightly News*, MSNBC, CNBC, Telemundo, *Nightly Business Report*), CNN, BBC, Univision, National Geographic, Al Jazeera, CCTV (China Central TV), CNN en Español, *Conde Nast Traveler*, *The Miami Herald*, *Sun Sentinel*, *TheStreet*, *Cruise Critic*, *Porthole Cruise Magazine*, *Travel Pulse*, *TravelAge West*, *Travel Weekly*, ABC Miami, Fox Miami. Also onboard were contributors to the Huffington Post, *U.S. News & World Report*, *Forbes*, Fox News, *The Dallas Morning News*, *Chicago Tribune*, *San Francisco Chronicle*, and the *Atlanta Journal-Constitution*.

Once in Cuba, the team managed one of the first on-the-ground media programs operated by a U.S. PR firm in Cuba, as media joined executives and travelers for activities on the ground in Cuba. Activities included hundreds of travelers experiencing Cuban culture, dining in local restaurants, and engaging with the Cuban people.

Visual tactics included taking videographers and photographers on the ship itself to capture content. The team also hired on-the-ground contacts for shore side content, including B-roll of the ship coming into

Havana, along with iconic shots of the ship in the harbor and travelers stepping foot in Cuba for the first time. The campaign team then quickly turned these images into shareable content for news releases, corporate and brand websites, as well as all social media channels for the Fathom brand and Carnival Corporation.

Frizzell explained that the travelers departed the ship to see hundreds of local Cubans waiting in a line that was more than a half-mile deep to greet them with a "hero's welcome."

"[Local Cubans] told us that having our ship in the harbor provides hope for better relations between our two countries," said Frizzell. "We also had a number of Cuban-born guests and employees who visited their birth home for the first time since leaving the island. It added a very special personal meaning to the significance of the journey."

## **Results**

The inaugural voyage was the biggest Carnival Corporation proactive media relations effort on record, with nearly 9,000 stories covering the actual voyage. More than 20 billion media impressions were garnered within a two-week period.

Since July 2015, the general Carnival Corporation "Cuba story" has generated over 25,000 news stories with nearly 55 billion media impressions in less than one year.

Social reach was also significant with more than 40,000 tweets about the Cuba voyage and extensive engagement and sharing of news stories across all major social networks.

On May 2, the Fathom website traffic spiked by 500%, based on elevated interest in future bookings for Cuba.

The president of the U.S.-Cuba Trade and Economic Council, John Kavulich, told media outlets that Carnival "acted responsibly within the context of a horrific public relations environment." [USCTEC NOTE: This statement referred to the controversy about Republic of Cuba government relations prohibiting individuals of Cuban descent traveling on cruise ships from the United States to the Republic of Cuba. The regulation was changed in advance of the first sailing.]

# **Bloomberg BNA**

## **New York, New York**

### **27 May 2016**

## **Starwood's Deal in Cuba Encourages Would-Be Investors**

*By Lenore T. Adkins*

May 27 — The agreements Starwood Hotels & Resorts secured to renovate and manage three Cuban hotels offer a blueprint for U.S. companies and prove it is indeed possible to invest there, analysts said.

At the same time, trade groups say the deals, which happened despite Starwood's unresolved \$51.1 million certified claim against the Cuban government, give them renewed encouragement to push for a normalized relationship with Cuba that erases all remaining obstacles to travel and trade.

Starwood signed two management contracts and a letter of intent in March with three Cuban military enterprises that control the island's hospitality industry. The deals let Starwood operate three swank hotels in Havana, with the Cuban military serving as the owners and majority partners. Starwood will perform

renovations to Hotel Inglaterra and Hotel Santa Isabel before they join the company's The Luxury Collection.

The same is true for Hotel Quinta Avenida before it becomes a Four Points by Sheraton property; Starwood owns Sheraton. Starwood officials expect the hotels to open under their new banners by the end of 2016. This would put them in line to compete with foreign hotel operators already on the island and to benefit from the explosion in U.S. travel to Cuba.

U.S. companies are using the deals as models for their own forays into business with Cuba, and they are emblematic of the goodwill and desire in both countries to repair relations, said Jodi Bond, vice president of the Americas for the international division at the U.S. Chamber of Commerce.

### Myths Shattered

The deals went on to shatter several myths that Bond said U.S. corporate officials believed about investment following the historic shift with Cuba: that the U.S. government wouldn't help them do business there; that the decades-old U.S. embargo and unsettled certified claims would block their proposed investments on the island; and that Cuban officials wouldn't welcome U.S. companies.

Industries such as telecommunications, construction and agriculture have their own routes to take. And while they cannot duplicate the Starwood deals, they are looking to replicate that success, she said. The Starwood deals show that with patience, U.S. companies will achieve business opportunities and market access in Cuba as it undergoes an economic shift, Bond noted. "It shows you that it can be done," Bond told Bloomberg BNA.

### 'We Think Not.'

The agriculture industry in particular spots an opening, because pushing travel and tourism opens opportunities to feed travelers, said Devry Boughner Vorwerk, chairwoman of the U.S. Agriculture Coalition for Cuba and senior policy adviser for Akin Gump Strauss Hauer & Feld LLP on trade and Cuba policy.

Under the embargo, the agriculture industry cannot privately finance agriculture exports to Cuba, which means it loses ground to countries already offering competitive financing, she said. Not only have the Starwood deals galvanized the agriculture industry to urge lawmakers to pass a bill that would let Cuba buy U.S. food and agriculture products on credit, they also have demonstrated the need to provide high-quality food products to travelers, Vorwerk said.

"Who should be feeding those people, our competitors? No, we think not," Vorwerk told Bloomberg BNA.

In 2015, 500,000 U.S. travelers visited the island, an increase over 300,000 the previous year, Jeffrey DeLaurentis, charge d'affaires of the U.S. Embassy in Havana, told reporters. Those numbers are expected to further skyrocket once regular flights from the U.S. to Cuba commence later on this year after a 50-plus-year absence.

"These signings enhance our overall offerings in Latin America and the Caribbean," Starwood's Senior Vice President and Deputy General Counsel Keith Grossman said in an e-mail. "Cuba has enormous potential with its rich history and natural beauty."

### Genesis of Starwood's Claim

Following Fidel Castro's rise to power in 1959, he nationalized the economy by seizing property and assets from foreign corporations and individuals. The Foreign Claims Settlement Commission, an arm of the Justice Department, certified 5,913 claims against the Cuban government from U.S. citizens and

corporations, adding up to nearly \$1.9 billion without interest. With interest, the claims total between \$7 billion and \$8 billion. Starwood's \$51.1 million claim represents the 10th largest of the entire haul.

Starwood's claim originally belonged to the Radio Corp. of Cuba, a subsidiary of International Telephone and Telegraph Corp. In 1968, the Castro regime confiscated two large tracts of RCC's land to expand a runway at Jose Marti International Airport, according to the certified claim. After Cuban law enforcement authorities seized the company and demanded its dissolution in 2003, the regime confiscated land from RCC east of Havana, documents show. The Cuban government went on to withdraw \$70,066.95 from RCC in several banks, the claim said. Starwood acquired the claim after it purchased RCC in 1998.

Yet the unsettled claim didn't stop the company from pursuing and landing one of the most significant deals on the island since President Barack Obama announced detente with the former Cold War adversary at the end of 2014. Starwood started exploring its options and conducting market research on the island shortly after Obama announced a new Cuba policy that eased longtime travel and trade restrictions to Cuba, Grossman said. The U.S. Office of Foreign Asset Control gave Starwood special authorization under the embargo to sign the deals just before Obama's historic trip to the island nation at the end of March (55 ITD, 3/22/16).

“This is a good example of a company with a claim not letting the claim stifle opportunity that will probably yield further benefits down the road for them,” said James Williams, president of Engage Cuba, a coalition of businesses lobbying Congress to lift the embargo.

By letting Starwood in, Cuban officials also have signaled that the certified claims aren't an impediment to striking deals there, said Robert Muse, a Washington, D.C., lawyer who represents major corporations on international trade and direct foreign investment.

Meanwhile, the status of Starwood's claim remains unknown. The State Department referred questions about the claim to the company. Grossman declined to answer questions about the claim, including how it factored into negotiations with Cuba and whether the company is still pursuing it in light of its hotel deals. Treasury declined to comment on Starwood's case as well. Ruben Ramos Arrieta, minister counsel at the Cuban Embassy's Economic and Trade Office, did not respond to requests for comment.

‘A Win-Win Proposition.’

Going forward, Starwood hopes to secure similar hotel investments on the island, Grossman said. Starwood's standing as a recognized, publicly held company and its pending merger with Marriott International Inc. lend additional gravitas to the deals, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. That may help Cuba attract international brands that are skittish about investing there, and help it to renegotiate and potentially replace existing management companies from other countries, he said.

Cuba desperately needs to improve and expand its infrastructure and hotel capacity to meet surging demand from U.S. travelers, and that's what it gets out of Starwood, said Ted Piccone a senior fellow at the Brookings Institution. U.S. companies stand a better chance of landing deals there if Cuba benefits as well, he said.

“It only works as a win-win proposition,” Piccone told Bloomberg BNA. “Starwood gets its foot in as the first big American hotel company in so many years, and Cuba gets a win by upgrading its infrastructure at U.S. standards.”

Cuban officials consider whether the deals could upend the island's commercial, economic, political and social infrastructure when they weigh foreign business deals, Kavulich said. In Kavulich's view, that's why Cuba, for example, hasn't set up regulations that let U.S. companies interact with the island's 201 categories of self-employed people, he said.

“If it’s not controllable, they don’t want it,” Kavulich said. “They’re not looking to be tested and they’re not looking to welcome stress.”

Rep. Kevin Cramer (R-N.D.), a member of the congressional Cuba Working Group, said the Starwood deals boost the hospitality industry, which he said is key to encouraging the free flow of capitalism, more trade and open commerce to Cuba. Cramer, a Donald Trump supporter, says a Trump administration would expand Obama's Cuba policy.

“You don’t have to know a lot about Donald Trump to know that he understands the hospitality industry—at least he knows how to capitalize on it,” Cramer told Bloomberg BNA.

#### Others Want Settlement Focus

Not everyone is excited about Starwood's deals.

When he was chairman of the Foreign Claims Settlement Commission in April 2006, Mauricio Tamargo certified Starwood's claim through a second program the State Department set up to adjudicate additional claims. Tamargo, whose family fled the Castro regime in the 1960s, works as an attorney in the Washington, D.C., area and represents individuals and corporations with certified claims against Cuba. Tamargo said the U.S. government shouldn't facilitate any other business opportunities on the island until the Cuban government agrees to pay the certified claims in full.

“We've passed the point of unrestricted concessions to the Cuban government,” Tamargo, of the law firm PobleteTamargo LLP, told Bloomberg BNA. “We need to focus on a settlement of these claims, as the law calls for.”

Even so, Kavulich knows of other companies with claims that are already talking to Cuban government enterprises about re-entering the marketplace. It's more important for those companies to line up for business deals now than to wait for a larger settlement a miss out on potential opportunities, he added.

#### Catalyst to Resolving All Claims?

Negotiations to put the claims to bed remain in flux. The State Department and the Cuban government started talks last year to resolve them, but they haven't scheduled a second meeting, a State Department spokesman said.

At the inaugural meeting in December, the U.S. outlined the various claims for which it seeks compensation. Cuban officials presented counterclaims of their own, seeking more than \$120 billion in compensation over the human and economic damages they say the island suffered under the embargo (237 ITD, 12/10/15).

Tamargo chaired the settlement commission when the Libyan government agreed to pay \$1.5 billion in certified claims that compensated U.S. victims of terrorism in 2008. He's optimistic the U.S. and Cuba will resolve the certified claims before Obama leaves office, and says Starwood's landmark deals may serve as catalysts for that eventuality. Then, as now, the private claim holders started scouting settlement opportunities in Libya, and the U.S. government later followed and began talks for Libya to pay the certified claims, he said. The U.S. and Libya signed their agreement five months before President George W. Bush exited the White House.

“The pieces of a deal are in place now to make a deal, but once Obama leaves office, I think it changes and it might be a different kind of deal,” Tamargo said. “And I think the Cubans might not like the deal that may follow.”

**16 May 2016**

Features

## **Florida Farmers Part With U.S. Agriculture on Opening Cuba**

By Ellyn Ferguson, CQ Roll Call

American agriculture is among the biggest proponents of opening up trade with Cuba. Rice growers in Arkansas, wheat farmers in the Great Plains and poultry companies in the Southeast see export opportunities galore.



A Cuban farmer picks tobacco leaves at a co-op plantation. (Joe Raedle/Getty Images)

And the opening marked by President Barack Obama's 2014 decision to restore diplomatic relations has given them hope that Congress will eventually lift the trade embargo it codified in 1996.

But not every farm interest shares that view. Farmers who make competing products to those grown in Cuba are wary. The leading opponents are Florida growers who stand alongside the Cuban-American hardliners in the state who don't want to see any opening with Cuba until the Castro brothers are gone and democracy restored.

Florida and Cuba are agricultural twins separated by a little more than 90 miles of ocean. They have the same soil conditions, same weather, same growing seasons and many of the same crops, such as oranges, grapefruit and sugar. Those similarities mean a Cuba that is able to export its produce and fruit to the United States could be a major competitor for Florida growers, especially if the goods are highly subsidized.

That's one reason the Florida Farm Bureau has broken with its parent organization, the American Farm Bureau Federation, in pushing for a new U.S. stance on communist Cuba.

Florida is an outlier, says American Farm Bureau spokesman Will Rodger: "All other states have been supportive."

But each of the state farm bureaus maintains the right to advocate for its own interests and Florida is doing just that. "We are used to being the odd one out, especially on trade," says Janell Hendren, the Florida Farm Bureau's federal lobbyist.

Hendren says some vegetable and sugar cane growers are cautious about trade because of past experience. Following an increase in Mexican agricultural exports after the 1994 North American Free Trade Agreement, which reduced trade barriers between the United States and Mexico, Florida growers complained about subsidized Mexican tomatoes and sugar cane sold below production costs.

Similar fights could follow if Cuba is allowed to sell its produce here. William A. Messina Jr., a University of Florida agricultural economist who does research on Cuban agriculture, says it could be argued that Cuba's centralized economy gives its farmers an advantage.

"At one level you would say, 'How could an economy and a government that is under economic pressure the way the Cuban government is afford to subsidize anything?' " says Messina. But it's not that simple. "Subsidies take many forms." Cuban growers don't have to pay rent on the government land they plant, or the same taxes that Florida growers do.

For nearly two generations, Florida farmers and ranchers have not had to think much about their Cuban counterparts.

President John F. Kennedy imposed the embargo in 1962 and Congress codified it in the 1996 law named for North Carolina Republican Sen. Jesse Helms and Indiana GOP Rep. Dan Burton. Support for the embargo, especially among Republican lawmakers and Cuban-American ones on both sides of the aisle, remains strong.

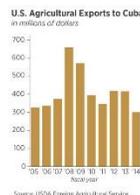
Prior to the embargo, the top U.S. food exports to Cuba were rice, lard, pork and wheat flour. Cuba was the largest commercial market for U.S. long-grain rice exports before Fidel Castro, the island's longtime dictator, rose to power. Cuba's top exports to the United States were cane sugar, molasses, tobacco and coffee.

Agriculture groups from the Midwest and West Coast pushed hard for a 2000 law, signed by President Bill Clinton, that marked the first thaw in the Cold War freeze. The law allowed the sale of U.S. food and agricultural products to Cuba, but on a cash-only basis that U.S. farm groups say put them at a competitive disadvantage with other countries willing to extend credit for sales.

Since December 2014, Obama has cut away at the embargo with regulatory changes to ease restrictions on travel and business with Cuba.

One change allows Cuban importers, generally Cuban government agencies, to inspect U.S. farm goods before paying up and taking possession.

U.S. agricultural companies sold \$17.9 million worth of goods to Cuba in February, the most recent trade figures available. That's up from February 2015 but a far cry from the monthly rate in fiscal 2008, when U.S. growers sold \$658 million worth of goods in Cuba that fiscal year.



(Ryan Kelly/CQ Roll Call)

The Obama administration also has started to ease some restrictions on selected imports if products come from Cuba's fledgling private sector. Fidel Castro's brother, Raul, who has run the country since 2008, has relaxed a bit the island's government-controlled economy.

In April, the United States approved the import of Cuban coffee beans if they are produced by agricultural cooperatives. The Cuban government must approve such sales and importers must provide documentation as to the independence of their Cuban suppliers. The coffee must meet U.S. food safety and sanitary standards.

Florida does not produce coffee, but this small opening on agricultural imports offers a peek at the future, if Congress lifts the trade embargo. John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which tracks political and economic changes in Cuba for U.S. companies, says fruits such as mangoes, papayas and pineapples might be next on the list for U.S. approval.

In southern Florida, farmers raise papayas, although it is not a major crop, Messina says.

The Economic Research Service, a division of the Agriculture Department, issued a report last year that said Cuba could stretch its farming prowess "to develop comparative advantages in the production and export of fruit, vegetables, tropical plants, and cut flowers, although this will require substantial levels of investment to construct the physical capital for such operations."

Potential competition from Cuba is not the only concern for Florida growers. Hendren says her members also worry about Cuban insects and fruit diseases hitching a ride on ships.

It's been a real problem in Florida, though not because of Cuba. Asian citrus psyllid, an insect once limited to Asia and India, is now prevalent in Florida and is a carrier of citrus greening that has weakened or killed thousands of trees in Florida's commercial orange groves.

That said, neither the trade association for citrus growers, Florida Citrus Mutual, nor the group that represents sugar cane farmers, the Florida Sugar Cane League, has joined the pro-embargo camp.

# Tampa Bay Times

## St. Petersburg, Florida

### 11 May 2016

## **Live now: Joe Biden's speech at UT is part of an ongoing conversation with Tampa business leaders**

By Richard Danielson and Paul Guzzo, Times Staff Writers

TAMPA — When Vice President Joe Biden speaks on U.S. policy in the Western Hemisphere at the University of Tampa today, it will mark the latest installment in an ongoing conversation involving the Obama White House and Tampa's business community.

Last month, the Greater Tampa Chamber of Commerce got a call from the Obama administration asking if the chamber could host the speech — preferably at a location with character and a backstory.

Chamber leaders chose the University of Tampa, originally built by railroad baron Henry B. Plant as the Tampa Bay Hotel. In 1898, the hotel served as a military headquarters of Cuba-centric planning during the Spanish-American War. For more than a century since, its Moorish minarets have laid claim to topping Tampa's most distinctive local landmark. "You just walk in there, you feel the history," chamber president and CEO Bob Rohrlack said.

Today's speech comes as the Obama administration works on a list of unresolved issues that accompany its opening to Cuba, which has come to dominate discussion of U.S. policy in Latin America.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said he's hearing from those "actively close to the Cuba issue" that Biden may go to Cuba by the end of the year.

The purpose of the trip, Kavulich said, would be for Biden to serve as a "closer" on negotiating settlements of certified claims that U.S. citizens and businesses have against Havana for private property in the 1960s. Nearly 6,000 claims total almost \$2 billion.

On another front, experts tell the *Tampa Bay Times* that the United States and Cuba are working on an agreement that would allow them to work together if an oil spill threatened either. Part of that agreement would be expected to include arrangements for joint training exercises involving the U.S. Navy and Coast Guard along with their Cuban counterparts.

Oil spill mitigation in the Caribbean is a familiar topic for Biden. Last week, he chaired the U.S.-Caribbean-Central American Energy Summit, a meeting of energy ministers and national leaders from around the region. While the meeting did not include Cuba, its agenda did call for promoting environmental safety.

In Tampa, discussions between the chamber and the administration go back two years. After the chamber's first mission to Cuba, a local delegation met with Biden in the West Wing to emphasize "how supportive we were and still are of broadening the relationship" with Cuba.

That group included Rohrlack, then chamber chairman Greg Celestan, future chairman Ronald Christaldi, and board members Patrick Baskette and Vince Cassidy. The group had recently returned from its first mission to Cuba and talked about the importance of transportation, both via Tampa International Airport and Port Tampa Bay.

Afterward, Biden asked the Tampa representatives to elaborate on their experience in and impressions of Cuba with members of his foreign policy team, Rohrlack said. And after that, Tampa business leaders kept in touch with Biden's office. The Tampa chamber was one of 15 nationwide selected to receive White House briefings on three topics chosen by the chamber.

Tampa's leaders chose international affairs, transportation and health care, Rohrlack said. All have been points of focus for the chamber as it has organized two subsequent trips to Cuba.

"It has been an ongoing conversation advocating for business and how to keep the economy strong," Rohrlack said. He does not expect that Biden's speech will touch on the location of a future Cuban consulate, which both Tampa and St. Petersburg want. "There's still a lot more that has to be done on that."

### **The University of Tampa and Cuba**

The history of the University of Tampa is intertwined with Latin America from its earliest years.

At the outbreak of the Spanish-American War in 1898, rail magnate Henry B. Plant wrote directly to the Secretary of War offering his railroad and his recently opened Tampa Bay Hotel as a headquarters for the 5th Army Corps.

Sight unseen, the Army made Tampa the jumping off point for the invasion of Cuba over better-equipped but less politically connected ports like Savannah and New Orleans, and set up in the hotel — now Plant Hall at the University of Tampa — an opulent palace with huge porches, baroque furnishings and lots of empty rooms.

The setting and wartime publicity helped Tampa move beyond its first decades as a fishing village, military outpost and cow town. Frederic Remington and other illustrators sent their readers drawings of the hotel's exotic minarets or tropical scenes of alligators and palm trees.

Ironically, the war could not save the Tampa Bay Hotel. Plant died the year after the war, and the hotel closed in 1902. His family sold it to the city in 1905 for \$125,000 in cash. The city leased the hotel to private operators until the 1930s. The University of Tampa, previously known as Tampa Junior College, moved into Plant Hall in 1933.

**USA Today**  
**Arlington, Virginia**  
**3 May 2016**

## **Hola! First U.S. cruise in decades docks in Havana**

By Alan Gomez



The Carnival cruise ship left the port of Miami, heading to Havana, Cuba on Sunday. (May 2) AP



(Photo: Alejandro Ernesto, EPA)

MIAMI — With its horn blaring and salsa music pouring from its speakers, a U.S. cruise ship docked in Havana on Monday morning, the first time that's happened in nearly 40 years.

"We'll never forget this day," Capt. David Box said over the ship's public address system as it approached the harbor, according to the *Miami Herald*.

The trip represents the latest step in the normalization process between the Cold War foes that was started by President Obama and Cuban President Raúl Castro on Dec. 17, 2014. Since then, embassies have reopened in Washington and Havana, Obama visited Cuba, and more U.S. businesses operate on the long-isolated island.

But the voyage of the *Adonia*, a 704-passenger vessel operated by Fathom Travel and owned by Miami-based Carnival Corp., was a source of controversy long before it set sail. At first, the Cuban government forbade anybody born in Cuba from traveling on the cruise, citing national security concerns. Cuban-Americans in Miami filed a federal lawsuit to stop the cruise because of that restriction. Just two weeks before the *Adonia* was scheduled to depart Port Miami, the Cuban government dropped the restriction on Cuban-born passengers, clearing the way for the historic sail.

The U.S. still maintains an economic embargo on Cuba that forbids U.S. citizens from traveling there purely as a tourist. Americans can travel to Cuba under 12 categories that include educational, religious and humanitarian reasons. The voyages will include on-board workshops covering Cuba's history, culture and music, which let's it qualify as a "people-to-people" educational tour.

Passenger Carey Rybicki said she took a lot of grief for booking a ticket on the cruise. Like so many other Americans who have fantasized about visiting the mysterious, communist island, she said she couldn't resist. "Some of my friends thought I was foolish," she told WSVN-TV. "But it was something I always wanted to do."

The *Adonia's* seven-day cruise around Cuba, which includes stops in Havana, Cienfuegos and Santiago de Cuba, is only the start. Carnival says the ship will cruise twice a month to Havana.

Norwegian Cruise Lines says it's in negotiations with the Cuban government to begin sailing to the island later this year. Connecticut-based Pearl Sea Cruises has been trying to get approval for Cuba trips, and small-ship specialist Ponant plans to start sailing in 2017.

All told, more than a dozen lines have announced plans to run U.S.-Cuba cruises, which could lead to more than 100,000 people visiting Cuba from the U.S. aboard cruise ships by 2017, according to the U.S.-Cuba Trade and Economic Council. That could result in more than \$300 million in revenue for cruise operators, with about \$88 million of that going directly to the Cuban government, said council president John Kavulich.

That income is an easy lure for the Cuban government, which has struggled over the decades to improve the impoverished conditions of many of its 11 million citizens.

Tourism from the U.S. has increased more than 50% following the 2014 announcement. Hotels, restaurants and transportation services in Havana have been operating at or near capacity ever since, straining the country's ability to accommodate the rush. Passengers aboard the Adonia, and other cruise ships, will sleep and eat most of their meals on board, easing that strain.

Before the 1959 Cuban revolution, cruise ships regularly traveled from the U.S. to Cuba, with elegant Caribbean cruises departing from New York and \$42 overnight weekend jaunts leaving twice a week from Miami, Michael Grace, an amateur cruise ship historian, told the Associated Press.

New York cruises featured dressy dinners, movies, dancing and betting on "horse races" in which stewards dragged wooden horses around a ballroom track according to rolls of dice that determined how many feet each could move per turn.

He said the United Fruit company operated a once-a-week cruise service out of New Orleans, too. "Cuba was a very big destination for Americans, just enormous," he said.



A Cuban waves a U.S. flag at the Malecon waterfront as the first US-to-Cuba cruise ship to arrive in the island nation in decades glides into the port of Havana, on May 2, 2016. (Photo: Adalberto Roque, AFP/Getty Images)

Cruises dwindled in the years leading up to the Cuban Revolution and ended entirely after Fidel Castro, Raúl's brother, overthrew the U.S.-backed government in 1959.

After then-President Carter dropped limits on Cuba travel in 1977, 400 passengers, including musical legend Dizzy Gillespie, sailed there from New Orleans on a "Jazz Cruise" aboard the MS Daphne. Like the Adonia, it sailed despite dockside protests by Cuban exiles, and continued protests and bomb threats forced Carras Cruises to cancel additional sailings, Grace said. The following year, however, Daphne made several cruises from New Orleans to Cuba and other destinations in the Caribbean.

Cuba cut back on all cruise tourism in 2005, ending a joint venture with Italian terminal management company Silares Terminales del Caribe, and Fidel Castro criticized cruise ships during a speech on state television. "Floating hotels come, floating restaurants, floating theaters, floating diversions visit countries to leave their trash, their empty cans and papers for a few miserable cents," Castro said.

All that changed Monday, when the first passengers — a Cuban-American couple — walked off the Adonia and onto the streets of Havana.

Arnie Pérez and his wife, Carmen, have lived through the difficult negotiations to get a U.S. cruise ship in Cuba for nearly a year. Pérez is Carnival's chief legal counsel and was in the middle of the long process, which included the federal lawsuit, protests outside of Carnival's offices and months of uncertainty. On Monday, he said the opportunity to help change the situation in Cuba made the effort well worth it.

"The time is now to do something different toward Cuba," he told the *Miami Herald*. "We're engaging with people and we are hoping for the best."

**Thomson Reuters**  
**Havana, Republic of Cuba**  
**3 May 2016**

# Emotional return as first U.S. cruise in decades reaches Cuba

HAVANA | BY MARC FRANK

Hundreds of tourists and a handful of emotional Cuban-Americans arrived on the first U.S. cruise ship to sail to Havana in decades on Monday, spilling onto the cobbled streets of the old city where they were warmly greeted by residents.

It was another first for the two countries since U.S. President Barack Obama and Cuban President Raul Castro announced a historic rapprochement in December 2014, and comes weeks after Obama's visit to the Caribbean island.

Carnival Corp's (CCL.N) Adonia, a small ship carrying 700 passengers, slipped through the channel into Havana Bay in the morning under picture-perfect skies, then docked alongside the colonial quarter recently visited by Obama.

The visitors fanned out on the city's restored streets for walking tours after an arrival ceremony featuring salsa and Afro-Cuban music, and lots of rum cocktails.

According to tour guides, some of the passengers were due to sample Havana's night life later at the world famous Tropicana cabaret.

But for Cuban-born Anna Garcia, the moment was more than just a holiday.

"I'm nervous and excited at the same time, I left Cuba 48 years ago, when I was six years old. So just imagine everything that I'm feeling right now," said Garcia as she stepped off the boat and entered Cuban territory for the first time since childhood.

A Cuban rule prohibiting people born in Cuba from entering or leaving the Communist-ruled country by sea led to protests from exiles and almost delayed the cruise, before Cuba agreed to lift the ban.

That unusual flexibility under pressure was itself a signal of change in Cuba, long scarred by memories of the sea-borne, U.S.-supported Bay of Pigs invasion and other acts of aggression from across the Florida Straits.

Many Cubans have crossed the treacherous body of water on rafts and makeshift boats to reach the United States as exiles and migrants.

The Adonia was the first U.S.-owned ship to sail to Cuba from the United States since Fidel Castro's 1959 revolution, Carnival said. There were some cruises from the United States to Cuba under President Jimmy Carter in the late 1970s, however. They included a voyage by the Greek-owned M.S. Daphne that took a group of jazz musicians, led by Dizzy Gillespie and Stan Getz, from New Orleans to Havana in 1977.

Arnaldo Perez, a Cuban-American who works as Carnival's general counsel, was the first to step off the ship, to handshakes and hugs from Cuban officials.

"You know this is very special for me because it is the first time that a Cuban-American is allowed to return by sea," he said.

Locals, some draped in the Stars and Stripes and the Cuban flag cheered as the ship glided in.

Obama has made the dramatic shift in U.S. policy toward Cuba a part of his legacy.

The two countries reestablished diplomatic relations a year ago and have signed agreements on issues of common concern such as the environment, postal services and direct flights.

Talks are ongoing over other issues that have kept the next-door neighbors apart, from the return of fugitives to reparations for embargo damages and the return of the Guantanamo Naval Base.

Obama had urged the Republican-controlled Congress to lift the embargo and travel ban, but to no avail, resorting to his executive powers to punch holes in them instead.

"Regularly scheduled cruises are the third leg of the land, sea and air efforts by the Obama administration to cement its policy changes, the goal is to make the initiatives big and loud so that they are harder to dislodge," said John Kavulich, president of the New York-based US-Cuba Trade and Economic Council.

Cruises to Cuba could generate \$300 million in revenues to the companies and \$88 million to Cuba in the 2016/17 season if all the companies that wish to sail are given the required approvals, Kavulich said.

## Univision Noticias

Mexico City, Mexico

2 May 2016

### **Carnival makes history as cruise ship docks in Cuba Carnival's Adonia, became the first U.S. cruise ship to dock in Havana in 50 years, bringing a big potential boost to Cuba's tourism industry**



Una mujer con una bandera de EEUU en el Malecón de La Habana durante la llegada del primer crucero desde EEUU en 50 años. ADALBERTO ROQUE/AFP/Getty Images

The first cruise ship to sail to Cuba from the United States in 50 years reached the port of Havana on Monday morning.  
publicidad

The Cuban capital is the first stop of the 700-passenger ship Adonia Fathom, part of the Carnival Cruise Line, which sailed Sunday from Miami on a historic journey that marks another milestone in the thawing of relations between the two countries.

Other cruise lines, including Miami-based Norwegian Cruise Line and Royal Caribbean Cruises, are also in talks with Cuba to start sailing there soon.

The cruise is part of a new opening for U.S. visitors to the communist-run island limited to cultural, sports, religious or educational travel. Traditional beach tourism in Cuba is still banned for U.S. citizens under a five-decades-old economic embargo.

The cruise operations could be a big boost to Cuba's booming travel sector. Since Cuba and the United States announces plans to normalize relations in December 2014, about 16 companies (U.S. and non-U.S.) have announced intentions to operate Cuba-focused itineraries, according to John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council.

If other companies follow Carnival's lead, there could be as many as 150 cruise ship sailings over the next year, carrying more than 100,000 people, worth \$300 million in gross revenues for the companies, and \$88 million for Cuba, he added.

The regularly-scheduled Cuba cruises are part of the Obama Administration's effort "to cement its regulatory policy changes," said Kavulich. "The goal is to make the initiatives big and loud so that they are harder to dislodge," by the next U.S. government, he added.

"Obama has used visitors as an army, airlines as an air force, cruise ships as a navy and, to a lesser extent thus far, companies as marines to create a beachhead in the Republic of Cuba that can't be pulled or pushed off the island- either by political forces in the United States or in the Republic of Cuba. The armada is digging in; not quite with a permanent foundation, but closing in....," he said.

The Adonia's seven-day itinerary also includes the coastal cities of Cienfuegos and Santiago de Cuba.

The cruise was mired in controversy for several weeks due to an old Cuban law which banned Cuban-Americans from traveling to the island by sea, a legacy of past attacks launched from Florida by militant exile groups. Cuba scrapped the law last month, allowing the cruise to go ahead, though too late for most Cuban Americans to book the maiden voyage.

According to Carnival, a small group of Cuban-Americans are aboard, among them Arnaldo Perez, a Carnival attorney who was chosen to be the first to step ashore in Havana.

## **Reuters**

### **London, United Kingdom**

**2 May 2016**

#### **U.S. cruise ship pulls into Havana on historic Cuba voyage**

HAVANA | By Marc Frank

May 2 The first U.S. cruise ship to arrive in Cuba in decades received a warm welcome on Monday from Havana residents who gathered at the wharf in the colonial old city as hundreds of Americans waved from the decks of the vessel.

It was another first for the two countries since U.S. President Barack Obama and Cuban President Raul Castro announced a historic rapprochement in December 2014, and comes weeks after Obama's visit to the Caribbean island.

Carnival Corp's Adonia, a small ship with a capacity of 700 passengers, slipped through the channel into Havana Bay in the morning under picture-perfect skies, then docked at the colonial old town recently visited by Obama. A Cuban law prohibiting nationals from entering the country by sea had almost delayed the cruise but was lifted by local authorities just over a week ago.

Obama has made the dramatic shift in U.S. policy toward Cuba a part of his legacy. The two countries reestablished diplomatic relations a year ago and have signed agreements on issues of common concern such as the environment, postal services and direct flights.

Talks are ongoing over other issues that have kept the next-door neighbors apart, from the return of fugitives to reparations for embargo damages and the return of the Guantanamo Naval Base.

Obama had urged the Republican-controlled Congress to lift the trade embargo and travel ban, but to no avail, resorting to his executive powers to punch holes in them instead. Both sides appear determined to make further progress on travel before Obama leaves office.

"Regularly scheduled cruises are the third leg of the land, sea and air efforts by the Obama Administration to cement its policy changes, the goal is to make the initiatives big and loud so that they are harder to dislodge," said John Kavulich, president of the New York-based US-Cuba Trade and Economic Council.

# Associated Press

New York, New York

2 May 2016

## First US Cruise in Decades Arrives in Havana

By Michael Weissenstein

HAVANA — The first U.S. cruise ship in nearly 40 years crossed the Florida Straits from Miami and pulled into Havana Harbor on Monday, restarting commercial travel on waters that served as a stage for a half-century of Cold War hostility.

The gleaming white 704-passenger Adonia appeared on the horizon around 8 p.m. EST. Cubans fishing off the city's seaside boulevard, the Malecon, watched it slowly sail toward the colonial fort at the mouth of Havana Harbor. The ship stopped off the city's cruise terminal and began slowly turning into a docking position, the first U.S. cruise ship in Havana since President Jimmy Carter eliminated virtually all restrictions of U.S. travel to Cuba in the late 1970s.

Travel limits were restored after Carter left office and U.S. cruises to Cuba only become possible again after Presidents Barack Obama and Raul Castro declared detente on Dec. 17, 2014.

The Adonia's arrival is the first step toward a future in which thousands of ships a year could cross the Florida Straits, long closed to most U.S.-Cuba traffic due to tensions that once brought the world to the brink of nuclear war. The straits were blocked by the U.S. during the Cuban Missile Crisis and tens of thousands of Cubans have fled across them to Florida on homemade rafts — with untold thousands dying in the process.

The number of Cubans trying to cross the straits is at its highest point in eight years and cruises and merchant ships regularly rescue rafters from the straits.

The Adonia is one of Carnival's smaller ships — roughly half the size of some larger European vessels that already dock in Havana — but U.S. cruises are expected to bring Cuba tens of millions of dollars in badly needed foreign hard currency if traffic increases as expected. More than a dozen lines have announced plans to run U.S.-Cuba cruises and if all actually begin operations Cuba could earn more than \$80 million a year, according to the U.S.-Cuba Trade and Economic Council said in a report Monday.

Most of the money goes directly to the Cuban government, council head John Kavulich said. He estimated that the cruise companies pay the government \$500,000 per cruise, while passengers spend about \$100 person in each city they visit.

Carnival says the Adonia will cruise twice a month from Miami to Havana, where it will start a \$1,800 per person seven-day circuit of Cuba with stops in the cities of Cienfuegos and Santiago de Cuba. The trips include on-board workshops on Cuban history and culture and tours of the cities that make them qualify as "people-to-people" educational travel, avoiding a ban on pure tourism that remains part of U.S. law.

Optional activities for the Adonia's passengers include a walking tour of Old Havana's colonial plazas and a \$219 per person trip to the Tropicana cabaret in a classic car.

Before the 1959 Cuban revolution, cruise ships regularly traveled from the U.S. to Cuba, with elegant Caribbean cruises departing from New York and \$42 overnight weekend jaunts leaving twice a week from Miami, said Michael L. Grace, an amateur cruise ship historian. New York cruises featured dressy dinners,

movies, dancing and betting on "horse races" in which steward dragged wooden horses around a ballroom track according to rolls of dice that determined how many feet each could move per turn. The United Fruit company operated once-a-week cruise service out of New Orleans, too, he said. "Cuba was a very big destination for Americans, just enormous," he said.

Cruises dwindled in the years leading up to the Cuban Revolution and ended entirely after Castro overthrew the U.S.-backed government.

After Carter dropped limits on Cuba travel, 400 passengers, including musical legend Dizzy Gillespie sailed from New Orleans to Cuba on a 1977 "Jazz Cruise" aboard the MS Daphne. Like the Adonia, it sailed despite dockside protests by Cuban exiles, and continued protests and bomb threats forced Carras Cruises to cancel additional sailings, Grace said. The following year, however, Daphne made a several cruises from New Orleans to Cuba and other destinations in the Caribbean.

Cuba cut back on all cruise tourism in 2005, ending a joint venture with Italian terminal management company Silares Terminales del Caribe and Fidel Castro blasted cruise ships during a 4 ½ hour speech on state television. "Floating hotels come, floating restaurants, floating theaters, floating diversions visit countries to leave their trash, their empty cans and papers for a few miserable cents," Castro said.

Today, the Cuban government sees cruises as an easy source of revenue that can bring thousands more American travelers without placing additional demand on the country's maxed-out food supplies and overbooked hotels.

Before detente, Americans made surreptitious yacht trips to Cuba during Caribbean vacations and the number of Americans coming by boat has climbed since 2014, including passengers on cruise ships registered in third countries and sailing from other ports in the Caribbean. Traffic remains low, however, for a major tourist attraction only 90 miles (145 kilometers) from Florida.

Aiming to change that as part of a policy of diplomatic and economic normalization, Obama approved U.S. cruises to Cuba in 2015. The Doral, Florida-based Carnival Cruise Line announced during Obama's historic trip to Cuba in March that it would begin cruises to Cuba starting May 1.

Unexpected trouble arose after Cuban-Americans in Miami began complaining that Cuban rules barred them from traveling to the country of their birth by ship. As Carnival considered delaying the first sailing, Cuba announced April 22 it was changing the rule to allow Cubans and Cuban-Americans to travel on cruise ships, merchant vessels and, sometime in the future, yachts and other private boats.

Norwegian Cruise Line says it is in negotiations with Cuban authorities and hopes to begin cruises from the U.S. to Cuba this year.

Cruise traffic is key to the Cuban government's reengineering of the industrial Port of Havana as a tourist attraction. After decades of treating the more than 500-year-old bay as a receptacle for industrial waste, the government is moving container traffic to the Port of Mariel west of the city, tearing out abandoned buildings and slowly renovating decrepit warehouses as breweries and museums connected by waterfront promenades. Cruise dockings will be limited by the port's single cruise terminal, which can handle two ships at a time.

# **The Maritime Executive**

**Fort Lauderdale, Florida**

**2 May 2016**

**First U.S.-To-Cuba Cruise Ship in Decades Arrives**



Passengers hail to shore on Adonia's arrival in Havana (image courtesy Chris McGinnis / Twitter)

By MarEx

The first cruise ship in decades to depart the U.S. for Cuba arrived in Havana on Monday, greeted by cheers from residents who gathered at the docks to greet her.

The *Adonia*, a 700-passenger ship belonging to Carnival's Fathom brand, docked at Havana's colonial old town, about 10 days after Cuban authorities [lifted](#) a longstanding seaborne-arrival ban for Cuban nationals that had threatened to delay her first sailing.

The arrival comes thanks to improvements in U.S.-Cuba relations, which have warmed considerably over the past year. The two nations now have diplomatic relations and have reached agreements for renewed contact, including steps towards tourist visits and postal services. And observers suggest that Cuban and American officials would like to do as much as possible to speed along measures on travel before the end of the present U.S. administration's time in office.

“Regularly scheduled cruises are the third leg of the land, sea and air efforts by the Obama Administration to cement its policy changes. The goal is to make the initiatives big and loud so that they are harder to dislodge,” said John Kavulich, president of the New York-based US-Cuba Trade and Economic Council.

Cruise lines have also announced intentions to begin new relations with Cuba. More than a dozen have suggested that they plan to run US-Cuba trips, which could bring as much as \$300 million in revenue to cruise operators, plus 100,000 visitors and \$90 million to the Cuban economy, the U.S.-Cuba Trade and Economic Council said in a post Monday.

For now, Fathom carries the banner as the first and only operating line, with a total of 18 sailings scheduled through November, one every other week. While other operators have also announced plans to bring medium-sized ships, Havana's Sierra Maestra cruise terminal has only two wharfs; the simultaneous arrival of multiple, 1000-foot-plus vessels (as in Nassau, Bahamas) appears limited to future developments.

Carnival president and CEO Arnold Donald marked the historic occasion and commented on its impact for so many in both nations. “Times of change often bring out emotions and clearly the histories here are very emotional for a number of people,” he said. “And all along, we were preparing and working toward what we have here today - that everyone can sail with us,” referring to Cuba's decision to permit entry to Cuban nationals arriving as passengers. A dozen Cuban-born individuals were on the passenger list, reported Miami radio station WLRN – including Carnival's general counsel, Arnie Perez.

## The Tampa Tribune

Tampa, Florida

2 May 2016

**U.S. businesses' money can be frozen because of references to Cuba**



During the past year, financial transactions for Alexis Martin's Miami-based online business, MyCubanStore.com, have been frozen — sometimes for weeks — by PayPal. MYCUBANSTORE.COM

By Paul Guzzo | Tribune Staff

Alexis Martin sells fedoras and guayaberas and other Cuban fashions through his Miami-based online business MyCubanStore.com.com.

Nothing from his inventory originates from the island nation nor does any of the business's money come from or go to Cuba.

Still, over the past year, financial transactions involving online payment giant PayPal have been frozen again and again, sometimes for weeks, until PayPal verifies they don't violate U.S. policy on Cuba.

The same thing happens at Island Travel and Tours, a company that does conduct business with Cuba. Financial transactions were delayed so long by banker J.P. Morgan Chase that the charter air company had to cancel eight flights to Cuba over the course of a week.

The U.S. is moving to normalize relations with Cuba, but that isn't always making it easier for Americans to do business there. One reason is fear linked to policies of isolation from the past, hard for financial intuitions to overcome, combined with complicated new policies plus an unprecedented surge of customers interested in Cuba.

"This is a problem we're having in a changing environment," said Dan Zabludowski, an international business attorney in Miami with Hinshaw & Culbertson. "Some banks are still operating like it's two years ago. They need to update how they operate."

The U.S. government is adding ways for its citizens and businesses to engage in commerce with the island nation after more than five decades of largely prohibiting it.

U.S. credit cards can now be used in Cuba, for instance. And where only agriculture and medical supplies could be sold to Cuba two years ago, today, the list has expanded to telecommunications devices, restaurant equipment and construction supplies.

Before the new engagement, the U.S. Office of Foreign Assets Control, OFAC, aggressively administered and enforced economic and trade sanctions on the island nation. With its enemy status, most transactions were illegal. Now, to promote U.S. commerce with Cuba, OFAC has been directed by the White House to let up. But for financial institutions, it turns out, that's easier said than done.

"It has been difficult to absorb," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "There has been a cautiousness that has provided an increasing amount of pain to small and medium sized businesses." PayPal appears to be a case in point.



In March 2015, OFAC fined PayPal \$7.7 million for failing to screen properly for potential subjects of U.S. sanctions in transactions that it processed.

The violations included 136 transactions involving Kursad Zafer Cire, a Turkish man on a U.S. list of weapons of mass destruction proliferators, and 98 transactions for more than \$19,000 in goods from Cuba or in which Cuba had an interest. In response to the fine, PayPal instituted a new screening solution,

according to OFAC documents, although the company did not elaborate. PayPal acknowledged it received a request for comment from the Tribune but never replied otherwise.

The PayPal screening now includes an algorithm that freezes any transaction containing certain words associated with Cuba, said David Brown of New Jersey-based online store FolkCuba.com, which sells items needed to practice the religion known as Santeria.

Santeria originated in Cuba, but the religious items sold by Brown did not. Still, like MyCubanStore.com, some of Brown's transactions have been frozen — something that never happened before. Whenever it does, PayPal emails him a notice saying it will take up to 72 hours to vet a transaction. It can actually take weeks. He shared one of the emails with the Tribune.

Martin of MyCubanStore.com said he receives the same notice. His funds have been held up for as long as a month. It did happen before, a few years ago, but the issue was resolved. It started again a year ago. On "any given day," he said, he can have as many as three to five transactions held up, as much as \$1,000 all told.

Martin provided the Tribune with a copy of a statement from early April showing it took PayPal 15 days to clear transactions totaling around \$150. He said he fears customers will grow weary of doing business with him because money is immediately deducted from their account but the product arrives days or weeks late. Confounding him more is that the suspensions are random. Some go through without trouble.

As a small businessman, said Brown of FolkCuba.com, he needs the suspended funds to pay bills. During the last holiday season, he had trouble replenishing his stock because PayPal took weeks to release transactions worth around \$1,500.

Antonio C. Martinez II, a New York attorney, has a client who provides consultation on licensed travel to Cuba. That client has been waiting for PayPal to unfreeze a transaction of about \$5,000 for six months. "The business took place between a U.S. citizen and a U.S. entity yet they still haven't released the money," said Martinez, who did not share more information on the matter.



PayPal is just one of the institutions suspending transactions with Cuba in the name.

The founder of mobile app company Fueled.com, Ryan Matzner of New York, uses online payment system Venmo. In February, Venmo flagged his payment for a meal at New York restaurant Cafe Habana because of the word "Habana."

Matzner provided the Tribune copies of two notices emailed to him by Venmo that read, "We were hoping you could provide us details for your reference to 'Habana' as well as give us some insight on what this payment was specifically for."

A second read, "We are required to follow-up on potential items that may be related to policies pertaining to OFAC sanctions." When the Tribune asked Venmo how it screens transactions with a mention of Cuba, even in product or company name only, a spokesperson replied via email with a link to OFAC's online resource page for Cuba sanctions.

Attorney Zabłudowski has a client who also sells goods marked Cuban that have no direct relationship with the nation. Yet the client's former bank was regularly freezing the funds. He said he could not share further details on the matter.

Attorney Peter Quinter of Miami, head of the international trade-law group for Orlando-based GrayRobinson, said he still frequently represents clients with money wires to Cuba that have been frozen by a U.S. bank even though the transaction meets all legal requirements.

In order to land in Cuban airports, Island Travel must first pay fees to the island nation's government by wiring money through a bank in a third nation. Still, in November, J.P. Morgan Chase & Co. suspended

more than \$250,000 in payments sent to Cuba, resulting in the cancellation of flights, said Island Travel President Bill Hauf.

Asked how J.P. Morgan Chase flags transactions containing the word Cuba, a bank spokesperson responded via email, "As a matter of policy, we screen all payments for violations of U.S. sanctions, applying to all sanctions programs." Ultimately, said Hauf, it was OFAC that resolved the issue, nearly three weeks after the transactions were suspended.



Island Travel has experienced random suspensions since then but the money has been released faster, so no flights were affected. Still, it makes conducting business difficult. Hauf said other charter companies have had the same problem. "This all started six to nine months ago," he said. "I've been doing this without a problem for five years. Why is this an issue now when business in Cuba is supposed to be getting easier?"

For starters, attorney Zabłudowski said, financial institutions might be overwhelmed. Two years ago, a limited number of Americans were doing business with Cuba. Today, U.S. citizens are lining up for commerce opportunities there.

Then add confusion over new regulations. Doing business in Cuba still is influenced by the travel and trade embargo. Some forms of commerce are legal. Some are not. For instance, Cuba can only buy U.S. agriculture products with cash but can buy items like construction supplies on credit.

Also, before the U.S. engaged with Cuba again, OFAC licenses to a specific company or individual were required for any financial transaction in Cuba and for the sale of any goods and services to the island nation. Today, some of these deals are covered by easier-to-obtain general licenses.

Charter flights are one such enterprise, Hauf said, yet his bank keeps asking him for a specific license before it will transfer his funds. Regulations are also vaguely written and open to interpretation. A U.S. company may think a venture is covered under a general license but is not. The enterprise, unknown to the company, might not be legal at all.

"Now a banker has to make an interpretation on a general license as to whether it is legal or not," said David Seleski, CEO of Pompano Beach-based Stonegate Bank, the first U.S. bank to allow customers to use its credit cards in Cuba. "So it is trickier for banks that do not specialize in Cuban banking."

Seleski said Stonegate has created a specific Cuba department staffed with people who stay updated on U.S. policy and personally vet transactions on a case-by-case basis.

In the past, a financial institution was required to fully police all customer transactions involving Cuba. Even if there was nothing suspicious about a transaction, failure to demonstrate proper vetting means a fine for a financial institution. If it was illegal, but expertly hidden, the financial institution could still be penalized.

"In large measures that is what led to fines," said Kavulich of the U.S.-Cuba Trade and Economic Council. "Banks couldn't control every facet of the transaction."

Now, generally, financial institutions will no longer be found at fault if a transaction with Cuba is not obviously a violation of U.S. policy.

"What the regulation says is reasonableness now applies," Kavulich said. "If someone is trying to engage in a transaction that isn't lawful and is smart enough to do everything possible to cover their tracks, the bank may not be held liable."



Attorney Quinter advises that individuals and companies doing business in Cuba through an American financial institution become proactive until banks and online payment systems can better grasp changes in U.S. law.

Quinter suggests sending the financial institution copies of the general or specific license, an explanation of the business, plus any correspondence with OFAC or the State Department verifying that a type of commerce with Cuba is allowed. “Contact the bank and make sure they know what is going on,” he said. “That is the smart thing to do.”

Brown of FolkCuba.com sent PayPal an itemized list of everything he sells plus invoices to prove their origin. On April 5, PayPal replied to him with an email he shared with the Tribune crediting his diligence with the approval of an exemption “which should prevent your payments from being put on hold.”

On April 21, according to a notice he shared with the Tribune, more transactions were held up by PayPal. The money was released within 24 hours rather than in days or weeks, but it caused financial strain nonetheless.

Brown has removed the words “Cuba” and “Cuban” from his products but does not want to change his company name. “You can’t separate Cuba from Santeria,” he said. “Besides, why should I have to? They should have to change.” For PayPal, that may be coming.

By the end of the year, the company hopes to launch its international transferring service Xoom in Cuba for U.S. citizens to send remittances there.

And as Western Union can attest after working in the Cuban remittance business since 1999, such a venture requires a loosening of restrictions. Western Union uses algorithms to screen money transfers, said Tyler Hand, the company’s head of global sanctions and interdiction, but the word Cuba alone will not stop one.

Instead, the company keeps an up-to-date list of Cuban nationals and businesses, Cuban government officials, and members of the Communist party whom the U.S. government restricts from partaking in certain transactions. If one of those names appears on the transaction affidavit, the transaction could be suspended.

Before joining Western Union in 2014, Hand was OFAC’s assistant chief counsel of designations and enforcement. Still, he said, even with that experience, it isn’t easy for him to navigate the new Cuba regulations.

“We don’t always know what they mean when they make rule changes,” he said, “and often times we do our best to balance the risk. It’s tough.”

## **Bloomberg News**

**New York, New York**

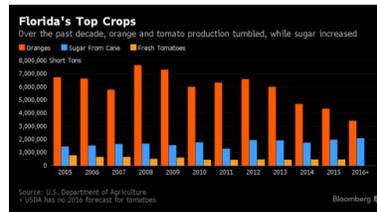
**29 April 2016**

### **Florida Is Worried About A Cuban Fruit Invasion**

**From sugar to oranges, post-sanctions Cuba poses supply threat  
Organic-food makers eye investment as U.S. growers say go slow**

Florida citrus farmer Dan Richey is worried about a Cuban fruit invasion. “They have a better climate than us and the same growing season,” said Richey, who farms 4,000 acres of mostly grapefruit near Vero Beach. “They could become the low-cost competitor, right at our doorstep.”

While a diplomatic thaw is just beginning, President Barack Obama is seeking closer U.S. trade ties with Cuba, signaling an end to five decades of sanctions that left the country starved of cash and little changed since Fidel Castro's revolution in 1959. That's clearing a path for more agricultural investment on a Caribbean island just 90 miles (145 kilometers) south of Florida.



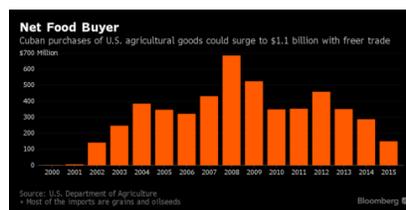
Cubans have been more buyers than competitors because they eat mostly imported food and already get grain from the Midwest. But expanded farming in the country poses a new threat for Florida, the top U.S. grower of sugar cane, oranges and fresh tomatoes. Cuba was once a major supplier of sugar, fruits and vegetables, and with land untouched by modern chemicals or genetically modified seed, it is drawing the attention of organic food producers.

“The opening of full trade and commercial relations with Cuba will have a more significant impact on Florida agriculture than anything else in the history of our state,” said William Messina, an agricultural economist with the University of Florida in Gainesville.

### Trade Dilemma

Trade agreements have been a lightning rod in this year's presidential campaign. Candidates from both parties have decried the impact on jobs when domestic industries are forced to compete with cheaper imports, especially those subsidized by foreign governments or produced with fewer workplace or environmental rules than in the U.S.

U.S. farmers were early and enthusiastic advocates for closer ties with Cuba. Congress in 2000 authorized humanitarian exports, including agricultural products valued at \$685 million in 2008. Since 2014, when Obama moved to re-establish normal diplomatic ties -- an effort that included a trip to Havana to meet Raul Castro, who replaced his brother Fidel as Cuba's leader -- agriculture groups have streamed south. Cuban purchases could mean \$1.1 billion in annual sales for American farmers, the U.S. Department of Agriculture estimates. But the prospect of more grain sales has overshadowed concerns from growers who may eventually compete with the island once crop output is expanded.



“Exports to Cuba are always a huge economic opportunity,” said Janell Hendren, national affairs coordinator with the Florida Farm Bureau Federation in Gainesville. “Imports from Cuba we are not really keen on.”

The state is the biggest U.S. producer of oranges and sugar cane, and ranks second to California in vegetables and third in fruit. Florida sold \$4.2 billion of crops in 2014, exporting \$3.6 billion of them, according to USDA data.

Cuban agricultural production struggled as its economy sputtered. In 1989, the island was the largest sugar producer behind Brazil and India, growing 8.12 million metric tons, USDA data show. With the collapse of the Soviet Union, its biggest buyer, production plunged. By 2011, it was 1.1 million tons, the lowest since before the revolution.

“They don’t have much money, but they have land they could give away to farmers,” said Messina, the University of Florida professor. “That makes production much less expensive.”

It’s also a lure for U.S. investors. Agricultural equipment maker Deere & Co., soybean processor Bunge Ltd., and several state farm bureaus are all in favor of opening Cuba trade, according to lobbying records. Cargill Inc., the world’s largest agribusiness, is bankrolling the U.S. Agriculture Coalition for Cuba, a consortium of commodity growers, farm lenders and exporters.

### Organic Investment

Members of an organics-focused group that includes food companies like Stonyfield Farm Inc. plan to visit Cuba for several days starting May 3. They see the island’s land and farming practices as a potential fit, especially with expanding demand for food that isn’t produced with pesticides or genetically modified seeds.

“We as an industry need to start to developing new supply chains,” said Dave Alexander, president of Global Organics, the biggest seller of organic sugar in the U.S. and Europe. “We’re rapidly approaching the time when demand is far outstripping supply.”

Any competition with Cuba is still years away, and its agricultural exports to the U.S. probably will never evolve beyond niche-market status, said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council.

### Bigger Problem?

Crop diseases may be a bigger immediate concern, especially if the U.S. moves too quickly ease limits on food imports. Citrus greening, which is destroying fruit trees, has cut Florida’s production of oranges, its biggest crop, by 46 percent since 2013, according to a USDA forecast in April. Meanwhile, fruit flies have damaged crops in Dade County.

“Some of the insects and disease that we got in citrus came from abroad,” including South America, said Dean Mixon, 64, who grows citrus on 50 acres in Bradenton, Florida, that his grandfather started in 1930. “There are large plantations with citrus in Cuba, and they don’t have all the rules and regulations we do, that’s when it becomes unfair.”

The White House is sensitive to grower concerns but sees plenty of room for more supply, according to Agriculture Secretary Tom Vilsack. “Cuba is in a position to be a supplier, especially in organic,” Vilsack said by telephone on April 20. “But that doesn’t necessarily mean they’re competing against us when there’s so much demand.”

## **The Hill**

### **Washington, DC**

#### **28 April 2016**

### **Despite US overtures, not much has changed in Cuba**



Getty Images

By Ana Radelat

A month after President Obama's historic visit to Cuba, the island's leaders have made clear how they want the new relationship to grow — not very fast.

Last week's seventh Communist Party Congress was a clear indicator that Cuba's leaders aren't going to move at the same pace as the Obama administration.

Robert Muse, a Washington, D.C.-based attorney involved in Cuban issues, said Cuba's leaders have been consistent in their message since Obama began to normalize relations nearly a year and a half ago. "It's amazing how people aren't listening to them," he said. "Cuba is irrevocably a socialist nation."

Supposed to be held every five years, the party plenary is usually gaveled in when the government feels a need to remind Cubans of the rules of the island's political game.

The latest party featured a surprise appearance by former Cuban President Fidel Castro, who had earlier blasted Obama's trip.

It also voted Raúl Castro back as the head of the Cuban Communist Party, meaning he could hold the party position — at least as powerful as the presidency — even if he keeps his word and steps down as the official head of state in 2018. Raúl Castro reminded the gathering that the United States is still "the enemy."

Delegates reappointed Machado Ventura, 85, known as an enforcer of communist orthodoxy, as party secretary. And the Congress's 1,000 delegates voted for changes in the Cuban constitution that strengthened the party and barred the island's nascent private sector from the "concentration of wealth."

Still, Cuba's leaders have to balance their devotion to orthodoxy and the aspirations of the Cuban people, many of whom treated Obama as a rock star during his visit.

Some of Cuba's resistance to change has been passive — it simply hasn't taken advantage of most of the opportunities Obama offered to increase partnerships and trade, still limited by the U.S. economic embargo that only Congress can end.

Cuba has agreed to re-establish direct U.S. flights to the island and to allow American hotelier Starwood to refurbish and run three Havana hotels.

But outside of the tourism sector, which Cuba opened to foreign companies when the Soviet Union collapsed, not many deals have been made.

"If the Cuban government sees that an opportunity will likely generate new revenues for its tourism sector, that is likely to be entertained," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Kavulich said if an offer "is not perceived to create revenues or has a political context to it," like Obama's move to allow Americans to help Cuban entrepreneurs, "progress is not going to be made."

Kavulich's organization website has countdown clocks on how much longer Raúl Castro and Obama will remain in power in their respective nations. He said members of Congress, lobbyists and advocates must realize that the nature of U.S.-Cuba relations will depend less "on the next occupant of the White House ... than what Cuba has accepted or rejected."

**Five Thirty Eight**  
**New York, New York**  
**26 April 2016**

# Cuba Is Developing A Taste For U.S. Whiskey

By Anna Maria Barry-Jester



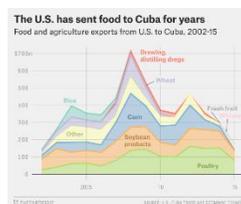
Getty Images

*This is The Digest, a new FiveThirtyEight column exploring the science, history and economics of food. We're still working out the essential ingredients to make this just right — we welcome your feedback and suggestions! You can email me, leave a note in the comments, or find me on Twitter. Now, on to this week's four-course meal.*

## Ins and outs

As relations between the U.S. and Cuba have thawed, the arrival of Airbnb and a U.S. hotel chain to Cuba has made headlines. (Starbucks in the land of café cubano serves up a particular image of U.S. cultural imperialism.) But Cuba's economy was already undergoing a massive overhaul after the government eased restrictions on private ownership of businesses in 2011. That goes for where people eat, too. Dining out in Cuba has begun a transition from mostly informal dining in people's living rooms to more professionalized spots, including dozens of high-end restaurants in the island nation's capital.

It's hard to imagine exactly how this many restaurants function on a daily basis.<sup>1</sup> Cuba has struggled with food shortages since the fall of the Soviet Union, and grocery shopping can be a multiple destination endeavor, even for those with money. Improved relations with the U.S. are expected to increase the quantity and variety of food available on the island, but food exports weren't completely shut off by the embargo — the U.S. has been exporting food to Cuba for the better part of 15 years. After nearly 40 years of embargo, the Trade Sanctions Reform and Export Enhancement Act (which passed in 2000, with exports beginning at the end of 2001) allowed direct commercial export of food and agricultural products from the U.S. to Cuba.



Chicken and soybean oil cakes<sup>2</sup> have been the top two imports by dollar amount each of the past three years, but in the years after the law passed, wheat, corn and rice (in addition to poultry) often topped the list. The past couple of years, Cuba has purchased grains from the European Union, Brazil and Vietnam, among others, leaving things like whiskey and fresh fruit to creep up on the list of U.S. exports.

While exports peaked in 2008, the U.S.-Cuba Trade and Economic Council, a nonprofit organization that has put data on food and agriculture exports to Cuba together nearly every month for the past 15 years, says in its most recent report that was due to an increase in prices in the U.S. Imports from the U.S. have decreased in recent years for a variety of reasons, including the increasing influence of China and Venezuela on the Cuban economy.

Listening to council President John Kavulich explain the process of collecting the data, I realized that it's as much an exercise in documenting trade as it is navigating the overlapping space on the Venn diagram of U.S. and Cuban bureaucracy. The council gathers data from various U.S. and Cuban government agencies, shipping companies, ports, and various other sources and then subtracts the products going to the U.S. military prison and naval base at Guantanamo Bay and the U.S. interests section,<sup>3</sup> as well as any charitable

food donations (since they aren't purchases). Still, Kavulich said the council ends up with an accurate dollar amount for U.S. food and agriculture exports to Cuba. "Let me put it this way: We put the numbers to the dollar, so we're fairly confident of our numbers," Kavulich said.

I asked Kavulich, who spends numerous hours each month with the data, what stands out about the monthly reports to him. "Although the numbers have been somewhat like a roller coaster, with peaks and valleys, they haven't been zero in 15 years," Kavulich said. "Despite Cuba's chronic shortage of foreign exchange and political interference with the purchasing process, despite changes in laws and regulations in the last 15 years, Cuba has never stopped buying." It will be interesting to see what food, and how much, is exported to Cuba as that political interference diminishes.

## **Albany Times-Union**

**Albany, New York**

**26 April 2016**

### **A year after Cuba trip, New York waits for returns Despite rekindled "friendship," returns unclear**

By Matthew Hamilton



*Albany*

After he became the first U.S. governor to set foot in Cuba since the former Cold War foes began to normalize relations, Gov. Andrew Cuomo said his mission was not about making new friends.

"We have had a friendship that went on for decades," Cuomo said last April as he readied to board the plane home. "It is about rekindling a friendship."

A year later, measuring what the renewed friendship has meant for New York requires several sets of measurements. Some point to a lack of exports from New York companies that made the trip to the Caribbean as proof of a small return on such a highly anticipated initial investment. Others say one 24-hour trip isn't about bringing home spoils for New York, but should be seen as the beginning of what needs to be a long-term relationship.

To hear state officials tell it, the trip was exactly what it needed to be.

"We knew going in that Cuba did business in a very different way from the United States," said Howard Zemsky, president and CEO of the Empire State Development Corp. and an attendee of the Cuba trip, which unceremoniously celebrated a one-year anniversary last week. "We also knew going in that there is a trade embargo that is still in place. But in fairness, if you wait until all of those things are removed and the Cuban economy changes, then you will have waited too long because you will have proven to be too risk-averse and you would have missed the opportunity."

John Kavulich takes a different approach. The president of the U.S.-Cuba Trade and Economic Council points to the data he has been able to cobble together that show no exports from the New York companies Chobani, Regeneron, Pfizer and Cayuga Milk Ingredients. An analysis released last week showed that Infor, an information technology company, reported three information technology agreements to sell health care-

related software to a Cuban company. MasterCard was waiting for legal clarifications and operational changes from federal officials in both countries, as JetBlue awaited a decision on new routes from the U.S. Department of Transportation before they moved ahead with flights.

"What we attempted to do was not criticize the fact that the companies have not achieved anything," Kavulich said of the report. "It's just to recognize that they haven't achieved anything. The fact that nothing's happened isn't the fault of Gov. Cuomo."

The administration has pointed to nominal benefits from the Cuba trip, however. The Buffalo News reported in January that Cuomo's 2016-17 state budget proposal was the first in years that did not cut aid to the Roswell Park Cancer Institute in Buffalo. There seemed to be a correlation, the News reported, between Roswell Park's CEO having taken the trip with Cuomo and the staving off of further cuts. Roswell Park signed an agreement on the trip with Cuba's Center for Molecular Immunology to develop a lung cancer vaccine with clinical trials in the United States.

SUNY also entered into a memorandum of understanding with the University of Havana to, among other things, increase study-abroad opportunities.

While some companies have been able to export their products despite the embargo on many goods that remains in place for both countries — agricultural commodities, for example, have been eligible for export since 2000 — there is a recognition that robust trade takes far more than a year to foster.

"The Cubans are the ones that are deciding who they are going to be doing business with, so the governor's trip can only go so far," said Antonio C. Martinez II, a New York-based attorney and chief operating officer of Cuban Strategic Partnerships Inc. "Doing business in Cuba is all about the follow-through and requires a medium- to long-term basis."

ESDC said it has continued to meet and talk with Cuban officials regularly. ESDC said the trip also generated activity for other New York companies, though it declined to elaborate, citing the right to privacy for those companies "not to conduct their business in public."

Cuomo and Zemsky met privately with Cuban President Raul Castro at the United Nations last September. Since last April, New York and New York-based companies haven't been alone in seeking to enter the Cuban marketplace. The governors of Arkansas, Texas and Virginia have embarked on trade missions of their own. Missouri Gov. Jay Nixon's wife, Georganne, also visited the island nation a month before the New York trip in January, according to the Washington Post. "It's now incumbent upon us in America to make sure we're opening that door wide enough." Gov. Terry McAuliffe said.

At least one elected official in Washington is looking to assist the states: President Barack Obama made his own trip in March after a year in which Cuba had been removed from the State Department's terrorism list, embassies had reopened in the nations' capitals, and an agreement was signed to allow commercial flights between the countries.

"Through the governor's office and representatives in Washington, they have made the governor's position clear (that the embargo should be lifted)," Zemsky said. "What the will of Congress is is not going to be determined by New York state alone."

## **Politico**

### **Washington, DC**

#### **25 April 2016**

Morning Agriculture  
*A daily briefing on agriculture and food policy*

**FIDEL'S BREW COMING TO THE U.S.?** Get ready to swing by your favorite coffee chain for a little Café Cubana. The U.S. State Department has added coffee and additional textiles to the Section 515.582

List, which allows these items to be imported from Cuba into the U.S. as long as they're produced by independent entrepreneurs, the U.S. Cuba Trade and Economic Council Inc. reports. Before coffee retailers come up with fancy new brand names, however, they'll have to find enough suppliers that qualify, as much of Cuba's coffee is produced by the government, notes John Kavulich, USCTEC's president. Cuba may have to decide if there is "greater economic value and political value" in privatizing more of its coffee production, he says.

Starbucks, which already sources Arabica coffee from more than 30 countries, says it isn't yet prepared to import from Cuba. "While we're always looking for new coffee experiences, we have no plans for Cuba at this time," a spokesperson for the coffee giant said in an email to MA.

Cuban coffee — which was once considered a premium product and is all organic — has been heavily sought after in the U.S. for years, but supply has been both blocked by the embargo and limited by poor harvests, the Boston Globe noted in 2014. Japan and France have been the biggest importers. Companies that sell "Cuban coffee" in the United States are following the Cuban style of roasting and brewing, but using beans from other countries, the article notes.

**Starbucks will eventually show up in the island nation**, however, USCTEC predicts, as the company maintains a presence in hotels owned by Stamford, Conn.-based Starwood Hotels and Resorts Worldwide. Starwood has an agreement to manage three properties in Cuba. Read more about the possibility of Cuban coffee coming to the U.S. here. Read the Boston Globe article here.

## EFE

### Madrid, Spain

24 April 2016

## EEUU permitirá importar café y textiles producidos por privados en Cuba

*By Yusnaby Pérez, Yusnaby Post*



El Gobierno de EE.UU. anunció hoy que permitirá la importación de café y de productos textiles producidos por "empresarios independientes" cubanos, una medida con un impacto muy limitado pero con la que Washington busca dejar claro su apoyo al pequeño sector privado de la isla.

El Departamento de Estado actualizó su normativa para la importación de bienes producidos por empresarios cubanos que demuestren su independencia del Estado, creada en febrero de 2015 y que, hasta ahora, afectaba prácticamente solo a productos artesanos, como la joyería, la cerámica o las obras de arte.

"A partir del 22 de abril, las personas sujetas a la jurisdicción estadounidense podrán importar café y más productos y artículos textiles producidos por empresarios independientes cubanos", indicó el Departamento de Estado en un comunicado.

"Además, las importaciones de estos artículos ya no tienen que hacerse necesariamente de forma directa desde Cuba", agregó.

El impacto inmediato del anuncio es mínimo, según John Kavulich, que preside el Consejo Comercial y Económico EE.UU.-Cuba, una organización que reúne a empresas de todo el país norteamericano interesadas en aumentar el comercio con la isla.

“La producción de café se hace generalmente en tierras que pertenecen al Gobierno y por parte de cooperativas que están relacionadas con el Gobierno”, explicó Kavulich a EFE.

“No estoy seguro de que, a día de hoy, haya café producido en Cuba que pueda cumplir las condiciones” de la autorización del Departamento de Estado, añadió la fuente.

Según Kavulich, hay al menos “una compañía que ha expresado un interés en importar café” cubano a EE.UU., GulfWise Commerce LLC del estado de Alabama, que este mes recibió el permiso del Gobierno estadounidense para exportar a Cuba equipos de plantación y cosecha.

En el caso de los textiles, el número de empresarios independientes que pueden dedicarse a ello en Cuba es “muy pequeño”, opinó igualmente Kavulich.

“La cuestión es cuántos recursos querrá dedicar el Gobierno cubano a permitir que haya negocios independientes. Ellos saben que todas estas iniciativas (de EE.UU.) están diseñadas para recrear una clase media en Cuba”, apuntó el experto.

El Departamento de Estado admitió hoy que no puede “predecir lo que permitirá el Gobierno cubano”, pero espera “que autorice esta y otras oportunidades para el naciente sector privado de Cuba”.

“Esta es otra medida pensada para apoyar la capacidad del pueblo cubano para lograr un mayor control sobre sus propias vidas y determinar el futuro de su país”, indicó el Departamento en un documento sobre los cambios recién anunciados.

Las empresas de EE.UU. que deseen importar productos de Cuba bajo esa normativa, sujeta a impuestos y tasas, deberán aportar “pruebas que demuestren el estatus independiente” de los empresarios cubanos con los que desean hacer negocios, según el Departamento de Estado.

Esta es la primera vez que se actualiza la lista de artículos permitidos desde su creación en febrero de 2015. Entonces se autorizó la importación de perfumes, jabones, velas, productos fotográficos o cinematográficos, artículos de plástico, de cuero o de madera; libros y papel, seda, algodón, algunos textiles, calzado, cerámica, artículos de cristal, piedras preciosas, joyería y obras de arte, entre otros.

Sigue prohibida la importación de alimentos, productos agrícolas, alcohol y tabaco, productos minerales, químicos, metales, maquinaria y equipos eléctricos, vehículos, armas o munición de Cuba. EFE

## **Estadao**

**Sao Paulo, Brazil**

**24 April 2016**

### **Cuba fortalece discurso da revolucao Partido Comunista de Cuba fortalece discurso da revolução**

Fernanda Simas - O Estado de S. Paulo

No VII Congresso, legenda buscou garantir sobrevivência de ideais após visita de Obama

O Partido Comunista de Cuba, fundado em 1965, realizou na semana passada seu VII Congresso, o primeiro após a retomada das relações diplomáticas com os Estados Unidos. A expectativa pelo que seria anunciado em razão do evento ter ocorrido um mês após a histórica visita de Barack Obama a Cuba era grande, mas analistas explicam que nada mudou no discurso político dos principais nomes do comunismo cubano, apesar de terem sido anunciadas algumas alterações na área econômica.

Para o economista cubano Carmelo Mesa-Lago, professor de estudos latino-americanos na Universidade de Pittsburg, EUA, os líderes cubanos precisaram reforçar o discurso da Revolução Cubana em razão do alcance que teve a visita de Obama. Como disse o presidente cubano, Raúl Castro, “por inexorável lei da vida, esse é o último congresso dirigido pela geração histórica, que entregará aos mais jovens a bandeira da revolução e do socialismo”.



Em seu 7.º congresso, Partido Comunista de Cuba advertiu sobre a necessidade de se manter a defesa contra as contínuas ambições imperialistas dos EUA

“A mensagem de Obama foi bem acolhida pela população, mas causou preocupação porque o governo não estava preparado. A ideia passada no congresso é que o imperialismo americano continua existindo, mas adotou outra estratégia para conseguir os mesmos resultados, por isso é preciso fortalecer o discurso do comunismo”, explica Mesa-Lago.

Segundo o presidente do Conselho Econômico e Comercial EUA-Cuba, John S. Kavulich II, os anúncios feitos nos três dias de discussões podem ser considerados “necessários como medidas defensivas para proteger o ideal socialista do país das iniciativas do governo Obama ou como medidas ofensivas para garantir que esses ideais estejam protegidos de cidadãos cujo estilo de vida os corrompa”.

Durante o congresso, Raúl deixou claro que, mesmo com as pequenas aberturas econômicas que estão ocorrendo na ilha, as áreas essenciais da vida cubana, como saúde e educação, continuarão sendo estatais. Segundo o presidente, deverá haver um aumento no número de micro, pequenas e médias empresas privadas justamente em razão das reformas econômicas empreendidas desde 2007.

“Têm sido feitas muitas reformas econômicas em Cuba. O problema fundamental é que essas reformas têm sido muito lentas e com muitos obstáculos e burocracias, impedindo resultados grandes. A agricultura, o PIB e o bem-estar do cubano mostram isso. Havia grandes esperanças de que o congresso trouxesse mudanças, acelerasse o processo de reforma”, analisa Mesa-Lago, ressaltando que o princípio da propriedade estatal sobre a privada foi ratificada.

O professor cita como exemplo da demora nas reformas, a aprovação de investimentos estrangeiros. “Há 400 propostas de investimentos estrangeiros na Zona de Desenvolvimento Especial de Mariel, mas apenas 11 foram aprovadas em dois anos de funcionamento da área. E são de empresas que já estavam em Cuba, ou seja, mostra uma lentidão absurda.”

Liderança. O congresso deste ano adotou novos limites de idade para posições de liderança do partido, com a intenção de deixar o comando para os mais jovens. Para entrar no Comitê Central do Partido Comunista, a pessoa poderá ter, no máximo, 60 anos e, para desempenhar cargos de liderança no comitê, o limite passou a ser de 70 anos.

“Depois de analisar os discursos, principalmente de Raúl e de Marino Murillo (ministro da Economia), minha impressão geral é que houve uma estagnação ou um retrocesso. Por exemplo, a nomeação do Bureau do Comitê Central do partido não teve nenhuma mudança fundamental. Os postos-chave continuam sendo comandados pelas mesmas pessoas”, afirma Mesa-Lago.

Para Kavulich, só haverá uma mudança política grande na ilha se Raúl, além de deixar a presidência de Cuba, deixar de ser também o chefe do Partido Comunista. “Mas os outros membros antigos do partido precisam se aposentar também e isso vai depender do nível de apoio que Cuba receberá de outros países como Venezuela, e isso é incerto.”

O presidente do Conselho Econômico e Comercial EUA-Cuba acrescenta que, em razão da idade avançada dos líderes do partido, o governo decidiu que, “apesar das tentativas dos EUA e de outros países em mudar a definição de ‘socialismo’, as pessoas que pertencem à nova classe média e seus parentes no exterior devem

estar preparados para uma caminhada e não uma corrida em direção a mudanças nas estruturas econômica e política da ilha.

Ficou decidido no congresso que nos próximos anos haverá uma reforma constitucional para incluir as transformações do plano de “atualização” socialista, mas sem alterar o atual sistema político e social. Mas resta saber quando essa reforma será adotada. E Mesa-Lago segue cético. “Não se falou em reforma eleitoral, havia uma esperança de que teria uma abertura e flexibilidade, mas continua se falando em partido único.”

# The New York Times

New York, New York

23 April 2016

## Cuba Eases Decades-long Restriction on Sea Travel



A cruise ship from a Semester at Sea program approached the port of Havana in November 2014. Cubans will now be able to travel to and from the island by ship. Credit Yamil Lage/Agence France-Presse — Getty Images

By Lizette Alvarez

MIAMI — Cuba reversed a decades-old policy on Friday, lifting a restriction that prevented Cubans from entering or leaving the country by cruise ship or commercial vessel, according to a statement in the country’s national newspaper, Granma.

The decision, another softening of Cuba’s Cold War stance toward the United States, came after a furor in Miami prompted Carnival Cruise Line to announce that it would delay its inaugural May 1 cruise to Cuba unless the country changed the policy. Carnival said Friday that the cruise, the first by an American cruise ship to Cuba in 50 years, would depart as scheduled.

Cuba risked losing millions of dollars in the next year if the cruise line had been forced to cancel its trips on the Adonia, a 704-passenger luxury ship, according to an analysis by the U.S.-Cuba Trade and Economic Council. The directive, which will take effect on Tuesday, also marked a rare turn of events: an American corporation persuading the Castro government to alter a policy.

Last month, Carnival became the first American cruise company to obtain Cuban approval to sail to the island. European and Canadian cruise lines have already been making the trip.

“We made history in March, and we are a part of making history again today,” said Arnold Donald, the president and chief executive of the Carnival Corporation, adding, “We were very positive there would be this outcome and were proceeding in that fashion.”

Mr. Donald said the company’s negotiators underscored to Cuban officials that Cuban passengers have long been permitted to fly in and out of Cuba and that the same policy should apply to sea travel. Cruises are crucial to Cuba’s tourism sector because they allow for more visitors without pressuring the country’s already strained hotel capacity.

Starting on Tuesday, the government will also allow Cubans aboard commercial vessels, including cargo ships, to enter or leave Cuba.

The mayor of Miami-Dade County, Carlos A. Gimenez, who at one point explored options for a lawsuit against Carnival, praised the resolution.

“This policy change was the right thing to do,” Mr. Gimenez, who is Cuban-born, said in a statement.

The Cuban government on Friday also hinted at its next move: the possibility of allowing Cuban-born people to travel to the island aboard recreational boats. That authorization, the government said, would come gradually and when circumstances are right.

Cuban-Americans in Miami who support engagement with Cuba have long envisioned the possibility of taking their own boats to the island, which is 90 miles away from Florida, to visit family.

Friday’s decision is significant because the Cuban government has long been wary of sea travel between the United States and Cuba. For decades, Cubans have fled the island by raft and rustic boats, something that continues today. The government also feared that allowing Cuban citizens to travel by sea would make it easier for hostile Cuban-Americans to enter the country and to undermine the government.

In 1980, after tensions in Cuba escalated as the economy plummeted, Fidel Castro allowed boats from the United States to pick up Cubans in the port of Mariel. More than 125,000 Cubans left the island by boat. Most of them were picked up by relatives, friends or recruits from Miami.

The Cuban government stressed that all passengers and crew members entering or leaving Cuba must have valid documents to do so. It also needled the United States, pointing out that American law continues to restrict American tourist travel to Cuba, although regulations have been eased.

The uproar, which Carnival did not anticipate, began this month when Cubans in Florida tried to buy tickets for the weeklong voyage. Carnival agents refused to book them on the cruise, saying that because they were Cuban-born, the Cuban government barred them from entering the country by sea.

In subsequent talks, the company and the Cuban government tried to find a resolution. This week, Carnival, which is based in a Miami suburb and is well-versed on local sensitivities about Cuba, faced a class-action lawsuit by Cuban-Americans and harsh words from political leaders who expressed outrage that an American company would discriminate against American citizens. Carnival initially delayed the trip, but remained optimistic.

“Carnival acted responsibly within the context of a horrific public relations environment,” said John Kavulich, the president of the trade council.

Pedro A. Freyre, whose law firm, Akerman, represents Carnival, and who was one of several lawyers to advise the company, said Carnival began working on getting the directive changed soon after its cruise was approved by the Cuban government.

Mr. Freyre, who is Cuban-born and supports closer ties to the island nation, said even he was surprised by the fervor in Miami over the cruise.

“I had been around my community long enough to know that emotions are very deep here,” he said. “At the beginning, I said, ‘What? Why are people so upset — 300,000 travel every year to Cuba.’ But this one tugged at the heart strings.”

Dr. Andy Gomez, a senior policy adviser for Poblete Tamargo, a law and public policy firm, said the face-off served as a reminder that Cuba’s thicket of laws and regulations remained far from business friendly.

But Mr. Freyre said the episode also shows that a more measured approach to Cuba works best.

“What the Cubans did today is reflect that it’s good to be engaged,” he said. “You can talk calmly about things instead of shouting at each other.”

# The Miami Herald

Miami, Florida

22 April 2016

**U.S. business relations with Cuba seem to have one speed: Slow  
There's been a flurry of interest in Cuba by U.S. companies since rapprochement  
But few deals have been finalized  
Cuban government seems most interested in hospitality-related projects**

By Mimi Whitefield

A Tampa company that's in negotiations to open a warehouse outside Havana that would stock food, wine and other products needed in Cuba's growing tourism industry is hopeful it will eventually get the green light, but Cuban officials have made it clear that the government will be its partner and it could take some time.

In the 16 months since Cuba and the United States announced they had begun the process of normalizing relations, there's been a flurry of interest from American companies eager to sample the formerly forbidden fruit of the Cuban market, but as many are finding, navigating Cuban law, policy, priorities and the multiple agencies necessary to win approvals can be tricky.

Getting U.S. approval for a project that's an exception to the embargo or that falls within a series of new rules on trade with Cuba that the Obama administration has been issuing since the rapprochement began is just the beginning of what can be a long, winding road.

Tim Hunt, the lawyer for Tampa-based Florida Produce, said he's optimistic the firm might get a draft term sheet back from the Cubans by the end of the month after what he describes as a "very good meeting" recently with Cuban officials. They told him they would get back to him on a potential Cuban partner for Florida Produce, a veteran of exporting food to the island.

"It seems it's going to be a very, very slow-moving process," Hunt said. Florida Produce first presented its plan for a wholesale distribution center, stocked with legal U.S. exports, to Cuban authorities in October. "Our idea gives Cuban companies, restaurants and hotels an opportunity to buy products as needed. We think we have a compelling argument," Hunt said.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, says it also has been slow going for the seven New York companies that accompanied Gov. Andrew Cuomo on a trip to Cuba in April 2015. Four of the companies — Cayuga Milk Ingredients, Chobani Greek Yogurt, Pfizer and Regeneron — have reported no exports to Cuba in the intervening year, according to Kavulich.

The U.S. Office of Foreign Assets Control authorized the use of U.S.-issued credit cards by Americans in Cuba a year ago, but MasterCard, which was also on the Cuomo trip, is still awaiting further legal clarifications. Another company that went on the trip, Infor, didn't provide follow-up information, and JetBlue is awaiting a decision from the U.S. Department of Transportation on its bid to offer commercial air service to Cuba.

Most of the companies that have found a degree of success so far are in the tourism and telecom businesses — both priorities for the Cuban government. Emphasizing how important tourism has become, Cuban leader Raúl Castro said last week: "Each hotel inaugurated is another factory that generates within our border much-needed export income for our country."

On the eve of President Barack Obama's visit to Cuba in March, Starwood Hotels & Resorts announced that it had signed deals to operate Havana's iconic Hotel Inglaterra and the Hotel Quinta Avenida, located on Havana's prime Fifth Avenue, with Cuban government partners. It also has signed a letter of intent to convert Havana's Hotel Santa Isabel into a member of its "The Luxury Collection."

After renovations, the hotels will reopen and the names of American hospitality brands will appear in Cuba for the first time in more than five decades. Starwood already has listed the Four Points by Sheraton Quinta Avenida, with a May 30 opening, and the Inglaterra, with a July 1 opening, on its website, but neither hotel is bookable yet.

Marriott International, which is also trying to swing its own hotel deal in Cuba, is currently in the process of merging with Starwood in a deal that would make Marriott the world's largest hotel company.

Airbnb, the San Francisco in-home-stays booking company, also has found success in Cuba. It launched there in April 2015 with 1,000 listings. That has grown to 4,000 listings, and guests from all 50 states have stayed in accommodations in Airbnb's Cuba network, said Brian Chesky, chief executive and an Airbnb co-founder.

"Cuba is the fastest-growing market ever for Airbnb," said Chesky, who took part in an Entrepreneurship Summit during Obama's visit. It's also a profitable market for the company.

There also have been a few telecom deals signed for roaming and direct connect, but so far Google, which has offered to bring high-speed Internet to Cuba, has had to content itself with a small-scale demonstration in Havana.

Google products such as Cardboard and Chromebooks are on display and visitors can try out high-speed access. Such efforts, Google said, "demonstrate what might be possible in the future."

Richard Feinberg, a professor of international political economy at the University of California, San Diego, and a senior Latin American fellow at the Brookings Institution, also sees the Cuban government as a reluctant partner for U.S. companies. "In my view, the Cuban government is self-embargoed. The United States cut a significant hole in the embargo [with its new regulations that allow more trade and commerce with Cuba], but the Cubans are largely saying, 'No, not until the whole embargo is lifted.'

"There has been some progress in the business relationship," he added, "but we're still in the early innings before there is a fully normal commercial relationship." Feinberg said the Cubans also "need to rethink their preference for only wanting to do business with big, big, big groups. That is wrong-headed."

But even being a big company doesn't necessarily guarantee success.

On March 22, the same day Obama gave an historic speech to the Cuban people, Carnival Corp. signed an agreement with the Cuban government for its Fathom line to begin cruise service from Miami to Cuba on May 1. It was considered a coup — the first time a cruise line would offer service from the United States to the island in more than 50 years.

But an outcry about a long-standing Cuban policy that bars anyone born in Cuba from entering or leaving the island by vessel, and a lawsuit by a Cuban-born passenger who had tried to book the cruise, prompted Carnival to reconsider and it now says the Fathom cruise will be delayed until the Cuban policy changes.

"U.S. companies are eager to take advantage of new opportunities in Cuba without fully understanding Cuban laws and how they are interpreted," said Andy Gomez, a Cuba scholar. "Carnival serves as a good example of how vague Cuban laws can be. Sometimes they're not even laws, but guidelines left to the interpretation of the Cubans."

Castro said as much during last week's Seventh Congress of Cuba's Communist Party when he was talking about hundreds of economic guidelines approved during the previous party congress.

Some of these guidelines have been difficult to implement, he said, because some Cuban officials thought that all that was needed was to create a document "sending it from one end of the country to the other." During follow-up, he said, "We saw that everyone had applied the policy in their own way." He advocated more training and more frequent updates.

Castro also conceded that Cuban state enterprises are not used to acting independently and have a “habit of waiting for instructions from above.” In time, he said, he hoped directors of such enterprises would show more “initiative and an enterprising spirit.”

Kavulich isn’t particularly optimistic about the prognosis for new business deals, especially those involving Cuba’s nascent private sector, after analyzing the discussions at the party congress. “Those in the newly reconstituted middle class, and their relatives abroad, should be prepared for a walk instead of a jog or run to implement changes to the commercial, economic and political structures in Cuba,” he said.

“For United States companies, there will continue to be limited opportunities to provide products and services which earn revenues for the government of the Republic of Cuba, specifically relating to tourism,” he said. “However, the importation of products and services that will require expenditures — and assist with further developing a middle class — will be marginal.”

Cuba isn’t opposed to private enterprise, but it must be a complement to socialism and state-run businesses, Castro said during the party congress. And it’s clear the Communist Party doesn’t want private businesses to get very large either.

A guideline that states “concentration of property will not be allowed” in the non-state sector will be amended to include the phrase “nor of wealth,” Castro said. “The private company will operate within well defined limits.”

# Caijing Magazine

## Beijing, China

### 19 April 2016

**只要劳尔和本图拉继续掌握共产党的领导地位，改革的讯息将是任何能带来营收的商业交流都会有条件地被接受，例如观光业；但是那些会带来耗损的行业则慢慢会被排除在外**



《财经》记者 蔡婷贻/文

4月19日，古巴共产党(古共)第七次全国代表大会在1000名古共代表选出84岁的劳尔·卡斯特罗连任第一书记，85岁的本图拉（Jose Ramon Machado Ventura）连任第二书记后宣告落幕，鲜少公开露面的前领导人菲德尔·卡斯特罗也出席会议，并发表演说。

为期4天的党代会，并未如乐观者预期的通过大幅经济改革方案。以劳尔为代表的领导人，重复强调发展可持续且繁荣社会主义的重要性，同时重申古巴绝不会走回资本主义的老路。让原本乐观希望这次会议能承接2011年党代表大会，继续加码推动经济改革政策的投资人和观察家不免感到失望。

美古经贸委员会总裁卡夫里奇（John Kavulich）对《财经》记者指出，这次党代会的决定或者可被定位为，为保护古巴社会主义基础，避免社会不受奥巴马政府倡议（攻击）的防卫手段；或是就一些民众腐败的生活方式和对外关系，而发展出为保卫古巴社会主义基础的积极攻击性措施。

自3月初美国总统奥巴马旋风式访问古巴后，美国企业一直对这个加勒比海岛国的商业机会兴致勃勃，加上奥巴马在哈瓦那的国会演讲，卡斯特罗政权对美国代表的帝国威权和资本主义不免感到威胁。

劳尔在党代会开幕演说时重申，政府**不会**为经济发展，推动休克疗法，“我们在谨慎的脚步中前进，慢而稳当的。”接着他在19日的结束演说上又表示“我们将会推出需要的改变，但不仓促不临时凑合，因为那只会带来失败。”

德克萨斯大学古巴裔教授Arturo Lopex-Levy 对媒体指出，古巴政府为了强调持续性，经济改革将会是由保守型政治人物来主导。

古巴政府的统计数字显示，2011年-2015年古巴年经济增长率为2.8%，2011年前则无相关经济数字。受益于去年初开始和美国改善的关系，去年吸引了350万观光客。

近年来，古巴经济严重受到委内瑞拉影响，多年来以出口医疗服务换取原油的模式难以持续，被迫另寻出路。但在经济转轨过程中，卡斯特罗政权对政权的稳定显示出不得不的谨慎，特别是在奥巴马政府试图推动古巴社会的转变后。

2011年，古巴党代会提出313项经济指导原则，包括有限制的开放自由市场。但是执行效果不十分理想，只有21%被确实执行，其他77%还在形成执行的过程，2%则毫无进展。

在已执行层面上，政府放开古巴民众在201个行业发展个体户，包括经营花店、饭店和修理自行车等；五年下来，个体户数量快速增加中。另外，古巴民众现在也已能自由买卖房产和汽车。

正因这些改变，律师Timothy Ashby 对《财经》表示，他认为古巴的经济改革没有往回走的可能。“因为改革已经大步迈出了，对古巴民众而言这就像打开了潘多拉的盒子一样。”他补充表示，只有很少部分人不支持经济改革，大部分人对改变都很乐观，同时他们知道政策往回走将十分危险

劳尔或许对改革确实抱有决心，他在演讲中对改革的缓慢也诚实以对，他指出未能整合古巴的双轨货币仍是经济改革的阻碍，“这种扭曲状态需要尽快解决”；另外他也指责古巴人的心态造成经济改革速度缓慢，“最大阻力.....就如当初预期的是懒惰的态度和对未来的缺乏信心。”

但劳尔的决心在部分投资专家眼中，仍不构成值得对古巴的投资机会。迈阿密投资顾问Mike Periu 对《财经》表示，从商业角度看，古巴几乎是百废待举，理论上有很多商业机会，但由于政府层面的限制，投资环境和风险仍较高。

Periu指出，“目前就有好些外国商人因拒绝和政府就投资协定进行二次协商而坐牢”，他进一步解释，古巴政府实际只允许外国投资占少于50%的股份，而古巴当地投资伙伴几乎不成文地就是政府本身，再者目前仍没有法律框架保护外国投资。

卡夫里奇也表示，近来古巴政府一直还是以缺乏基础设施和授权法律为由，拖延批准对美国企业的各项申请。

由于以劳尔为首的领导人年龄已过大，这次党代会也推动以2030年为目标的发展模型讨论，会议结束时尚无结论，但是该计划将成为古巴社会主义发展的道路蓝图。

另外，党代会最终仍不忘调整2011年的经济改革措施，最后通过268项经济改革指导事项，其中31项为原有条文，193条为重新修改阐释的事项，44条为新增条文。党代表大会还同意对外国投资更加开放，并推动增加私营企业和小型商业活动。

“只要劳尔和本图拉继续掌握共产党的领导地位，（改革的）讯息将是任何能带来营收的商业交流都会有条件地被接受，例如观光业；但是那些会带来耗损的行业则慢慢会被排除在外，”卡夫里奇指出。

**Thomson Reuters**  
**Havana, Republic of Cuba**

**18 April 2016**

## **Cuba calls Obama visit 'an attack' as Communists defend ideology**



U.S. President Barack Obama waves from the door of Air Force One as he ends his visit to Cuba, at Havana's international airport, March 22, 2016. REUTERS/CARLOS BARRIA

U.S. President Barack Obama's visit to Communist-led Cuba was an "attack" on its history and culture aimed at misleading a new business class, Foreign Minister Bruno Rodriguez said on Monday, the latest sign of blow-back after the ground-breaking trip last month.

"In this visit, there was a deep attack on our ideas, our history, our culture and our symbols," Rodriguez said at the Communist Party congress.

Cuban leaders have hardened language against the United States since Obama became the first U.S. president to visit the island in 88 years, with Fidel Castro accusing him of sweet-talking the people.

President Raul Castro referred to the United States as "the enemy" in the opening speech of the party congress over the weekend and told Cubans to be alert to U.S. attempts to weaken the revolution.

The congress, held every five years, must make decisions about the future of Cuba's elderly leadership and the progress of market-style economic reforms adopted in 2011 that allowed more small businesses.

The measures have been only partially implemented, amid resistance from hard-liners who distrust market economics and fear detente with the United States at a time when Cubans are increasingly vocal about their needs.

"The harsh rhetorical push-back by the ideological wing of the Communist Party suggests their heightened sense of vulnerability," said Richard Feinberg, a former national security adviser to U.S. President Bill Clinton.

Rodriguez accused Obama of coming to "dazzle" the private sector, highlighting concern U.S. promises to empower Cuban entrepreneurs were aimed at building opposition to the single-party system in office since 1959.

"Socialism and the Cuban revolution are the guarantees that there can be a non-state sector that is not that of big North American companies," he told state television.

Cuba has struck deals with U.S. companies such as hotel chain Starwood (HOT.N) and is in talks with others including Google-parent Alphabet (GOOGL.O). On May 1, Carnival (CCL.L) is to become the first U.S. cruise company to sail to Cuba, but the trip is in doubt over a ban on Cuban-Americans sailing.

Cuba believes "the interest in the country of 11.3 million and its tourism potential will overshadow any political decisions," said John Kavulich, head of the U.S.-Cuba Trade and Economic Council, a New York-based non-profit organization.

The United States and Cuba re-established diplomatic relations after Castro and Obama announced in December 2014 the two countries were seeking to normalize ties.

Despite the rhetoric, U.S. musicians Smokey Robinson, Usher and Dave Matthews were in Havana on Monday as part of a delegations representing Obama's arts and humanities committee. A group of U.S. architects also visited on Monday.

## Socialismo próspero, la fórmula imposible de Raúl Castro

Rolando Cartaya



Un hombre repara zapatos, mientras otro vende una vieja máquina de coser hoy, viernes 15 de abril de 2016, en La Habana (Cuba), un día antes del inicio del VII Congreso del Partido Comunista de Cuba (PCC). Compartir

Ver comentarios

Es una de las consignas de la reunión élite del Partido Comunista de Cuba. Pero hasta ahora, “socialismo cubano” y “próspero y sostenible” han sido términos tan irreconciliables como el aceite y el vinagre ¿Dejarán de serlo después del VII Congreso? “Sabremos vencer cualquier reto en nuestro empeño de construir un socialismo próspero y sostenible”.

Así cerró Raúl Castro la segunda sesión de la Asamblea Nacional de Cuba en 2015. No era la primera vez que se mencionaba el término, pero viniendo del hombre que ocupa en Cuba todos los máximos cargos del Gobierno, el Estado y el partido gobernante (único legal) activó enseguida los reflejos condicionados de los propagandistas, y ha cobrado fuerza en artículos y entrevistas en las semanas que precedieron a la “magna reunión” (el VII Congreso del PCC que se inició este sábado).



Una mujer cuelga la ropa recién lavada en su balcón, en un edificio de la zona colonial hoy, viernes 15 de abril de 2016, en La Habana (Cuba), un día antes del inicio del VII Congreso del Partido Comunista de Cuba (PCC).

Cierto que los calificativos “próspero y sostenible” por lo menos sugieren una realidad (virtual) socialista más esperanzadora que la de casas apuntaladas, precios exorbitantes, controles políticos y sociales desmesurados y falta de fe en el futuro que sigue provocando una oleada tras otra de “migrantes cubanos”. Pero, si bien con Raúl Castro las cosas empezaron a moverse en Cuba, en comparación con el inmovilismo general del largo gobierno de su hermano, la lentitud y condicionamientos de las reformas raulistas sólo han producido prosperidad (según los estándares cubanos) para nichos de población, como ciertas categorías de cuentapropistas, artistas y deportistas internacionalmente cotizados, trabajadores del turismo y empresas mixtas, y receptores de remesas más allá del nivel de supervivencia.

El resto de los cubanos sigue inmerso en la angustia de multiplicar a como dé lugar un salario medio de 23 dólares mensuales para hacer frente a precios gravados hasta un 240 % en las tiendas por divisas y a otros en moneda nacional que no cesan de aumentar debido a la oferta insuficiente que caracteriza a las ineficientes economías centralizadas.

Cuentapropistas contra el techo

El pequeño sector privado, que fuera estimulado como un recurso para aligerar las infladas plantillas estatales, continúa topado (aporta apenas el 25% del PIB del país) por la desconfianza y las cortapisas de la clase gobernante, como si pudiera competir con sus lucrativos negocios en el turismo, la minería, el tabaco y la venta de artículos importados, entre otros.

En su blog Alejo3399 el periodista camagüeyano Alejandro Rodríguez se refiere al tema, bajo el título “**Cuba: reformas económicas contra el techo**”:



- Una mujer habla con un joven que vende ajos y cebollas en la calle hoy, viernes 15 de abril de 2016, en La Habana (Cuba), un día antes del inicio del VII Congreso del Partido Comunista de Cuba (PCC)

“Casi una década después de iniciadas las reformas, el ciudadano cubano no puede aún fundamentar ante las autoridades una idea propia de negocio: hay que elegir, en una lista de 200 divisiones, la más cercana a lo que se quiere, dejando demasiado margen al delito y al invento”.

(Acerca de esto el economista oficialista Omar Everleny Pérez Villanueva señalaba en una entrevista con la revista católica Palabra Nueva : “Es preferible una lista con las que el Estado no quiere aún aprobar, y dejar las demás a la iniciativa popular”).

Acusando otros límites al trabajo por cuenta propia, Alejo3399 escribe: “*Las personas naturales— que son la figura principal del actual modelo de trabajo por cuenta propia—, tampoco pueden realizar importaciones con carácter comercial, y en el mercado interno el desabastecimiento manda*”.

“*Y a las cooperativas urbanas, por otra parte— cuya personalidad jurídica otorga mayores chances de desarrollo— se accede a través de un sistema poco potable, ya por burocráticamente enmarañado o por secretamente reservado al puñado de elegidos, negocios modelo, que se integran a la línea que corresponde y pagan todo el salario a sus empleados cuando desfilan el Primero de Mayo*”.

“*Luego, es bastante fácil que el emprendimiento privado auténtico se haga un gran chichón en la cabeza al chocar contra el techo de las limitaciones legales*”

Prosperidad sostenible y economía sostenible

Para que una eventual prosperidad del socialismo cubano sea sostenible se necesita primero que la economía crezca de manera sostenible. Pero incluso en la macroeconomía, dominada por el Estado en Cuba, principalmente a través de las empresas militares del grupo GAESA, el afán de control del gobierno lleva a una desesperante lentitud y condicionamientos.

En otra entrevista con Fernando Ravsberg para el diario español *Público.es* Pérez Villanueva considera que la economía cubana se encuentra en un círculo vicioso, y descarta un crecimiento significativo, a menos que inversores foráneos aporten unos 2.500 millones de dólares anuales.

“Quedó claro que por esfuerzo propio es imposible remontar las vías de crecimiento. El ahorro interno es pequeño, Cuba ha llegado ya a un grado tal de descapitalización de las industrias y los servicios que realmente es un círculo vicioso, **no tienes recursos para invertir porque los destinas a consumir**, dado que la ineficiencia impide producir muchos productos y hay que importarlos”, dijo el economista a *Público*. “Si no se invierte en la economía cubana será imposible llegar a tasas de crecimiento superiores al 5% o 7%, para poder duplicar el Producto Interno Bruto (PIB) en 5 años. Con tasas del 2% como las actuales pasarán más de 20 años antes de poder duplicar el PIB”.

Estas inversiones, como ha explicado el economista cubanoamericano **Carmelo Mesa-Lago**, deben concentrarse en promover trabajos y exportaciones con valor agregado, que son los que tienen un efecto multiplicador en la economía, efecto que no producen las materias primas y los servicios profesionales de los que Cuba obtiene sus mayores ingresos en la actualidad.



La secretaria de Comercio de EE.UU., Penny Pritzker visita el puerto de Mariel La Zona Especial de Desarrollo Mariel (ZEDM) sería ideal para ello al propiciar una economía de **maquiladoras** (libre importación de materias primas, elaboración o ensamblaje, y reexportación con valor agregado).

Cuba promulgó una nueva Ley de Inversión Extranjera que ofrece incentivos como 8 años sin pagar impuestos, un tiempo límite máximo de 60 días para que los empresarios reciban respuesta de las autoridades cubanas; exención de aranceles de importación y posibilidad de 100 % de la propiedad si se invierte en la ZEDM. Sin embargo, pese a que con el deshielo EE.UU.-Cuba las ofertas de inversión en Mariel se han multiplicado, apenas un puñado de empresas han sido aprobadas.

John S. Kavulich, presidente del Consejo Económico y Comercial Cuba-EEUU, dijo al *New York Times* en marzo pasado que había contado cerca de 500 visitas a Cuba de empresarios estadounidenses desde diciembre de 2014, y más de 140 visitas de representantes y funcionarios de Estados Unidos. Pero Kávulich señaló que, podía contar con sus dedos el número de acuerdos comerciales que habían alcanzado.

Y no sólo es recelo con los estadounidenses. El mes pasado el presidente de la Asociación de Empresarios Españoles en Cuba, Xulio Fontecha, dijo a *El País* en abril que a pesar de que varias decenas de empresas españolas han presentado sus proyectos en la Zona Especial de Desarrollo, son "muy escasas las aprobadas. Apenas dos o tres".

El porqué lo explicó, en un raptó de franqueza, una funcionaria del Ministerio de Comercio Exterior e Inversión Extranjera de la isla. En entrevista con el diario oficial *Granma* la directora de Inversión Extranjera del ministerio, Déborah Rivas, **precisó** que de los 200 negocios con capital foráneo que hay en el país, apenas 35 han sido aprobados bajo la nueva Ley de Inversión Extranjera que entró en vigor en 2014. "El objetivo no es vender el país, no se trata de hacer cualquier proyecto que interese a cualquier inversionista extranjero. **Se trata de atraer inversionistas cuyos proyectos concuerden con nuestra política pública.** No estamos haciendo un proceso de privatización acelerada de la economía cubana", señaló Rivas.

Por ahora, la consigna del Congreso del PCC sigue siendo **un oxímoron**, como se llama en la sintaxis castellana a la combinación, en una misma estructura, de palabras o expresiones de significado opuesto: silencio atronador, instante eterno, socialismo próspero... y sostenible.

## The News & Observer

Raleigh, North Carolina

10 April 2016

### Ferry operators discuss connecting Cuba with Florida ports

The Associated Press

TAMPA, Fla.

Ferry operators interested in carrying cargo and passengers to Cuba have opened discussions with officials at several Florida ports.

Such service has not yet begun because the Cuban government has not approved a U.S. ferry to use one of its ports, but ferries are expected to be a popular way to travel and ship cargo from Florida to the Caribbean island.

Jorge Fernandez, CEO of Havana Ferry Partners of Fort Lauderdale, tells The Tampa Tribune (<http://bit.ly/1WlnuNO>) that the company recently met with Cuban government officials and is optimistic it will receive permission to set sail as early as June. Fernandez is interested in sailing from Miami, Fort Lauderdale and Key West, but he also has been exploring ports in the Tampa Bay area. Port Manatee would be preferred over ports in Tampa and St. Petersburg, he said, while in Cuba a landing in Havana would be preferred over the port in Santiago.

A ferry from Port Manatee would take roughly eight hours to reach Havana. That's 90 minutes closer than St. Petersburg and three hours closer than Tampa.

Ferry service would be cheaper than baggage fees for a flight for passengers bringing bulk goods to family in Cuba, said Phil Richards, president of Havana Ferry Partners. Tickets would cost roughly \$290, and the first 40 to 60 pounds of baggage would be free, he said. Havana Ferry Partners owns one ferry, a 40-meter, high-speed, wind-piercing Catamaran that can transport as many as 400 passengers but no bulk cargo. It likely would leave from Key West, Richards said. The company is exploring options for vessels that can carry cargo from other ports.

"A ferry operation makes profits on the cargo and not on the passengers," said Port Manatee Executive Director Carlos Buqueras. "It would be a real convenience not just for our area but every county south to Collier."

The Tampa Bay area is home to the third-largest Cuban-American population in the U.S. but it currently has no regularly scheduled cargo lines serving Cuba. Neither does the Port of Miami, though Port Everglades in Fort Lauderdale and the Port of Jacksonville do have regular cargo service to Cuba.

Port Tampa Bay is talking with ferries looking to connect the area to Cuba, said spokesman Andy Fobes. "We have the terminals and the appropriate on-site regulatory agencies and facilities already in place to handle passengers," Fobes said, "and one day, once the embargo is lifted, cargo."

Port St. Petersburg, owned by the city and marketed as a luxury yacht center under the name "Port St. Pete," would likely host ferries carrying mainly passengers with limited cargo space, said executive director Walt Miller.

The infrastructure at Cuba's ports will be tested when U.S. cruise ships begin sailing there from Miami next month.

"The port facilities, cargo handling, security, customs, immigration — all of it will be under duress due to the cruises," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "I don't see Cuba moving forward on ferries until they are comfortable with the cruise ship operations."

# **The Tampa Tribune**

**Tampa, Florida**

**10 April 2016**

## **Port Manatee on short list for Cuban ferry**



The first United States cruise to Cuba will sail in May. U.S. commercial airlines will land on the island nation for the first time in more than 50 years as early as September. Next up in terms of connecting the nations in this era of normalization is a ferry. One bound for Cuba could be launching out of the Tampa Bay area Port Manatee area by summer. Photo from Flickr

By Paul Guzzo | Tribune Staff

TAMPA — Discussions are under way about carrying cargo and passengers to Havana from ports in Tampa and St. Petersburg. But the maritime link appears even closer to reality through another local landing — Port Manatee.

Havana Ferry Partners of Fort Lauderdale met with government officials in Cuba earlier this month and is optimistic it will be granted porting rights there in time to set sail as early as June, said CEO, Jorge Fernandez, a part-time Manatee County resident.

Port Manatee, an estimated eight hours to Havana by ferry, is on his short list of preferred U.S. landings. “We are making excellent progress,” Fernandez said. “We have more meetings later this month. We have terminals lined up in Cuba and ports in the states ready.” Havana is the primary Cuban city of choice, followed by Santiago.

Stateside, besides Port Manatee, Fernandez also is interested in sailing from Miami, Fort Lauderdale and Key West. “We will be prepared to service any of those for the initial start,” he said. He could not yet confirm a schedule for the ferry service.



Cuba cruise could sail from Port of Palm Beach  
WPTV - West Palm, FL

Meantime, leaders from both Port Tampa Bay and the Port of St. Petersburg confirmed they are also in negotiations with ferry operators interested in Cuba. One advantage Port Manatee holds over the others: It’s 90 minutes closer than St. Petersburg and three hours closer than Tampa. Located in Palmetto, the port’s slogan is, “The Right Turn on Tampa Bay.”

It has been more than a year since American ferry operators began seeking to connect the U.S. and Cuba. Still, service has not begun because the Cuban government hasn’t approved a U.S. ferry to use one of its ports.

❖ ❖ ❖

Ferries are expected to be a popular way to travel and take cargo to Cuba. Passengers can enjoy the maritime journey for an estimated \$290 per ticket, said Phil Richards, president of Havana Ferry Partners. They can carry baggage cheaper than on airlines and more of it, a plus for those bringing bulk goods to family or friends in Cuba. The first 40 to 60 pounds of baggage could be free with a small fee per pound after that, Richards said.

Importers may also prefer ferries to freighters. On a ferry, they can accompany their cargo to the Cuban port, there is less bureaucracy, and the cost may be cheaper for those shipping smaller weights.

Havana Ferry Partners owns one ferry, Richards said — a 40-meter, high-speed, wind-piercing Catamaran that can transport as many as 400 passengers but no bulk cargo. This ship will likely leave from Key West,

Richards said. He is looking at a few options for a vessel to serve Port Manatee but won't make an investment until he gets porting approval from the Cuban government. The Port Manatee ferry likely will carry cargo mainly with some room for passengers. "A ferry operation makes profits on the cargo and not on the passengers," said Port Manatee Executive Director Carlos Buqueras. "It would be a real convenience not just for our area but every county south to Collier."

The Tampa area could indeed use such a service, said Bill Carlson, president of Tucker/Hall, a public relations agency that supports humanitarian and business missions in Cuba.

The area has no regularly scheduled cargo lines serving Cuba even though it is home to the third largest Cuban American population in the U.S. and to business and political leaders who want to create a gateway for commerce to the island nation. Port Everglades in Fort Lauderdale and the Port of Jacksonville do have regular cargo service to Cuba. The Port of Miami does not.

Carlson said he wants to see Tampa ready for new cargo opportunities rather than play catch up. "Tampa was historically the U.S. gateway to Cuba," he said. "We need to be aggressive so that we won't lose that position to Miami or some other city. Ferries provide an alternative transportation system for Americans going to Cuba and a way to ship goods needed in the emerging Cuban private retail sector."



Port Tampa Bay is in talks with ferries looking to connect this area to Cuba, said spokesman Andy Fobes. He would not name the operators but said Cuba had not yet approved them. "We have the terminals and the appropriate on-site regulatory agencies and facilities already in place to handle passengers," Fobes said, "and one day, once the embargo is lifted, cargo."

It may not take a full lifting of the embargo for trade to reach a profitable volume. The U.S. now allows its citizens to sell certain goods to Cubans — such as telecommunications, restaurant and agricultural equipment and construction supplies — as long it is used in the private sector. The holdup, as with the ferries, is for the Cuban government to sign off on it.

At least one local business is ready to act when that day comes. Florida Produce of Tampa wants to operate a distribution warehouse in Havana for all American goods that can legally be sold on the island nation. Its owners, Manuel Fernandez and Mike Mauricio, presented a proposal in Cuba earlier this month to the Commerce Ministry and the Foreign Ministry. They hope to receive a written agreement from Cuba by the end of June.

If so, depending on the condition of the warehouse space offered to them, they could be operating there early next year, said their attorney, Tim Hunt of Hill Ward Henderson. In the past, Florida Produce has shipped agricultural products to Cuba through Port Jacksonville and Port Everglades.

If a ferry carried cargo to Cuba from a port close by, it would make economic sense to use the port for any goods produced within 200 miles of it, said Mauricio, the Florida Produce co-owner. "You always want to use the closest port to keep freight cost down," he said.

Initially, Florida Produce will focus on agriculture at its Havana warehouse because that is all Cuba is purchasing from American businesses now. But once the Cuban government allows its citizens to buy other goods, Florida Produce will seek to store it all. "PVC pipes, automotive supply, lumber, restaurant equipment, construction material," Mauricio said. "It can all be found or produced locally and then shipped locally. We just need that cargo ship or ferry locally."



Fernandez of Havana Ferries has no interest in Port Tampa at this time despite its size and historic connection to Cuba. "It's logistics," Fernandez said. "Tampa is about a three-hour longer trip to Cuba and in the ferry business that's three hours of extra time and three hours of extra fuel."

Buqueras of Port Manatee estimated that at optimal speed, the journey via ferry from Palmetto to Havana over the Gulf of Mexico and the Straits of Florida would take eight hours. Fernandez said he would even consider the smaller Port of St. Petersburg over Port Tampa Bay because it is closer to Cuba.

St. Petersburg isn't waiting, though. Mayor Rick Kriseman confirmed city officials have spoken to ferry operators interested in using the port to host service to Cuba but he would not say which ones. "We have been very open to things that connect us to that community," Kriseman said. "We'll see how this develops. I am glad someone is exploring the idea."

Port St. Petersburg, owned by the city and marketed as a luxury yacht center under the name "Port St. Pete," would likely host ferries carrying mainly passengers and with limited cargo space, said executive director Walt Miller. But that creates plenty of opportunities, Miller said. "I don't think it is a local business only but one with national potential," Miller said.

A ferry might help in developing St. Petersburg-Cuba vacation packages, said Antonio C. Martinez II, chief operating officer of New York-based Cuban Strategic Partnerships Inc. Travelers could join a tour group that includes a 24-hour to 48-hour educational trip to Havana, Martinez said, enabling their journey to fit within one of the 12 categories of Cuban travel the U.S. now permits. Others include scientific research and athletic competition. A trip for tourism, such as a day at a Cuban beach, is forbidden under U.S. law.



Still, such travels are a long way off, said Miller with Port St. Petersburg. Cuba barely has enough hotel rooms to handle its current record-breaking surge of tourists.

Accommodations are an issue Cuban leaders struggle to address, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. The tourism industry will be tested further later this year when up to 110 daily U.S. commercial flights begin taking Americans to the island nation under an aviation arrangement recently signed by the two governments.

The infrastructure at Cuba's ports will also be tested when U.S. cruise ships begin sailing there from Miami next month.

"The port facilities, cargo handling, security, customs, immigration — all of it will be under duress due to the cruises," Kavulich said. "I don't see Cuba moving forward on ferries until they are comfortable with the cruise ship operations."

Port Tampa Bay and Port Manatee both hope to host a cruise to Cuba, though Kavulich said he believes it will be a while before Cuba is ready to accept these ships from multiple U.S. locations.

Another observer who follows Cuban business news said it may be a while before anyone launches ferry service to Cuba. "Cubans have set aside the former container terminal in the Port of Havana for ferries and they've called on investors to build a terminal there," said Johannes Werner, editor of the Sarasota-based online publication Cuba Standard. "Some of the U.S. operators argue they can start on a dime, bringing in mobile bridges, ramps and scanning devices. But the Cubans apparently don't want that."

Kavulich said he's confident Cuba will provide porting rights to one U.S. ferry company this year.

The reason: It would solidify a commercial relationship between the two nations before the next U.S. president steps into the Oval Office in January 2017, making it harder for the next president to reverse the initiative by Barack Obama to normalize relations with Cuba.



Kavulich believes Cuba will prefer a ferry sailing from a South Florida port, probably Miami, but Tampa might get the nod too as political gesture, he said — a thank you to the community for being proactive in the normalization of relations.

Mayor Kriseman sees no competition emerging among the local ports, saying the entire region would benefit from connectivity to Cuba if any port lands ferry service. Still, he said, he does believe a personal relationship he has developed with the Cuban government could help the Port of St. Petersburg.

Kriseman has made two trips to the island nation over the past year and welcomed a Cuban delegation to his city in December to begin a cultural exchange program. “That is the whole purpose of our trips,” he said. “We went there to build relationships, to let the government know who we were and that we were looking for opportunities to collaborate and I think we were successful.”

Carlson of Tucker/Hall said leaders from Port Tampa Bay need to make their first trip to Cuba soon, too. “They should lead a delegation to Cuba immediately and start negotiating deals that will create an economic impact in Tampa Bay,” Carlson said. “An established government-to-government relationship is critically important for our area to engage in major trade with Cuba. “When the U.S. economic blockade is lifted, businesses in Tampa Bay should be able to supply not only retail goods, but also medical and construction supplies, equipment, etc. A ferry service could help transport all of that.”

## **The Hill**

### **Washington, DC**

#### **8 April 2016**

### **U.S. airlines battling to fly to Cuba**



Getty Images

By Ana Radelat

U.S. airlines are in vicious competition for the chance to provide direct service to Cuba, even as the impact of the new business on their bottom lines is unclear.

Last month, the Department of Transportation opened bidding from airlines to operate 20 daily round-trip flights to Havana, and 10 flights to nine smaller airports on the island.

The DOT expects to decide who will have those routes this summer, and airlines hope to begin service by the end of the year.

“For U.S. airlines this will be completely incremental business,” said Henry Harteveltdt, a travel industry analyst with the Atmosphere Research Group.

One reason the opening to Cuba may not be a huge boon to carriers is that, while President Obama has eased travel restrictions to the island, tourism is still prohibited. The vast majority of travelers continue to be Cuban Americans allowed to freely visit family. Making it easier for U.S. travelers to visit Cuba is also expected to hurt vacation spots in the Caribbean and Mexico that are big money makers for U.S. airlines.

“Cuba will pose an enormous challenge to other destinations in the Caribbean,” Harteveltdt said. “It may be a case of robbing Peter to pay Paul.”

American Airlines provides many of the airplanes used by charter companies that currently provide the only flights from the United States to Cuba. American Airlines spokesman Matt Miller said that business

“certainly will be impacted” if airlines compete for their business, reducing a stream of revenue for his company.

Delta spokesman Anthony Black said “it’s premature to talk” about profits. “It’s going to evolve over time,” he said of the Cuban market.

One drawback for the airlines is that few want slots outside of Havana --to Varadero Beach, Santiago and other places. Another is that their passengers will largely be Americans and Cuban Americans traveling from the United States to Cuba and back . Cuban nationals often don’t have the money or the approval of their homeland and/or the United States, to visit the United States.

Unrestricted travel between Cuba and the United States may have to wait for an end to the embargo and for political changes in Havana, yet U.S. airlines are determined to stake their claims on the island.

They have flooded the DOT with brutal criticism of their rivals. New York-based JetBlue Airways, said “JetBlue, not Delta, is the leading domestic airline at (John F. Kennedy)” airport in New York. Delta retorted that “JetBlue’s claim that it offered more seats and flights from JFK than any other airline in 2015 is demonstrably false.” Delta, which wants to fly to Cuba from its hub in Atlanta as well as New York City, also took a swipe at another competitor.

“American’s request for ten (10!) of the 20 flights is also out of proportion to its existing service to other Caribbean destinations,” Delta told the DOT. “While American may wish to corner the market of Cuba frequency allocations, its levels of existing service to points in the Caribbean demonstrates American’s attempted overreach in this proceeding.” American shot back that it is the “undisputed leader” flying out of Miami, the heart of the Cuban-American community in the United States.

American also said JetBlue seeks to fly out of cities that “simply will not generate demand to Havana in the foreseeable future,” and Southwest’s application uses a “self-serving traffic forecast” that is “seriously flawed.”

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the fight is more about making sure the DOT decision does not result in regulations that could hurt other parts of their businesses than about the prospective Cuba routes. “Nobody wants to cede any ground to anybody on this,” Kavulich said.

In a flurry of correspondence, airports, lawmakers and local officials are also lobbying the DOT. The New York Yankees, for instance, have gone to bat for Delta and the U.S. Chamber of Commerce has promoted the application of American Airlines.

The airlines also have tapped Latino leaders for help. Former Commerce Secretary Carlos Gutierrez, now the chairman of the U.S.-Cuba Business Council, lobbied on behalf of American Airlines, while Juan Andrade Jr., president of the U.S. Hispanic Leadership Institute, threw his support to Southwest.

The establishment of regular U.S. airline service to the island has been long sought by the U.S. government, which argued it is necessary to reestablish regular postal service to Cuba.

Cuba insisted it would only agree if the service was reciprocal – allowing the Cuban state airline, Cubana de Aviación, to fly to American cities.

The standoff ended when Cuba accepted that for the time being at least, Cuban airliners will still not be able fly to the United States. One explanation for the Cubans backing off is the concern that Cubana’s planes could be seized to satisfy millions of dollars in civil judgments against the Cuban government, Kavulich said.

Since the revolution, there have been a number of multimillion-dollar judgments against the Cuban government, the result of lawsuits in U.S. courts by U.S. citizens, including family members of the “Brothers to the Rescue” pilots who were shot down by Cuban forces in 1996.

“The civil actions mean that if the (plaintiffs) can find a judge or find a sheriff who can put a lien on a (Cuban asset) they can do so,” Kavulich said.

# World Trademark Review

## London, United Kingdom

### 7 April 2016

A number of high profile brand-related trademarks, including UBER, COMCAST, FEDEX and some related to international law firms, have been filed in Cuba by entities that appear to be unrelated to the legitimate brand owner. With single entities responsible for a multiple number of such applications, it highlights the growing need for brand owners to have an effective monitoring strategy in Cuba.

Since President Obama eased diplomatic relations between the United States and Cuba in December 2014, there has been concern voiced that US brands could become the target of trademark squatters – and not necessarily from Cuban applicants. To that end, *World Trademark Review* has recently received word that entities based outside of the country are filing for a number of brand-related trademarks at Cuba’s trademark office.

Jaime Ángeles, a partner at Angeles & Lugo Lovatón, says that a number of organisations appear to be active in registering multiple well-known brand names. The latest, International IP Holdings LLC, states its address as being located in Delaware. It has filed trademark applications, all of which were published last week, related to the following brands: IDT, Uber, Wendy’s Southwest, Bluetooth, Comcast, Wyndham, APC, Crowley, Sirius FM, Dish Network and the law firms Morgan Lewis and White & Case. It is understood that the deadline for filing opposition to those trademarks is May 30. A second entity, Crosscurrents Holdings LLC, reports its location as Miami Beach and has filed trademarks related to FedEx, Ben & Jerry’s, Wells Fargo, Samuel Adams and the law firm Greenberg Traurig.

The applications, which are mostly in classes you would expect for the well-known brands/products in question, could have been made on behalf of the legitimate brand owners. *World Trademark Review* has contacted the person believed to be principal of Crosscurrents Holdings and we await a response. We also contacted a company based at the address International IP Holdings listed, Delaware legal services company Paracorp. A spokesperson confirmed it is serving as International IP Holdings’ registered agent, but that it has “not filed any trademarks” for its client. However, the spokesperson added that, as part of its service offering, it “allows our clients to use our address where needed when serving as their registered agent”, and has passed on our query and contact details. We will update this article if we receive a response.

*World Trademark Review* also contacted the three law firms to see if they are behind the applications and, if not, if they plan on opposing them. A spokesperson from Greenberg Traurig confirmed that the mark was filed “without our authority or permission”, and added: “We are aware of this situation and have engaged counsel to address it. We have a well-established international brand with registered trademarks throughout the world; and we will act accordingly to protect them.”

If these applications are not from the brand owners in question, Ángeles contends, such activity represents a “real threat” to the brands targeted and others that could be targeted in the future: “Legitimate brand owners might end up having their trademarks on another entity’s products in a place near home. The possibility of having a person using your brand in a tourist spot and, maybe in the future, manufacturing and exporting goods, could create significant problems for those brands owners.”

Brand owners currently affected have a number of options going forward. Ángeles advises: “There are several legal bases for these types of opposition. One is bad faith as the applicant is a US based corporation. If it is a trade name or if it has copyright, it might be in violation of Cuban trademark regulations. Finally, the Panamerican Convention would also allow for an opposition procedure to be started based on a trademark registered in the United States. Technically, the convention is available; politically, however, it is unknown how it would be implemented by the Cuban IP Office”

One silver lining for US trademark owners was revealed by John S Kavulich, president of the US-Cuba Trade and Economic Council. "The government of the Republic of Cuba has made efforts to notify US companies when a non-related entity is seeking to register a well-known trademark," he told us. "While there have been some unsettling statements [between Cuba and the US] during the last 20 years, these actions have been to protect United States brands."

As the thaw in relations continues, there will be both threats and opportunities for major US brands. Whether doing business in the country or not, brand owners should ensure that either trademarks are filed in Cuba or regular monitoring of new Cuban trademarks is being conducted – as failure to do so could mean increased enforcement costs later on down the road.

# Caijing Magazine

Beijing, China

7 April 2016

开放的古巴仍有不确定性

本文来源于《财经》杂志

演唱会电视墙倒数着秒数，主持人高喊着，“女士们、先生们，滚石乐队！”伴随着吉他声、鼓声、主唱米克·贾格尔（Mick Jagger）的歌声，以及21世纪的声光效果，古巴人带着古巴国旗在3月25日迎来了他们自1960年来的第一场摇滚演唱会，正式结束他们偷偷欣赏摇滚乐的岁月。

新的历史不仅如此。在滚石乐队登陆古巴的三天前，美国总统奥巴马才乘着空军一号离开，完成他的三天历史之旅。

奥巴马于3月20日抵达古巴首都哈瓦那，成为88年来第一位访问古巴的在职美国总统，并于22日对古巴民众发表全国电视演说。“为什么现在（改善关系）？最简单的答案就是美国现在做的不起作用，我们应该有勇气承认这个现实，为冷战设计的孤立政策在21世纪已不太合逻辑。”他在演说中表示。

得克萨斯大学古巴裔教授阿图罗·洛佩兹-莱维（Arturo Lopez-Levy）对《财经》记者表示，奥巴马的哈瓦那之旅对两国具有双赢意义，但古巴人将密切关注奥巴马能实现多少推动经贸交流的诺言。

古巴与美国和摇滚乐的和解始于2013年，经过18个月的秘密谈判，两国在2014年12月17日宣布改善敌对关系，随后，美国百老汇音乐剧 Rent和古巴国家表演艺术署合作，在首都哈瓦那上演了古巴半个世纪以来的首场音乐剧。2015年7月20日，古巴启用其在华盛顿的使馆，不到一个月后的8月14日，美国开设了在哈瓦那的使馆。

古巴对外开放更早的酝酿或者能反推到2010年9月，统治古巴半个世纪的菲德尔·卡斯特罗对《大西洋月刊》记者表示，“古巴模式甚至不再适用于我们”。菲德尔于2006年因病将权力交给弟弟劳尔·卡斯特罗。

不过，菲德尔并不完全认同美国模式，他不只没有和到访的奥巴马见面，更在奥巴马离开后发表《兄弟奥巴马》一文，指出“古巴不需要来自帝国的礼物”。

菲德尔的表态和美国国会的反对，都反映出奥巴马和现任古巴总统劳尔·卡斯特罗在改善两国关系上面临着不小的内部压力，各利益方对关系的持续改善或逆转抱着谨慎小心的态度。

英国诺丁汉大学古巴研究中心教授安东尼（Antoni Kapcia）对《财经》记者指出，奥巴马正是希望通过此次古巴之旅制造解除禁运的正当性。“我认为这次访问更多是针对美国民众，试着让奥巴马自2014年12月开始的（和解）动能持续下去，也希望能通过施压国会议员，减缓国会完全放开商业交流反对，最后对（美古关系）形成足够的改变，让后任美国总统不能逆转这些成果。”

对关注古巴经济改革的美国商业团体和企业来说，古巴政府是否会逆转开放政策是他们更主要的忧虑。约翰·卡武利奇（John Kavulich）是成立于1993年的美国古巴商会的会长，他对《财经》记者表示，美古两国一路交流下来，政策逆转并非不可能。“古巴政府控制着交流程度，奥巴马总统将通过法律的修改来允许更多的旅游和商业活动，但是古巴政府想追求更多，而不仅是那些能创造利润的事物。”

## 美国企业急涌而至

“我来这里（是为了）埋葬美洲最后的冷战余风。”美国总统奥巴马通过电视向古巴全国民众表示。

与奥巴马一同访问古巴的，除了他的家人、国会议员，更多的是对古巴市场跃跃欲试的美国企业代表。

古巴地处美国后院，却是美国人唯一不能自由进出和买卖的加勒比海国家。随着双方外交关系的改善，美国商界希望在电信、旅游、餐饮和金融等行业占领先机。美国古巴商会针对考察过古巴的会员调查发现，这些企业对法律、餐厅、农产品原材料、消费产品、加工食品以及住宿行业的发展较有信心。

看好每年几百万美国游客造访古巴商机的航空运输、酒店和餐饮业已于2015年积极布局。根据统计，美国游客能为古巴旅游业带来最高产值和利润，2015年美国游客数量比2014年增加76%，达16.1万人，创造了3.5亿到4亿美元左右的价值，预计在2016年能达到6.6亿美元。

喜达屋酒店集团和Airbnb是住宿业的先行者。喜达屋集团受古巴军队集团邀请将运营三家古巴政府饭店。Airbnb在过去一年已提供4000个短期可租房，服务过1.3万名观光客，这些观光客每天花费约250美元在居住支出上。

运输业则因涉及两国谈判和配额限制相对进展缓慢，但美国嘉年华邮轮公司已经开始销售5月停泊在古巴港口的船票，航空公司则正为抢占航线互不相让。

美国运输部将核定许可每天20次往返哈瓦那航班，以及10个—15个飞往古巴其他9个机场航班，已有13家美国航空公司递交了申请。纽约航空公司 Jetblue申请每天12个往返哈瓦那航班，西南航空申请9个往返于南佛罗里达和哈瓦那的航班，美国航空申请12个往返哈瓦那航班，以及10个往返古巴 其他机场航线，最后结果将于夏天揭晓。根据推算，美国出发的主要热门机场将是古巴侨民较多的迈阿密、纽约和洛杉矶。

还有企业看上的是古巴1100万规模的消费者市场。

着眼于古巴侨民向古巴汇款的大量需求，金融汇款服务公司积极抢攻市场。西联汇款3月21日宣布开启全世界往古巴汇款业务。根据其内部统计，至少有 140万古巴人侨居在世界各地，2013年向古巴汇款达28亿美元，62%的古巴家庭由此受惠。网络付费公司Paypal近期也开始考察哈瓦那，希望展开 线上汇款服务。

另外，专门为创业者服务的Stripe，在3月宣告为古巴中小企业提供服务，中小企业可以通过在Stripe开设账户，设立公司和收付账款。

向古巴出口农产品是不少农业团体的诉求。古巴是加勒比海地区内最大的小麦市场，但是美国出口到2011年就几乎归零，美国小麦协会去年表示，希望在 古巴小麦市场的占有率能迅速从零到百分之八九十。急于开拓古巴市场的美国农民成立了美国农业古巴市场联盟，数位代表也获邀参加了奥巴马的历史之旅。

根据统计，在2001年—2014年期间美国企业向古巴出口了价值50亿美元的货品，2006年阿拉巴马州四分之一的农产品出口目的地为古巴，主要 产品为鲶鱼、大豆和鸡禽类。因为地理之便，美国南部州的农民将有机会进一步从古巴市场受益，其中距离古巴不到150公里的佛罗里达州将是美国受惠最大的 州。

另外，谷歌公司和美国数家WiFi设备商也开始协助古巴网络服务的建设。谷歌2014年推出Google Chrome、Google Play，继而在2015年推出Toolbar的服务。思科公司则宣布与古巴大学合作，共同培养古巴IT技术人才。

尽管美国企业看好古巴商机，但是不少古巴专家对古巴市场的不确定性和风险提出警告。佐治亚州瑞金大学（Regent University）教授保罗·斯帕多尼（Paolo Spadoni）警告说，任何进入古巴的

创业者需要特别谨慎小心，包括邀请生意伙伴去餐厅，古巴政府将对这些活动进行更严格的审查。

宾夕法尼亚大学教授毛罗·顾林（Mauro Guillén）也呼吁对古巴市场做好调研工作，他指出古巴市场的不确定性将是一大风险，“现在看起来不错的两国关系可能一下就会因为某些事件而变成噩梦，一个误会就可能引起商业（交流）的倒退。”

美国企业在古巴的拓展还包括，美国邮局于3月17日宣布将开始提供邮寄服务，联合利华集团将出资3500万美元和古巴国企合资，共同生产个人和家庭消费品。

### 禁运难解

“禁运只伤害了古巴人，而非帮助他们……对希望和古巴进行商业往来的(美国)人也是负担，现在是解除禁运的时候。”奥巴马在22日的演说中再三强调解除禁运的重要性。

1959年开始实施的禁运对古巴始终是经济发展的禁锢。得克萨斯大学的阿图罗·洛佩兹-莱维教授指出，古巴最在意的仍是美国何时能解除对古巴的禁运。由于国会的强烈反对，多数专家不看好奥巴马在卸任前能达到此目标。

美古商会会长卡武利奇指出，如果古巴能在5913件赔偿案方面与美国达成共识，将有助于美国法律的改变。1959年，卡斯特罗发动革命后，推动古巴所有资产的国有化，美国企业和美国私人财产一夕之间遭到没收。这些企业和个人后来向美国政府立案5913件赔偿损失案，总价值在18亿到19亿美元之间，加上3%的年利率，目前估值应为70亿—80亿美元。这些索赔包括埃克森石油公司的炼油厂、可口可乐在上世纪50年代年营业额达7000万美元的相关投资、私人拥有的土地和糖厂等。

美国在小布什政府时期曾拨出37.5万美元委托克雷顿大学（Creighton University）进行索赔方案的研究，研究建议可考虑成立特殊法庭处理这些案件。该研究共同作者凯利（Michael J. Kelly）对《财经》记者表示，古巴可以通过授予开发权、免税优惠措施或者分期偿还等方式支付对5913件案子的索赔。2015年12月，两国再度就此展开谈判，古巴政府以禁运对古巴造成伤害为名索赔1210亿美元，谈判目前陷入胶着。

不少等着要回资产的个人或企业认为在与古巴政府达成赔偿共识前，双边关系不应发展太快，特别是解除对古巴的禁运。凯利强调，赔偿和解除禁运是连在一起的两个问题，赔偿不解决，禁运就不该解除，古巴对于禁运解除的诉求超过一切，因此他相信古巴政府会严肃对待美国的赔偿要求。

另一方面，卡武利奇认为，只要卡斯特罗持续在位，总会有美国国会议员反对解除禁运，因为这将让卡斯特罗得以宣告革命的胜利。

在解禁暂时还不太可能的情形下，卡武利奇指出古巴经济想要发展将需要政府推动将现有的双货币制转换为单一货币，允许外国企业能直接支付当地员工薪资，此外还应该推动改善目前充满官僚气息且没有效率的政治和商业制度。

劳尔·卡斯特罗的开放之路能走多远，对很多人都是个疑问。

迈阿密大学古巴暨美洲研究中心主任杰米（Jamie Suchliki）对《财经》记者表示，除非古巴政府推动改革，奥巴马的演讲不具任何意义。“美国对古巴作了很多让步，但古巴并不是真正想推动经济改革，古巴军队对开放并没有兴趣……奥巴马相信对敌人友善敌人就会给予回报，但是这种哲学并不奏效，伊朗和古巴就是最好的例子。”

杰米认为如果希拉里当选，她将延续奥巴马的古巴政策；如果是共和党的克鲁兹当选，他将逆转这些开放政策，但如果特朗普当选，没人知道他会怎么做。

奥巴马可能对自己离任后的政策也有疑虑，他不忘将希望寄于古巴人民身上，“改变将在这里发生，美国不会是改变的作用剂，但是将通过包括外交和商业等关系的正常化，鼓励和协助古巴人自己带来改变。”

## Politico

### Washington, DC

6 April 2016

#### Morning Agriculture

##### A daily briefing on agriculture and food policy

**CUBA GOES FAMILY-OWNED IN FIRST U.S. AG EQUIPMENT BUY:** The Cuban government didn't make its first purchase of U.S. agriculture equipment since the Obama administration loosened trade restrictions from a multinational corporation like John Deere or Caterpillar, it bought from the Alabama-based, family-owned GulfWise Commerce, an affiliate of Woerner Companies.

The Commerce Department's Bureau of Industry and Security issued a license late last week that allows GulfWise to sell more than \$100,000 in advanced planting and harvesting equipment to Cuba. The equipment will be used by a government-owned agricultural research institution to "assist in establishing grass-covered areas for purposes ranging from erosion control to the creation of pasturage and the establishment or improvement of parks and recreational areas, such as playgrounds and sports facilities," said U.S.-Cuba Trade and Economic Council President John Kavulich.

Representatives of the Woerner Companies have visited Cuba five times since 2012, and two officials with the Cuban research station visited Alabama last year, Kavulich said. Another Alabama company, Cleber, got permission from the Treasury Department's Office of Foreign Assets Control in February to build a tractor warehouse and assembly facility in the Mariel Special Development Zone near Havana.

**U.S. AG EXPORTS TO CUBA ROSE IN FEBRUARY:** U.S. exports of food and agricultural products to Cuba soared to \$17.8 million in February, up 32 percent from the \$13.5 million in exports made in February 2015, according to data compiled by the U.S.-Cuba Trade and Economic Council Inc. Soybean oil cake made up nearly half of the exports, while frozen chicken legs accounted for 29 percent and calcium phosphates, used in the production of phosphoric acid and fertilizers, more than 16 percent.

## Politico

Washington, DC

5 April 2016

**CUBA OPENS ITS WALLET:** The Cuban government has made its first purchase of U.S. commercial equipment since the Obama administration began loosening restrictions on trade with the communist country in December 2014.

The Commerce Department's Bureau of Industry and Security issued a license late last week to Alabama-based GulfWise Commerce to reportedly sell more than \$100,000 in advanced planting and harvesting equipment to Cuba. Arrangements are being made for shipment, said Robert Muse, a lawyer representing the company, which is a subsidiary of the Woerner Companies. The importer on the Cuban side is government-operated Tecnotex SA, and the equipment will be used by a government-owned agricultural research institution.

"It's so significant that ... the Cuban government has decided to buy a piece of equipment — any equipment," U.S.-Cuba Trade and Economic Council President John Kavulich said. "It's not a donation. It's a commercial transaction." Kavulich also said it was notable that the Cuban government decided to buy from a family-owned company rather than a multinational corporation like Caterpillar or John Deere.

Another Alabama company, Cleber, has gotten permission from the Treasury Department's Office of Foreign Assets Control to build a tractor warehouse and assembly facility in the Mariel Special Development Zone near Havana.

## Tampa Tribune

Tampa, Florida

5 April 2016

### Cuba poised to slash landing fees as commercial flights near



Baggage handlers load an airplane with heavy items before a charter flight to Cuba from Tampa International Airport in September. Cuba's international landing fee in Havana's José Martí International Airport is \$4.89 per metric ton of aircraft. LANCE ROTHSTEIN/STAFF

By Paul Guzzo | Tribune Staff

TAMPA — For years, Cuba's state-run airports have charged U.S.-based flights landing fees that are considered high at best and discriminatory at worst.

But those fees are expected to fall in line with rates paid from other nations once U.S. commercial carriers land in Cuba later this year — as early as September — for the first time in more than five decades.

U.S. charter flights pay Cuba landing fees of \$73 to \$148 per passenger today, based on age and whether they are traveling as individuals or in a tour group.

Cuba's international landing fee in Havana's José Martí International Airport is \$4.89 per metric ton of aircraft. Charter flights typically use a 162-seat Boeing 737-800 with a maximum take-off weight of 79 metric tons — for a landing fee of about \$390. But the same sold-out aircraft could cost nearly \$24,000 in landing fees at José Martí if operated by a U.S. charter flight company.

In February, the U.S. and Cuban governments signed a non-binding aviation arrangement that allows U.S.-based commercial flights to land and sets certain guidelines — including one prohibiting discriminatory fees.

The State Department confirmed to the Tribune that this new arrangement covers charter flights but would not comment on when landing fees might drop. Charter flights continue to pay the higher rates. Nor would the State Department say if the current fees are considered discriminatory.

Two charter operators said Cuban aviation officials told them their landing fees would align with international rates once commercial service from the U.S. begins. The two are Michael Zuccato, general manager of Cuba Travel Services, which operates charter flights out of Tampa International Airport, and Bill Hauf, president of Island Travel & Tours which plans to operate flights from Tampa starting April 25.

Direct flights to Cuba set to launch this summer

As part of the aviation arrangement, up to 20 U.S. commercial flights a day can land in Havana and as many as 10 a day to each of the nine other Cuban cities with international airports.

Silver Airways CEO Sami Teittinen predicted all but the Havana routes will be allocated within the next six to eight weeks and believes the first U.S. commercial flights will land in Cuba around September. Silver Airways applied for routes with the U.S. Department of Transportation to all 10 Cuban destinations — including two weekly flights connecting Tampa to Havana. JetBlue Airways and Southwest Airlines also applied for two daily flights between Tampa and Havana.

Because more than a dozen airlines requested over 50 flights to Havana, deciding flight allocations there will take the transportation department longer, Teittinen said.

In a recent report, Miami-based Havana Consulting Group says commercial airlines could enter the Havana market with tickets running \$150 to \$250. By comparison, Cuba Travel Services is selling charter tickets from Tampa to Havana for \$459 while ABC Charters at Tampa International and Island Travel charge \$439. The charter companies contacted said they could not guarantee lower ticket prices once landing fees are reduced.

ABC's president Tessie Aral could not be reached.

"We would need to assess the other cost associated with passenger and ground handling in the destinations," said Zuccato with Cuba Travel.

Currently, a U.S. traveler may visit Cuba only for one or more of 12 reasons, such as education, research and athletic competition. Taking a trip strictly for tourism is still illegal under U.S. law.

A United Nations convention governing international aviation forbids discriminating against individual nations in the fees that are charged. One reason Cuba has gotten away with it for so many years may be the absence of an aviation agreement with the U.S.

"Cuba has never viewed the charters as scheduled air service, therefore not subject to the U.N. convention," said Robert Muse, a Washington, D.C.-based attorney who specializes in legal issues arising from the

Cuban embargo. “Once the commercial flights begin, the U.S. position will likely be that Cuba can no longer discriminate against the charters.”



Others say Cuba has not overcharged U.S. charter flights.

Landing fees cover an airport’s cost for maintenance and operations and U.S. planes are restricted to Terminal 2 at José Martí airport — for security reasons, some analysts say, out of concern people will be sent there to instigate unrest.

U.S. planes are the only customers at Terminal 2 so they must bear the all maintenance and operation costs. But concerns about unrest are easing with the normalization of relations between the two countries and commercial airlines predict they’ll also gain access to Terminal 3 where all other international flights land.

Still, Terminal 2 is far from a state-of-the art center requiring high maintenance costs. It has only two baggage carousels, for example.

American Airlines landed 625 of its 1,200 charter flights bound for Cuba in Havana last year, said spokesman Matt Miller. Based on the weight of a Boeing 737-800, the plane American uses there, its landing fees alone generated as much as \$14 million in revenue for the Cuban government. By comparison, Tampa International collected \$15.2 million from all passenger planes in 2015.

The Cuba fees may also cover airplane parking and aviation navigation. But for a typical Boeing-737 paying Cuba’s international rates, those charges plus landing fees total an estimated \$4,800, or around \$23 per person on a sold out flight.

Zuccato with Cuba Charter Services said landing fees he pays also go toward outsourcing ground services such as ticketing and baggage to state state-run companies in Cuba.

The average Cuban’s salary is \$20 to \$25 per month, said Dan Zabłudowski, an international business attorney in Miami with Hinshaw & Culbertson. The current fees, he said, are “not in line. This is a punitive charge. This is just profit going to the Cuban government.”

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, estimated the Cuban government “keeps between 40 and 50 percent of the ticket price. What they do with it is immaterial. It is gross revenue.”



This profit is not earmarked for the military, as some may fear, said Arturo Lopez Levy, a University of Texas-Rio Grande Valley lecturer and former Cuban government economic analyst. Besides sustaining Cuba’s airports, he said, it is used to develop a tourism sector already burdened with a rising number of visitors.

Higher volumes of travel with the lower rates will keep money flowing to the island nation, said Antonio C Martinez II, chief operating officer of New York-based Cuban Strategic Partnerships Inc. “Cuba will increase revenue even with lower landing fees because there will be more flights from the U.S. and it is easier to travel there for Americans than it has been in years,” Martinez said.

Under the arrangement, once U.S. commercial flights to Cuba begin, up to 7,300 could land in Havana over the course of a year. If they are charged the standard \$4,800 in total international fees based on the weight of a Boeing 737-800, the total would be about \$35 million in revenue annually for the Cuban government from flights to Havana alone.

Misty Pinson, Silver Airways spokeswoman, told the Tribune that she believes Cuban aviation fees are standard at all its nine international airports. “Yet until we get the scheduled operations going and contract negotiated we won’t know for sure,” she said.

It remains unclear how much revenue charter flights will bring to Cuba. Currently, there are 12 flights a day connecting the U.S. and Cuba. Island Tour and Travel adds four weekly from Tampa International starting April 25, bringing Tampa's weekly total to 11. But it is unclear if charter flights flying from other U.S. cities will increase, decrease or remain the same once commercial service to Cuba begins. Still, commercial flights to the other Cuban destinations and the charter services will add to that \$35 million total.

And commercial airlines will likely have to outsource ground handling services to Cuba's state-run companies, as charters do now, said Colorado-based aviation analyst Michael Boyd, adding more money to Cuba's economy. Silver Airways confirmed to the Tribune it would use state-run companies for ground services.

"Cubans will handle it and Americans will have very little say about how they do the handling," Boyd said. "The fees that will be charged are not going to be based on a \$20 a month wage rate."

# **The Militant**

## **New York, New York**

### **11 April 2016**

#### **Castro, Cuban people answer 'sugar-coated' words of Obama**

BY SETH GALINSKY

The U.S. government "is continuing the game of the carrot and the stick," wrote Elier Ramírez in the March 26 issue of *Juventud Rebelde*, daily paper of the Union of Young Communists of Cuba. "There is no change in their strategic objective of regime change."

Ramírez was responding to President Barack Obama's March 20-22 visit to the island. Despite many "sugar-coated" words — as Cuban revolutionary leader Fidel Castro described Obama's comments — Washington's goal of overthrowing the Cuban Revolution and restoring capitalist exploitation came through loud and clear. Numerous articles in the Cuban press have answered aspects of the U.S. rulers' shift in methods.

In his March 22 speech, broadcast on Cuban TV, Obama said the U.S. government was leaving behind "the last remnant of the Cold War" because "what the United States was doing was not working."

He didn't spell out what it was that didn't work: years of terrorist operations, the 1961 Bay of Pigs invasion, assassination attempts, as well as attempted diplomatic isolation and the unparalleled economic embargo that remains in place to this day, more than 55 years after it began.

And the commander in chief of U.S. imperialism conveniently left unsaid the failed goal: overturning the 1959 Cuban Revolution and the workers and farmers government it brought to power, taking land away from small farmers and giving it "back" to capitalist landlords, and bringing back the so-called free market so that Cuba's working people and the island's resources can be a source of superprofits for U.S. capitalists.

In an article in *Granma*, the paper of the Communist Party of Cuba, Enrique Ubieta Gómez pointed out that "during these decades of harassment, U.S.-based terrorists caused 3,478 deaths and left 2,099 people disabled." Luis Posada Carriles, "the intellectual co-author of the blowing up of a civilian Cuban plane in mid-flight who is responsible for the death of all its passengers and crew, is living comfortably in Miami" to this day, he noted.

And "on the territory occupied against our will in Guantánamo for a century not a single word" from Obama, Ubieta said, referring to the U.S. naval base that U.S. imperialism forced down Cuba's throat at gunpoint in 1903.

One of the most outlandish statements by Obama was his claim that “we took different journeys to our support for the people of South Africa in ending apartheid. But President [Raúl] Castro and I could both be there in Johannesburg to pay tribute to the legacy of the great Nelson Mandela.”

“I don’t know what support he is referring to,” Ubieta wrote, “because the government that jailed Mandela was a strategic ally of Washington.”

Under the U.S.-backed white supremacist regime in South Africa blacks — who were some 80 percent of the population — could not vote, change jobs at will, own land, or travel from one side of a town to the other without permission.

“Cuba paid tribute to Mandela with the blood spilled by its men and women in the African jungle, while together with Angolan combatants they repulsed the invasion by racist South Africa,” Ubieta said, referring to the nearly 400,000 Cuban internationalists who voluntarily fought in Angola from 1975 to 1991.

### **Heart of Washington’s new tactics**

To weather the storm created by the world capitalist economic crisis and challenges Cuba faces as the only country where the workers hold state power, the revolutionary government has implemented measures that increase the influence of the world capitalist market, while defending workers control, a planned economy and the social values of solidarity. The measures include promoting the growth of small businesses — *cuentapropistas* or self-employed in Cuban parlance — and encouraging more foreign investment in Cuba. The U.S. rulers see this as an opportunity to create pressure from below, to create a capitalist class and get the Cuban government to make more concessions to U.S. and other capitalist businesses.

Throughout his trip Obama pushed the Cuban leadership to allow direct employment by foreign enterprises operating in Cuba. He wants those capitalists to have the right to hire and fire workers directly. Currently they must hire through a government-run employment agency. With more control, foreign capitalists — limited to a maximum 49 percent control of joint ventures with the Cuban government — can begin to undermine union protections and workers control of job conditions.

One day before Obama’s visit, Starwood Hotels & Resort Worldwide announced it had signed agreements to invest in and manage Hotel Inglaterra and Hotel Quinta Avenida in Havana and a letter of intent to manage the Santa Isabel, a “boutique” hotel. It becomes the first U.S. company since 1959 to do so.

Starwood “will be advocates for change; they will be forceful,” said John Kavulich of the U.S.-Cuba Trade and Economic Council in New York.

In his speech to an entrepreneurship and opportunity event in Havana, March 21, Obama told participants that being a small businessman means “if you’re willing to work hard, you can make your own way and improve your situation in life, for the next generation. It’s the spirit of youth.” In other words, “look out for number one” — the “me first” ethos that characterizes capitalism as opposed to the solidarity that is the product of the proletarian socialist revolution in Cuba.

Obama wants “to seduce the youth, stimulate selfishness within them and a desire for purely individual improvement to present capitalist growth as the universal panacea and not the cause of the crisis,” Darío Machado wrote in the March 25 *Granma*. “It’s our turn to explain this.”

“Nobody should be under the illusion that the people of this dignified and selfless country will renounce the glory, the rights, or the spiritual wealth they have gained with the development of education, science and culture,” Fidel Castro wrote in the March 28 *Granma*. “We are capable of producing the food and material riches we need with the efforts and intelligence of our people. We do not need the empire to give us anything.”

**Caribbean360**  
**Barbados, West Indies**

31 March 2016

## Thaw with US to put Cuba's agroecology to the test



A worker on the Marta farm, which was founded by one of the first proponents of agroecology in Cuba, harvests organic lettuce in the municipality of Caimito, in the western Cuban province of Artemisa. (Photo: Jorge Luis Baños/IPS)

### Ivet Gonzalez

**HAVANA, Cuba, Thursday March 31, 2016, IPS** – The United States has indicated a clear interest in buying organic produce from Cuba as soon as that is made possible by the ongoing normalisation of ties between the two countries. But farmers and others involved in the agroecological sector warn that when the day arrives, they might not be ready.

“The impact would be conditioned by several factors, including the capacity of farmers to design, implement and evaluate agroecological business models that can meet the demands and requirements of the domestic and international markets,” Humberto Ríos, one of the founders of the green movement in Cuban agriculture, told IPS.

The possible opportunities offered by the big U.S. market, where requirements are strict, will test the response capacity of the country's organic farmers. “The farmers know how to grow things without agrochemicals. But that's not enough for developing agroecology,” said Ríos, a researcher who is now working in Spain at the International Centre for Development-Oriented Research in Agriculture, told IPS by email.

Cuba needs “a clear policy to boost the economic growth of the private sector and cooperatives interested in offering agroecological products and services,” said Ríos, who won the Goldman Environment Prize, known as the Green Nobel, in 2010.

Ríos also won a prize for his work in the Programme for Local Agrarian Innovation (PIAL), which with the help of international development aid has taught participative seed improvement and other ecological agricultural techniques to 50,000 people in 45 of Cuba's 168 municipalities since 2000.

Ríos also said Cuba's new economic openness could have either a positive or a devastating impact. Experts describe Cuba's agroecology as a “child of necessity” because it was born after this country lost the agricultural inputs it was guaranteed up to the collapse of the Soviet Union and east European socialist bloc at the start of the 1990s.

If measures are not taken and pending issues are not solved, “the invasion by conventional agriculture and its products is likely to erase more than 25 years of agroecology,” Ríos said.

There have been several U.S.-driven initiatives to create open ties in agriculture, since the thaw between the two countries began in December 2014. And the climate is even more positive since U.S. President Barack Obama's historic March 21-22 visit to Havana.



A woman picks organic green beans on the La Sazón organoponic farm in the Casino Deportivo neighbourhood of Havana, which forms part of the country's urban agriculture system. (Photo: Jorge Luis Baños/IPS)

## La Palma: an example

In the mountainous municipality of La Palma, where Ríos began to work as a young man with a handful of small farmers in this locality in the extreme western province of Pinar del Río, green-friendly activists already feel the looming threats.

“The surge in improved seeds is a weakness,” said Elsa Dávalos, who belongs to the National Association of Small Farmers of La Palma and coordinates the local agroecological movement, where 500 of a total of 1,127 farms grow their produce without using chemical products.

Dávalos said the improved seeds she was referring to are crops given high priority, such as maize, beans or taro, whose seeds are distributed along with a package of agrochemicals. “Many farmers go this route to get big harvests without having to work so much,” she lamented in her conversation with IPS in La Palma.

Improved seeds became more widely used after the government of Raúl Castro launched economic reforms in 2008, with a focus on increasing agricultural production to reduce food imports, which cost this island nation US\$2 billion a year.

Up to now, the measures applied, such as the distribution of idle state land to farmers in usufruct, have brought modest growth in agriculture – 3.1 percent in 2015 – considered insufficient to meet domestic demand and to bring down the high, steadily rising prices of food. Farmers complain about a lack of inputs like fertiliser, machinery and irrigation systems, a shortage of labour power, limited access to complementary services, red tape, and weak industrialisation, to preserve and sell surplus crops, for example.

Ecological farms struggle against these difficulties common to the entire agricultural industry, and others particular to green-friendly farming. “It is very hard for small (organic) farmers to attend to all of their responsibilities and to also find time to produce the necessary ecological inputs,” Yoan Rodríguez, PIAL coordinator in La Palma, told IPS.

To boost yields, “some people must specialise in obtaining only inputs such as efficient microorganisms, compost and earthworm humus,” said the researcher, who is pushing for an improvement in agroecological services in the area, to support and attract farmers.

“Cuba has started to open up to the world, and even more so as a result of the negotiations with the United States. The chemical inputs that saturate the global agricultural market will also arrive. It’s going to be very difficult to maintain what we have achieved through our efforts over so many years,” he said.

Other factors that discourage the movement in the country is the virtual absence of certification of agroecological products, and a lack of differentiated and competitive prices for organic products in state enterprises, to which cooperatives and independent farmers are required to sell a large part of their production.

But PIAL and other initiatives are coming up with new strategies to take advantage of the opportunities opening up with the country’s economic reforms and reinsertion into the international markets.

The Marta farm, located in a privileged position between the capital and the special economic development zone of Mariel, in the western province of Artemisa, produces fresh vegetables without using chemicals, and its clients include 25 upscale restaurants in Havana.



Members of the U.S. Agriculture Coalition for Cuba, supported by more than 30 agricultural organisations and companies, visit the Primero de Mayo Cooperative in Güira de Melena, in the western Cuban province of Artemisa. (Photo: Jorge Luis Baños/IPS)

“We have a good connection with the markets and we sell enough,” said Fernando Funes-Monzote, another founder of the agroecological movement in the country, who in 2011 launched this farm, where 16 people currently work. “The idea was to show that an ecologically sustainable, socially just and economically feasible family farming project was possible here,” he told IPS.

### **Push for openness from interests in the U.S.**

Meanwhile, interest in Cuba’s ecological agriculture has been reiterated during visits to this Caribbean island nation by U.S. businesspersons and agriculture officials, who are among the most active proponents of a total normalisation of relations between these two countries separated by just 90 miles of ocean.

The foremost example is the 30 companies forming part of the U.S. Agriculture Coalition for Cuba (USACC), which emerged in January 2015 to help push for an end to the U.S. embargo against Cuba in place since 1962. The U.S. Agriculture Department even asked Congress for financing for five officials to work full-time in Cuba, to pave the way for trade and investment to take off as soon as the current restrictions are lifted.

It is also significant that the first U.S. factory to set up shop in Cuba in over half a century, after getting the green light from the U.S. government in February, will be a plant for assembling 1,000 tractors a year, to be used by independent farmers. The plant will operate in the Mariel special economic development zone.

A loophole to the embargo dating back to the year 2000 permits direct sales of food and medicine to Cuba by U.S. producers, but strictly on a cash basis. However, in the past few years these sales have dropped because Cuba found credit facilities in other markets.

In 2015 food purchases by the United States amounted to just US\$120 million, down from US\$291 million in 2014, according to the U.S.-Cuba Trade and Economic Council.

# **Kommersant Newspaper**

**Moscow, Russia**

**28 March 2016**

## **Революция Обамы**

### **В американско-кубинских отношениях происходит "перезагрузка"**

Что нужно знать об отношениях США и Кубы

Визит Барака Обамы на Кубу

Фотогалерея "Ъ"

Жизнь на Острове свободы

Фотогалерея "Ъ"

На прошлой неделе президент США совершил визит на Кубу, ставший кульминацией всей его внешнеполитической деятельности. По итогам переговоров Барак Обама и его кубинский коллега Рауль Кастро решили, что две страны должны оставить в прошлом вражду и начать "учиться сосуществовать друг с другом". Как выглядит "перезагрузка" американско-кубинских отношений из Гаваны, выяснял Павел Тарасенко.

Посмотреть на то, как Барак Обама ступает на кубинскую землю, в Гавану приехало 1,5 тыс. журналистов. Повезло не всем — допущенных на взлетно-посадочную полосу репортеров, фотографов и операторов везли на четырех автобусах. 20 марта в 23:20 по московскому времени лайнер со звездно-полосатым флагом коснулся полосы аэропорта имени Хосе Марти. И в эту же минуту в Гаване — впервые за много дней — начался дождь. Согласно распространенной примете,

играть свадьбу в дождливую погоду — к счастью и богатству. Относится ли это не только к молодоженам, но и к государствам, станет ясно совсем скоро.



На Кубу со своей свободой

Президент США Барак Обама завершил едва ли не самую значимую за время своего правления поездку — на Кубу. Визит не только подвел черту под одним из основных внешнеполитических достижений администрации, но и привел к конкретным экономическим результатам: несмотря на сохраняющееся эмбарго, благодаря ряду одобренных Белым домом послаблений интерес компаний из США к острову уже резко повысился. Власти РФ утверждают: начавшаяся американо-кубинская «перезагрузка» никак не навредит отношениям между Москвой и Гаваной

По данным кубинского оппозиционного портала 14ymedio.com, многих "бюджетников" страны заранее проинструктировали, как себя вести во время визита американской делегации: "приветствовать гостей, но не выражать слишком много любви", то есть воздержаться от американских флагов и хвалебных плакатов с президентом Обамой. И действительно, флаги США появились лишь на фасадах отелей, где остановились члены делегации. При этом в городе можно было встретить самодельные плакаты, подготовленные "Комитетами защиты революции" — самой массовой общественной организацией Кубы. На них было написано, что кубинцы встретят Барака Обаму "со всем уважением, которого заслуживает президент", однако чуть ниже неизменно печатался портрет Эрнесто Че Гевары и его слова о том, что "империализму нельзя доверять". Закрашивать многочисленные граффити с лозунгами "Продолжаем защищать революцию" и "Преданны нашей истории" также никто не собирался.

Одним из показателей того, что власти Кубы не хотели раздувать значимость визита (это и так без них сделали журналисты и эксперты), был состав делегации, встречавшей Барака Обаму в аэропорту. Президента США у трапа его самолета ждал министр иностранных дел Кубы Бруно Родригес. При этом, например, папу римского Франциска лидер Кубы Рауль Кастро встречал лично. Лишь на следующий день после прилета американской делегации главы двух стран встретились в гаванском Дворце Революции, где и провели переговоры. По их итогам было объявлено: США и Куба должны "учиться сосуществовать друг с другом", при этом не поступаясь своими ключевыми принципами.

Полномасштабного прорыва ждали еще в начале президентского срока Барака Обамы

Использование подобной риторики можно считать серьезным прорывом, который в начале президентского срока Барака Обамы казался немыслимым. Потепления отношений между Кубой и США, ставших идеологическими противниками после кубинской революции 1959 года, пришлось ждать более 40 лет. Первые десятилетия после прихода к власти на острове революционеров Вашингтон пытался изменить ситуацию на острове как силовыми (по распространенной легенде, Фидель Кастро пережил 638 покушений), так и экономическими методами. 10 октября 1960 года в ответ на экспроприацию американской собственности Вашингтон ввел эмбарго на поставку на остров большинства товаров. Вскоре торговля была полностью прекращена, а гражданам США запретили туристические поездки на Кубу.

Санкции, целью которых обозначалось "ускорение появления свободной и демократической Кубы", ужесточались еще несколько раз. Перелом наметился лишь в мае 2002 года, когда остров посетила американская делегация во главе с экс-президентом Джимми Картером. Политик предложил план "перезагрузки", подразумевающий снятие ограничений на поездки на Кубу, отмену эмбарго и решение имущественных споров вокруг национализированной собственности, ранее принадлежавшей американцам. Выполнен план в итоге не был, однако сам факт визита и в Вашингтоне, и в Гаване расценили как символ грядущих перемен.



Встреча Папы с Кастро

В сентябре прошлого года в ходе своего визита на Кубу папа римский Франциск встретился с президентом Раулем Кастро перед проведением мессы в городе Ольгин

Полномасштабного прорыва ждали еще в начале президентского срока Барака Обамы, победившего на выборах 2008 года. Ряд шагов им действительно был предпринят без промедления — в частности, были возобновлены консультации по вопросам миграции и борьбы с наркотрафиком, а также облегчен режим поездок на Кубу для тех, у кого на острове живут близкие родственники. Позитивный тренд, однако, просуществовал недолго и завершился арестом кубинцами в декабре 2009 года американского гражданина Алана Гросса. В качестве субподрядчика Агентства США по международному развитию он занимался ввозом на Кубу телекоммуникационной техники. Кубинские же власти предъявили ему обвинения в шпионаже и подрывной деятельности. Предполагаемой целью Гаваны был обмен господина Гросса на членов так называемой кубинской пятерки — группы сотрудников спецслужб острова, арестованных ФБР в 1998 году за шпионаж и сговор с целью убийства. Однако Вашингтон такой обмен не устроил. Тем не менее спустя несколько лет начались тайные переговоры между американскими и кубинскими властями. В начале 2014 года к переговорам подключили влиятельного кардинала Гаваны Хайме Ортегу-и-Аламино, а также самого папу римского.

В итоге 17 декабря того же года было объявлено: Алан Гросс отпущен на свободу "по гуманитарным соображениям". При этом трех членов "пятерки", оставшихся к тому моменту в американских тюрьмах, обменяли на неназванного агента США кубинского происхождения, который пробыл в заключении в Гаване более 20 лет. Американско-кубинская "перезагрузка" стартовала.

"Сегодня США кардинально меняют свои отношения с народом Кубы. Мы подводим черту под устаревшим подходом, который на протяжении десятилетий мешал продвижению наших интересов, и приступаем к нормализации отношений. Эти 50 лет показали, что изоляция не сработала", — заявил в день исторического примирения президент Обама. Рауль же Кастро в своей речи особо подчеркнул, что "героический народ Кубы перед лицом серьезных опасностей, агрессии, враждебных действий не изменил идеалам независимости и социальной справедливости". Он отметил, что Куба берется за "обновление экономической модели, с тем чтобы построить процветающий и устойчивый социализм". На большее Гавана по-прежнему не была согласна.



Несмотря на официально принятую Гаваной "перезагрузку", кубинские власти опасаются американского влияния на простых кубинцев Фото: Ueslei Marcelino, Reuters

С этого момента сообщения о новых шагах Вашингтона и Гаваны навстречу друг другу начали появляться регулярно. США исключили Кубу из списка государств, поддерживающих терроризм. 20 июля 2015 года после более чем полувекового перерыва были восстановлены дипломатические отношения. Вашингтон смягчил санкции, имеющие отношение к путешествиям, телекоммуникациям и интернет-сервисам, бизнесу на Кубе и денежным переводам. В феврале этого года, например, было объявлено, что небольшая компания из штата Алабама построит на Кубе завод по производству мини-тракторов. Примерно тогда же "разведку" на острове провела делегация американских виноделов. Громкие заявления прозвучали и в ходе визита Обамы. Так, стало известно, что Google готовится расширить доступ Кубы к интернету, а также установит на острове дополнительные точки Wi-Fi. Verizon поможет продолжить прямую высокоскоростную линию связи между США и Кубой, а Cisco организует стажировку для кубинских студентов, изучающих IT-технологии. О расширении бизнеса на Кубе заявила компания Western Union.



США и Куба полностью восстановили дипотношения

В позапрошлом году глава кубинского внешнеполитического ведомства Бруно Родригес встретился в Вашингтоне с госсекретарем США Джоном Керри. В прошлом же году в Вашингтоне и Гаване вновь открылись посольства Кубы и США. Таким образом, дипотношения между двумя странами были полностью восстановлены после 54-летнего разрыва. Впрочем, в Гаване напомнили: о полной нормализации отношений говорить не стоит, пока в отношении Кубы продолжается торговая, экономическая и финансовая блокада

Главными выгодополучателями стали те, кто так или иначе связан с потоком американцев на остров: отельеры и простые кубинцы, сдающие комнаты в аренду, круизные компании и авиаперевозчики. В частности, в ходе визита главы Белого дома в Гавану было объявлено о выходе на рынок крупнейшего сервиса онлайн-бронирования Booking.com. До 1959 года более 80% туристов на Кубе были из США. Сейчас туризм для американцев по-прежнему находится под запретом. Но многие его успешно обходят. Посещение Кубы разрешено, например, в целях "поддержки кубинского народа", осуществления религиозной, образовательной или журналистской деятельности, проведения научных исследований (всего в списке 12 пунктов). В прошлом году на острове побывало почти 160 тыс. американцев, не считая сотен тысяч граждан США кубинского происхождения, которые навещали своих родственников. Впрочем, желающих в разы больше: по данным соцопросов, в случае снятия всех ограничений каждый год Кубу могло бы посещать до 5 млн американцев.

"Для простого народа на Кубе с 17 декабря 2014 года, когда было решено восстановить отношения, поменялось очень мало, если не сказать "почти ничего". Открылись зоны Wi-Fi в больших городах, но цена услуги за час очень высока, а качество плохое. При этом по-прежнему блокируются интернет-страницы, на которых публикуется критика режима братьев Кастро",— рассказала "Власти" редактор портала "Куба. Демократия и жизнь" Эва Бельфраге, кубинская эмигрантка, живущая в Швеции. Рост числа туристов, по ее словам, "в основном принес пользу режиму, который занимается обогащением и очень внимательно относится к любому возможному увеличению независимости граждан от государства путем развития частного сектора".



Кубу исключат из числа пособников терроризма

В прошлом году стало известно, что Куба будет удалена из списка стран, поддерживающих терроризм, который составляется Госдепом США. Впервые он был составлен в 1979 году, тогда в него вошли Ливия, Ирак, Южный Йемен и Сирия. Включение страны в такой список обычно сопряжено с введением против нее санкций со стороны США.

Нет пока изменений к лучшему, по словам опрошенных "Властью" кубинских диссидентов, и в сфере прав человека. "В январе прошлого года мы зафиксировали около ста незаконных задержаний по политическим мотивам. В последние же месяцы этот показатель повысился до тысячи случаев. Только в январе-феврале этого года можно верифицировать 2555 необоснованных задержаний. Ничего подобного нет ни в одной другой стране Западного полушария",— рассказал "Власти" глава кубинской Национальной комиссии по правам человека и примирению правозащитник Элизардо Санчес. Отвечая на вопрос о причинах такого роста, он отметил: "Этот режим репрессивен по определению. В СССР при Сталине была похожая модель управления. То же самое происходит на Кубе". "Репрессии увеличиваются, потому что народ достиг более высокого уровня гражданского неповиновения, он постепенно становится более смелым",— поясняет "Власти" кубинский эмигрант Кристиан Креспо, живущий в Сантьяго (Чили).

Эксперт Центра латиноамериканских исследований Американского университета (Вашингтон) Фултон Армстронг, ранее занимавшийся регионом в Совете национальной безопасности США и разведке, делает акцент на проблеме разночтений в толковании понятий. "У каждой нации есть свое понимание прав человека и демократии. Нам кажется, что только демократия в американском стиле приемлема. Но история показывала (в том числе и в США), что термин "демократия" куда более гибкий. Например, Мексику мы называли демократией на протяжении 70 лет, но это было однопартийное государство. Мы называли Тайвань и Корею демократиями даже тогда, когда там

были довольно репрессивные режимы, не соблюдавшие права человека",— заявил эксперт "Власти".

На Кубе эту мысль с удовольствием развивают, утверждая: страна открыта к обсуждению любых вопросов, в том числе и того, что значат "демократия" и "права человека". Наличие политзаключенных, например, Рауль Кастро на совместной пресс-конференции с Барак Обама категорически отверг.

"Пятьдесят лет изоляции Кубы не смогли продвинуть демократию (на острове.— "Власть"), ослабив наши позиции в Латинской Америке. Вот почему мы восстановили дипотношения, открыли двери для торговли и путешествий и заняли позицию, нацеленную на улучшение жизни кубинского народа. Вы хотите укрепить доверие и лидерство в полушарии? Признайте, что холодная война закончена. Снимите эмбарго",— обратился 12 января Барак Обама к Конгрессу США. В Гаване же он заверил, что на Капитолийском холме растет число сторонников отмены ограничительных мер, а также пообещал "более агрессивно" отстаивать необходимость такого шага. Кардинальные изменения в кубинской политике наступят не ранее 2018 года

Впрочем, помешать дальнейшему сближению может не только жесткая позиция республиканцев США по вопросу отмены эмбарго, но и целый ряд других разногласий. "Куба добивается также возвращения территории, занимаемой военной базой Гуантанамо, и невмешательства Вашингтона во внутренние дела страны,— рассказал "Власти" руководитель центра политических исследований Института Латинской Америки РАН Збигнев Ивановский.— У США же другие приоритеты. Основные претензии к Кубе связаны с необходимостью демократизации политической системы, в первую очередь проведения альтернативных и свободных выборов и соблюдения прав человека".



«Нам не нужны подарки от империи»

Лидер кубинской революции, экс-глава государства Фидель Кастро впервые прокомментировал недавний визит в Гавану президента США Барака Обамы. Он заявил, что Куба не откажется от всех достижений революции, «от своей славы и своих прав» ради неких «подарков» со стороны США. Ждут в Вашингтоне и большей инициативы в экономической сфере. "Наше бизнес-сообщество не ожидает, что кубинское правительство изменит действующие в стране нормы и правила в соответствии с нововведениями, которые были внесены в законодательство США в 2015 и 2016 годах. На протяжении последних 15 месяцев (с момента начала "перезагрузки".— "Власть") кубинское правительство принимает только те из необходимых изменений, которые принесут стране дополнительный доход. И отвергает те, которые грозят издержками",— заявил "Власти" президент Американско-кубинского торгово-экономического совета Джон Кавулич. По его словам, "правительство Кубы осознает, что осталось не много времени (до ухода Барака Обамы с поста президента.— "Власть") и что у него никогда не будет партнера, который так же страстно хотел бы заключить хорошую сделку с Гаваной... Но они (кубинцы.— "Власть") отличные переговорщики и не сделают ничего больше того, что должны сделать. И при этом будут ждать до самой последней минуты".



Резко возросший поток американских туристов может стать одним из первых видимых проявлений перемен в отношениях между двумя странами Фото: Ramon Espinosa, AP

Многие эксперты отмечают: кардинальные изменения в кубинской политике наступят не ранее 2018 года, когда Рауль Кастро покинет пост главы государства. "Пока никто не берется определить, кто будет преемником нынешнего главы государства и правительства, займет ли он реформаторские позиции или будет любой ценой бороться за сохранение существующей экономической модели и политической системы",— говорит Збигнев Ивановский, отмечая: некоторые предположения можно будет сделать на основе кадровых изменений после съезда Компартии. По его словам,

"вполне вероятной представляется вьетнамская модель, основанная на более активном развитии частного сектора и использовании других элементов рыночной экономики при сохранении жесткой политической системы". "Очевидно, что кубинский народ не захочет терять имеющиеся социальные достижения, особенно в сфере образования и здравоохранения, поэтому при определенной либерализации политическая система может эволюционировать в сторону социал-демократии",— отмечает Збигнев Ивановский.

Опрошенные "Властью" кубинские диссиденты настроены скептически. "Нынешнее руководство не хочет расставаться с властью, потому что цена этого будет слишком высокой",— подтверждает Кристиан Креспо. Замдиректора Института изучения Кубы в Международном университете Флориды Себастьян Аркос согласен — мало что изменится в стране после 2018 года: "Рауль Кастро говорил лишь, что перестанет быть главой Госсовета. Но это не обязательно самая влиятельная фигура в стране. Самый влиятельный — первый секретарь Компартии. И Кастро не говорил, что покинет этот пост".

С этим мнением, однако, спорит профессор СПбГУ латиноамериканист Виктор Хейфец: "Раулю Кастро в 2018 году будет под 90 лет. Даже если он оставит в руках некоторые рычаги власти, то все равно не сможет много лет быть на посту. Поэтому в ближайшие десятилетия произойдут кадровые перемены, они неизбежны. А это повлечет за собой подвижки во внешне- и внутривластной жизни".

Несмотря на поистине революционные изменения во внешней политике Кубы говорить о каком-либо охлаждении отношений между Москвой и Гаваной не приходится. Об этом "Власти" заявил среди прочих кубинский дипломатический источник и посол РФ на Кубе Михаил Камынин. "Мы заинтересованы в том, чтобы дружественная нам Куба сохраняла добрые отношения со всеми соседями, ну конечно, в первую очередь с США",— подтвердил на прошлой неделе пресс-секретарь президента РФ Дмитрий Песков.



США и Куба закончили холодную войну

В марте президент США Барак Обама завершил двухдневный визит на Кубу, который назвал «похоронами последнего пережитка холодной войны». Выступая в Большом театре Гаваны, он призвал кубинский народ обратить внимание на историю США, где менее 60 лет назад еще сохранялась расовая сегрегация, но затем ушла в прошлое благодаря тому, что американцы «бросили вызов своему правительству». Таким образом, демократические изменения, по словам главы Белого дома, возможны и на Кубе

"Будет ли резкий разворот в сторону США? Нет, не думаю. Куба не может не сблизиться экономически с США, но при этом намерена сохранять отношения с Европой, Китаем, Россией. Ей нужны противовесы,— говорит Виктор Хейфец.— Она уже наелась односторонней ориентации сначала на США, потом на СССР". По мнению эксперта, "показательно недавнее заявление кубинцев, что они совершенно не приемлют позицию давления США на Венесуэлу": "Сейчас они обозначают для себя опорные точки, дальше которых отходить не хотят. Для них важно сохранение своей суверенной линии". Российский дипломатический собеседник "Власти" обратил внимание на то, что за день до начала визита Барака Обамы Гавану посетил президент Венесуэлы Николас Мадуро, а вскоре приедут, например, казахский лидер Нурсултан Назарбаев и новый президент Аргентины Маурисио Макри. 11 марта ЕС и Куба подписали всеобъемлющее соглашение о нормализации отношений. Так что складывать все яйца в одну корзину кубинцы явно не собираются.

"Нельзя говорить, что нас начнут вытеснять из-за того, что у Кубы нормализуются отношения с США,— утверждает гендиректор Национального комитета содействия экономическому сотрудничеству со странами Латинской Америки (НК СЭСЛА), зампред Делового совета Россия--Куба Татьяна Машкова.— Во-первых, процесс нормализации связей с США идет медленно. Пока это исключительно восстановление дипотношений". При этом, по ее мнению, даже если блокада будет снята, "мы просто перейдем в фазу нормальных взаимоотношений, когда Россия на кубинском

рынке будет одним из конкурентоспособных партнеров, на равных конкурирующих и с Китаем, и со странами Европы, и с Кореей, и с США".

# Agence France-Presse

Paris, France

25 March 2016

## With Tango And Baseball, Obama Offers Latin America A Softer Image Of US



Barack Obama dances tango during a state dinner hosted by Argentina's President Mauricio Macri at the Centro Cultural Kirchner. (Reuters File Photo)

**Buenos Aires:** Dancing tango, watching baseball and acting in a TV comedy, US President Barack Obama used cultural soft power to polish his country's image in Latin America this week.

The landmark visit to Cuba at the top of Latin America and Argentina at the tail, saw Obama subtly try to dampen anti-Americanism, in a region where Cold War grievances still burn.

The tone for the trip was set early, when Obama landed in Havana for the first presidential visit in 88 years. "Que bola, Cuba?" -- "What's up, Cuba?" he tweeted using heavy Cuban slang.

The five-day visit featured the usual meetings with dignitaries and presidents, but for much of the trip Obama had his eye on an audience of 11 million Cubans, 42 million Argentines and a continent full of Latin American unease about decades of US power.

On Tuesday he sat down alongside Communist leader Raul Castro -- to watch a game between the Tampa Bay Rays and the Cuban national team. The Rays won 4-1, but it was never about the result. "We share a national pastime -- la pelota," or the ball game, Obama said, stressing commonality between two countries that have been at ideological odds for half a century.

He also hailed cultural ties forged by the likes of US author Ernest Hemingway, who lived in Cuba, and Cuban-born singers such as Celia Cruz and Gloria Estefan. He astonished Cubans by making an improvised appearance in a television comedy sketch, striding onto the set and sitting down to play dominos with the characters.

"He departed from the script and gave me a scare because he started talking in English," said comedian Luis Silva, better known as the character Panfilo, star of "Vivir del Cuento," Cuba's most popular television show. "I understood a few phrases and I was able to carry on the conversation." The actor supposed Obama did it "to relate with the ordinary Cuban people."

Some locals complained however that no ordinary Cubans were allowed to get near Obama when he made a tour of the old city of Havana shortly after arriving.

The whole visit to the island laid bare Obama's strategy of fomenting change rather than imposing it from Washington. This was Obama going back to his days as a community organizer in Chicago, trying to generate a critical mass that could alter the political reality on the ground.

The White House is betting that increased economic openness will lead to political change in Cuba, with the regime unable to separate the two in a way that China, Vietnam and the Gulf have done.

He championed a series of economic reforms that "focused upon supporting the recreation of a middle class... that needs more, wants more, will work for more, and is willing to be vocal about their desires," said John Kavulich, head of the US-Cuba Trade and Economic Council.

## **Tango Diplomacy**

Obama also tried to show the softer side of US power in Argentina, where many harbor resentment at Washington's support for past coups and dictatorships.

His trip to Buenos Aires coincided with the 40th anniversary of the coup that brought the country's last murderous military regime to power. Victims' groups had been angered by the date chosen for Obama's visit, given the US support for the coup at the time. As Argentines prepared mass demonstrations to remember the victims of the dictatorship, he appeared at a memorial to the fallen.

Alongside Argentina's President Mauricio Macri, Obama tossed three white roses into the La Plata River in memory of those who were executed by the regime. He also softened up Argentines during the two-day trip with cultural references.

Obama projected a more amenable image of an American leader, one who is not afraid to tango with a starlet, glug on Argentina's national beverage mate or joke about wanting to meet a soccer superstar.

At a state dinner he glided slightly, somewhat haltingly, with acclaimed tanguera Mora Godoy, who in 2006 appeared topless in the Argentine edition of Playboy magazine. The US president "was telling me he didn't know how to dance (tango)," Godoy told the newspaper La Nacion. "I told him 'just follow me'.

"He said 'OK', and then he started to dance. Then I started following his lead because he is a very good dancer." US First Lady Michelle Obama joined in the tango, pairing up with dancer Jose Lugones.

At a meeting with local people earlier, Obama joked about tasting mate and wanting but failing to meet football superstar Lionel Messi. The president fondly recalled reading books by Argentine writers Jorge Luis Borges and Julio Cortazar.

He then headed off for some leisure time, hiking and taking a boat ride in a national park in the Andean resort town of Bariloche.

That did not win him any praise from his opponents back home in the United States, coming in the wake of the Brussels attacks, but Argentines were wooed.

# **Politico**

## **Washington, DC**

### **23 March 2016**

## **Evaluating Obama's Cuba trip**

By Victoria Guida

*With help from Doug Palmer, Adam Behsudi and Jenny Hopkinson*

**CUBA: YAY, BOO OR MEH?** Despite the group of business deals announced between some U.S. companies and Cuba this week, the trade outcome of President Barack Obama's historic trip was decidedly small — though, of course, that's what we were expecting.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, put it this way: “The president traveled a great distance, physically, politically, metaphorically; with the only certainty being uncertainty. And the government of Cuba, in response, accepted donations, agreed to purchase nothing, and only accepted from United States companies what offerings would increase revenues.”

**But that doesn’t really matter in the context of this trip**, said Mark Entwistle, former Canadian ambassador to Cuba and a partner at merchant bank and advisory firm Acasta Capital. “I am much less interested in the business deals, etc., in assessing this trip,” he said. “The respect and open-mindedness with which President Obama spoke about Cuba and to Cubans was unprecedented in the history of the U.S.-Cuba relationship and left a huge impact on Cubans. And President Castro, for his part, showed real leadership in offering his guest the opportunity to speak his mind freely in private and in public.”

And agriculture groups are hopeful Cuba won’t fall out of the spotlight now that President Obama has left. “This is the trip that I think tipped the scale on U.S.-Cuba relations,” said Devry Boughner Vorwerk, chair of the U.S. Agriculture Coalition for Cuba and a senior policy adviser at Akin Gump. “I do believe we are getting closer to the end of the embargo.”

## **The Guardian**

### **London, United Kingdom**

**23 March 2016**

**US telecom businesses struggling to make connections as Cuba opens up**

**President Obama has made the sector a priority but distrust about the security of US systems, foreign rivals and other priorities are making the going tough**



People surf the Internet at a public Wi-Fi hotspot in downtown Havana, Cuba. Residential connections are almost non-existent. Photograph: Desmond Boylan/AP

Mark Walsh

Obama’s historic visit to Cuba comes amid a frenzy of deal-making by US corporations keen to take full advantage of opportunities to come. But one area – technology and telecoms – shows just how complicated unwinding 50 years of hostility will be for companies and Cubans.

“Cuba needs modernising – but it can manage without McDonald’s”

Michael White

Ahead of the president’s trip, Verizon Communications announced a direct interconnection agreement with Etecsa, Cuba’s state telecom monopoly.

Verizon was one of a number of companies, including Marriott and Western Union, to announce new deals before the president’s visit but it was not the first US telecom to make a move. That honor belongs to IDT Corp, which last year became the first US telecom company to sign such a deal with Cuba and capitalize on the US government’s efforts to reopen relations with its former cold war foe.

And while other deals are in the offing, with Google, AT&T and others all looking keenly at Cuba, the string of agreements masks a lingering distrust between the two countries that has so far made it difficult to close larger-scale agreements to provide telecommunications services and equipment within Cuba.

Overcoming the US trade embargo against Cuba and decades of hostile relations between the countries is challenging for any US business trying to tap potential new opportunities in Cuba.

But for telecom and information technology firms, the more recent revelations about the National Security Agency's global surveillance practices add another hurdle to cracking the nascent Cuban market.

In 2014 it was revealed that the US government had secretly financed ZunZero, a social network dubbed the "Cuban Twitter", in the hopes of using it to undermine the Castro regime.

"The Cuban government is rightly suspicious of US telecommunications companies, courtesy of Mr [Edward] Snowden," said John Kavulich, president of the US-Cuba Trade and Economic Council, a New York-based not-for-profit body that aims to promote trade between the two countries.

When the Obama administration launched its push to normalize relations with Cuba in December 2014, telecommunications was among the first industries to see an easing of restrictions to encourage trade and the free flow of information to and from the Cuban people.

A series of new regulations allow US telecom and internet companies to engage in a variety of commercial activities in Cuba. They include selling infrastructure equipment and devices such as mobile phones and computers, forming joint ventures with Etecsa, and setting up shop in Cuba to offer telecom and internet services.

Along with updated rules issued by the departments of Commerce and Treasury, the Federal Communications Commission (FCC) earlier this year removed Cuba from its "exclusion list", letting US companies provide telecom services to Cuba without separate approval from the agency.

Despite the trade-friendly measures, Havana has remained wary. Pedro Freyre, chair of the international practice at Miami-based law firm Akerman LLP, called progress in the telecom sector so far, "limited". "I think it's a little slower than most people would have wanted," he said.

Given the decades of animosity built up between the US and Cuba, that may not seem so surprising. But the NSA revelations of the last few years have only heightened Cuban worries in an area of trade that's inherently sensitive because of national security implications.

"There's such a trust deficit, that to get over that in normal bilateral negotiations is hard enough. Doing it in the ICT [information and communication technology] space is going to be very challenging," said Reuben Smith-Vaughan, executive director of the US-Cuba Business Council, formed in September by the US Chamber of Commerce.

Trade groups say Cuban officials have raised concerns about potential US surveillance when meeting with US telecom and technology firms. "They'll ask the questions, 'How do we know that whatever we might buy from you – servers, for example – won't be compromised before they arrive, or when they get here?'" Kavulich said.

He added that officials also want security "backdoors" built into telecom-related products to be able to monitor electronic communications. "That's a policy problem for US companies," said Kavulich.



Pinterest Laptops lay on a table inside the new Google technology center that will offer free internet at the studio

The country has long ranked “as one of the world’s most repressive environments for information and communication technologies”, according to a Freedom House report. Last year, the advocacy group rated the country among the worst for internet freedom, with many users limited to a government-filtered intranet and national email system.

Citing the latest data from the International Telecommunications Union (ITU), it estimated Cuba’s internet penetration at 30% in 2014. But access to the open internet has been estimated in recent years at only about 5%. Residential connections are almost non-existent.

When it comes to devices, only about 22% of Cubans owned mobile phones at the end of 2014, per ITU. Following a bilateral meeting in April 2015, a US official said the Cuban government had pledged to expand home internet connections to 50% of the population, and mobile connections to 60%, by 2020. But the infrastructure upgrade required led knowledgeable observers to question how realistic those goals are, Freedom House noted.

Even if Cuba ramps up infrastructure building, US companies face stiff competition from international rivals. China and China-based companies, in particular, have played a big part in supplying Cuba’s telecom equipment to date, according to Larry Press, a professor of information systems at California State University, Dominguez Hills, who authors the Internet in Cuba blog.

“Huawei is the major infrastructure supplier in Cuba at this point,” said Press, referring to the China-based telecom equipment manufacturer.

Etecsa on 1 February, for example, announced a pilot project to provide broadband services in two neighborhoods of Old Havana through fiber-optic cables operated by Huawei.

The announcement came just over a week after a high-level US delegation including the FCC commissioner, Thomas Wheeler, and companies such as Cisco Systems, Comcast and the North American division of Ericsson, had met with Cuban officials to discuss opening up telecom trade and more direct communication links between the countries.

One topic addressed was the possibility of a north-south undersea cable between the US and Cuba. Daniel Sepulveda, deputy assistant secretary of state and US coordinator for international communications and information policy, told the Miami Herald there at least a half-dozen US and non-US proposals to construct the cable.

Cuba’s existing connections come through satellite and an undersea fiber-optic cable that links it to Venezuela and Jamaica.

In a statement issued following the three-day trip to Havana, Wheeler said the US urged the Cuban government to bypass upgrading to DSL and 3G technologies, and leapfrog to state-of-the-art services. “It is unclear, however, just how anxious the Cuban government is to open up expanded network capabilities,” he wrote.

Smith-Vaughan noted that Cuba’s reticence regarding telecom development also reflects priorities it has in modernizing other parts of its economy such as agriculture, construction and transportation. “Those are the things they need to build on first,” he said.

## **PR Daily News Feed**

### **Chicago, Illinois**

### **22 March 2016**



On the final day of his historic visit, President Barack Obama promised peace and commerce to the people of Cuba.

Many brand managers waiting for a decision from Congress on lifting the United States' trade embargo—*el bloqueo*—will have to stay patient. For some, however, the president's address publicly green-lighted plans to expand.

“We've begun initiatives to cooperate on health and agriculture; education and law enforcement,” Obama stated in his address Tuesday. “We've reached agreements to restore direct flights and mail service. We've expanded commercial ties and increased the capacity for Americans to travel and do business in Cuba.”

Although Cuba's relationship with the U.S. has been on the mend since Obama and Cuban President Raúl Castro met in December 2014, today's speech touched on specific milestones in the “process to normalize relations.”

The address officially opened the floodgates for brands. Organizations such as American Airlines and Carnival are gearing up to offer services throughout Cuba—some travel outfits had a jump on things after an agreement allowing commercial flights to Cuba to resume was signed in February.

San Francisco-based startup Airbnb got into the Cuban market last year, and according to a newly updated blog post, the company plans to improve upon its recent success.

“A year ago Airbnb proudly welcomed Cuba into our global community,” the blog states. “Cubans have been hosting visitors in their homes—*casas particulares*—for decades, so it felt perfect. And it has been.”

On Sunday, *Fortune* reported the Obama administration lifted restrictions on Airbnb's Cuban activities. Now, travelers from around the world, not just authorized U.S. residents, can arrange accommodations through the travel-booking site.

As a result of the commercial flights agreement, *Time* reports that major airlines such as American Airlines, Delta and JetBlue have added routes to bring American tourists to the island. Prices for flights to Cuba are expected to drop by as much as 50 percent in the coming months.

Here's more from *Time*:

On Monday, Carnival became the first U.S. cruise ship operator in 50 years to get permission from the Cuban government to sail to the island from the U.S. The cruise line says trips will begin on May 1 on its 704-passenger MV *Adonia*. Its itinerary will include stops at three ports of call: Havana, Cienfuegos and Santiago de Cuba. On the trip, passengers will have the opportunity to interact with artists, business owners and families in Cuba, Carnival says.

Although many brand managers are jumping at the chance to broaden their reach to Cuba, a lifted embargo could have a negative impact. Despite the Cuban marketplace's familiarity with U.S. brands, *Advertising Age* reports that most residents don't have the means to buy expensive imported products.

“European, Canadian and Latin American brands have long been available in Cuba,” John Kavulich, senior policy advisor for the U.S./Cuba Trade and Economic Council, told *Ad Age*. “But the fact remains that many Cubans can't afford to buy them, so they don't circulate very widely. Nor will American goods, at least not at first.”

Kavulich continued: "There are 11.2 million people on the island, but this should not be confused with Dubai. An extremely limited number of people have access to enough Cuban pesos or American dollars to buy American products."

# The Wall Street Journal

New York, New York

22 March 2016

## Obama's Speech Stirs the Spirit in Cuba

Watching his nationally televised speech, Cubans recall the past and ponder the future



Tourists buying antiques in a Havana shop Tuesday watched the nationally televised speech of U.S. President Barack Obama, broadcast from the Old Havana area. Photo: Ramon Espinosa/Associated Press

By Jose de Cordoba

HAVANA—Watching President Barack Obama's nationally televised speech to the Cuban people from her home in Havana's once upper-class Vedado neighborhood, the eyes of retired biologist Rosa María Coro Antich grew watery.

Mr. Obama made a stirring case for democracy and freedom on Tuesday, telling Cubans in a vibrant speech that people in this island nation and their relatives in the great Cuban diaspora should come together.

Mr. Obama's words struck home for Ms. Coro Antich, 64 years old. Her father's family, most of whom have long since fled to the U.S. and Spain, had cut all ties to him because of his deep sympathy for the 1959 revolution that brought Fidel Castro to power.

"For a long time I've wanted to make an organization of Cuban women for reconciliation," she said, dabbing her eyes. But such groups are illegal in Cuba. "I gave up," she said.

In the parlor of the elegant house, with Greek columns and marble floors, Ms. Coro Antich poured a round of rum for herself and her guests to regain their composure after Mr. Obama's speech, broadcast from Old Havana on the final day of his trip.

Ms. Coro Antich, who augments a meager pension teaching English to college-age Cubans, said she liked Mr. Obama's vision of the future. But she was saddened that many of Cuba's young people did not see a future for themselves on the island. "They are overwhelmed," she said of the youths she knows. "Most want to leave, and every time one leaves, I suffer."

Like many other Cubans, Ms. Coro Antich said, she appreciated Mr. Obama's respectful attitude toward the island. "I like very much looking toward the future, but you can't forget the past," she said. "We have been forced to defend ourselves for such a long time. Our culture and identity are created by our past."

Ms. Coro Antich said she was already on President Obama's wavelength, but that the speech "might open the eyes a bit of people who aren't."

Jesús, her husband, a retired Communist official, was dry-eyed. But he said that Mr. Obama had been brave to come to Cuba. "He came here with the idea of winning over the Cuban people," he said. "He has helped Cuba a lot."

Later on Tuesday, Mr. Obama met with dissidents and others active in civic life at the U.S. Embassy in Havana. “It requires, oftentimes, great courage to be active in civic life here in Cuba,” Mr. Obama said at the meeting, where he sat with about a dozen prominent Cubans around a small oval table.

Ovidio Martin Castellanos of the Patriotic Union of Cuba, a prominent opposition group whose leader, Jose Daniel Ferrer, was among the dissidents who met with Mr. Obama, said the U.S. president sent a clear message for change, “but that it is in the hands of the Cuban people.”

“It’s the Castro regime that doesn’t want to accept change.” Mr. Castellanos added. “They are between the sword and the wall.”

Instead of urging Cuban officials to “tear down” their system as former President Ronald Reagan implored the Soviet Union to do in Berlin in the 1980s, Mr. Obama “declared that he would leave Cuba convinced and hopeful that the Cuban people had already begun building bridges to a shared and prosperous future,” said Ted Henken, an expert on the Cuban economy at Baruch College in New York, who traveled to Havana to witness the presidential visit.

While Mr. Obama’s speech and visit represent a challenge to the Cuban leadership, their real impact won’t be known in the short term, some experts say.

“It’s going to be years,” said John Kavulich, president of the U.S. Cuba Trade and Economic Council, which advocates for more U.S. business access to the island. An early indication of that impact will be what if any policy changes emerge from the Cuban Communist Party Congress in mid-April, he said.

“The U.S.-Cuba relationship is a series of moments,” he added. “With every peak there is a valley. The valley this time is how and when the Cuba government responds.”

## **Marketplace**

### **Los Angeles, California**

**22 March 2016**

### **Obama speech is eagerly awaited in Cuba**

By Tracey Samuelson

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U.S. President Barack Obama and Cuban President Raul Castro listen to live music during a state dinner at the Palace of the Revolution on Monday in Havana, Cuba. - Chip Somodevilla/Getty Images

President Obama continues his historic visit to Cuba with a speech directed at the Cuban people Tuesday morning at El Gran Teatro de Havana.

The initiatives the White House has undertaken in the last 15 months to normalize ties with Cuba, loosen travel restrictions, and allow the country to use the U.S. dollar for international transactions, among other changes, are already having a significant financial impact on the island. The changes will amount to \$800

million in potential savings and new revenues for Cuba by the end of 2016, according to new estimates by the U.S.-Cuba Trade and Economic Council.

“It’s a huge number,” said John Kavulich, the organization’s president. “It’s all new money.”

Moving forward — absent Congress fully lifting the embargo, which is not likely any time soon — “the number one goal of the Cuban government, and thus the Cuban people, would be to access U.S. credit markets,” said Kavulich. “Not just from the U.S. private sector, but from the U.S. government.”

However, he noted that even if Cuba were to gain access to programs at the Department of Agriculture or the Export-Import Bank, for example, the country would still struggle to qualify for credit, “because of their chronic shortage of foreign exchange and their chronic inability to pay their commercial and government-to-government bills on time.”

In addition to Congress, the ball also rests in the Cuban government’s court, said Theodore Henken, a professor at Baruch College who is currently in Cuba for President Obama’s visit.

He said Cubans often refer to an “internal embargo that restricts their economic and political and civic freedoms” as the ‘auto-bloqueo.’ The people’s top item for that domestic to-do list: “Internet, internet, internet,” he said. “Affordable, wide-access, unfiltered and uncensored internet.”

# **The Wall Street Journal**

## **New York, New York**

### **22 March 2016**

## **Havana’s Wary Quest for Foreign Funds Hits Hurdles**

By Dudley Althaus

President Barack Obama’s trip to Cuba is bolstering hopes that a flood of investment and tourists across the Florida Straits will extend prosperity and freedom to those living on the communist-ruled island.

But entrepreneurs and consultants who have spent years trying to achieve the same goals say such plans may founder on the island’s hard realities, despite the Cuban government’s wary quest for foreign funding.

One obstacle is the revolutionary DNA of Cuba’s Communist leaders, who harbor suspicion of—and at times open hostility toward—profit-making enterprise. Equally important is the U.S. trade embargo, which despite Washington’s whittling over the past 15 months, continues enforcing strict limits on American trade and investment.

Many of the U.S. executives who have taken a look at the island amid the first steps toward normalization between the two Cold War foes intend to sit on their hands for now, according to a survey of 437 business executives recently conducted by the U.S.-Cuba Trade and Economic Council, which advocates an end to the embargo.

“It’s not only the bureaucracy. It’s the Cuban government’s view of its economic, social and political system,” said John Kavulich, the president of the New York-based advocacy group. “The Cubans are less than enthusiastic.”

Cuban officials say they hope to attract some \$2 billion annually in foreign investment in coming years.

Starwood Hotels and Resorts Worldwide Inc. on Saturday said it had landed a multimillion-dollar deal to manage two upscale Havana hotels and signed a letter of intent to assume management of a third.



Yet, despite the crush of pitchmen pouring into Havana, only three dozen foreign-investment projects have been approved since a new investment law was adopted in 2014, Cuban officials say, out of a total of 200 on the island.

“This is not about doing whatever project that interests whichever foreign investor,” Deborah Rivas, the Cuban official charged with coordinating foreign investment, recently told Granma, the Communist Party’s newspaper. “We aren’t in the process of accelerating the privatization of the Cuban economy.”

That reticence clashes with the deal seekers crowding Havana’s upscale hotels and restaurants, said Mark Entwistle, who was Canada’s ambassador to the island in the 1990s.

Few of the scores of Canadian companies that led the charge into Cuba in the 1990s remained a decade later, said Mr. Entwistle, whose Toronto-based firm, Acasta Capital, advises investors on entering Cuba. Joint ventures with Cuban enterprises were closed for a lack of financing or profit. Few of the scores of Canadian companies that led the charge into Cuba in the 1990s remained a decade later, said Mr. Entwistle, whose Toronto-based firm, Acasta Capital, advises investors on entering Cuba.

Speaking to reporters in Havana on Thursday, Foreign Minister Bruno Rodríguez said the government’s attitude and policies toward foreign investors is transforming dramatically. “Cuba is a constantly changing country, in constant transformation,” he added. “Where is it heading? Toward a more competitive, more productive economy.”

Most deals, especially in tourism, that would profit Cuban government-controlled entities remain prohibited under the U.S. embargo. Cuba’s military, in particular, controls hotel chains, car-rental agencies and other swaths of the tourism industry. In announcing the further easing of embargo restrictions this past week, the U.S. Commerce Department said it would decide exemptions on a case-by-case basis.

In addition to Starwood, Marriott International Inc. and AT&T Inc. say they hope to announce Cuba deals soon, U.S. government and company officials said.

And a pair of septuagenarians who jokingly describe themselves as “a Cuban and a redneck” plan to make history by becoming the first American businessmen to set up a manufacturing plant in Cuba in more than half a century.

Saul Berenthal, a 71-year-old who fled Fidel Castro’s revolution as a teen, and Horace Clemmons, a 72-year-old retired U.S. Marine from rural Alabama, got the U.S. green light in February to eventually assemble 1,000 mall tractors annually at a plant outside Havana for sale to private Cuban farmers. They are awaiting final Cuban approval.

“We are an expert example of Americans and Cubans working together,” Mr. Berenthal said of Cleber LLC., the pair’s fledgling firm.

**Radio Sputnik**  
**Moscow, Russia**  
**22 March 2016**

# Obama Reboots Regime Change Doctrine for Cuba Visit

© REUTERS/ Stringer

The US President is seeking to shape the foreign policy of his successor by encouraging greater economic ties with Cuba, John Kavulich, President of the US-Cuba Trade and Economic Council, told Sputnik.

US President Barack Obama is using his last year in office to form a relationship with Cuba that his successor will not be able to roll back, John Kavulich, President of the US-Cuba Trade and Economic Council, told Radio Sputnik.

"There are three laws on the books that continue to prevent a 'normalized' relationship with Cuba, but President Obama's strategy during the final 306 days of his administration are to remove every regulatory obstacle so that when he does leave office, what is left for his successor is the shell of the laws," Kavulich said.

"The president's goal is to have so many people going into Cuba, have so much, hopefully, commercial activity in Cuba, that whoever succeeds him, Democrat, Republican, Independent, will have a hard time dismantling any of it."



© REUTERS/ Carlos Barria

"The challenge though will be, he will leave a very different relationship in place but it's up to the Cubans to decide how they want to go forward."

Kavulich said that Cuba has benefited financially from a thawing of relations with the US under President Obama because of the lifting of sanctions, the opening of embassies and additional revenues from US citizens traveling to Cuba. However, he believes that Cuba needs greater engagement with the US in order to develop its economy further, the flip side of which is the threat of regime change.

"You had heads of government visiting Cuba last year, Cuba signing an agreement with the Paris Club, renegotiating debt with Russia, China, Japan, Brazil, France, Spain and others, getting some investment guarantees from the Russian Federation relating to power generation."



© REUTERS/ Alexandre Meneghini

"But all of that, the only way Cuba can pay for it is with an active and robust reengagement with the US, and that's not something they necessary want because even though President Obama will say 'we are not interested in regime change,' they are interested in regime change."

"It's just they don't necessarily want to change who is in the regime, but the want to change the behavior of who is in the regime, so it's an immensely complex series of transactions."

**Politico**  
**Washington, DC**

**21 March 2016**

## **Expect splashy announcements but no flood of trade from Obama's trip to Cuba**

By Victoria Guida



The U.S. this week further loosened regulations on trade and travel with Cuba to pry open space so that deals could go through during President Barack Obama's visit. | Getty

While some big business deals with Cuba are expected to be announced this week during President Barack Obama's landmark trip to Havana, a flood of U.S. investment is unlikely for at least another year or two. And that's if things go well.

That's because Congress must still end the U.S. embargo, a process that will be a heavy political lift—too heavy for Obama's final year in office and made heavier by the fact that Cuban President Raul Castro, whose last name still inspires animosity, is still in office. The 84-year-old won't step down until 2018.

Cuba, meanwhile, maintains strict control over investments in the country and requires any foreign businesses to partner with a state-owned monopoly to sell to the Cuban people. Those business practices are deeply intertwined with the regime's communist philosophy and economic reforms are happening painstakingly slowly.

Ticklish questions also remain about compensation for thousands of individuals and companies whose assets were seized after Fidel Castro came to power and the ownership of Guantanamo Bay Naval Base.

But for next week, the administration and U.S. businesses will be basking in the progress so far; the mere fact of Obama's visit to this long-isolated Communist nation would have seemed unimaginable just two years ago.

“This is not the time to be working out multi-layered incredibly complex issues, but this kind of visit can ignite or reignite the process to actually get at them,” said Mark Entwistle, a former Canadian ambassador to Cuba.

The U.S. this week further loosened regulations on trade and travel with Cuba to pry open space so that deals could go through during Obama's visit. Those deals in the telecommunications, hospitality, renewable energy, health services, agricultural technology and transportation sectors will be significant -- whether symbolically, as a harbinger of more such business to come, or monetarily.

One of the biggest announcements could come from AT&T, which is in talks with Cuba to expand equipment and infrastructure for cellular roaming services, following on a similar agreement between Sprint and the Telecommunications Company of Cuba in November. Such a deal would also allow for the proliferation of Internet hotspots on the island, a U.S. business source told POLITICO. Internet connectivity has been pushed by the Obama administration as a way to empower average Cubans.

Good news for U.S. travelers, meanwhile, could come in the financial services sector. Stonegate Bank, the one U.S. bank allowed to operate in Cuba, struck a deal with the government in November to provide MasterCard debit cards for American travelers to the island. The U.S. business source said if Stonegate is allowed to open up an office in Cuba -- and industry groups are hopeful they will be -- it could open the door to issuing credit cards, pave the way for other banks and make it simpler to use dollars on the island.

The Department of Transportation could also announce more airline routes to Cuba, following U.S. regulations that allow Americans to travel there on their own, rather than as part of a group, for educational purposes.

Hotel chain Starwood will benefit from that travel surge; the company struck a deal Saturday with the Cuban government to manage three hotels, making it the first U.S.-based hotel chain to gain permission to operate on the island in almost 60 years.

Two Cuban hotels, Hotel Ingaterra and Hotel Quinta Avenida, will be managed by Starwood, with the former joining The Luxury Collection and the latter becoming part of the Four Points by Sheraton line, a Starwood press release said, adding that the hotels will first be renovated before reopening later this year. Starwood has additionally signed a letter of intent to change Hotel Santa Isabel into a member of its Luxury Collection. Marriott is reportedly working on its own deal.

A couple of cruise lines are also close to signing deals, though construction work has had to be done on the port of Havana. The ships could also double as temporary floating hotels, the business source said.

But all of these deals have had to be calibrated to meet the regulatory constraints on both sides. And not all of them may come together in time for the visit.

“I think that they will be able to make at least two of them happen,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

The outstanding claims for compensation held by U.S. companies — many of which have changed hands multiple times over more than 50 years — will need to be resolved to increase certainty, said National Foreign Trade Council Vice President Jake Colvin. Banks and potential investors always worry that any deals they do will somehow be wrapped up in that litigation.

U.S. nationals hold a total of about \$1.8 billion worth of claims, or nearly 6,000 individual actions, which have been certified by the Department of Justice. Cuban nationals also have their own outstanding claims against their government. While Cuba acknowledges that it owes money to those whose assets were expropriated, it rejects the valuation. Contributing to the deadlock is the fact that Havana claims the U.S. already owes Cuba between \$800 billion and \$1 trillion in damages due to the trade embargo.

Entwistle said even a commitment to advance that issue would be significant, though the U.S. business source said the two governments have already had preliminary conversations on how to resolve the issue.

White House Deputy National Security Adviser for Strategic Communications Ben Rhodes said on a press call that the two sides would also discuss how they could continue opening up commerce. “Just as we pursue regulatory changes, there are steps that the Cuban government can take to make it easier for international businesses to operate, make it less cumbersome, again, to operate, and to have our businesses engage directly with the Cuban people.”

Havana did that only a couple of days ago by announcing it would lift the 10 percent penalty on dollar conversions, an apparent response to the U.S. decision to allow transactions originating in Cuba to pass through U.S. financial institutions. Cuban Foreign Minister Bruno Rodriguez Parrilla told reporters that his government will attempt to make a series of international financial transactions in the coming days, and if they work, the surcharge would be lifted, according to the Associated Press.

In the short term, any changes from the Cuban government are likely to come out of the Communist Party’s seventh congress, scheduled next month, Kavulich said.

Some of the more likely actions could provide more space for private companies to be established and grow. But whatever the two sides cover in their meetings next week “may not become clear before, during, or after the party congress,” he said. And sources generally agreed that Cuba would never directly attribute any of its actions to something that came out of conversations with the U.S.

“They’re basically each backing into one another, looking over their shoulders to make certain that they hit,” Kavulich said.

# The Wall Street Journal

New York, New York

21 March 2016

**Hard Realities Cloud Dreams of Businesses Hoping to Enter Cuba**  
**Communist leaders' suspicions, U.S. trade embargo counter government's quest for foreign funding**



Starwood Hotels and Resorts Worldwide Inc. said on Feb. 19 that it had landed a multimillion-dollar deal to manage upscale Havana hotels including the Quinta Avenida Habana. Photo: Reuters

By Dudley Althaus

President Barack Obama's trip to Cuba is bolstering hopes that a flood of investment and tourists across the Florida Straits will extend prosperity and freedom to those living on the communist-ruled island.

But entrepreneurs and consultants who have spent years trying to achieve the same goals say such plans may founder on the island's hard realities, despite the Cuban government's wary quest for foreign funding. One obstacle is the revolutionary DNA of Cuba's Communist leaders, who harbor suspicion of—and at times open hostility toward—profit-making enterprise. Equally important is the U.S. trade embargo, which despite Washington's whittling over the past 15 months, continues enforcing strict limits on American trade and investment.

Many of the U.S. executives who have taken a look at the island amid the first steps toward normalization between the two Cold War foes intend to sit on their hands for now, according to a survey of 437 business executives recently conducted by the U.S.-Cuba Trade and Economic Council, which advocates an end to the embargo.

"It's not only the bureaucracy. It's the Cuban government's view of its economic, social and political system," said John Kavulich, the president of the New York-based advocacy group. "The Cubans are less than enthusiastic."

Cuban officials say they hope to attract some \$2 billion annually in foreign investment in coming years. They are currently seeking bids on nearly 250 projects valued \$9 billion in areas including hotels, marinas and golf courses, along with biotechnology, pharmaceutical and bottle factories.

Starwood Hotels and Resorts Worldwide Inc. on Saturday said it had landed a multimillion-dollar deal to manage two upscale Havana hotels and signed a letter of intent to assume management of a third.

Starwood, whose brands include the Westin, W, and Sheraton chains, is the first U.S. hotel company to enter the Cuban market since the 1959 Revolution. The deal fits Cuban officials' stated desire to dramatically improve the island's tourism offerings.



Yet, despite the crush of pitchmen pouring into Havana, only three dozen foreign-investment projects have been approved since a new investment law was adopted in 2014, Cuban officials say, out of a total of 200 on the island.

“This is not about doing whatever project that interests whichever foreign investor,” Deborah Rivas, the Cuban official charged with coordinating foreign investment, recently told Granma, the Communist Party’s newspaper. “We aren’t in the process of accelerating the privatization of the Cuban economy.”

That reticence clashes with the deal seekers crowding Havana’s upscale hotels and restaurants, said Mark Entwistle, who was Canada’s ambassador to the island in the 1990s.

Few of the scores of Canadian companies that led the charge into Cuba in the 1990s remained a decade later, said Mr. Entwistle, whose Toronto-based firm, Acasta Capital, advises investors on entering Cuba. Joint ventures with Cuban enterprises were closed for a lack of financing or profit.

Some well-connected foreigners with long experience on the island have been jailed and convicted on charges they say were fabricated. Among the more noticeable incidents was the 2011 arrest on corruption charges of Cy Tokmakjian, several of his fellow Canadian executives and more than a dozen Cubans associated with them.

Mr. Tokmakjian, 75 years old, had done business on the island for more than two decades, supplying Cuba’s government with transportation, mining and construction equipment and operating joint ventures with companies controlled by various ministries.

He was jailed on charges of bribing some employees of those companies with vacations, restaurant dinners, televisions and bonuses that Cuban officials said were payoffs. Despite proclaiming his innocence, Mr. Tokmakjian was sentenced in 2014 to 15 years in prison, with stiff sentences handed to the other accused. Mr. Tokmakjian and his two Canadian executives were released early last year and deported. Back in charge of the family business in Canada, he is still pressing for return for tens of millions of dollars in seized property.

“Laws on the island-nation change on a daily basis and there is no clear definition as to what is legal and legitimate,” Mr. Tokmakjian said. “I want future investors to know that Cuba is risky business.”

Spokespeople at Cuba’s foreign ministry in Havana and at the embassy in Washington didn’t respond to request for comment.

Speaking to reporters in Havana on Thursday, Foreign Minister Bruno Rodríguez said the government’s attitude and policies toward foreign investors is transforming dramatically.

“Cuba is a constantly changing country, in constant transformation,” he added. “Where is it heading? Toward a more competitive, more productive economy.”

The survey conducted by the U.S.-Cuba Trade and Economic Council found that nearly 90% of respondents have sent executives to scout opportunities on the island just once. Eight in 10 of the survey considered the trip unproductive and an equal number said they had rock-bottom expectations of closing a deal within the next two years.

Most deals, especially in tourism, that would profit Cuban government-controlled entities remain prohibited under the U.S. embargo. Cuba’s military, in particular, controls hotel chains, car-rental agencies and other swaths of the tourism industry.

In announcing the further easing of embargo restrictions last Tuesday, the U.S. Commerce Department said it would decide exemptions to that general prohibition on a case-by-case basis.

Still, Verizon Communications Inc. and Sprint Corp. already offer cellphone roaming services for clients visiting Cuba. Every major U.S. airline has bid for routes into Havana and other Cuban cities, with service expected to begin by year's end.

Western Union Co. , which has worked with the Cuban government to transfer remittances from the U.S. to the island since 1995, has received U.S. approval to transfer money from anywhere in the world.

In addition to Starwood, Marriott International Inc. and AT&T Inc. say they hope to announce Cuba deals soon, perhaps during President Obama's visit, U.S. government and company officials said.

And a pair of septuagenarians who jokingly describe themselves as "a Cuban and a redneck" plan to make history by becoming the first American businessmen to set up a manufacturing plant in Cuba in more than half a century.

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# **OneIndia**

## **Bengaluru, India**

### **21 March 2016**

#### **President Obama in Cuba: A watershed moment in international relations**

Written by: Shubham Ghosh

The world has come a long, long way since the Cuban Missile Crisis of 1962 which had taken this planet almost on the verge of the Third World War.

Fifty-four years since that episode, an American president reached Cuba on Sunday in a historic visit and ended the Cold War standoff. It's wonderful, says Obama during historic Cuba visit Barack Obama, who is in his last year in the White House, made the moment memorable by tweeting "Que bola Cuba"---- a local slang meaning "What's up?" barack obama in cuba US President Barack Obama with First Lady Michelle Obama, daughters Malia and Sasha and Michelle's mother Marian Robinson, take a walking tour of Old Havana in the rain on Sunday, March 20, 2016.

Obama became the first U.S. president to visit the island in nearly 90 years. AP/PTI Obama first US president to visit Cuba since 1928 The lame-duck American president, who is accompanied by First Lady Michelle and two daughters Sasha and Malia, became the first US leader to visit the island-state since Calvin Coolidge in 1928. He also became the first sitting president of the world's only superpower to visit Cuba since Fidel Castro toppled the Washington-backed regime of Fulgencio Batista in 1959. Obama made every effort to show how historic the visit was as he said while it had taken Coolidge three days to reach Cuba (he had gone in a battleship), he covered the distance in just three hours. Indeed Mr President! You have done the best you could to leave a long-lasting legacy.

Obama will have a legacy But apart from the fact that this visit will make Obama's presidency immortal of sort in the books of history, it also signifies a reward of sort to the efforts made by Obama and Raul Castro,

his Cuban counterparty, in restoring normalcy in the relation between the two neighbouring countries. It is true that differences still persist but it can't also be denied that the political and economic equations between the two states have undergone rapid changes in 15 months since they decided to write a new history.

The normalisation of relations is not a big deal in international politics but when it comes to US and Cuba, it is not a small thing. There was a time when even thinking about a US president visiting Cuba was unthinkable, even at the people's level. Washington had cut off diplomatic relations with Havana in 1961 after Castro's revolution and imposed blockade on that country for several decades, causing it severe difficulties. Uncommon scenes in Cuba ahead of Obama's visit

The build-up to Obama's visit made that history look unrealistic! While the streets in Old Havana were cleaned up, buildings were freshly painted. American and Cuban flags were also seen flying side by side in many parts of the capital---setting up a mood which surprised many who have seen years of acrimony. There were also some protests ahead of the US President's arrival but they never took a violent shape. The demonstrators of the Ladies in White group were briefly detained and released too. It's not just about hard talks but informal ways to get closer as well Obama's visit is not just about political parleying but also includes informal ways to cement the bridge which has been built after ages.

On Tuesday, Obama will join Castro and a crowd of baseball fans to watch a match between the Cuban national team and the Tampa Bays Rays of the Major League Baseball. The US president also has plans to speak at the Grand Theater of Havana to lay out his ideas for a better life in Cuba. Even the Rolling Stones, considered once a symbol of cultural imperialism by communist leaders, will play a free concert in Havana on Friday.

Raul, who had taken over from his ailing brother Fidel in 2008, began and economic and social reforms which made a lasting impact despite being slow. Havana, however, has not softened its stand on implementing changes in its political system dominated by a single party.

From hard stand to soft strategy: US has changed its policy on Cuba Obama's diplomatic victory lies in the fact that unlike Washington's hard stand in the past, his administration has adopted a soft strategy to settle the Cuban question. Far from the Americans' initiatives of economic strangulation, the Bay of Pigs invasion of 1961 and the CIA's assassination plots against Fidel Castro, Obama decided to reach out to the Cubans to help the country open its economy which will help it economically and even politically. Through this, Obama is also making the normalisation an irreversible process which even a hardline successor (will it be Donald Trump?) cannot affect.

Perhaps the best summation of the US-Cuba rapprochement was given by John Kavulich, president of the US-Cuba Trade and Economic Council. He said: "It's a soft war using visitors as the soldiers, commercial airlines as the air force, and cruise ships as the navy."

## **The American Lawyer**

### **New York, New York**

**21 March 2016**

### **Obama Not the Only American Lawyer Looking at Cuban Opportunities**

Nell Gluckman and Brian Baxter, The Am Law Daily



Workers use cranes to paint the Estadio Latinoamericano baseball stadium in Havana, Cuba, on March 1, 2016. In the same week as President Barack Obama and The Rolling Stones visit the country, the Tampa Bay Rays will play Major League Baseball's first exhibition game against the Cuban national team since 1999. Photo: Desmond Boylan/AP

President Barack Obama's historic trip to Cuba this week has been accompanied by a series of announcements from U.S. businesses that they plan to do work in the Communist country.

On Friday, Starwood Hotels & Resorts Worldwide Inc., the hospitality giant mulling a Chinese takeover bid and operator of chains such as the Sheraton, St. Regis and Westin, announced that it had signed three hotel deals in Cuba. Marriott International Inc., meanwhile, said Sunday that it received approval from the U.S. Department of the Treasury's Office of Foreign Assets Control to pursue business in Cuba.

Starwood's lobbyist of choice for Cuba-related work appears to be DLA Piper partner Evan Migdail, according to disclosure reports. The Obama administration announced on Dec. 17, 2014, that it would re-establish diplomatic relations with Cuba, and over the past year DLA Piper earned \$170,000 from Starwood for various lobbying activities, including "monitoring OFAC sanctions, Cuba embargo and related issues." In addition to DLA Piper, Starwood worked with Holland & Knight and Mayer Brown to gain approval for its deal from the U.S., said the company's general counsel Kenneth Seigel in an email. The consultancy D17 Strategies helped Starwood navigate negotiations with Cuban authorities, he said.

Obama met Monday with President Raúl Castro in Havana, the first meeting between U.S. and Cuban leaders in decades. At a news conference, Obama spoke about the easing of travel and currency exchange restrictions between the two countries, as well as future trade in agriculture and other sectors. Meanwhile, The Western Union Co. announced Monday that it had expanded its remittance services in Cuba with legal help from Gibson, Dunn & Crutcher international trade co-chair Judith Lee, while The Priceline Group Inc.'s Booking.com said that it will allow certain U.S. customers to book hotels in the island nation.

Despite the growling list of U.S. companies making plans to do business in Cuba, many remain reticent, according to a recent survey by the U.S.-Cuba Trade and Economic Council Inc. The group found that people who work for law firms were among the most optimistic about the possibility that they could do work in Cuba, along with members of the agricultural, commodities, hospitality and food and consumer products industries.

Pedro Freyre, an Akerman partner in Miami and chair of the firm's international practice, is among the lawyers who believe the U.S. and Cuba will have a strong economic relationship going forward. The Am Law Daily reported last year on Freyre's efforts helping rental startup Airbnb Inc. move into Cuba.

"I am guardedly optimistic," Freyre said in a phone interview Monday from Havana. "This is the beginning."

Freyre, who was born in Cuba but moved to the U.S. when he was young, spoke from the American Club, where he waited for the U.S. congressional delegation to arrive for a meeting. The moment was meaningful for Freyre because his father, once a top labor relations lawyer in Cuba, had been a member of the old social club before his family fled the country following the rise of Fidel Castro.

"I am retracing my father's footsteps," he said. "It is overwhelmingly emotional."

The goodwill-inducing keystone for Obama's Cuba trip is an exhibition game Tuesday between Major League Baseball's Tampa Bay Rays and the Cuban national team at Havana's Estadio Latinoamericano, a 55,000-seat edifice known locally as the Coloso del Cerro, or Colossus of the Hill.

Lobbyists representing the U.S. agricultural, hospitality and other major industries have descended on Havana to meet with local authorities eager to bolster business ties, according to The Washington Post. Among them are lobbyists from Akin Gump Strauss Hauer & Feld, including senior policy advisers Anya French and Devry Boughner Vorwerk, the latter a former chair of the U.S. Agriculture Coalition for Cuba who joined the firm's high-powered lobbying group last month.

The Am Law Daily reported last year on a former Akin Gump lawyer's role advising MLB on its efforts to open up Cuba to its player-acquisition efforts. J. Thomas Schieffer, a former U.S. ambassador to Australia and Japan who for a time served as senior counsel at Akin Gump, where he advised MLB on some delicate

matters, is now affiliated with international affairs consultancy Envoy International LLC in Fort Worth, Texas.

Schieffer, the younger brother of longtime CBS Corp. newsman Bob Schieffer, did not immediately return a request for comment Monday. Nor did John Higgins, a former partner at a Buchanan Ingersoll & Rooney predecessor firm who has spent the past two decades as general counsel for the Rays. (The team's game Tuesday against the Cubans will be broadcast nationwide on ESPN.)

MLB's chief legal officer Daniel Halem, a former partner at Proskauer Rose, said in an email that the league has retained Jones Day international trade partner Laura Fraedrich in Washington, D.C., where she joined the firm last year from Kirkland & Ellis, to advise on OFAC issues. Fraedrich, who was in Havana on Monday and unavailable for immediate comment, is supplementing an in-house MLB legal team on Cuba matters that includes vice president and deputy general counsel for labor relations Patrick Houlihan, labor relations counsel Paloma Ahmadi and vice president of government relations Josh Alkin, who previously worked at Baker & Hostetler and opened an inside the Beltway office for the league earlier this year.

Cuban baseball players fleeing the island for the potential riches of MLB have become increasingly prevalent in recent years, as young stars such as Jose Abreu and Yasiel Puig were forced to navigate a perilous journey involving drug smugglers and other criminal underworld elements that caught the attention of federal law enforcement bodies. Several MLB franchises are eager to get their hands on recent high-profile Cuban defectors such as Yulieski Gourriel and Lazaro "Lazarito" Armenteros, reinforcing the need for the league to refine a new player-acquisition system before the potential end of any U.S. embargo.

Last week the Obama administration pushed through reforms—such as eliminating a ban on Cuban access to the global banking system—that made it easier for Cuban players to legally earn money in the U.S. But MLB's legal chief, Halem, cautioned that despite the ease in old restrictions, the league still must reach an agreement with the Cuban Baseball Federation to obtain the release of players from their domestic clubs if they hope to play professionally in the U.S. The Cuban federation currently takes a cut of any overseas pay that its players receive, something that would be illegal under U.S. law. Until an agreement is in place, shadowy elements could continue to plague Cuban players looking to make a living in the big leagues.

In February, a federal grand jury in Miami indicted Bartolo "Bart" Hernandez, an agent affiliated with singer Marc Anthony's Magnus Sports agency who has represented several high-profile Cuban baseball players, on charges of human trafficking stemming from the defection of Cuban outfielder Leonys Martin in 2010. A civil case filed three years later by Martin, now playing for MLB's Seattle Mariners, contained details of his harrowing entry into the U.S.

Jeffrey Marcus, a former partner at Miami's Kenny Nachwalter who started his own local litigation boutique in 2014, is representing Hernandez in his criminal case. Marcus did not immediately return a request for comment on the matter.

# **The Financial Times**

## **London, United Kingdom**

### **21 March 2016**

#### **The US and Cuba: incrementalism, reversal risk and the Dictator's Dilemma**

By Cardiff Garcia

To analogise the ongoing diplomatic maneuvering between the US and Cuba to a scenario of mutual hostage-taking doesn't sound charitable, but it might be the best framework for understanding a relationship long defined by its baffling surrealism.

And it's a useful lens through which to see not only President Obama's visit to the island, the first by a sitting US president in almost nine decades, but also the specific actions taken by each side in the time since the intent to normalise relations was first announced on 17 December 2014.

Last week John Kavulich, president of the US-Cuba Trade and Economic Council, described this idea to a roomful of lawyers at the US-Cuba Corporate Counsel Summit in New York.

On the US side, Obama clearly wants to make the rapprochement an enduring foreign-policy legacy of his administration, and the Cuban government knows this. It can afford to test Obama on how far it needs to go in the direction of economic and political liberalisation before satisfying American requirements to continue deepening the relationship.

But Cuba's efforts to modernise its economy also depend heavily on the country's relationship with other countries and with foreign (non-US) companies, and specifically on the potential source of foreign investment they can provide. Except these firms and countries are hesitant to provide much investment while the US embargo is in place and Cuba is locked out of most multilateral institutions.

In other words, Cuba needs the momentum towards diplomatic restoration and the end of the US embargo to continue beyond the end of Obama's time in office. To ensure this happens, the Cuban government will have to take meaningful and credibly permanent steps towards providing greater economic and political freedoms.

The liberalisations on both sides have been made incrementally to this point. The gradual pace was partly for logistical reasons, but I'm sure it was also the result of suspicions inside of both countries about the intentions of the other side.

As depicted in wonderful detail by William LeoGrande and Peter Kornbluh in *Back Channel to Cuba*, diplomacy between the US and Cuba since the Cuban Revolution in 1959 has endured a long sequence of avoidable misunderstandings and betrayals by both parties. Maybe the best argument against the embargo is simply that the enormous expenditure of US diplomatic resources it has required to enforce — all to deal with an immiserated island of 11 million people that long ago ceased to pose a threat to national security — is impossible to continue justifying.

#### Cuban realities

American diplomats might reasonably worry that they'll be made to look naive, fearing the Cuban government will reverse its modest steps to loosen its authoritarian grip over the economy and society *after* the US has already made more of its enormous market available to Cuban trade.

Indeed the Cuban government has historically done exactly that: briefly allowed certain private-sector activity to enliven a flagging economy and then reversed course abruptly. The Cuban regime has long been subject to a macroeconomic variant of the Dictator's Dilemma, an informal concept which says that embracing information technology is necessary for an autocratic ruler to maintain a prosperous state, and yet this also requires accepting the risk that such technologies will exert democratising pressures.\* It helps to know a few things about the realities of life in Cuba to better understand why the dilemma applies more broadly to the Cuban economy and society.

The Cuban state still directly controls most of the economy and employs the majority of the population: between about 60-75 per cent of the workforce, depending on how you account for off-the-books second jobs and participation in the limited private sector.

State salaries are abysmally low, roughly the equivalent of \$25 USD per month by official figures. In real terms, wages have never recovered from their collapse when Soviet subsidies to Cuba ended *more than twenty-five years ago*.\*\* Pensioners such as my 89-year-old great aunt Juana receive the equivalent of \$8 USD a month and a few supplemental items from what is left of the "libreta", or ration book.

Billions of dollars in remittances from relatives in Florida and elsewhere remain crucial to the economy. Healthcare and education are free but under-resourced, offering little meaningful choice. The country's ossified economy and terrible demographic trends — a consequence both of very weak fertility for a developing country and emigration — long ago started pressuring the government's ability to fund them.

Impressive renovation is underway in Old Havana and along parts of the *Malecón* boardwalk. But many of the crumbling buildings that tourists like to gawk at are dangerous: collapses are especially frequent during

heavy rains. Even in parts of Havana with its heavily touristed areas the sanitation is inadequate, leading to periodic outbreaks of dengue like the one last summer.

The zany dual-currency system distorts Cuba's macroeconomic statistics to the point of uselessness. More importantly, it also acts as a massive tax on Cuba's exporting sectors, including tourism, and as a correspondingly massive subsidy to its inefficient state-led importing sectors.\*\*\* Yet consolidating the two currencies would require Cuba to formally recognise that its state-run enterprises are insolvent without the subsidy, thus requiring a big fiscal boost to cushion the losses and resulting unemployment. That's one of the many reasons that more foreign investment is needed.

As mandated in the Cuban constitution, the state has a complete monopoly on imports and exports, shutting out the private sector from global markets except through informal channels. The government doesn't release much data about its balance of payments situation, and even after agreeing a debt reduction with the Paris Club, nobody knows how much external debt Cuba has.

The Cuban government furthermore maintains a list of private-sector occupations that are allowed, though the ones that really matter are related to tourism: restaurants, bed & breakfasts, and taxi driving.

Needless to say, these are not traditionally known as dynamic economic sectors. Far more sensible would be to publish a list of occupations that are *not* allowed and to permit any job not on that list.

Those Cubans who work in the touristic sectors that do price their services in convertible pesos make *much* more money than workers on government salaries. This creates an odd situation where highly trained and well-educated workers in occupations mainly provided by the state — engineers, say, academics or even doctors — are incentivised to take jobs as waiters and taxi drivers. And because the state controls all imports, private restaurants with an abundance of the stronger currency compete against regular Cubans for the same limited food supplies, keeping food prices high.

To invest in Cuba, a foreign company historically has had to partner with a Cuban state-run enterprise — with the Cuban partner taking the majority stake. Decisions about hiring and firing employees, and even decisions about paying them, are also restricted and typically overseen by a government ministry.

For the time being, Internet access remains forbidden in homes without an exemption from the government, few of which are granted except to connected elites. Internet access has loosened and become cheaper in the last year, but it is still too expensive for many Cubans without remittances. Startup entrepreneurs have good ideas but lack financing options, and their legal status is constantly in doubt.

There is only a limited free press, mostly consisting of online writers whose articles are more likely to be read abroad than domestically, though their ranks have grown in recent years. Dissidents, activists, and independent journalists are still routinely detained and harassed, especially when important dignitaries visit, though there are fewer of the arbitrary and brutally long prison sentences of the 2000s.

### The dilemma

As for how these realities, and in particular the interaction between the fledgling private sector and the dominant government sectors, pertain to the Cuban variant of the Dictator's Dilemma, a lucid explanation is found in multiple passages from *Entrepreneurial Cuba*, by Archibald Ritter and Ted Henken, probably the best available book on the evolution of the modern Cuban economy:

The existence of a flexible second economy (providing employment and efficient production) within the official planned economy provides state socialism with a very convenient, short-term subsidy, even if its long-term impact can be quite corrosive.

Furthermore, this subsidy is provided through the active self-exploitation of a large part of the workforce (working in a state job as an air-traffic controller by day, while moonlighting as a clandestine airport cabbie by night, for example).

The outright prohibition of activities the government prefers to keep under state monopoly (such as the import-export business and most professions) allows it to exercise symbolic control over the population and impose an apparent order over Cuban citizens and society.

However, this control comes at the cost of pushing all targeted economic activity (along with potential tax revenue) back into the black market—where much of it lived prior to 2010 as evidenced by the high proportion of [cuentapropistas, or private businesses] who are found in government surveys to have been “laboralmente desvinculado” (unconnected to the state sector) prior to becoming legally self-employed.

On the other hand, the inclusion and regulation of the many private activities dreamed up and market-tested by Cuba’s always inventive entrepreneurial sector would create more legal employment opportunities, a higher quality and variety of goods and services at lower prices, while also increasing tax revenue to target inequality and fund social programs.

However, these benefits come at the political cost of allowing greater citizen autonomy, wealth and property in private hands, and open competition against long-protected state monopolies (Celaya 2013a and 2013b).

Calling attention to the unique institutions of state socialism and tracing the linkages between state agents and private entrepreneurs affords us an insider’s view of the corrosive effect of the second economy on state socialism.

Such an approach also reveals a major historic instance of what Max Weber called “unintended consequences”: the party-state’s instrumental, if inadvertent role in its own demise.

Therefore, Cuba along with the few other remaining outposts of state socialism face a difficult if not impossible dilemma: “[T]o survive in a world of competing states, they are compelled to institute and sustain market reforms. Yet the spread of markets erodes the commitment to the party and paves the way for regime change” (Nee and Lian 1994: 284).

The Cuban government’s approach has historically been to vascillate between a closed and a slightly less-closed fist. Thus the fear that any current loosening will be temporary. To roll out the new measures incrementally, whether intentional or not, has been a useful way to gauge Cuba’s willingness to change.

And for its part, the Cuban government has a simple and paranoid but nonetheless powerful worry: that each US gesture of friendship is really a calculated move to sow hostility within Cuba and eventually unseat the current regime.

Cuban officials would prefer doing business with more distant countries that don’t challenge its longstanding narrative of enmity with the US, and that also don’t have a long pre-Revolutionary history of imposing their wills on Cuban institutions from abroad. And ordinary Cubans, for all their frustrations with their government, do share with it a deep sense of nationalism. I didn’t understand just how strong the sentiment was until I spent significant time in Cuba last year.

In the wake of the decision to normalise relations, quite a lot of sensitivity was therefore to be expected.

But change is definitely happening

And yet despite the history of miscommunication and hostilities, progress — often halting and frustratingly slow, but progress nonetheless — has been made by both sides in the time since December 2014.

The Obama administration has proved willing to claw away at the prohibitions of the embargo to the extent that the executive branch is permitted to maneuver around it. Trade in most sectors is still prohibited, but large new exemptions have been made for US companies in telecommunications, transportation and finance in particular, among many other changes.

The travel restrictions on American visitors to Cuba have been eviscerated. Earlier this week the government announced that Americans could now travel by themselves to Cuba for “person-to-person educational” reasons under a general licence, which means that pre-approval from the government is not necessary. Previously visitors under this category needed to go with an approved tour group.

I can't exaggerate the extent to which this new measure essentially guts what was left of the travel ban. Tourism by Americans to Cuba technically continues to be forbidden, but the trips now allowed are tourism in all but name.

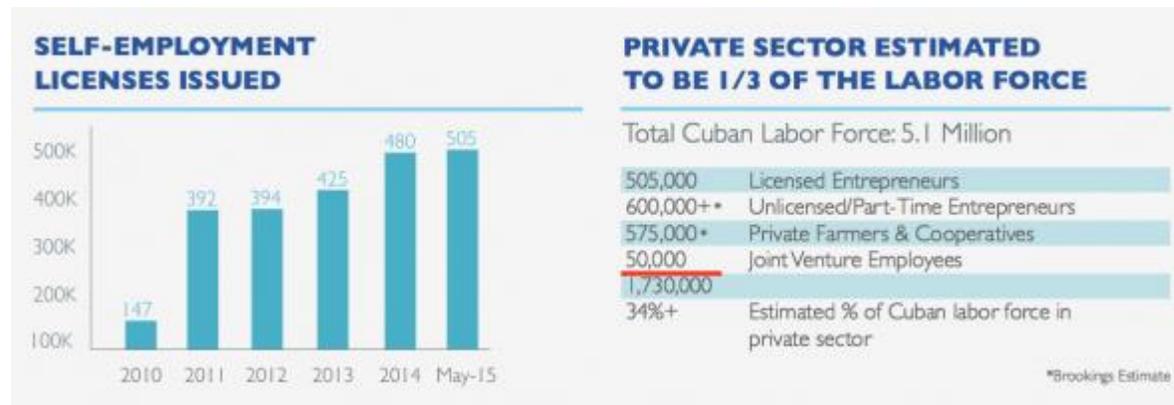
Though not all have provided details of the deals, several American companies have just announced new plans for business in Cuba — Western Union, Starwood Hotels, Marriott, Verizon — and Obama said in an interview that Google was nearing a deal to help increase connectivity on the island.

Although any comparison is imperfect given the subjective measures involved, the American side has gone faster and farther than the Cuban side, whose steps have been too limited for optimistic observers both in the US and in Cuba (and for me!).

But it is false to say that Cuba has done nothing throughout the thawing years of the Obama administration. The expanded authorisations of private-sector *cuentapropistas* have led to a rapid climb in entrepreneurial activity. By some measures a full third of Cubans are in some way employed by the private sector.

The growth was further accelerated by a tourism boom last year, during which the number of visitors from the US spiked by a tremendous 77 per cent, a figure which does not include visits by Cuban-Americans like me.

From a fact sheet produced by Ted Henken and Engage Cuba:



Entrepreneurs entering these sectors and the workers they hire have enjoyed an incredible relative boost to their living standards. And it is their kind of success which raises societal expectations for what even small changes in policy can do for them.

“A surprising area of self-employment growth is in telecommunications,” writes Henken. “The chronic scarcities and bottlenecks caused by the lethal combination of state socialist planning and the US embargo have resulted in the incubation of a true ‘maker’ culture. Highly trained but underemployed computer programmers and telecom agents have started launching innovative start-ups like AlaMesa and Conoce Cuba or designing ‘lean’ software and offline mobile apps for both a Cuban and international clientele. Aiming to encourage this dynamic phenomenon, new U.S. regulations issued by the Obama Administration during 2015 now allow the contracting of Cuba’s private sector IT and other professionals.”

Another useful list of changes was recently published by Engage Cuba, and included this entry:

Cuba increased the number of Wi-Fi hotspots from zero to 65 by the end of 2015 and cut the cost of usage by 50%. Further expansion will take place in 2016, including 80 new public Wi-Fi hotspots.

Daily internet access averaged more than 150,000 people in 2015, more than double the 2014 statistics. One result: the number of people with email access has increased significantly.

Cuba also announced pilot broadband service to homes, restaurants, bars, and cafes, with a goal of reaching 50% household penetration and 60% mobile penetration by 2020.

Cuba rewrote its foreign investment laws in 2014 and set up the Mariel economic zone, in which the rules are more amenable to companies who wish to invest on the island. Thus far it has been a disappointment. But the flurry of announcements by US companies this week shows that plenty of interest remains.

And last week Cuba signaled plans to end its punitive 10 per cent tax on exchanging US dollars into Cuban convertible pesos. The tax applied only to dollars and to no other foreign currency. Most interesting about the decision was the explicitly *quid pro quo* nature of it. According to the Cuban foreign minister Bruno Rodriguez, ending the tax was reciprocity for the US allowing Cubans to transact in US dollars in international financial markets.

The last hostages

During the brutal “Special Period” of the 1990s, when the end of Soviet subsidies had produced an economic cataclysm in Cuba that is unimaginable by modern Western standards, the government decriminalised microenterprise and self-employment activities in order to attract hard currency via tourism and exports. But when the worst of the period had ended by 1996, Fidel Castro once again restricted private-sector activity and the government continued propagandising against it to reinforce the stigma of profit-making.

Raul Castro, back then singing a different tune than today, issued the following statement on 23 March 1996: “The psychology of the private producer and the self-employed worker in general, as a result of the personal or family origin of their incomes—the private sale of the good or service they produce—generates individualism and is not a source of socialist conciencia.”\*\*\*\*

More recently, in 2013 the government arbitrarily shut down street vendors selling imported products and private movie theaters being run out of homes. The justifications offered for the crackdowns were outrageously technical and silly, and the incidents reminded Cubans that any change in their country always brings risks of a sudden setback.

So looming above the historic activity of the last year and four months is the question of whether the recent changes are permanent — for both sides.

Cubans are watching the US presidential elections this year with extreme interest. A Hillary Clinton administration clearly would continue on the path set by Obama.

But even a Republican in the White House might well not care enough about Cuba by the time he arrives to change course. Majorities of Republicans and even Cuban-Americans now favour normalised relations, with more minds shifting in that direction each day. But the future would be far less clear under a Republican president, and certainly the rhetoric from Ted Cruz sounds quintessentially hardline-Republican. The situation in Cuba is more complex.

Regarding the Internet, the expanded access zones and the announcement that Google will add more connectivity suggest that the Cuban government has capitulated to the idea that there is no longer any going back.

For one thing, Cubans have concocted some clever workarounds to get information. But the more salient issue is that the rest of the world has digitised to such a degree that a country with such weak connectivity will struggle to attract the foreign investment it has admitted is needed. To reverse course now would be futile.

My sense — and it really is just a sense — is that the Cuban government will try to pursue the Chinese approach to the Internet and censorship. As highlighted by Emily Parker and Clay Shirky in our recent podcast chat, the Chinese government is less troubled by complaints about state inefficiency and corruption than by attempts at collective action (eg calls to organise and protest). Although the Chinese government has embraced the proliferation of modern technologies, it also monitors the Internet aggressively enough that Chinese citizens even begin to self-censor — watched by the “anaconda in the chandelier”, not striking at you but always there, vigilant.

As for the Cuban private sector, the vast majority of changes from the past half-decade seem too deeply entrenched to be reversed — and both US policymakers and foreign investors will also be watching closely for signs of a volte-face.

More likely is that the government, still desiring to retain as much political control as possible, will liberalise other sectors of the economy only gradually. Perhaps it will use taxation to prevent too much capital from accumulating in any one business or sector, the way it still does now. As for sudden crackdowns, they will always tempt an autocracy overseeing a mostly planned economy if a perceived threat to its control emerges. It's impossible to say with confidence that there will be no more.

Still, the trend is more hopeful than it has been in a long time. If the Cuban government does keep loosening its grip on the economy, the possibility remains that it will stop to tighten now and again, but it probably can no longer close its fist entirely.

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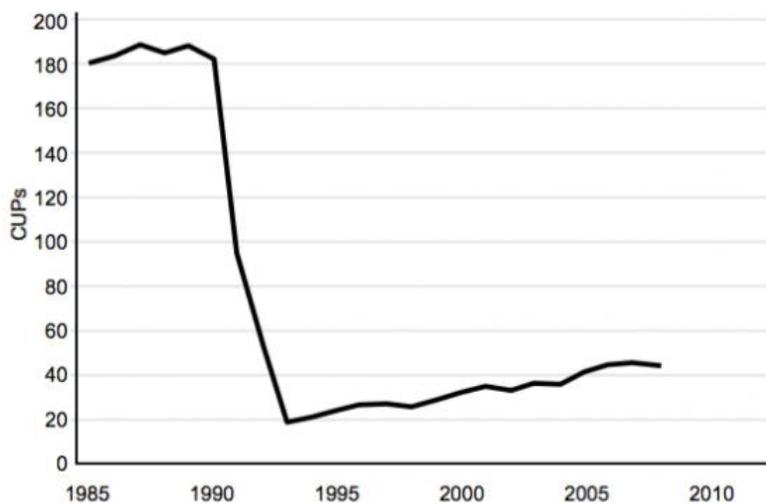
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#### FOOTNOTES:

\* I was actually introduced to the concept of the Dictator's Dilemma by the Cuban writers and Internet activists Norges Rodrigues and Taylor Torres, whom I befriended during my sabbatical on the island at the end of last year. And they sent me to Larry Press, an invaluable source of information about Internet access and technological trends in Cuba.

\*\* Here's an amazing graph from the book by Ritter and Hencken:

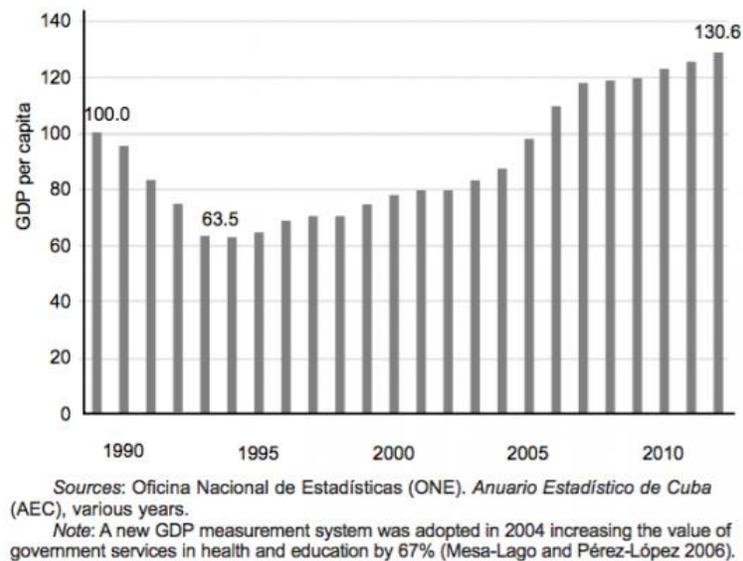
Figure 5.2: Cuba: Real Inflation-Adjusted Wages, 1989–2009 (CUPs)



Sources: Vidal Alejandro Pavel, "Política Monetaria y Doble Moneda," in Omar Everleny Pérez et. al., *Miradas a la Economía Cubana*, La Habana: Editorial Caminos, 2009.

Wages have climbed since 2009 but not nearly back to the pre-1990s levels. Interestingly, estimates of Cuban GDP-per-capita have recovered, though these are of course plagued by the problem of data opacity:

Figure 5.1: GDP per Capita, 1989–2012 (1989 = 100)



In the book (and in an earlier blog post by Ritter), the authors offer the following possible reasons for why wages diverged so aggressively from GDP-per-head:

Despite this apparent economic growth, the real value of wages in the peso economy remained exceedingly low at around 25 percent of the 1989 level (see Figure 5.2).

This was due to the reduced availability of goods and services at the fixed—and very low—prices of goods and services available with the ration book or directly from the public sector (e.g. medical services), together with the high costs of products in the dollar stores (at the exchange rate of around 26 pesos for \$1.00 of imported products plus a high sales tax of 140%), in the farmers markets, self-employment sector, and in the under- ground economy.

How could the economy recover so fully while real wages were still only at about 22 to 25% of the 1989 level? This is a puzzle indeed. Citizens of Cuba observed the contradiction for some years, as suggested by the oft-repeated observation: “Where’s the economic recovery? We don’t see it.”

Part of the explanation is that the value of GDP was increased arbitrarily as noted above, but this did not increase the supply of goods and services or the standard of living for citizens. A second explanation for the gap between overall economic performance levels and wage levels is that substantial portions of the goods and services produced in the state sector of the economy were pilfered and distributed through the ubiquitous underground economy so that revenues seldom seemed to permit higher wages. Probably a good deal more was actually produced in the state sector, but leaked out of official circuits (and statistics) through ubiquitous pilferage.

There are undoubtedly other factors explaining this situation as well, such as remittances—both declared and undeclared.

How did Cuban citizens manage to survive in the late 2000s with real incomes still at just 22–25% of their late-1980s levels? This has been possible because many Cubans have been able to generate incomes higher than the official wages and salaries by relying on “in kind” transfers from the state, on remittances from abroad, and/or work in the second economy.

\*\*\* The details are complicated, but under the dual-currency system, the *convertible* peso can be exchanged for foreign currencies and is pegged to the US dollar at 1-to-1. The *national* peso is not convertible to foreign currencies and is pegged at 24:1 to the convertible kind.

But the state-owned enterprises are allowed to book their revenues, generated in national pesos, as if they were also convertible at 1-to-1 with the convertible peso, not the 24-to-1 rate that the general population is charged. Furthermore, these companies can request foreign currency from the central bank in exchange for the national peso at the subsidised 1-to-1 ratio, to pay for import. But there is no guarantee that they will

receive the FX, as the central bank doesn't actually have sufficient reserves to support the subsidy. You can see how this is a nightmare for the economists who want to study the Cuban economy.

\*\*\*\* Source: Ritter and Henken, *Entrepreneurial Cuba*

# AFP

## Paris, France

### 20 March 2016

## Obama to end half century conflict with Cuba trip

By AFP

US President Barack Obama flew to Cuba on Sunday to bury the hatchet in a more than half-century-long Cold War conflict, but the arrest of dozens of dissidents just as his plane took off underlined the delicacy of the mission.

Abandoning generations of US attempts to cut Cuba from the outside world, the US president, First Lady Michelle Obama and their two daughters left Andrews Air Force Base for the short flight to Havana where they were spending three days. Accompanying them was the first lady's mother, Marian Robinson.



US President Barack Obama and First Lady Michelle Obama board Air Force One at Andrews Air Force Base in Maryland on March 20, 2016 as they depart for Cuba ©Nicholas Kamm (AFP)

It was not only the first visit by a sitting US president since Fidel Castro's guerrillas overthrew the US-backed government of Fulgencio Batista in 1959, but the first since President Calvin Coolidge came 88 years ago.

Seeking to leave a historic foreign policy mark in his final year in office, Obama was due to see old town Havana late Sunday, hold talks with Cuban President Raul Castro on Monday and attend a baseball game before leaving Tuesday. For Cubans dreaming of escaping isolation and reinvigorating their threadbare economy, the visit has created huge excitement.

"A president of the United States in Cuba arriving in Havana on his Air Force One," wrote popular Cuban writer Leonardo Padura on the Cafefuerte blog. "Never in my dreams or nightmares could we have imagined that we'd see such a thing."

For days, Havana's old town has been crawling with painters sprucing up the picturesque neighborhood and the Stars and Stripes -- so long the enemy flag -- has appeared over numerous buildings. Early Sunday cleaners swept the narrow, cobbled streets where Obama was due to stroll later and police, especially plainclothes, were out in large numbers.

- Protest crackdown -

But minutes before Obama took off for Cuba, police in Havana arrested dozens of people from a banned group demanding greater human rights, AFP reporters said. The protesters were from the Ladies in White, formed by wives of former political prisoners. Police bundled them into vehicles outside a church where they attempt to hold protests almost every Sunday.

Republicans and some human rights activists have criticized Obama for dealing with Castro, given the lack of political, media and economic freedom in a country where the Communist Party retains tight control. Dissidents called for "radical change" on the eve of the visit, but the Castro government warned that lectures on democracy would be "absolutely off the table."

White House deputy national security adviser Ben Rhodes insists that the subject will be brought up. Obama will meet members of Cuba's beleaguered opposition and on Tuesday will give a speech at the National Theater carried live on Cuban television.

- 'Soft war' -

The United States spent decades trying to topple Cuba's communist government.

Washington attempted economic strangulation, the failed 1961 Bay of Pigs invasion, and CIA assassination plots against Fidel Castro -- including the legendary, but unproven story of sending him an exploding cigar. Now, after so many failures, Obama has bet that soft power will achieve what muscle could not. The aim, Rhodes said, is to make "the process of normalization irreversible."

Although a decades-long US economic embargo remains in place -- and can only be removed by the Republican-controlled Congress -- large cracks in the sanctions regime are appearing. Obama hopes that a host of incremental and seemingly technical steps will open Cuba's economy, transforming the island economically and politically, backers of the policy say.

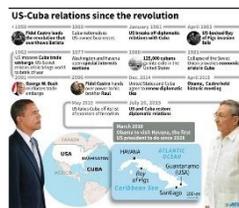
"It's a soft war" said John Kavulich, president US-Cuba Trade and Economic Council, "using visitors as the soldiers, commercial airlines as the air force, and cruise ships as the navy."

In the latest such move, the US government gave Airbnb a green light to accept bookings in Cuba from non-American customers. Earlier, US group Starwood Hotels & Resorts Worldwide it had signed three hotel deals in Cuba, a first for any hospitality company since the revolution of 1959.

Cuba's regime, which for decades defined itself as the people's bulwark against the Yankee enemy, has bowed to the fact that Cubans would rather do business than make war. And as if Obama's arrival were not enough to illustrate the sea change in Cuba, the Rolling Stones -- a symbol of the cultural imperialism that communist leaders raged against -- are playing a free concert in Havana on Friday.



Members of dissident group "Ladies in White", wives of former political prisoners, protest on March 20, 2016 in Havana ©Adalberto Roque (AFP)



US-Cuban relations ©Gustavo Izús (AFP)



Air Force One is seen on the tarmac of Andrews Air Force Base in Maryland shortly before US President Barack Obama boarded on March 20, 2016 ©Mandel Ngan (AFP)

# Bloomberg News

New York, New York

17 March 2016

**Despite U.S. overtures, the island's entrenched socialists remain intransigent about trade.**

**Patrick Symmes**



The U.S. president's mission to Cuba, which has spun itself into a hurricane of diplomatic and cultural expectations, is due ashore on March 21. Barack and Michelle Obama will tour Old Havana's cobblestone alleys, meet with revolutionaries and anti-revolutionaries, and possibly go as far as shaking the hand of an ancient, trembling, and all-powerful king.

That would be Mick Jagger, who is scheduled to perform at an outdoor concert with the band known as Los Rolling in the official Cuban media. Half a million fans are expected. The first American presidential visit to Cuba in 80 years will also include nine innings of baseball diplomacy, as the Tampa Bay Rays play the Cuban national team in the first exhibition game in 16 years.

For the U.S., the trade and economic benefits of Obama's attempt to normalize relations with the island are obvious: Cuba was once a major importer of American farm and industrial products, linked to the economies of New Orleans and Tampa by ferry, and flooded with state-of-the-art Buick Straight Eights, circa 1952. Obama has carved out exceptions to the 55-year embargo—including, on March 15, allowing U.S. citizens to visit Cuba individually, instead of in groups, and giving Cuba access to the international banking system. But only Congress can lift the whole thing.

Raúl Castro, 84, now the island's president and more pragmatic than his retired brother Fidél, 89, recognizes that Cuba must create millions of jobs for its restive young people and can't afford to pay for that itself. He'll probably ask Obama for billions of dollars in investment and an end to the embargo.

Despite the hoopla, little has happened to expand commerce since Dec. 17, 2014, when Obama announced that the U.S. was reestablishing ties with Cuba. The road ahead will test how intransigent Cuba's monopoly state enterprises are in the face of change. (The Ministry of Labor still keeps an official list of who's allowed to work as a birthday clown.) Inertia and socialist doctrine continue to support a closed economy. The entire point of the Cuban Revolution was to keep America out. Pivoting the island from central planning and state monopolies to an open economy engaged with the U.S. won't be easy.

Cuba is playing the field, negotiating with Americans, then buying from China

When Obama revealed his secret negotiations, he said that "increased commerce is good for Americans and for Cubans" and specifically urged telecom companies "to sell goods that enable Cubans to communicate with the United States and other countries." The White House cited tourism, shipping, and app development as areas where U.S. companies were now free to seek deals.

There have been more than 500 corporate delegations in the subsequent 15 months, with little to show for the effort. "There are no success stories," says John Kavulich of the U.S.-Cuba Trade and Economic Council, a nonpartisan business-focused nonprofit in New York. One U.S. company—two men from Alabama—did sign a deal to assemble at the port of Mariel small tractors specially designed for Cuban cooperative farmers.

Cuba is playing the field, negotiating with American telecom executives on a trade visit, then buying the equipment cheaply from China. Cuba asked for bids from U.S. companies on rewiring the tourist-centric zone of Old Havana. It then hired a Chinese company. And it's not just China, already a trade partner, that Havana has turned to. When U.S. tourism companies came calling, the European Union offered hundreds of millions of dollars in debt relief in exchange for renewing its deals running local resorts.

U.S. airlines don't have regularly scheduled flights to Cuba—and probably won't anytime soon. A civil aviation agreement in February has already stumbled over reciprocity: Allowing Cuba's aging, unsafe airliners into U.S. airports is problematic, especially since many are flown by Cuban air force pilots. And that licensed, authorized, widely reported deal for a ferry to the island from Key West? Not happening. Carnival Cruise Line signed a memorandum with Cuba, outfitted and staffed a 704-passenger ship, and hinted that it could make Cuba the center of its entire Caribbean operations. The Cubans have stalled by not forming a corporate partner, have demanded from Carnival massive investments in their ports, and let deadlines for the first sailings float away.

From the Obamas' arrival to the Stones' departure, the capitalist invasion will likely produce a raft of new deals, signed declarations, and promises. Nothing will move quickly, however. "They're dragging their feet partly because they feel it's putting pressure on the U.S. to lift the embargo," says Timothy Ashby, an attorney and former deputy assistant secretary of hemispheric affairs who's negotiated with the Cubans recently for several U.S. corporations.

But the Cubans will come around at the last minute, Ashby believes, because the best partner they could ask for is leaving office in 10 months. "What Cuba wants is large-scale direct investment," he says. They need billions of dollars just to rebuild the port of Havana and want access to the World Bank for major infrastructure projects across the island. They want big American hotel companies to operate and invest in Cuba. "They're keen on branded," Ashby says. "They want Marriott and American Airlines."

The Cuban leadership, under Raúl Castro's direction, appears to be looking for a way it can attract U.S. and foreign investment and still keep its brand of socialism—probably borrowing Vietnamese-style private capitalism and strict political control. Kavulich says Raúl will surrender as little as possible but will ultimately have to change the country to survive.

For now, economic reforms on the island allow small businesses—repairmen and restaurants, for example—to exist. That's not going to be enough to help the millions of Cubans who remain essentially unemployed. Cuban Americans have been pouring money into the island, investing in their cousins, and Kavulich estimates that Raúl will push the majority of workers into the private sector within a few years. That transition will be more efficiently done with American business involvement than without.

Normalizing relations with Cuba was never predicated on "we do X, you do Y," says Ben Rhodes, the deputy national security adviser who led the Americans in the secret talks that resulted first in reopening embassies, then to changes in parts of the U.S. trade embargo, and now to the chance for a presidential drop-by at the legendary El Floridita bar for a daiquiri. In an interview marking the December anniversary of Obama's announcement, Rhodes spelled out the president's policy in greater detail. The American goal is to effect "greater engagement between the Cuban people, the U.S., and the rest of the world, greater commercial activity that improves lives, empowered by more information. By definition, over time that is going to have an effect in terms of the state of democracy in Cuba."

As the Castro regime tries to figure out the speed and depth of reform and engagement with its huge capitalist neighbor, the U.S. government can do little things to encourage trade, such as approve imports of Cuban cigars, coffee, tropical fruits, and agricultural products. So far, little of that has been done. "Normalization connotes bilateral trade," says Robert Muse, an attorney who's lobbied for Cuban brands. "Where are the U.S. rule changes to permit imports from Cuba?" There may be one harbinger: the surprise decision by the Treasury Department to grant a license to import Havana Club rum, which my research has affirmed to be of peerless quality.

Until Congress lifts the entire embargo, modest commercial steps may be the most effective way that trade can help bring about change in Cuba. Fidel Castro famously said that history will absolve him; if given the

chance, capitalism may dissolve him. A Cuban loyalist and former revolutionary fighter told me back in 1991, "The day the embargo ends, we are done for."

# Reuters

## Havana, Republic of Cuba

### 17 March 2016

**Cuba changing, but only slowly, since Obama's policy shift**



Thomson Reuters A U.S. visitor takes a selfie in Havana

By Daniel Trotta

HAVANA (Reuters) - Saul Berenthal has waited for decades for a chance to do business in Cuba. Despite the astonishing breakthroughs in U.S.-Cuban relations under President Barack Obama, he must wait some more.

Berenthal and business partner Horace Clemmons of Alabama are close to becoming the first U.S. businessmen to manufacture in Cuba with a plan to build low-cost tractors designed for Cuban farms, largely run by private cooperatives.

Their project has U.S. approval and Cuba's Communist government has given positive signals about the proposed plant but has yet to bestow permission.

"It's a little bit of a test of loyalty. Are we willing to go through obstacles to achieve what we believe is a good thing for the Cubans and ourselves?" said Berenthal, who was born in Cuba in 1944 and left for the United States as a student in 1960, a year after Fidel Castro's revolution.

After more than half a century of antagonism between the two countries, Obama has redefined relations with Cuba in the last 15 months, and Cuba is changing. But its leaders are wary of moving too quickly.

"What is perceived on the outside as slow progress is really the way of Cubans assuring themselves of the trust that is necessary to be built," Berenthal said.

Obama arrives in Havana on Sunday for a historic visit that seals a rapprochement he and Cuban President Raul Castro agreed in December 2014 after 18 months of secret negotiations.

Since then, Havana has changed noticeably. The number of U.S. visitors soared 77 percent in 2015, swarming hotels and restaurants that have been booked to capacity.

Obama this week issued sweeping regulations to promote even more U.S. travel and trade to Cuba. It was the fifth time he has used executive powers to boost ties with Cuba, sidestepping the Republican-controlled Congress which has refused to lift a 54-year-old economic embargo against the island.

Cuba's government has yet to fully reciprocate. Cuba did agree to roaming deals with U.S. telecommunications operators and restoring scheduled commercial airline service, two deals that bring more revenue to the government.

When it comes to Obama's overtures to the Cuba's small but growing private sector, however, the government has been more deliberate. It has yet to accept U.S. sales of farming equipment and construction materials to private businesses, which were authorized by Obama.

Market-style reforms, introduced by Raul Castro in 2011 to "update" Cuba's socialist model, have been implemented haltingly, even reversed in some areas. The government recently attempted restoring price controls on fresh food markets in Havana.

Many traits of communism remain. Political dissent is repressed, commercial property cannot be bought and sold and the government still controls imports and exports.

There is no wholesale market for most private enterprises, forcing shopkeepers to buy inventory at state retail prices or resort to trickery or the black market.

"Cuba has already changed, but needs more," said Niuris Higuera, owner of the Atelier restaurant, one of the trendiest spots in Havana's dining scene. She said business grew 50 percent over the past year.

"We need to link up with the U.S. market," Higuera said. "There needs to be more access to U.S. products here in Cuba. We need Home Depot, a Walmart, a Costco. A Restaurant Depot would be fabulous."

#### OBAMA: TRADE NOW, POLITICS LATER

While the ice has been broken on commerce, Castro insists there will be no change to one-party rule.

U.S.-backed dissidents are still detained for attempting unauthorized political demonstrations and opponents of Obama's opening to Cuba say he has rewarded Castro without receiving concessions in return. The White House counters that helping stimulate a vibrant private sector is good for ordinary Cubans and offers a more promising path toward political change than the decades-old policy of isolation.

While the date of Dec. 17, 2014, marks the most significant turning point in U.S.-Cuban relations, the Obama policy that has so far had most impact on the lives of ordinary Cubans was implemented in 2009, just three months into his presidency.

It was then he ordered the lifting of travel restrictions on Cuban-Americans visiting relatives in Cuba and the removal of limits on remittances to relatives on the island.

Cuban-Americans can now come and go freely and send as much money as they want to their families. That has financed a boom in small businesses and home repairs and jolted the nascent real estate market. Castro's own reforms have also helped grow the private sector. Today some 500,000 Cubans, or 10 percent of the workforce, are registered to work in private businesses, including restaurants, car repair workshops, homes rented out to tourists, beauty parlors and English language schools.

Some 70 percent of the 1-million-strong agricultural workforce is private with many Cubans working on state farms that have converted into cooperatives and owning equal stakes in the business.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which has been tracking Cuba for more than 20 years, says the changes have lifted expectations, especially inside the budding middle-class.

"There is now additional pressure from within for structural changes to the ideological foundation of the country. Cuba must do more than reform the commercial and economic sectors of the country. It must aggressively redefine the revolution," Kavulich said.

While Cuban dissidents and Obama's critics at home prioritize the issue of human rights, others are more concerned about economic growth and better living conditions.

"No one is talking about the visit in terms of democracy, human rights or the opposition. There is still no culture around freedom of expression," Anaida Gonzalez, a retired nurse in central Camaguey province, said in a telephone interview.

"People have too many problems in their daily lives. What they want is for their lives to improve and they associate that with the embargo," she said.

Most Cubans live on state salaries that average \$25 a month plus a monthly ration card that provides about a week's worth of food and household supplies.

"It would be a mistake to assume most Cubans prioritize political questions and are scared to express themselves," said Carlos Alzugaray, a retired Cuban diplomat and professor specializing in U.S.-Cuban relations. "They hope to live better. Change, political and economic, is coming to Cuba anyway, but on our own terms."

# PRI

## Minneapolis, Minnesota

### 17 March 2016

#### **Obama will be hard pressed to secure advances in human rights and trade while in Cuba**

By Maria Murriel  
Producer Joyce Hackel



Peruvian shamans holding a poster of Cuba's President Raul Castro and US President Barack Obama perform a ritual of predictions for the new year at Morro Solar hill in Chorrillos, Lima, Peru, December 29, 2015. Credit: Mariana Bazo/Reuters

When President Barack Obama arrives in Cuba this coming week, "There will be images of Cubans lining the street applauding the president of the United States in great masses," says Peter Kornbluh, director of the Cuba Documentation project at the National Security Archive.

This story is based on a radio interview. [Listen to the full interview.](#)

But Kornbluh doesn't expect many concrete advances in US-Cuba relations to come from the president's trip, especially when it comes to human rights.

"The Cubans aren't into quid pro quos, they don't make concessions, they don't yield to demands, they don't do horse trading," Kornbluh says. "And I don't think we can expect to see Raúl Castro meeting the demands of the United States on human rights in a very high profile trip by the president of the United States."

Kornbluh says the Cuban government mainly wants to see the US-controlled land where Guantánamo Bay Naval Base is returned to Cuban sovereignty, and "when the United States raises issues of human rights with the Cubans, the Cubans of course raise issue of the human rights of what's going on at the Guantánamo Base."

Since Obama's 2014 announcement of a move toward normalizing relations with Cuba, task forces have been set up for both countries to negotiate human rights issues — on both ends relating to treatment of imprisoned people.

Also since the 2014 announcement, 500 American businesspeople have made the pilgrimage to Cuba to try their hand at trade opportunities. But John Kavulich, president of the US-Cuba Trade and Economic Council, says they haven't been able to do much.

He says the Cuban government has been interested in American business initiatives only if they will generate revenue for the Cuban government. And in the last 15 months, two small companies have received authorization to have an operational presence in Cuba, he says, but have partial authorization from the Cuban government.

"Now it's a matter to see if they actually come to fruition," Kavulich says. "But what we do have is a breathtakingly large number of aspirational thinkers who go down to Cuba, see 11.3 million potential customers and believe that they have the answer. And then they're introduced to someone who knows who they need to speak with, and in the end, they come back disappointed."

Since 2014, the Obama Administration has announced a series of changes in the US-Cuba relationship, but Kavulich says the Cuban government has either remained silent or said "no" on most of those. The most recent one pertaining to trade, however, "That's a very big deal."

The US removed restrictions on Cuba's use of the US dollar for international transactions. "The question now will be how the Cuban government responds," Kavulich says.

Ultimately, Obama's efforts to rekindle relationships with this island neighbor meet with an undercurrent of resistance going back to the mid-20th Century Cuban revolution.

"Part of what President Obama's initiatives have helped to reestablish is the middle class in Cuba," Kavulich says. "And the Cuban revolution was much about ridding Cuba of its middle class."

# The Record

## Woodland Park, New Jersey

### 19 March 2016

#### Forum: Cuba offers opportunities - in the future



jennifer brown/special to the record

John Kavulich of the U.S.-Cuba Trade and Economic Council speaking at a forum in Newark for businesspeople on the trade outlook with Cuba.

**BY HUGH R. MORLEY**  
STAFF WRITER |  
THE RECORD

As President Obama prepares to visit Cuba, part of his effort to dramatically improve relations with that country, American businesses looking to secure commerce on the island are finding the pickings are slim, speakers told a forum of in Newark on Friday.

Although Obama has enacted several executive orders aimed at forging ties with the country — this week, his administration loosened restrictions on tourism — most business relationships are still prohibited by the more-than-50-year-old embargo, which could only be removed by an act of Congress, speakers told attendees at the event on doing business with the Communist nation.

The event, organized by NEXCO, a non-profit, international trade association, came two days before Obama becomes the first U.S. president in 90 years to visit Cuba.

Speakers said business opportunities in Cuba are caught between the conflicting goals of the two countries: while Obama wants to open up the long-embargoed nation, the financially struggling Cuban government only wants to lift revenue, and is wary of anything that would loosen its grip on the country.

### **‘Not express train, it’s a local’**

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said most business opportunities have so far gone to tourism-related projects, which bring in revenue for the Cuban government — and that will be the scenario for a while.

"This is not an express train, it’s a local," he said. "And most companies that have sent representatives to Cuba in the last 15 months did not need to."

Aside from the American embargo, the Cuban government places its own limitation on business with the U.S., he said, and cited a case in which the government requires two years in which to pay for rice bought in Vietnam. Even U.S. companies keen to do business there, "are not giving them two years to pay for something," Kavulich said.

Another speaker, Ted Henken, a sociology professor and author of a book on Cuba, said such limitations amount to an "internal" embargo. He said the government doesn’t want the country’s tiny private sector to import or export goods, and instead wants government control of business deals.

Still, attendee Janis Rich-Gutierrez, a compliance officer for Kalustyan Corp. of Union, which ships spices from Asia, was not deterred. "The opportunities are going to be there," said Rich-Gutierrez, acknowledging it could be three to five years in the future.

Herbert Ouida, director of the global enterprise network at Fairleigh Dickinson University in Teaneck, said that although there is a lot of interest among businesses in trying to tap the Cuban market, he recently canceled a proposed seven-day delegation organized by the network for May.

"The market is flooded," he said, adding that he, nevertheless, believes there is opportunity on the island. "If you are strictly going there and think you are going to come back with an order, that’s not the approach," he said. "The approach is, ‘I am going there to gauge the situation.’ Trade is a long-term activity."

## **Politico**

**Washington, DC**

**18 March 2016**

**FOOD COMPANIES, HOTELS OPTIMISTIC ABOUT CUBA PROSPECTS:** The U.S.-Cuba Trade and Economic Council, in a new survey Thursday, found that the sectors of agriculture and food, hospitality, consumer products and law were the most optimistic about their prospects of trading with Cuba. The survey, which combined responses from 437 people who worked for U.S.-based companies and had traveled to Cuba since December 2014, said that 91 percent of respondents in food products, 87 percent in consumer products, 82 percent in ag commodities, 81 percent in law firms and 77 percent in hospitality were hopeful about opportunities for their respective field. Click here to read the survey: <http://bit.ly/1nSjWo3>.

## **Vice Media**

**Brooklyn, New York**

**18 March 2016**

**US Agribusiness Is Seeing Green in Cuba**

By Christopher D. Cook

As Cuba-US relations gradually warm, with President Barack Obama heading to the island this weekend for the first US presidential visit in 90 years, American agribusiness is seeing green — specifically, lucrative pastures of export opportunities. While still a relatively small market, Cuba represents potentially billions of dollars of US commodity exports, just a 90-mile flight or cargo ship ride away.

Along with a bevy of members of Congress, Agriculture Secretary Tom Vilsack and top agriculture industry representatives are joining Obama on the photogenic trip. Perhaps one reason is declining US agricultural trade to Cuba. American agricultural and food product exports to Cuba totaled more than \$170 million in 2015, a far cry from its high water mark of \$710 million in 2008, according to the US-Cuba Trade and Economic Council based in New York. The bulk of these exports are soybean oil cake, frozen chicken legs, corn, and soybeans.

For a range of reasons, including currency values, limited Cuban foreign exchange, and international competition, US agricultural exports to Cuba have slipped. As one US Department of Agriculture (USDA) report notes, after a decade as Cuba's top exporter, the US has slipped behind the European Union and Brazil in recent years.

The USDA acknowledges the relationship is imbalanced. "[T]he updated US policy approach to Cuba provides few if any opportunities for Cuba to export agricultural products to the United States," the department said. "Over the next 15 years, the challenge will be to provide more balanced opportunities for US-Cuba agricultural trade and to continue to build confidence in the emerging bilateral commercial relationship."

'Cuba imports about 80 percent of its food, which means that the economic potential for our producers is significant.'

Despite the imbalance, major US corporations and commodity groups are vying to expand their opportunities in Cuba.

"Cargill is very anxious to get Cuba open," said Ben Lilliston, director of corporate strategies and climate change at the Institute for Agriculture and Trade Policy (IATP) in Minneapolis.

Indeed, Cargill has been leading the charge to topple the long-standing trade embargo, and spearheaded the 2014 creation of the US Agriculture Coalition for Cuba, a trade-promoting business alliance including the National Chicken Council, the American Meat Institute, the American Farm Bureau, and commodity industry associations such as the American Soybean Association and the National Association of Wheat Growers. Minnesota Sen. Amy Klobuchar has been a key ally in the coalition's efforts to expand trade to Cuba, according to press reports.

At the coalition's launch ceremony in January 2014, Vilsack stated, "Cuba imports about 80 percent of its food, which means that the economic potential for our producers is significant." While other experts put Cuba's fluctuating food import levels at closer to 50-60 percent, it remains a substantial market that American producers hope to capture.

Several members of the agribusiness coalition are joining the presidential trip. "We have been successful in at least getting agriculture as part of the presidential platform while in Cuba," said Paul Johnson, coalition co-chair. "It's not about one-way trade," said Johnson. "It's about supporting two-way trade and finding a balance. A balance where competitive advantages are sought. Cuba could increase its own production, and US farmers can help them do that, which will increase their current levels of national production."

Numerous national and state commodity organizations have formed Cuba trade working groups devoted to promoting exports and trade with the island. According to an October 2015 account by the Illinois Farm Bureau, US agricultural exports to Cuba "will reach \$1.2 billion if remaining regulations can be relaxed and trade barriers are lifted. Illinois' share could be about \$120 million a year — four times the current value of the state's ag exports to Cuba, according to new estimates. Corn and soybean exports alone could generate an additional \$80 million a year for Illinois."

In February 2015, Cargill led a 75-member agriculture trade delegation to Cuba, which included two former US agriculture secretaries, the governor of Missouri and "leaders of several national crop, livestock, and export associations," the Minneapolis Star Tribune reported. "Any time you've got somebody that's only 90 miles away and imports 80 percent of its food, they're definitely a potential customer," Kevin Paap, a corn and soybean farmer and president of the Minnesota Farm Bureau told the newspaper.

But as with any imbalanced trade relationship, expanding American food exports to Cuba could undercut the country's internal food production and farm sector. Rising US agricultural exports "could definitely cause tension" within the nation's farming sector, said M. Jahi Chappell, senior scientist with the IATP. As a rule, Chappell said, "bringing in more exports undermines local economies, and undermines the prices that farmers can get."

Related: [US and Cuba Strike Historic Deal to Allow Regular Commercial Flights](#)

In the late 1980s and early 1990s, as Soviet aid and trade slipped away, Cuba's organic farming revolution propelled the island from the lowest per capita food producer in Latin America and the Caribbean to its most prolific, said Miguel Altieri, UC Berkeley Professor of Agroecology. Writing in *The Monthly Review*, Altieri and Fernando Funes-Monzote, a founding member of the Cuban Organic Agriculture Movement, came to a dramatic conclusion, "No other country in the world has achieved this level of success with a form of agriculture that uses the ecological services of biodiversity and reduces food miles, energy use, and effectively closes local production and consumption cycles."

Now, that agriculture system is under increasing pressure to deliver harvests for export and for Cuba's burgeoning tourist market. Already, Cuba's famously successful organic agriculture is undergoing shifts away from feeding local and regional markets, and is "increasingly geared to feeding tourists," said Chappell. When he visited Cuba 14 years ago, "food was all for local consumption," and "it was a moderately attractive lifestyle to be a farmer." He said that balance has changed, and the Cuban government is gradually shifting away from guaranteeing these farmers' prices and markets.

It remains to be seen how quickly Cuba will accelerate these shifts and ramp up its agricultural imports and exports. Despite rising tourism, Cuba's limited foreign exchange and distribution systems have slowed imports somewhat, according to John Kavulich, president of the US-Cuba Trade and Economic Council. The Cuban government, he said, is "doing what they can to mitigate the emergence of commerce with the US because of the uncertainty it brings," and "taking their time" to increase trade.

As Cuba faces rising pressures to expand its agricultural exports and imports, the "million-dollar question," said Chappell, is whether Cuba will balance protections for its own farmers and domestic food production needs with the push to feed both tourists and outside markets.

# The Washington Post

Washington, DC

16 March 2016

## Treasury eases restrictions on travel, other dealings with Cuba



A classic American car being operated as a taxi in Havana passes a billboard that reads: "Long live free Cuba." President Obama will travel to Cuba on March 20, 2016. (Desmond Boylan/AP)

By Karen DeYoung

New rules loosening the U.S. embargo against Cuba will allow more Americans to travel there, expand the island's access to the U.S. financial system and permit Cuban athletes to play Major League Baseball in this country without having to defect.

The regulations, announced Tuesday just days ahead of President Obama's historic visit to Cuba, are the fifth and potentially most significant round of changes since Obama and Cuban President Raúl Castro announced in December 2014 that the two countries would normalize relations. Diplomatic ties were reestablished last summer after more than half a century of estrangement.

Ben Rhodes, White House deputy national security adviser, cited "strong support" in this country for Obama's use of his executive powers to dismantle as many financial and travel restrictions as possible until Congress agrees to lift the embargo. "We also know that our companies and our people are very interested in taking advantage of new opportunities to engage with and empower the Cuban people."

Obama's goal is to lock in the changed relationship before he leaves office, creating economic, diplomatic and cultural ties that will be difficult for a new administration to undo. Republican Sens. Ted Cruz (Tex.) and Marco Rubio (Fla.), both candidates for the GOP presidential nomination and sons of Cuban immigrants, have vowed to reverse the opening.

GOP front-runner Donald Trump has said, without elaborating, that he would get "a better deal with Cuba than Obama." Republican leaders in Congress have refused to allow votes on a number of pending bills to lift the embargo and all remaining travel restrictions.

On the Democratic side, Hillary Clinton and Sen. Bernie Sanders (Vt.) support Obama's policy.

Obama arrives in Havana on Sunday evening on the first visit by a U.S. president to Cuba in almost 90 years and the first state visit by a U.S. president. During his two-day stay, he will meet with Castro and members of Cuban "civil society," including political dissidents, and he will hold a roundtable with Cuban private-sector entrepreneurs and U.S. business leaders, dozens of whom will travel there with him under the auspices of the U.S. Chamber of Commerce.

On Tuesday, Obama will attend a baseball game between the Cuban national team and the Tampa Bay Rays before leaving to visit Argentina.

Critics of the visit charge that the Castro government has done little to reciprocate U.S. gestures. While the number of political protests has been steadily rising, so has the government's efforts to stop them. More than 1,000 demonstrators have been detained each month since the beginning of the year, most of them held for several hours and some physically assaulted.

The administration argues that the more opportunities it has to talk to the Cuban government, the more it can push its concerns. "Even as we pursue this opening between our people, between our governments, we will continue of course to have differences with Cuba on a number of issues, including human rights, which we will be pursuing directly," Rhodes said.

On an economic level, Obama's efforts to chip away at the embargo have so far left U.S. businesses disappointed at the slow pace of Cuban deal-making. There has been some progress, including an aviation agreement that is likely to result in commercial U.S.-Cuba flights by late summer.

Two U.S. companies — Alabama-based Cleber tractors and Florida Produce — have been approved by the Treasury Department to open plants in Cuba, although only Cleber has been approved by the Cuban government.

But overall, despite visits by dozens of U.S. official and business delegations over the past year, the Cubans have been concerned about the cost of doing business with U.S. companies and remain suspicious of U.S. intentions.

Cuba, with a 2014 gross domestic product of \$81 billion and imports of only \$14 billion in goods and services, "desperately needs massive flows of foreign investment," said Richard E. Feinberg, a professor at the University of California at San Diego who has written extensively on the Cuban economy. While the

island is a “modest” market for U.S. exports in the best of circumstances, an expanding Cuban economy “could make a real difference for many individual U.S. businesses,” he said.

Carlos Gutierrez, a former U.S. commerce secretary and chair of the U.S. Chamber of Commerce’s U.S.-Cuba Business Council, acknowledged the difficulties of doing business, saying that “it’s not easy to get to Cuba. You’ve got to get a visa, you’ve got to get the right people in the room, then at least go back a couple of times to fine-tune the deal. It does take time.”

“But what I hear from companies is that when Cuba is fully open, we don’t want to be number three or number four” behind foreign competitors. “Companies want to be the first in,” Gutierrez said.

Many of the rules announced Tuesday were promulgated in direct response to concerns expressed by U.S. business and the Cuban government, administration officials said.

Americans will be allowed to travel to Cuba for individual “people-to-people” visits. Previously, they were required to travel with organizations granted Treasury Department licenses in 12 approved categories, including education, religion and culture. Although travel purely for tourism remains prohibited, the new regulations shift the responsibility for legal trips to individuals who declare that they will engage in “educational” purposes.

Treasury retains the right to question travelers and demand documentation for up to five years after a trip, but in reality has rarely done so. “It’s basically the honor system on steroids,” said John Kavulich, head of the U.S.-Cuba Trade and Economic Council, assessing the new regulations. The change was partly driven, he said, by the need to “fill those planes” on the commercial airlines that will now fly into Cuba.

Non-immigrant Cubans can now be paid for work they do in the United States “without forcing them to defect,” according to Andrea Gacki, acting deputy director of Treasury’s Office of Foreign Assets Control. While not directed to any particular profession, the measure responds to complaints from Cuba and Major League Baseball that Cuban players have had to renounce ties to their homeland before they could sign contract to play in the United States.

When the regulations go into effect Wednesday, U.S. banks will be allowed to process payments to and from Cuba through third countries, including in U.S. dollars, and to open accounts through which dollar remittances can be paid to Cuban residents.

“Restrictions on the dollar have always been a challenge for the Cubans and a challenge for the business community,” because the need to operate in a third currency has always “increased the cost of the transactions,” Kavulich said. Cuba is expected to remove a 10 percent surcharge on all exchanges from dollars into Cuban currency on the island.

Separately, the Commerce Department has authorized cargo transit through Cuba, a measure that will allow companies such as FedEx to store in Cuba goods destined for onward delivery. Companies, such as airlines, authorized to have a presence in Cuba will now be allowed to set up offices there.

Finally, Commerce has authorized some Cuban exports to the United States, provided that they come from the private sector.

**Politico**  
**Washington, DC**  
**16 March 2016**

**White House eases travel, trade restrictions on Cuba**

By Victoria Guida

The Obama administration is loosening economic and travel restrictions on Cuba ahead of President Barack Obama's landmark trip to Havana next week, making it easier for U.S. citizens to travel to Cuba and for U.S. airlines and hotels to operate there.

The move to allow people to travel to Cuba on their own, rather than as part of a group, for educational purposes is perhaps the most significant of the latest changes to U.S. regulations. Although tourism to the island is still barred by law, the airline industry has pushed for easing restrictions in an effort to boost business following last month's agreement between Washington and Havana to reestablish air services.

"The airlines have been driving the regulatory discussion since the focus began upon reintroducing regularly scheduled airline service, because the airlines need to fill seats, and you don't fill seats with only group travelers," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Hotel chains Marriott and Starwood are also reportedly working on deals to open locations in Cuba, which would benefit from a travel surge. One of the hurdles to the expansion of U.S. businesses into Cuba has been the inability of companies to complete transactions on the island in U.S. dollars. Tuesday's announcement will make that easier by allowing payments to and from Cuba to pass through U.S. banks.

"We did want to find ways consistent with our own interests to facilitate the ability for there to be international transactions that make use of the dollar," said Ben Rhodes, deputy national security adviser for strategic communications, on a conference call with reporters. "This has in many ways been an impediment on the ability of the Cuban economy to open up to international commerce."

Dollars need a way to leave the island, Kavulich explained, and the fewer stops that money makes along the way, the cheaper it is to do business in Cuba. The regulatory change is also good news for U.S. food and agricultural exporters, who saw a 41 percent drop in shipments to the island in 2015.

Cuba still places a 10 percent penalty on dollar conversions, but Rhodes argued the financial changes could help convince the government to alter that policy.

"[The regulatory change] gives them greater incentive to have an economic model that evolves over time into one that is more open to international markets and international business," he said.

The actions are the most substantive steps the Treasury and Commerce departments have taken to implement the normalization of relations that Obama and President Raúl Castro of Cuba announced in December 2014; it is the fifth time the departments have tweaked regulations related to the communist nation.

Other changes in the regulations announced by Commerce and Treasury will simplify licensing rules for cargo ships passing through Cuba; allow more organizations involved in humanitarian projects to work on the island; make it easier to ship goods to Cuba that in turn would lead to exports from its private sector; allow Cubans to open U.S. bank accounts; and make it easier for U.S. companies to hire Cuban citizens. The regulations are set to take effect Wednesday.

"Today's amendments build upon President Obama's historic actions to improve our country's relationship with Cuba and its people" Commerce Secretary Penny Pritzker said in a statement. "These steps not only expand opportunities for economic engagement between the Cuban people and the American business community, but will also improve the lives of millions of Cuba's citizens."

# **Cigar Aficionado Magazine**

**New York, New York**

**16 March 2016**

## **New Regulations Make It Easier For Americans To Visit Cuba**

By David Savona



Getting to Cuba is easier than it has been in decades. Today, new regulations set by the Office of Foreign Assets Control go into effect that remove some of the prohibitions on American travel to Cuba. The embargo remains, and travel is still not unrestricted, but getting to Cuba has never been more accessible to Americans in the post-embargo era.

The changes come less than a week before President Obama travels to Cuba. He will be the first sitting U.S. president in nearly 90 years to make such a trip.

The biggest change is the creation of individual people-to-people travel. Previously, Americans could make such visits only in groups, via companies that were approved by the U.S. government. Today's change allows U.S. citizens to make these trips on their own. The trips are meant to be educational, meaning that on such visits a traveler must engage with the Cuban people that will "result in meaningful interaction between the traveler and individuals in Cuba." Those pursuing such a trip need to keep records of their activities to document and justify their trips.

Taking a trip to Cuba strictly for the purposes of tourism remains off limits—but it will be up to travelers to document their activities, rather than tour operators.

"This is now the honor system on steroids," said Cuba expert John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, Inc. "It is a further dismantling of the supervisory role of the OFAC, with respect to individuals subject to U.S. law visiting Cuba."

People-to-people travel is one of the 12 categories of approved U.S. travel to Cuba. Other categories include family visits, government business, professional research, journalism and humanitarian projects.

For cigar smokers (and those who enjoy Cuban rum) these changes also allow the purchase and consumption of Cuban goods while in third-party countries, such as the United Kingdom, Canada, Switzerland and the like. The prohibition on importing Cuban goods from those third-party nations remains, meaning you can smoke your Cohiba in Tokyo but cannot bring a few home with you.

For travelers going to Cuba and coming back to the United States, the \$100 limit on tobacco—including cigars—and alcohol remains, as does the \$400 limit on all Cuban goods.

Kavulich said he expected the \$400 limit to be raised, perhaps as soon as next week during the presidential visit. But he feels that the \$100 limit on cigars and alcohol, though, will remain for some time due to the battles being fought over the rights to key rum and cigar brands, namely Havana Club and Cohiba. "Rum and cigars," he said, remain "problematic."

The changes to the law also allow Americans to pay Cuban nationals in the U.S. a salary, so long as no additional payments to the Cuban government are required. This means that Cuban artists, athletes and others will be able to visit the U.S. and be paid for their work. Cuban nationals can now also open U.S. bank accounts, and the barriers between the U.S. and Cuban banking systems are being eased, if not removed entirely.

These moves are being made in support of President Obama's liberal Cuba policy, which began in December 2014. "In the most significant changes in our policy in more than 50 years," Obama said at the time, "we are going to end an outdated approach that, for decades, has failed to advance our interests. And, instead, we will begin to normalize relations between our two countries."

# Voice of America

Washington, DC

15 March 2016

## US Boosts Ties With Cuba Ahead of Obama Visit



FILE - U.S. and Cuban flags hang side by side at the U.S pavilion during the Havana International Fair (FIHAV) in Cuba, Nov. 2, 2015.

The White House announced changes Tuesday to travel and trade restrictions on Cuba, ahead of President Barack Obama's historic visit to the island nation next week.

The easing of restrictions marked the latest round of efforts to improve relations between the two countries since the formal restoration of diplomatic relations last year. The changes open up educational travel to Cuba for individual Americans, allow Cubans working in the United States to earn salaries, and reduce trade and financial barriers to improve business ties between the two countries.

In a briefing call with reporters, White House Deputy National Security adviser Ben Rhodes said the easing is part of a continued effort to "adjust our policies to empower the Cuban people and improve their lives."



FILE - U.S. President Barack Obama (R) and Cuban President Raul Castro shake hands at the start of their meeting at the United Nations General Assembly in New York September 29, 2015.

The changes, effective Wednesday, allow for Cuban nationals in non-immigrant status to receive salaries in the United States. U.S. companies also can sponsor Cuban nationals for work in the United States.

### More exchanges permitted

The new amendments increase opportunities for "people to people" exchanges, including allowing individual U.S. citizens to travel to Cuba and American support of educational projects in Cuba through grants and scholarships.

Robert Muse, a Washington, D.C.-based attorney who specializes in U.S. laws relating to Cuba, said the changes effectively mean there are no restrictions for Americans traveling to Cuba. "Without saying so, the Obama administration has deregulated travel to Cuba," he said.

John Kavulich, a senior policy adviser at the U.S. Trade and Economic Council, said, "This change in travel was all driven by the airlines, because airlines need to fill seats if they have regularly scheduled service. They need individuals, not just groups."

The U.S. and Cuba are expected to resume scheduled commercial air flights, 110 flights a day, later this year. Tuesday's changes also included amendments relating to licensing of Cuban exports and cargo, and allowed for Cubans to open U.S. bank accounts from Cuba.

The administration's goal with the monetary policy change is to "re-create what the Cuban Revolution destroyed, a middle class in Cuba. By supporting small businesses, exporting directly to small businesses, that's all about resurrecting the middle class," Kavulich said.



FILE - Ben Rhodes, White House deputy national security adviser, says the administration welcomes efforts to engage with Congress about lifting more U.S. travel and trade restrictions on Cuba.

Restrictions on direct U.S. investment in Cuba and Cuban imports to the United States remain in place because of the embargo with Cuba. Tourist travel to Cuba also remains prohibited. The amendments mark the fifth round of changes in Commerce and Treasury restrictions.

Earlier, U.S. Treasury Secretary Jacob Lew said the new steps toward normalized relations with Cuba "build on the actions of the last 15 months as we continue to break down economic barriers, empower the Cuban people and advance their financial freedoms, and chart a new course in U.S.-Cuban relations."

### **Embargo 'an impediment'**

Rhodes, in the briefing, said the administration welcomed efforts to engage with Congress on lifting the embargo fully or in part. "At a certain point, the embargo is an impediment to the very engagement that has a chance of promoting a better life for the Cuban people," he said.

Outstanding U.S. property claims dating back to the early days of the Fidel Castro regime, as well as Cuba's reparation claims, remain a continuing obstacle in the relationship between the two countries.

Rhodes said the administration believed it could make "significant progress" in the dialogue regarding those claims.

"The resolution of those claims can also help open up space for American businesses to engage in greater commercial activity with Cuba, so there is some incentive for Cuba to resolve those issues," Rhodes said.

### **Historic visit**

Obama will become the first sitting U.S. president to visit Cuba in nearly 90 years when he arrives there next week.

The two nations endured some 50 years of hostilities, after revolutionary Fidel Castro overthrew the U.S.-supported dictator Fulgencio Batista.

Obama and Cuban President Raul Castro, Fidel Castro's younger brother, renewed diplomatic relations in December 2014, eased trade barriers in the months since then and reopened embassies in Havana and Washington.

## **Politico**

### **Washington, DC**

#### **14 March 2016**

*Morning Trade*

*A daily speed read on global trade news*

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, has counted about 500 visits to Cuba by American business executives in the past roughly 15 months, but he says only a handful have reached business deals, the New York Times reports: <http://nyti.ms/1UapAQ4>.

# The New York Times

New York, New York

13 March 2016

Americas

## Culture Gap Impedes U.S. Business Efforts for Trade With Cuba

By VICTORIA BURNETT



The seafront outside the American Embassy in Havana. Cuba has made it clear that it will not alter the way it does business to suit American needs. Credit Alexandre Meneghini/Reuters

MEXICO CITY — They have gone to Cuba with plans to build houses. To assemble tractors. To buy apps from young programmers. Even to import charcoal made from the sicklebush that grows in vast stretches across the island.

But 15 months after American prospectors began swarming Havana, filling hotels and hiring consultants, only a handful have inked deals to do business with the once-forbidden island.

As President Obama prepares to visit Cuba this month, the lack of trade with the former foe threatens to sap momentum from the process of building relations. It is also a reminder that beyond tourism — which satisfies Cuba’s need for foreign currency and the desire of Americans to visit the island — the countries have very different visions of economic engagement.

“The litmus test of normalization is trade and investment,” said Robert Muse, a Washington lawyer who specializes in Cuba-related law. “That’s how the Obama legacy will be judged.”

Eager to show results, the Obama administration in late January made the biggest breach yet in the embargo by permitting Americans to trade with state-owned companies, which control much of Cuba’s commerce and are run, mostly, by the military.

The new regulations mean that exporters can apply for a license to sell goods to state entities in sectors that include education, food processing and infrastructure, making them “the most significant” change since Mr. Obama announced a thaw with Cuba in December 2014, said Stephen Propst, a partner at the Hogan Lovells law firm in Washington.

The move was a concession to reality: Efforts at opening commerce had, until then, targeted everyday Cubans. But with the island’s trade apparatus controlled by the state, trying to sell American cement to Cuban homeowners or stoves to privately owned restaurants is impractical and of little interest to the Cuban government.

The Obama administration has “accepted the fact that they have to do business with Cuban state enterprise,” Mr. Propst said. The administration is expected to loosen restrictions on trade and travel even further and announce new commercial deals with Cuba before Mr. Obama’s arrival on March 21.

The European Union, meanwhile, signed an agreement with Cuba on Friday to establish normal relations. If ratified by its member states, it will open the way for full cooperation and commercial ties between Cuba and Europe.

Cuba has made it clear that it will not alter the way it does business to suit American needs. A stinging editorial published Wednesday in Granma, the official Communist Party organ, said that Mr. Obama could do even more to ease trade and that, for Cuba, “getting along does not mean having to give up our beliefs.” Cuban officials are “overwhelmed” by the number of American delegations, said Philip Peters, a partner at D17 Strategies, a consultancy in Washington, who travels frequently to Cuba. And, he said, they are “not going to rewrite the rule book” for American entrepreneurs.

That rule book is restrictive. Foreigners are barred from buying most property in Cuba, so Americans can only covet the beautiful, crumbling mansions of downtown Havana.

The Cuban government usually insists on holding a majority stake in any joint venture outside the new development zone at the port of Mariel, near Havana, where foreign companies can wholly own ventures and receive a 10-year tax holiday. State-owned companies often ask for up to a year to pay for goods, not the customary 90 days. Still, some American businesses have prospered. Airbnb began operating in Cuba in April; Sprint now has a roaming agreement with the Cuban state telecommunications company, Etecsa.

Cleber, an Alabama company, received a license in February from the Treasury Department — and has an agreement with the Cuban government — to assemble simple tractors in Cuba to sell to private farmers and cooperatives. Florida Produce, a grocer in Tampa, Fla., has a license from the Treasury to open a distribution warehouse in Cuba and is in talks with the Cuban authorities.

But threading the needle between Cuba’s rigid rules and the restrictions that the United States continues to impose is tricky.

John S. Kavulich, the president of the U.S.-Cuba Trade and Economic Council, said he had counted about 500 visits to Cuba by American businesspeople since December 2014 and more than 140 visits by United States representatives and officials. But, he said, he could count the number of business deals they had reached on his fingers.

Each government has urged the other to do more. Rodrigo Malmierca, Cuba’s minister of foreign trade and investment, told a trade conference in Washington on Feb. 16 that the countries “need to show that things are happening,” and referred repeatedly to the embargo.

Penny Pritzker, the commerce secretary, said the next day that her department had granted American companies billions of dollars’ worth of authorizations to do business in Cuba.

In interviews, American entrepreneurs, business lawyers and consultants described a culture gap that often seems the size of the Florida Straits, with Americans expecting swift decisions and baffled by the time and meetings required to get answers from Cuban officials.

Kevin Ellis, the chief executive of Cayuga Milk Ingredients, a dairy company in Auburn, N.Y., met with officials at Alimport, a state import company, in Havana in April about selling milk powder. The officials were polite, said Mr. Ellis, who was part of a whirlwind delegation led by Gov. Andrew M. Cuomo of New York. But they seemed more interested in talking about the embargo than about milk, he said.

On his return, Mr. Ellis twice emailed Alimport, in Spanish, about sending samples, but did not get a response. “I took that as a ‘No,’ ” he said.

Some worry about the lack of freedoms in Cuba. Carlos Medina, the chairman of the Statewide Hispanic Chamber of Commerce of New Jersey, who visited Cuba as part of a business delegation in April, said he was dismayed by the “slow movement toward change” and would not recommend investing there.

Internet access, for example, has improved only marginally over the past year, and political oppression continues, said Mr. Medina, an engineer who does aerial mapping. Business cannot thrive in “this controlled environment,” he said.

Some Americans have only a vague grasp of the United States regulations or of the kind of business they are pursuing, lawyers and consultants said. Even when advised that their proposal will not be successful, some still insist on visiting Havana.

Mr. Peters said those who do succeed in making deals “are prepared to have extended dialogue in Cuba and return.” “It’s not done by a quick visit and follow-up by email,” he said.

Saul Berenthal, a co-founder of Cleber, the tractor company, who was born in Cuba and spent part of his childhood there, said he had studied Cuban and American regulations in detail and then identified a gap in the Cuban market: small tractors that do not require sophisticated parts. “I spend a lot of time understanding the social context in Cuba,” Mr. Berenthal said.

Meanwhile, applications for licenses from United States officials take months to process, as officials grapple with business proposals for which there is no precedent.

Ambar Diaz, a Miami lawyer who handled Cleber’s application, said it had taken seven months to get the license for the tractor project. She has been waiting four months for a license for a Hollywood filmmaker who wants to film in Cuba, and has another license pending to import charcoal from a group of Cuban entrepreneurs. “My job is to test the limits of the regulations,” she said.

The most important change that United States regulators could make — and that many expect will be made before Mr. Obama’s trip — is to lift a ban on using dollars in transactions with Cuba, lawyers and consultants said. The ban means that legitimate trade with Cuba has to be financed through complicated, three-way operations or simply does not happen because no bank wants to handle it.

Lifting that restriction would “take many of the excuses away from Cuba” for holding up business deals, Mr. Kavulich said.

Mr. Muse predicted that the Obama administration would continue to relax restrictions during its remaining months, regardless of how Cuba responds. The notion of the process as quid quo pro is false, he said, adding, “You cannot deal in conditionalities with the Cubans.”

## **City & State**

### **New York, New York**

**13 March 2016**

### **Nearly a year after Cuomo’s visit, trade deals with Cuba nowhere in sight**

By Jon Lentz|



Gov. Andrew Cuomo in Havana, Cuba, in 2015. (Jon Lentz)

*Editor’s note: City & State Senior Editor Jon Lentz was one of the journalists who accompanied Gov. Andrew Cuomo on his trade mission to Cuba.*

On his return flight from Cuba last spring, Gov. Andrew Cuomo said he was surprised he was departing the island nation with two business deals already in the works. “Frankly, I did not believe we would make that

much progress in that short a period of time,” Cuomo told reporters. “I was shocked that they made as much progress as they did in two days.”

But nearly 11 months later, there is little sign that the governor has actually generated much new business, raising questions about whether expanding trade between New York and Cuba is a top priority for his administration and spurring criticism that his visit was little more than a taxpayer-funded photo op.

“If you evaluate the trip based upon the return on investment, the amount of money that was spent – almost \$200,000 – and what was achieved, it is a substantial negative rate of return for the taxpayers of New York state,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. “For the ego of the governor, it’s a triple-digit return on the investment.”

Skeptics say the concerns were there ever since the details of the trade mission came out. One common complaint was that the trip, which spanned only a day and half, was far too short to develop any real business ties.

“If you noticed, the governor of Virginia went to Cuba and spent three days in Cuba, and not only that, he hosted the Cuban ambassador and the Cuban foreign trade minister in Virginia,” said Antonio Martinez, a lawyer who heads the Cuba & Latin America Trade Group at Gotham Government Relations. “The end result of that, Virginia is the state in first place as a top exporter to Cuba for agricultural products.”

Joining the governor on his whirlwind visit were at least 14 staffers and another 18 journalists, compared with representatives of just seven New York-based companies – despite the dozens of empty seats on the JetBlue charter flight. Even though the export of food and agricultural products has long been the single biggest source of U.S. trade with Cuba, thanks to a humanitarian exception to the trade embargo, the Cuomo administration did not bring anyone from the state’s agriculture department. The administration also paid \$25,000 for a Washington, D.C.-based consultant to plan the trip, sources said, and has not made that state contract public.

“It was a lot of overkill and he wanted to present this presidential-type aroma to what he was doing,” Kavulich said. “But it was all about him. There were more journalists than there were businesspeople. There were more of his staff than there were businesspeople. That’s not the correct equation.”

Jason Cornwall, a spokesman for Empire State Development, the state economic development agency that funded the governor’s trade mission, blamed the Cuban government for keeping the delegation small despite “tremendous interest” among New York companies in joining the trip. According to Cornwall, the companies and other entities that participated were a diverse group, both geographically and in terms of company size.

“MINREX, Cuba’s Foreign Ministry, asked us to keep our delegation small because of limited capacity to host a large group, and we appealed on several occasions to expand it, to which MINREX graciously complied,” said Cornwall. “In the end, we worked together to reach an agreement on the number of New York state participants and press that met our requests and was within their capacity to host.”

By comparison, Arkansas Gov. Asa Hutchinson took representatives of 13 companies and just two executive staff members and four state agency staffers on his trip to Cuba this past September, according to data compiled by Kavulich. In January, Virginia Gov. Terry McAuliffe was accompanied by seven companies as well as eight executive or agency staffers on his Cuba visit.



The Cuomo administration, for its part, has touted several deals involving New York companies following its April 20-21 trade mission, although the announcements glossed over the largely incremental nature of the agreements.

Infor Global Solutions Inc., a Manhattan business software company, signed an agreement during the April trip to distribute health care software on the island. Infor secured an export license from the U.S. Department of Commerce last year, and is continuing to work with its counterparts in Cuba, according to ESD. But it's unclear whether the deal has resulted in any actual sales, and the company did not respond to a request for comment.

At the end of the April visit Cuomo also announced a collaboration between Buffalo's Roswell Park Cancer Institute and Cuba's Center for Molecular Immunology to develop a vaccine for lung cancer. But Roswell Park had already been pursuing the partnership, and it could be years before its CimaVax vaccine translates into new business – if it ever does at all.

Dr. Kelvin Lee, who runs the immunology department at Roswell Park Cancer Institute, said in a statement that the institute's "innovative" work with the Center for Molecular Immunology in Havana began in 2011, but that joining Cuomo's trade mission had "absolutely moved our research forward" and put the partnership "into fast gear."

"Since then we've been working with the CIM team to design an early-phase trial," Lee told City & State this month. "We're just finishing up that work now and expect to be submitting our application to the FDA soon, and could possibly be offering CimaVax in a U.S. clinical trial as early as late this year."

In May 2015, shortly after the trip, JetBlue announced an additional charter flight to Cuba, which Cuomo cited as "proof that our approach is delivering results for New York businesses." JetBlue's CEO also applauded the governor for "helping position JetBlue as the leading carrier to Cuba." But JetBlue had been operating charter flights to Cuba since 2011, long before it joined the governor's trade mission, casting doubt on whether the governor played any significant role in adding the new flight.

Similarly, a MasterCard executive accompanied the governor on the trip, even though the credit card company had already announced that its cards would be accepted on the island. According to ESD, the company held its first meetings in Cuba while on Cuomo's trade mission.

"MasterCard had already released the block on the cards to be used," Kavulich noted. "But the issues that remained weren't on the Cuban side as much as they were on the U.S. side. There just needed to be more regulations to basically lessen and hopefully remove the transactional liability that is now going to be happening. It might be released actually before the president goes. There's no one-plus-one-equals-two with respect to their being on that trip with the governor."

Among the remaining companies who joined Cuomo's trade mission, no deals were announced. A spokesman for Pfizer said the trip was "an educational experience and we were not pursuing commercial business opportunities." Regeneron Pharmaceuticals CEO Leonard Schleifer also joined the governor, but a company representative said it was in his capacity as co-chairman of the Mid-Hudson Regional Economic Development Council.

Plattsburgh International Airport officials viewed the trade mission as a "fact-finding trip," according to Garry Douglas, the president and CEO of the North Country Chamber of Commerce, which represents the airport. The airport is preparing to handle international flights in 2017, Douglas said in an email, and it already serves as a secondary airport for Montreal, a city with many locals traveling to Cuba for vacation. "The trip allowed us to more fully understand the Cuban market as it begins to open up; to establish contacts with Cuban aviation and tourism officials; and to establish a dialogue with JetBlue Airlines, which will not bring immediate results but hopefully can lead to a relationship in the future," Douglas said.

Chobani, a yogurt company that is one of Cuomo's favorite local economic success stories, did not respond to a request for comment. Another agricultural company, Cayuga Milk Ingredients, also has yet to make any sales in Cuba.

"Nothing really came out of it, and the main reason nothing came out of it is the embargo is still in place with Cuba," said Cayuga Milk Ingredients CEO Kevin Ellis. "As part of that embargo, buyers of agricultural products have to pay cash in advance in Cuba. So that's a big deterrent for anybody doing business in Cuba,

because they really like extended payment terms and we're not able to offer it. Although we had good discussions in Cuba, they really didn't evolve into any business."

# Tampa Bay Tribune

Tampa, Florida

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## Relaxed relations making Cuba wedding dreams come true



Maribel "Mary" Delgado and James Kordomenos were married in Cuba on New Year's Eve 2015. Delgado, who was born in Cuba, wanted to return for her wedding. Mary Delgado



By Paul Guzzo | Tribune Staff

As a contestant in the early years of "The Bachelor," seasons four and six, Maribel "Mary" Delgado was one of the first to seek love through reality television — once unheard of but now an entertainment genre. "The Bachelor" winds up season 20 Monday night, having inspired a number of copycat shows trading on perfect love matches.

Delgado won season six, but the match proved less than perfect. Then she found love again and married James Kordomenos of Tampa on New Year's Eve 2015, stepping once more through what may be a door to a new trend.

The ceremony was held in Cuba and included mostly American citizens, a rare feat made possible only through the normalization of relations between the U.S. and the island nation.

"It was a dream-come-true type of wedding," said Delgado, who along with ABC Action News' Sarina Fazan will be discussing their experiences with "The Bachelor" on a Facebook video feed as the reality show airs.

"Cuba was beautiful. I'd absolutely recommend others get married there."

For decades, because the two countries had no formal relations, Cuba has been largely off limits for Americans who want a destination wedding there. But with relations undergoing normalization, Cuba could indeed become a popular choice.

"It is still a mysterious island to so many people here," said Tracie Domino, an event planner based in Tampa who has arranged destination weddings in the Bahamas. "The excitement and intrigue alone could make it a fun place to marry."

Americans have been marrying in the island nation for years, but the ceremonies usually involve a visiting U.S. citizen and a Cuban who fall in love and decide to wed there so they can return to America together.

Those born in Cuba who came to the U.S. as adults, and then fell in love with someone who followed the same path, have been known to return to Cuba for their nuptials so immediate family could attend.



Delgado was born in Cuba, though she left before she turned 1.

But what makes the wedding of Delgado and Kordomenos so unusual and potentially groundbreaking is that most of the 30 people in the wedding party were from the U.S. and had no link to Cuba.

Just six years ago, before Obama first relaxed travel restrictions with Cuba in 2011, such wedding guests would have struggled to get licensed by the U.S. government to make that trip.

“It’s wonderful that Americans are willing to and can go to Cuba to celebrate a marriage,” said John Parke Wright IV, who has been visiting Cuba for humanitarian and business purposes for nearly two decades. “Things are changing. The door is opening for more American weddings to take place, maybe even between two Americans.”

One Cuba wedding grabbed headlines in September when singer Usher wed Grace Miguel there. Both were born in the United States.

Still, it requires resourcefulness for any U.S. citizen to pull off or attend a wedding in Cuba.

It is illegal under U.S. law for Americans to travel to Cuba for tourist reasons alone. U.S. citizens can only visit the island nation if the trip fits one of 12 categories, such as education, research and athletic competition.

Delgado, Kordomenos and their 30 guests went to Havana for five days and four nights on a licensed educational trip through Tampa-based travel company ASC International. Each day, the group visited Havana’s historic and cultural sites.

As is normal on such arranged trips, the activities required to fulfill the educational mandate were wrapped up by late afternoon each day, giving the group evenings to themselves.

Americans often use this free time to enjoy Cuban nightlife, such as Havana’s famed cabaret shows. But groups have also been known — on their own — to reserve rooms at restaurants or bars for private parties.

This is the track Delgado and Kordomenos followed.

Through a Tampa friend with connections at the Hotel Nacional in Havana, the couple reserved the establishment’s waterfront garden in advance of their trip and had the area decorated to their request. Then, on Dec. 31, when the day’s educational tour was complete, they were married by a friend who made the trip with them.



Usher has not publicly revealed details about his wedding, but has said he and his bride also were licensed to travel to Cuba for an educational tour and were married during their free time.

“It’s a gray area,” said Dana Reed, owner of ASC International. “We need to stay within what we do — taking people to Cuba for one of the 12 legal reasons. Mary has the unique situation that she was born in Cuba and had contacts there and can speak the language so could do something like this on her own.” It may soon be easier for American couples to marry in Cuba.

Currently, those visiting Cuba for educational trips must be part of an organized tour group that takes them to sites such as museums, art galleries and music studios to learn about the nation’s culture. The tour group operator must vouch to the U.S. government that the experience fell under the educational category.

In advance of his trip to Cuba March 21-22, President Barack Obama is expected to further relax Cuba travel restrictions, said John Kavulich, president of U.S.-Cuba Trade and Economic Council, by allowing

American citizens to take educational tours on their own or in smaller self-managed groups rather than as part of large group organized by a tour operator.

“It would basically be the honor system,” said Robert Muse, a Washington, D.C.-based attorney who specializes in legal issues brought on by the Cuban embargo. “It is a wink and a nod to Americans that Cuba is now open.”

Muse said he would not be surprised if this leads to a “Cuban wedding fad” among U.S. citizens.

“There will be lovebirds who find Cuba hopelessly romantic in every way,” Muse said. “I can picture it now — grooms dressing like Lucky Luciano and brides like Ava Gardner as they squirrel around in villages in vintage convertibles.”

Destination weddings are chosen by couples primarily to spice up the ceremony, event planner Domino said.

“When you are in that marrying age of your mid-20s to mid-30s, you seem to be going to a wedding every other weekend,” Domino said. “So it is nice to do something different and memorable. Cuba fits both.” Locations also are chosen for their connection to the couple, perhaps memories of a romantic getaway in the Bahamas that solidified their love, Domino said, or of a resort where the bride vacationed as a child.



For Delgado, who now works at her own real estate brokerage, the wedding in Cuba was especially personal.

She was 11 months old in 1968 when her parents Juan and Juana Delgado carried her onto her father’s fishing boat along with her brother and three sisters — four if you include the sister still in the womb. “They did not like the direction Cuba was taking,” Delgado said.

She has no memories of the family’s 36-hour journey at sea, but her sisters often talk of when the Coast Guard rescued them off the shores of Florida and took them to their headquarters in Miami, where the hungry family was provided a bounty of food.

“They said they thought they were taken to heaven,” Delgado said with a laugh. Soon after, the family moved to Chicago and later, Tampa.

Delgado would go on to become captain of the Tampa Bay Buccaneers cheerleaders and appear on two seasons of “The Bachelor,” receiving the final red rose from Byron Velvick in season six, 2004. The couple split in 2009.

A year later, Delgado met Kordomenos, the two began dating, and in September 2013, he popped the question during a getaway to the Virgin Islands

From the start, they discussed a destination wedding. They considered Greece because Kordomenos is of Greek heritage but chose Cuba because Delgado always wanted to see the land of her birth. Her parents had been back three times since leaving but the timing never was right for Delgado. The ceremony was simple. In lieu of a reception, they reserved tables at the Hotel Nacional’s New Year’s Eve party.

“We were there to learn about Cuba so we wanted to celebrate with the Cuban people,” Delgado said. “It was magical.” Still, elaborate ceremonies and receptions are available in Cuba for those who want them, said Graham Sowa, an American citizen and an intern at the Latin American School of Medicine in Havana.

Sowa should know. Having lived in Havana since 2010, he has fallen in love with a Cuban citizen and is planning his own summer wedding on the island.

“Cuba offers everything you could want that you’d see at a normal American wedding,” he said. “They have catering and drink and entertainment options, lights, lasers, smoke machines and even horse and carriages. Hotels have entire branches dedicated to event planning.

“Plus,” he added with a chuckle, “beer is really cheap in Cuba, and they throw a great party here.” Cuba’s best resorts are still off limits to Americans because of U.S. law.

If and when U.S. citizens are allowed to stay there, Sowa said, the town of Varadero will likely be a popular spot for destination weddings.

Varadero has a number of hotels that offer the same type of wedding packages found at U.S. resorts. Destination wedding planners from Europe and Canada have long been organizing ceremonies there for clients.

“The beaches in Cuba are so gorgeous,” Delgado said. “Weddings there must be something special.” Not that she has any complaints about her ceremony. It was perfect, she said.

“It was my rebirth. My life began in Cuba. And now my new life with my husband began there too.”

## **Des Moines Register**

**Des Moines, Iowa**

**12 March 2016**

### **Will Cuba be a gold mine for Iowa businesses?**

By Kevin Hardy



(Photo: Jack Gruber/USA Today)

Many American businesses believe re-establishing trade with Cuba will prove a financial windfall, allowing them to bring their products and services to a market that's been all but forbidden over the last five decades. Tom Swegle has his eyes on Cuba for the opposite reason.

"We always talk about trade going into Cuba," he said, "but not what is going out of Cuba, besides cigars and old cars." Swegle, CEO of MedCara, an early stage pharmaceutical company based in in Conrad, Ia., wants to export a Cuban drug that treats diabetic foot ulcers and license it for U.S. patients.

The medicine, Heberprot-P, is already available in 25 other countries. And with nearly 30 million Americans suffering from diabetes, Swegle has little doubt of the need for the product here.

But the trade embargo enacted in 1960 remains in effect, even as the United States works to repair its relationship with the communist Cuban government. Swegle is optimistic that President Barack Obama's efforts to mend fences with Cuba will eventually allow a company like his to bring the drug to the American market. "I absolutely think its going to open up trade," he said. "It may not happen next month, but all signs are pointing to having this embargo lifted. That's what we're banking on." And he's not alone.

As diplomatic efforts ramp up, American businesses are eyeing opportunity in a market that for many has remained off limits for decades. In Iowa, those tied to the world of agriculture are especially interested, given that Cubans import a majority of the food they consume.

And many signs abound that the U.S. government is serious about thawing its long icy relationship with Cuba: More than 50 years after President Dwight Eisenhower severed diplomatic relations with Cuba, the U.S. flag now flies again over the American Embassy in Havana, which reopened in August. Both countries have agreed to regularly scheduled commercial flights between the U.S. and Cuba.

And later this month, Obama will visit Cuba, marking only the second time a sitting American president has visited the island nation. (Calvin Coolidge visited in 1928.)



Cubans watch from apartment windows outside of the U.S. Embassy in Havana in August 2015 prior to the speech of Secretary of State John Kerry and raising the American flag over the embassy for the first time since 1961. (Photo: Jack Gruber/USA Today)

"I think there is a lot of interest," said Meg Schneider, senior vice president of regional business development at the Greater Des Moines Partnership. "And when you think about Cuba, it's a market that's been closed off for 50 years. So not only the state of Iowa, but every state in the United States has a lot of interest in what is to come." Schneider said several Iowa companies already have done business in Cuba since the U.S. government relaxed its trade ban in 2000 to allow for some agricultural exports to Cuba.

Over the last decade, Iowa's government, nonprofit and business leaders have visited the island as a part of various trade missions exploring opportunities for future business there. So far, enthusiasm is mixed.

"If you're looking for an easy sale, that's not Cuba," said Dave Miller, director of research and commodity services for the Iowa Farm Bureau Federation. Miller recently returned from a February trip to Cuba sponsored by the Iowa Economic Development Authority. He said he sees plenty of opportunity in Cuba, especially for Iowa's pork, corn, soybean and egg producers. And demand for high-quality meats will only increase with an expected influx in tourism, he said.

But the Cuban market is largely controlled by the heavy-handed government, and U.S regulations on financing often make it difficult to move product. Miller said the Cuban government doesn't default on its purchases, but it can take upward of a year to turn around payment on some shipments, a massive burden for any small company looking to sell there.



Members of the U.S. Marine Corps raise the U.S. flag over the newly reopened embassy in Havana, Cuba on August 14, 2015. Pablo Martinez Monsivais, AP

Still, he said, now is the time to begin building relationships in Cuba. That's the advice locals gave to the most recent group of Iowans who visited. "The answer is yes, there is opportunity. The answer is yes, there are a still a number of challenges," Miller said. "But it is probably a good time to get in if you have patience and have deep enough pockets to withstand some of the time frames that emerge."

Sen. Steve Soddors, D-State Center, who led a group of Iowa business leaders to Cuba in January, sees plenty of opportunity on the island. Aside from the obvious ag connections, he said Meskwaki Inc., the investment arm of the Meskwaki Nation, is interested in bringing Cuban rum and tobacco into the country and distributing it across the Midwest.

"We didn't just go down there saying, 'We want you to buy our tractors, we want you to buy our seed, we want you to buy our hogs,'" Soddors said. "We said we want it to go both ways. We want to buy some of

your products, too." He said Cuba has been inundated with state officials and business leaders from across the country courting business.

"They emphasized that we have to start trusting each other and build a relationship so that we can do business down there," Sodders said.

Iowa Economic Development Authority Director Debi Durham said it's important for business and public officials to monitor what's happening in Cuba. But it's too early to tell how fruitful any potential business opportunities will prove. "I don't think you're going to see a mad rush," she said. "I think it's going to be a measured approach."

Opportunities with Iowa ag

Iowa Secretary of Agriculture Bill Northey said the opportunity for local companies in Cuba extends beyond straight commodity exports. Much of Cuba is blanketed with fallow fields that once grew sugar cane. If Cuba decides to expand its own agricultural capacity, it will need the aid of seed companies, fertilizer providers and implement producers.

"They are going to need mechanization to do it. They will need some tools," Northey said. "They certainly don't need a 200 horsepower tractor. They need something smaller, that's usable and very cost effective." Cuba has drawn plenty of American focus and intrigue over the last five decades. And Northey said that may sometimes boost enthusiasm from American companies to unreasonable levels.

"We see that they need our products. But we're not sure that we're going to be selling into that market for awhile, simply because they're not ready yet financially and logistically," he said. "There's an interest that maybe exceeds the opportunity in some cases, but over time there are going to be opportunities."

Deere & Co. spokesman Ken Golden said the Moline, Ill.-based maker of farm equipment doesn't foresee placing manufacturing facilities in Cuba. But the company does expect to eventually export products there. "In general, freer trade in food and agricultural products is positive for our customers and for John Deere," Golden said. "In Cuba, there is a need for agricultural and construction machinery. However, the political and economic relations between the U.S. and Cuba will take some time to develop."

### Challenges in Cuba

Andrew Doria, international sales director at Johnston-based Midwest Premier Foods, said his company is always looking for new markets to trade pork, beef, poultry and other foods. But right now, Cuba is nowhere near the top of his list. "It's a great opportunity for Iowa. It will be for our ag industry, but maybe not for our company in particular," he said.

Doria is skeptical that Cuba's crumbling infrastructure will be able to support a boom in tourism. On the February trade trip there, he noted problems with water pressure, electricity and cellphone service. And he doubts that Cubans will have enough cash in their pockets anytime soon to drive up demand for exported products. (The average state salary is about \$20 per month.) Doria said the Cuban government puts an extraordinary number of hurdles in front of businesses looking to sell products there. "In Korea, we have two or three steps to do business. In Mexico, we have two or three steps. Cuba, it appears to me there would be about 20 steps to do business," Doria said. "That's just rough."

Amid heightened competition from other countries, American exports to Cuba have fallen dramatically in recent years. Cuban exports peaked above \$710 million in 2008, but by 2015 reached only about \$170 million, according to the U.S.-Cuba Trade and Economic Council.

John Kavulich, president of the nonprofit council, said American business interests in Cuba are far outstripping the actual opportunity there. He said the enthusiasm is counterintuitive, especially given a drop in U.S. agricultural exports to Cuba.

The Cuban government's lack of a foreign exchange and its habit of delaying payment will remain barriers for the foreseeable future, he said. Still, he recognizes the progress Obama is making in working to restore relations.

"These are initiatives that are important and are real," Kavulich said. "However, they are only as beneficial to the United States as the Cuban government will permit them to be. And thus far the Cuban government is not permitting them to be profitable to the United States."

Given the uncertainty, he questions the value of the many Cuba trade trips sponsored by various U.S. business and government leaders in recent months.

"It makes good conversation at the country club, in the boardroom, to reporters, at church, to the chamber of commerce," he said. "But most of the visits are not necessary."

# The Tampa Tribune

Tampa, Florida

10 March 2016

## Tampa Airport Throws Cuba Party But Means Business at Landing Flights

*Paul Guzzo*

March 08--TAMPA -- Tampa International Airport has mounted what officials call a "full court press" to lobby the U.S. Department of Transportation for some of the limited commercial flights to Havana expected to begin later this year.



People fill out a petition between the landside E and F shuttle stops at Tampa International Airport. The airport is trying to have people sign petitions during their "Cuba Week" events urging federal transportation officials to approve flights from Tampa to Cuba. JAY CONNER/STAFF

Whether or not it pays off, the campaign is unmatched by those Florida airports competing for the flights - and by many airports outside the state, as well.

Beginning Monday and running through the end of this week, Cuban music is playing throughout Tampa International's main terminal between airside E and F. Entertainers also are performing dances from the islands nation.

And of course, as is the case throughout much of Tampa, Cuban coffee and sandwiches are being served - but here, they're free.

Everyone lured in by the party and even those just walking by rolling suitcases can sign a petition asking the transportation department to choose Tampa.

The petition is available online, too, and the airport is pushing a letter-writing campaign among local government officials as well as the businesses and organizations that fly the airport's existing seven weekly charter flights to Cuba and asking they write letters in support of commercial services there.

The airport also has a team of executives analyzing every competitor mentioned by the airlines in applications they submitted to the transportation department by a March 2 deadline, in hopes of proving Tampa would be a better host. The fruits of the campaign will be gathered and submitted Monday.

"This is organic," said Chris Minner, Tampa International's vice president of marketing. "Tampa International Airport is taking the lead in preparing this procedural filing but we are just representing the community that wants Cuba flights from Tampa."

Only 20 flights at most each day to Havana are available under a non-binding arrangement reached between the U.S. and Cuba in February. But 13 airlines are known to have applied for more than 50 daily flights there from over a dozen American cities.

Two major air carriers, JetBlue Airways and Southwest Airlines, requested two daily flights from Tampa to Havana in their applications but neither lists Tampa as the top choice.

Regional carrier Silver Airways requested as its preference four flights linking Tampa to Havana, two with stops in Palm Beach and two with stops in Jacksonville.

It is now up to the transportation department to decide what airports receive the flights. Tampa International officials are determined to do all they can ensure their site is chosen. The competition comes as the airport makes a priority of international flights, adding nonstops in recent years to locations such as Switzerland, Panama and Germany.

At stake in the Cuba decision could be the efforts of many of Tampa's leaders to make the area the U.S. hub for Cuban business and culture -- status that requires the ease of travel afforded by commercial flights.

That desire, Minner said, coupled with a large Cuban American population and a history of success of Tampa International's charter flights to the island nation since 2011, is this area's strongest argument.

U.S. citizens can't legally visit Cuba for tourism reasons. They have to meet the criteria for authorized travel, including education, research, and athletic competition or to visit family living there.

"So at least in the early days of this program, it will rely on those visiting friends and relatives and those companies already doing business or already creating connections to Cuba," Minner said. "That is where the Tampa Bay region is already thriving." Nearly 170,000 Cuban Americans live within a two-hour drive of Tampa International.

Among the local connections to Cuba already established is a partnership between Tampa's Florida Aquarium and Havana's National Aquarium on coral reef research. Also, Gasparilla Music Festival and Gasparilla International Film Festival bring talent from the island nation, and more cultural exchanges are in the works through other local organizations.

Enough local businessmen are interested in investing in the island nation that elected officials from both Tampa and St. Petersburg have been actively lobbying to host the first Cuban consulate in the U.S. in over 50 years.

For these reasons, Minner said, the airport's Cuba charter flights have grown the number of passengers by an average of 18 percent each year since 2011. Seven charter flights a week from Tampa to Cuba are needed even with the limitations placed on travel there.

Still, in its application to the transportation department, JetBlue ranked Tampa International behind Fort Lauderdale -- Hollywood International Airport, New York's John F. Kennedy International Airport and Orlando International Airport in its list of preferred airports for the initial flights to Cuba.

Tampa is Southwest Airlines' second preference but only if the airline is approved for at least two daily flights from Fort Lauderdale first. Because Silver Airways' planes only seat 34, it will be a struggle for the airline to be awarded one of the limited number of flights over the major airlines.

Neither Fort Lauderdale -- Hollywood nor Orlando International is engaged in lobbying efforts of any sort for these flights to Cuba. Neither is JFK, each airport told the Tribune.

The three airlines that applied for service from Tampa to Havana have started their own online petitions for customers to support their efforts. Still, these efforts advocate for flights to Cuba in general -- not from Tampa or to Havana specifically.

American Airlines, which requested flights to Havana from Miami, Charlotte, Dallas/Fort Worth, Chicago and Los Angeles, told the Tribune it expects the carrier to "engage with customers directly as part of our

Cuba application" though it did not offer specifics. Such a proactive approach helped American earn approval for flights to Tokyo's Haneda Airport last year.

Delta Air Lines, which wants flights to Havana from Atlanta, JFK, Miami and Orlando, has no campaign planned but could do something in the coming days.

Henry Harteveltdt, a travel industry analyst with Atmosphere Research Group in San Francisco, said, "I anticipate that each airline will mount aggressive and extensive lobbying efforts targeting politicians at the local, state, and federal levels, who represent the hub cities where they want to launch service, to gain their support for their DOT applications.

Harteveltdt added, "They will also bring in unions and senior executives at key major corporate accounts to lobby the politicians on their behalf."

Each airline will advocate for its wish list to be filled from the top to the bottom, he said, which is why the preference rankings are important when the market is limited.

Miami and Fort Lauderdale, aviation analysts predict, could take up as many as half the 20 flights available to Havana a day to serve a South Florida Cuban-American population of over 1 million. The New York City-Newark area could account for at least two because of its standing as a U.S. hub for international travel and its Cuban-American population of more than 100,000, analysts say.

That would leave a maximum of eight more flights to be split among the other U.S. cities that include Minnesota, Los Angeles, Charlotte, Chicago, Dallas/Fort Worth, Atlanta, Boston, Washington, D.C., Houston, Denver, Key West, Orlando and Tampa.

Not every city will be awarded a route.

And cities with existing Cuba charter markets may have an advantage in these negotiations, said John Kavulich, president of U.S.-Cuba Trade and Economic Council.

The transportation department has a 90-day "use or lose" requirement in the route application process so an airport like Tampa's that could book flights immediately may be favored over one that needs time to build a customer base, Kavulich said.

If the route is not used within 90 days, it reverts back for redistribution. "The reality is any airline able to get the privilege of operating these flights is not going to be able to recruit tourists out of Des Moines to go to Havana," Tampa International's Minner said.

But that may be changing soon.

Kavulich predicts President Barack Obama, in advance of his historic to Cuba March 21-22, may further relax travel restrictions.

Currently, those visiting Cuba on educational trips must be part of an organized tour group that takes them to sites such as museums, art galleries and music studios to learn about the nation's culture. The tour group operator must vouch to the U.S. government that the experience fell under the educational category.

Obama may lower the threshold, Kavulich said, allowing U.S. citizens to take educational tours on their own or in smaller self-managed groups rather than as part of large group organized by a tour operator.

"This will be the honor system on steroids," Kavulich said.

Such an announcement would help the commercial airlines succeed with new ventures into Cuba.

"The goal of the airlines is to fill seats with as little effort as possible," he said. "And this would make Cuba marketable to all regions of the U.S., not just those connected to Cuba."

Still, Tampa International officials are confident their site will be among those favored by the transportation department, which has final say on the matter.

"The Department of Transportation said it will choose gateways that maximize public benefits," Minner said. "Tampa will use these flights. They will succeed."

# CNBC

## New York, New York

6 March 2016

### Cuba-US ties improve, but businesses still face obstacles

By Denise Garcia



Justin Solomon | CNBC

The sun sets over Havana on the evening before the U.S. officially reopens their embassy after 54 years.

In 1959, one of the first official acts of a young Fidel Castro was to nationalize private property that resulted in the mass expulsion of foreign companies from Cuba. Fast forward to five decades later, where a diplomatic thaw is underway between the island and the world's largest economy, but businesses are still in the dock awaiting opportunities to profit from the evolving détente.

With Barack Obama preparing to become the first U.S. president in decades to visit the nation this month, the economic blockade — which can only be lifted by Congress — remains in force. That suggests American companies are unlikely to reap the benefits of the new relationship between the two countries — at least not right away, even as the White House has eased restrictions on travel and remittances.

Recent moves by the U.S. to normalize relations with Cuba haven't opened the floodgates for foreign investment, and observers say domestic Cuban businesses are still adapting to the new reality. Beginning in 2010, the island saw a boom in start-ups, which have increased from 150,000 to more than 500,000 in the last five years, according to Cuban government data.

That being said, the state of Cuban entrepreneurs, or "cuentapropistas," as they are called, remains "incipient" due to being suppressed by the Communist government, said Ted Henken, an author and professor at Baruch College in New York.

Owning a business in Cuba is a "struggle," Henken, a sociologist who has written extensively on the Cuban economy, told CNBC in a recent interview.

'Suiting the needs of Cuban community'

"The government really needs to consider going deeper and faster ... people are getting frustrated and immigrating." -Ted Henken, Author and Sociologist

A few businesses have found limited success working within the barriers erected by the Cuban government. Airbnb managed to crack the Cuban market following normalized relations by listing rentals in the country, and has managed to navigate successfully the payment problems vendors and consumers often encounter. "Through intermediaries, we are able to deposit funds into many of our Cuban hosts' bank accounts," Jordi

Torres Mallol, regional director at Airbnb Latin America, told CNBC in a recent interview.

"For hosts who aren't able to accept funds this way, we have partnered with a third party to remit payments in the manner that our Cuban hosts select, including door-to-door delivery of payments," Torres said, with Airbnb insisting such payments are "authorized transactions" despite the ban on dollar-denominated transactions in Cuba. "As [the] banking infrastructure in Cuba evolves, we will reevaluate our payment procedures to suit the needs of our Cuban host community," Airbnb added.

Migration crisis in the background



Justin Solomon | CNBC  
American cars cruise the streets of Havana.

The U.S.-Cuba Trade and Economic Council points out that since December 2014 — when Obama first announced measures to restore diplomatic ties with Cuba — the Cuban government has not yet moved to lift restrictions that would facilitate freer trade and commerce with and within the island's borders. These include letting U.S. companies export directly to the country, authorizing credit card use on the more than 10,000 points of sale in Cuba, and letting U.S. companies establish an operational presence on the island, the council says.

The latter point is of particular interest to American multinational corporations, which by most indications are eager to do business on the island. Telecommunications companies like IDT have already struck deals with Cuba's national telecom provider to handle international calls to the country.

Baruch's Henken said that Cuba's "centralized state-socialist economic system" destroyed key financial institutions, payment and financing systems, which is impeding Cubans from fully participating in e-commerce, hampered its already limited technological reach — and sparked a mass exodus of Cubans trying to reach the U.S.

Ironically, Cuban migration has reached crisis proportions despite the promise of a new relationship with its decadeslong antagonist. According to Pew Research, the number of Cubans who entered the U.S. after December 2014 spiked a dramatic 78 percent in a year, with thousands more currently streaming across Central America and Mexico to enter the U.S.

"While there's been significant progress, it hasn't been sufficient," Henken noted. "The government really needs to consider going deeper and faster ... people are getting frustrated and immigrating."



Justin Solomon | CNBC  
The former General Electric offices in Havana, where workers are building a new school.

The Cuban government's inertia on key issues pertaining to domestic freedom has given ammunition to critics such as New Jersey Democratic Sen. Bob Menendez, a Cuban-American who has sharply criticized the Obama administration's normalization efforts.

"We've seen multiple steps that have shifted leverage to the Castro regime: Travel, finance and commerce regulations have been eased, Cuba has been removed from the State Sponsors of Terrorism list and an embassy has opened, Menendez said in a recent statement. "However, since these sweeping changes started in December 2014, Cubans have been beaten, arrested and repressed at higher rates than ever before."

Organizations such as Amnesty International have faulted Cuba for its restrictions on journalists and political opponents of the government — points that Menendez argued should be on the table in discussions over U.S.-Cuba relations.

"To this day, we have not seen one substantial step toward transparent democratic elections, improved human rights, freedom of assembly or the ability to form independent political parties and trade unions in Cuba," the senator added.

With those factors in the background, cuentapropistas face struggles trying to tap the free market. Although self-employment licenses have exploded in growth over the last few years, critics say that skilled workers are widely monitored by the government and encounter barriers to cracking the entrepreneur market.

However, optimism over the boom in cuentapropistas still remains high. Observers such as Hugo Cancio, president and CEO of Fuego Enterprises, said last year that "businesses are flourishing, and people are now seeking new opportunities."

One of those avenues of opportunity is the Internet. Finding free WiFi hotspots in the United States may only be a Starbucks or a local cafe away, but for Cubans, it can cost as much as 10 percent of their monthly salary to access Wi-Fi for an hour.

Recently, the Cuban governments halved usage charges to \$2 an hour — still a sizable chunk of the average Cuban salary of \$20 a month. "Wi-Fi hotspots have become quite a phenomenon in Cuba, partly because it's new and also because it's public," Henken told CNBC.

## MarketWatch

New York, New York

5 March 2016

**Opinion: The communist failures that await Obama when he goes to Cuba**  
**Ration books, worthless currency show Cubans need more economic opportunity**



*AFP/Getty Images*

A shopkeeper in Havana writes in a customer's ration book.

By Barry D. Wood

WASHINGTON (MarketWatch) — As President Barack Obama prepares for his March 21 visit to Cuba, I wish he would speak to my Colombian friend Elsa who recently returned to the States from two weeks on the island. Elsa is a surfing instructor, promoting what is a new sport in Cuba. During her stay she boarded with a family in Havana and as Spanish speaker obtained insights into daily life that are unavailable to many tourists.

Elsa is deeply impressed with the warmth and generosity of Cubans and optimistic about the slow transition underway to something resembling a market economy. She hopes that as Cuba shifts away from communism it will retain the revolution's advances in education and health care.

But arrayed against Elsa's hopes is deep worry about economic failure that deprives Cubans of any prospect of improving their low living standards.

At this point in telling her story, Elsa takes out a cell phone and scrolls to photos of her host's ration book. There it was, the well-worn "libreta" possessed by every Cuban that is emblematic of communist failure.

Along the left hand column are commodities — rice, beans, cooking oil, sugar, salt, etc. Its agriculture in shambles from decades of shifting policies, Cuba now depends on imports for 80% of its food.

Fifty-eight years into its revolution Cuba is still rationing basics, and worse, rations have been cut, no longer providing minimal levels of nutrition. People can't subsist on six pounds of rice per month, 20 ounces of beans, one cup of cooking oil, and 12 eggs. Milk is in short supply, chicken and meat are rarities.

As in Eastern Europe and the Soviet Union under communism, shortages are suppressed inflation.

A second glaring failure is the existence of multiple exchange rates and two currencies circulating simultaneously. The resulting distortions are huge, compounding inefficiencies. Tourists and foreign businesses change money at 1 peso to \$1 while the free market rate is 25 to \$1. Cubans are paid in near-worthless national pesos, their wages averaging 600 pesos or \$24 per month.



Cuba circulates two different currencies: The nearly worthless national peso or CUP (top) and the convertible peso or CUC (bottom), which is worth \$1 or 24 times as much as the CUP.

Communist Cuba inadvertently promotes income inequality. People receiving remittances from abroad or with access to hard currency — like cab drivers or hotel maids — can be relatively privileged. Meanwhile ordinary people languish, unable to consume even at basic levels. Without food rations, free housing and health care, Cubans would sink deeper into poverty.

For years the government has promised to unify the two currencies but there's been no action. Pavel Vidal, a professor at Colombia's Universidad Javeriana and a specialist on the Cuban economy, says Raul Castro's goal was doing currency unification before the 7th Communist Party Congress this April. Vidal doubts the timetable will hold.

There are political and economic risks from unifying the currencies. The dual exchange-rate system is a major source of government income. Hotels, for example, hand tourism proceeds to the government at the official rate while the state pays hotel workers at the market rate, pocketing the difference between the rates. Cuba, of course, blames the United States for its economic difficulties. Despite Obama's moves to normalize relations, the 1962 U.S. embargo restricting bilateral trade remains in place. Congressional Republicans say there is no chance of it being lifted while Cuba's communists are in power.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, says normalization will proceed slowly with the Cubans pressing for an end to the embargo while they move slowly on allowing U.S. investment. Kavulich does expect action this year on unifying the exchange rate.

Analysts say that Cuba's tentative moves to restructure its economy would be greatly assisted by renewing its membership in the International Monetary Fund and World Bank from which it withdrew in the 1960s, denouncing them as tools of imperialism. Both entities could provide Cuba with policy guidance and money. The Obama administration is believed to have dropped its opposition to Cuba rejoining the IMF but so far Cuba has shown no interest in doing so.

If Havana wants to revive agriculture and abolish rationing it should reconsider its position.

## O Estado de S. Paulo

# Sao Paulo, Brazil

## 28 February 2016

### Entrevista. John S. Kavulich II

**Para presidente do Conselho Econômico e Comercial EUA-Cuba, presidente dos EUA deve mudar tudo o que puder com medidas executivas para evitar que sucessor cancele conquistas**

### Ações de Obama sobre Cuba driblam embargo

Fernanda Simas - O Estado de S. Paulo

As ações executivas do presidente americano, Barack Obama, para relaxar imposições comerciais a Cuba driblam o atual embargo econômico e concretizam as conquistas obtidas desde o anúncio da retomada de relações diplomáticas entre Washington e Havana. “O Congresso americano não fará nenhuma mudança nas leis enquanto Obama estiver na presidência. Então, tudo o que ele quiser fazer antes de 20 de janeiro de 2017 terá de fazer usando mudanças em regulamentações”, afirma o presidente do Conselho Econômico e Comercial EUA-Cuba, John S. Kavulich II, em entrevista ao **Estado**.

Para Kavulich, a viagem de Obama à ilha em março tem a função de pressionar o governo cubano, “que tem feito bem menos do que os EUA” desde a aproximação diplomática, mas também de consolidar os ganhos, como a reabertura das embaixadas de Cuba e dos EUA em Washington e Havana respectivamente e a soltura de presos políticos que estavam detidos em Havana. No campo econômico, as mudanças são mais lentas, mas já foi acertada a participação de empresas americanas na empresa de comunicação estatal cubana Etecsa, a retomada de voos comerciais entre os dois países e de serviços americanos de correspondência.

### Novos tempos em Cuba



REUTERS/Enrique de la Osa **Cubanos acessam sinal de internet em um dos 35 pontos de Havana que têm Wi-Fi; apesar de ter sido reduzido, preço é muito alto.** Cubanos acessam sinal de internet em um dos 35 pontos de Havana que têm Wi-Fi; apesar de ter sido reduzido, preço é muito alto



### As ações de Obama são uma forma de driblar o embargo?

Sim, a intenção do presidente é fazer o máximo que puder usando mudanças em regulamentações para que a relação com Cuba fique praticamente normal e o que ele conquistou não seja cancelado por seu sucessor.

## **As medidas tomadas agora, como a retomada de voos comerciais entre os dois países, teriam outro impacto se não houvesse o embargo?**

Não haveria muitas mudanças. Se Cuba continuar ampliando o turismo e a infraestrutura mais pessoas terão permissão para ir (até Cuba), e sem o embargo haveria o aumento da quantidade de voos, mas o processo, as questões práticas dos acordos feitos, não mudariam muito. Os passageiros não perceberiam essa diferença, por exemplo. Claro, não há como prever como será sem o embargo, mas a expectativa é de que a quantidade de voos aumente muito.

## **Qual é o principal impacto do embargo atualmente?**

A posição dos EUA de continuar restringindo o uso de dólar americano por Cuba em transações internacionais é uma regulação importante que afeta substancialmente Cuba porque a restrição afeta qualquer transação da ilha, inclusive com o Brasil. Então há um custo inevitável para o governo cubano. Essa é uma regulação importante que o presidente Obama ainda pode mudar.

## **Qual é a importância da visita de Obama à ilha nesse momento?**

É muito mais sobre imagem do que conteúdo. Até agora, o governo de Cuba recebeu muito mais benefícios com o anúncio, e agora a antecipação da visita do presidente Obama, do que os EUA. Nos últimos 15 meses houve muito mais benefícios para Cuba do que para os EUA. A maioria das mudanças que Cuba fez ou aceitou fazer está relacionada com o fato de permitir que mais turistas possam ir a Cuba, o que gera mais dinheiro para a ilha. Cuba tem usado bem a expectativa de retorno de empresas americanas para conseguir investimentos de países como Brasil, França, China, Canadá e México. Assim que Obama disse que queria ir até Cuba, o governo cubano soube que controlava as negociações porque o presidente perdeu a vantagem que possuía.

## **A presença de Obama na ilha pode pressionar o governo cubano nesse sentido?**

Existe uma pressão, uma vantagem do governo (americano) que na verdade vem de governos de outros países, que dizem a Cuba 'em 2015 nós firmamos muitos compromissos, em termos de anúncios, investimentos e negociações, em razão da mudança na relação com os EUA'. Antecipando, haverá mais visitas de americanos, mais negócios americanos na ilha, a economia cubana crescerá e isso será bom para empresas brasileiras, japonesas, etc. Então, o governo cubano está sob pressão para continuar expandindo a relação (com os EUA), porque a única maneira de os outros governos e empresas estrangeiras terem um retorno ao seu investimento é se os EUA estiverem comprometidos com Cuba. Em resumo, há uma situação de 'três reféns': quando Obama anunciou que iria à ilha, se tornou refém de Cuba porque perdeu as vantagens de negociação, mas ao mesmo tempo o governo cubano usou essa vantagem para obter mais de outros governos e empresas, então agora Havana é refém do presidente Obama porque precisa que ele continue fazendo mudanças executivas, e também é refém de outros governos e empresas porque para dar um retorno ao investimento deles, Cuba precisa que os EUA continuem relaxando as restrições que afetam outros países. Não é simples.

## **Uma preocupação de Cuba é o quanto essa nova onda de investimentos pode afetar a política de controle atual...**

Cuba não tem uma população que proteste nas ruas, o governo não vive sob constante pressão para fazer mudanças porque a população vem esperando por muito tempo, é um povo paciente, mas o governo sabe que com mais mudança haverá menos controle, por isso tenta ir devagar no processo. Cuba está em uma posição de não poder mais depender de outros países que apoiem suas instituições comerciais, econômicas e políticas, o que permite ao governo ter tanto controle. É difícil para eles (governantes cubanos) porque sabem que precisam abrir mão do controle, mas não querem fazer isso rápido.

## **Qual o impacto do fim do embargo sobre os cubanos que foram para os EUA por questões políticas e sobre aqueles que foram por questões econômicas?**

As ações de Obama não estão focadas nos cubanos que deixaram Cuba por razões econômicas, estão focadas nos cubanos que continuam na ilha e na qualidade de vida que eles têm. Existem políticas, como a 'pés molhados, pés secos' que estão em curso há muitos anos e permitem que qualquer pessoa que chegue aos EUA saindo de Cuba tenha acesso automático ao direito à permanência, o que não vale para nenhuma outra nacionalidade. Então, há esforços no Congresso americano agora para tentar mudar isso porque com a relação entre Havana e Washington mudando há a sensação de que é injusto com outros imigrantes.

## **A situação de patentes medicinais que Cuba possui pode mudar com as ações executivas de Obama?**

Existem algumas atividades relacionadas a projetos de saúde sendo desenvolvidas. Existem medicamentos, tratamentos e vacinas que Cuba desenvolveu e são de interesse de empresas americanas. Há alguns problemas relacionados aos direitos da marca e patentes que precisam ser resolvidos, mas é um aspecto importante da nova relação entre os países.

### **O senhor acredita que o embargo seja derrubado na gestão Obama?**

Não. O Congresso americano não fará nenhuma mudança nas leis enquanto Obama estiver na presidência. Então, tudo o que Obama quiser fazer antes de 20 de janeiro de 2017 terá de fazer usando mudanças em regulamentações, não haverá mudanças legislativas. O presidente não é popular no Congresso, é um ano de campanha eleitoral e alguns integrantes do Congresso sentem que Cuba não fez o suficiente, que os EUA têm feito muito e Cuba muito pouco.

# **The Washington Post**

**Washington, DC**

**19 February 2016**

## **On Cuba, as politics advances, business leaders wait for their breakthrough**



Tourists ride in vintage American convertibles as they pass by the U.S. Embassy in Havana, Cuba. As politics change, business leaders are waiting for similar breakthroughs. (Desmond Boylan/AP)

By Steven Mufson

President Obama's planned trip to Cuba in March may be a political breakthrough, but American business leaders are still waiting for a breakthrough on the economic front.

Eager to invest in the island nation, representatives of more than 300 companies have visited since Obama pledged to normalize U.S. relations with the island nation 14 months ago.

Some firms have made progress. Last September, Verizon became the first U.S. company to offer roaming wireless cellphone service in Cuba. On Tuesday, the United States and Cuba signed a deal that will open the door to dozens of daily commercial flights between the countries for the first time in more than five decades.

But in general, sealing deals in Cuba has proven difficult for American businesses. Most U.S. trade and financial restrictions are still in place. Moreover, the Cuban government has been bureaucratic and its leaders seem to be ambivalent about the wave of investment poised to crash onto its shores — and how that might affect its tightly controlled political system there.

“They’re wondering what the U.S. intentions are and whether U.S. policy is designed to help the Cuban people or whether it is something more like a Trojan horse,” said Cuban-born Carlos M. Gutierrez, co-chair of the business consulting firm Albright Stonebridge Group, who served as commerce secretary under President George W. Bush.

Now, U.S. companies are hoping that Obama can pry open the door a little wider — and help lift some of the restrictions that are still in place. Obama doesn't need to make a direct appeal to Cuban leaders to ease the path for American companies. His presence will be enough.

“The president is the chief marketing officer of the United States,” said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. “If he gets nothing more than time in front of the Cuban people, sample some food at a private restaurant, takes a walk, has meetings and leaves, that’s acceptable.” Kavulich said, however, that the administration is looking for deals or preliminary agreements that can be announced while the president is there. “It is working on behalf of U.S. companies to try to get some visible projects announced,” he said.

One of the companies knocking on Havana’s door is Florida Produce of Hillsborough County, which has proposed setting up a warehouse in Cuba to sell U.S. agricultural products there. But the company has been stuck in talks with the Cuban government, which wants to set up a joint venture.

Several major U.S. hotel chains have been trying to win contracts to open up in Cuba, including Marriott, whose chief executive Arne Sorenson wrote in July last year that his company was “ready to get started right now.” But a host of obstacles remain.

In Cuba, the government maintains a dual exchange rate, wants foreign companies to hire employees through state-owned entities and limits property ownership and Internet access. And the lack of progress on human rights makes it unlikely that Congress will move to lift U.S. restrictions that limit transactions with state-owned enterprises and require that many transactions take place in cash.

Some companies are managing to navigate across the divide. Alabama-based Cleber, which has proposed to assemble tractors in Cuba in the Mariel Special Development Zone. The Cuban government has approved it and last week Treasury said the transaction could go ahead. Further talks are in progress, according to Kavulich.

But as long as Congress fails to lift restrictions on doing business in dollars and or to further ease travel restrictions, U.S. firms will be at a disadvantage to rivals in Europe, Sorenson wrote.

Ordinary Americans aren’t waiting. Airbnb began supporting listings in Cuba last year, and the number of listings there grew more than 150 percent in the first few months, according to Nick Pappas, a spokesman for Airbnb. To date, there have been more than 3,000 listings. Half of them are located in Havana, but they also come from more than 40 different cities and towns in Cuba. The average Airbnb host there is making more than \$250 per booking.

## **The Washington Post**

### **Washington, DC**

#### **18 February 2016**

**White House sees Cuba visit as chance to consolidate gains. Critics see caving.**



Tourists pass the U.S. Embassy in Havana on Feb. 18, 2016. (Alexandre Meneghini/Reuters)

By Juliet Eilperin and Nick Miroff

In the months since President Obama announced his historic deal to normalize relations with Cuba, the communist government of Raúl Castro has taken only the most modest steps toward less authoritarian rule.

Nonetheless, the White House announced Thursday that the president will visit Cuba in March in an attempt to bolster the controversial diplomatic deal — and to spur the sort of political change that the Cuban government has not yet embraced.

Speaking to reporters Thursday, White House deputy national security adviser Ben Rhodes said the administration’s “objective here is to do as much as we can with the time we have remaining to make this an irreversible policy.”

Obama has made clear that his outreach is focused more on the Cuban people and less on the government. Cuban officials, while eager for American investment, are hoping to reap the economic benefits of a normalization policy while giving up as little political control as possible.

The Cuban government continues to crack down on political dissent, and administration officials acknowledge that Havana has not done enough to allow for freedom of expression. Rhodes said Thursday that the president would meet with dissidents during next month’s visit.



Cuba’s minister of foreign trade and commerce, Rodrigo Malmierca Díaz, left, meets the U.S. secretary of state, John F. Kerry, on Feb. 18, 2016, in Washington. (Ismael Francisco/AP)

The independent Cuban Commission for Human Rights and National Reconciliation reported last month that 1,414 Cubans had been detained for political reasons in January, one of the highest monthly figures in recent decades. Of those, the commission reported, 56 peaceful members of the opposition were physically attacked.

Nearly all of the arrests occurred during regular Sunday-morning opposition marches to Catholic churches and resulted in brief detentions of four to six hours. The Sunday marches have become a principal avenue of protest for opposition groups.

In a December interview with Yahoo News, Obama said he would need to see progress on human rights before planning a trip. “If, in fact, I with confidence can say that we’re seeing some progress in the liberty and freedom and possibilities of ordinary Cubans, I’d love to use a visit as a way of highlighting that progress,” he said. “If we’re going backwards, then there’s not much reason for me to be there.”

The president has said repeatedly the way to rebuild the U.S.-Cuba relationship is by people-to-people engagement. First lady Michelle Obama will accompany the president on the visit, which will be March 21 and 22, and the White House is billing it as a chance to engage regular Cubans. Afterward, the Obamas will travel to Argentina for two days, where they will meet with recently elected President Mauricio Macri. “We want links between Cubans and Americans,” Rhodes said, “and the links between our businesses and the engagement between our countries to gain such momentum that there’s an inevitability to the opening that is taking place.”

Carlos Alzugaray, a retired Cuban diplomat who also is a member of the Communist Party, used language similar to Rhodes’s to describe his government’s motivations for hosting Obama. Alzugaray said the visit will “consolidate the strategy of both governments to bring about a series of fundamental changes,” making them “as irreversible as possible.”



Cuban President Raúl Castro is seen at the Revolution Palace in Havana on Feb. 18, 2016. (Enrique De La Osa/Reuters)

The Cuban government has made some efforts to expand communications and opportunities for U.S. businesses on the island in the past year. Havana has opened dozens of WiFi hotspots around the country and forged roaming agreements between the state telecommunications service and U.S. companies Verizon and Sprint. Havana also has authorized direct banking relationships with U.S. financial institutions and lines of U.S. credit for private Cuban businesses on the island, according to the U.S.-Cuba Trade and Economic Council.

A small U.S. tractor manufacturer, Cleber, has received Cuban approval and an unprecedented U.S. Treasury license to establish a manufacturing plant on the island to produce up to 1,000 tractors annually. The decision for Obama to go this early in the year — even as the Cuban government continues to routinely arrest and detain dissidents — drew swift and sharp rebukes from some of the top Republicans vying to be their party's presidential nominee as well as from several GOP figures on Capitol Hill.

Sen. Ted Cruz (Tex.), whose father was born in Cuba, tweeted in response to the news: “My family has seen firsthand the evil and oppression in Cuba. The President should be advocating for a free Cuba!”

In a letter to Obama, Sen. Marco Rubio (Fla.), whose parents were born in Cuba, accused Obama of rewarding the Cuban government's tyranny. “I urge you to reconsider visiting Cuba and instead insist that the Castro regime finally make some serious concessions that have so far not been prioritized in negotiations,” Rubio wrote.

But administration officials, as well as some independent experts, said the United States would be more likely to achieve meaningful policy agreements by conducting face-to-face talks earlier in the year rather than later.

American University government professor William LeoGrande said there are “about two dozen different conversations underway” between the two governments, on issues including global health, law enforcement and counternarcotics efforts. “A trip like this gives impetus to all of those dialogues, so the earlier you do the trip, the more chance you have of reaching agreements on a whole host of additional issues,” LeoGrande said.

And many experts see this as a unique opportunity.

Dan Restrepo, who served as Obama's primary adviser on Latin America during the president's first term, noted that in the past, when Democratic presidents sought a rapprochement, Cuban authorities always derailed the process. When Jimmy Carter tried it, Fidel Castro authorized a mass emigration out of Mariel Harbor in 1980. Bill Clinton had to deal with the shooting down of two Brothers to the Rescue planes by the Cuban air force in 1996, and the 2009 arrest of Alan Gross, a contractor for the U.S. Agency for International Development, froze Obama's initial gestures toward a reset with Cuba. “Every time you got close to engagement, they backed away,” Restrepo said.

For the government of 84-year-old Raúl Castro, who has said he will step down in 2018, the trip comes at a delicate time. He or his brother Fidel, 89, have ruled the island since the 1959 overthrow of U.S.-backed strongman Fulgencio Batista, and whoever succeeds them in power will have little chance of commanding their type of unchallenged authority.

Cuba's economy is under new strains from the financial turmoil in Venezuela, the island's biggest benefactor. Cubans are leaving the island at the highest levels in decades. The benefits of Raúl Castro's cautious economic liberalization have been unevenly distributed and disappointing to many.

Obama may arrive with what could appear to Cubans to be an extended hand and a clear path for them out of their worst problems.

“I think this is very difficult trip for Cuban government,” said Arturo López-Levy, a former analyst for Cuban intelligence services and now a lecturer at the University of Texas in the Rio Grande Valley. “The type of trip Obama is planning presents a political challenge. Whatever positive things Raúl Castro has said about Obama, he is still seen in the official narrative as the head of the American Empire. Yet he is just as popular on the island as any politician in the world, let alone in Cuba.”

If Obama's message is that Cuban nationalism can coexist with the island's "return to the international liberal world order," López-Levy said, it "presents an acrobatic challenge to a government that has based its legitimacy on what happened in 1959 and the logic of a nationalist revolt."

Obama's trip could have the effect of further raising Cubans' expectations for better living standards and more freedoms, López-Levy said, and will almost certainly boost the case of reformers within the Communist Party who want a faster pace of change. Obama on Thursday seemed excited about the visit. "It'll be fun when we go," he said.

## Tampa Tribune

Tampa, Florida

19 February 2016

Rep. Castor lobbying colleagues on bill to end Cuba trade embargo



The U.S. and Cuban flags are placed together on the dashboard of a vintage American convertible in Havana  
President Barack Obama said that he will visit Cuba on March 21-22. THE ASSOCIATED PRESS

By Paul Guzzo | Tribune Staff



Rep. Kathy Castor



President Barack Obama

TAMPA — Next month, when Barack Obama becomes the first U.S. president to visit Cuba since Calvin Coolidge in 1928, it will mark the high point of the initiative he announced in December 2014 to normalize relations with the island nation.

Still, U.S. Rep. Kathy Castor, a Tampa Democrat, has set her sights on a political advance that would top it: introduce and win passage of the Cuba Trade Act to lift the travel and trade embargo the United States imposed five decades ago.

"We have to build the coalition to make that happen," Castor said during a news conference at MacFarlane Park in West Tampa, a gathering place for Cuban-Americans for more than a century.

Castor returned Tuesday from a four-day trip to Cuba where she led a delegation of House members as part of her effort to lobby for passage of the bill. Joining Castor were John Garamendi and Alan Lowenthal, both of California, and Brendan Boyle, of Pennsylvania, all Democrats, and Republicans Paul Gosar, of Arizona, Mike Bishop, of Michigan, and Tom Emmer, of Minnesota, co-sponsor of the Cuba Trade Act.

Castor and Emmer co-chair the bipartisan Cuban Working Group, advocating for congressional action to improve relations between the two countries. They are the only two delegation members who had been to Cuba.

They saw firsthand, Castor said, how the embargo financially has hurt the Cuban people and how an effort designed to chase the Castros from power has accomplished little for the United States, except to deny Americans the right to travel there freely.

Bishop and Boyle had been skeptical of lifting the embargo, Castor said; the issue wasn't even on their radar. She found them to be "much more open-minded" after the visit.

"I wouldn't be surprised to see a number of them sign on to our bill, the Cuba Trade Act. We will have those discussions when we return to Washington." Support from Republicans is especially important, she said. She expects fellow Democrats largely will support it.



Before this week's visit, the New York-based U.S.-Cuba Trade and Economic Council counted 29 members of the U.S. House who have traveled to Cuba since Obama announced his initiative — only four of them Republicans. The council also counted 21 senators, only three of them Republicans.

Obama is advocating for an end to the embargo and has stripped much of it away through executive orders that are making travel and trade easier. But as an act adopted by Congress, the embargo can only be repealed by Congress. Castor acknowledged that Democrats feel pressure to get the Cuba Trade Act passed while Obama is in office because they know he would sign it into law.

They face strong opposition from Republicans with standing: Florida Sen. Marco Rubio and Texas Sen. Ted Cruz. Both men are of Cuban descent and reject Obama's moves toward Cuba, gaining broad attention for their cause as candidates for president.

The Castor delegation's itinerary in Cuba was put together by the Washington-based Center for Democracy in the Americas, which paid for the trip. It included meetings with the Ministry of Foreign Trade and ETECSA, a government-owned telecommunications service provider.

They also spoke about the growth of private enterprise in communist Cuba with business owners, about human rights issues with leaders from the Catholic diocese in Havana, and about Cuba relations with diplomats representing Norway, Sweden and Spain.

The itinerary for Obama's trip, set for March 21-22, has yet to be announced, though the White House said in a news release that it will include a meeting with President Raul Castro and a cross-section of Cubans. Obama also will work during his visit "to build on the progress we have made toward normalization of relations with Cuba — advancing commercial and people-to-people ties that can improve the well-being of the Cuban people, and expressing our support for human rights."



Among human rights issues Rep. Castor expects Obama to discuss with the Cuban government is its record of short-term imprisonment for opposition leaders and the absence of Internet access for many of the island nation's citizens. It has been widely reported that only 5 percent of Cubans have access to open Internet.

"They say they don't have the capital, but it appears they don't have the necessary spirit to move forward," Castor said. "Obama will press the Cubans on Internet access just as he will on human rights. Let's face it, that is a human right — your ability to communicate in the modern age with your family, your friends, to conduct trade and business."

Obama will be the most prominent U.S. leader to visit Cuba in nearly 90 years, but he is only one of a growing number of government officials to make the trip since December 2014.

Besides members of the U.S. House, over 70 U.S. government officials, including Secretary of State John Kerry and Secretary of Commerce Penny Pritzker, have made the trip to work out details of policies that will bring the two nations closer together, according to the U.S.-Cuba Trade and Economic Council.

From Cuba on Tuesday, the two nations finalized an aviation arrangement to allow up to 20 U.S. commercial flights a day to land in Havana and up to 10 flights daily to the nation's nine other international airports.

Castor did not attend that historic signing in Havana's Nacional Hotel because her delegation had booked a tour of the Port of Mariel, which Cuba hopes will become a global gateway for trade.

Some airline analysts have told the Tribune that the limited number of flights under this arrangement means Tampa International Airport, now with seven charter flights a week going to Cuba, could be bypassed. Castor is confident Tampa will have commercial flights to Cuba when they begin and said the Tampa airport has been aggressively pursuing flights through dialogue with the airlines.



In Cuba, Castor lobbied for Tampa to be home to the first Cuban consulate in the United States in over 50 years. Still, she said, "we're not going to have an announcement on the consulate anytime soon because of its place on the agenda." First, Castor explained, issues such as the commercial airline flights and banking need to be ironed out.

More than 60 Cuban government officials have visited the United States since December 2014 for meetings on new policies and the normalization of relations, according to the U.S.-Cuba Trade and Economic Council.

Among the most recent was Rodrigo Malmierca, minister of foreign trade, who on Wednesday, during discussions with U.S. counterparts, called for an end to the embargo, saying it remains an obstacle for Americans who want to do business with Cuba. That's not entirely true, said John Kavulich, president of U.S.-Cuba Trade and Economic Council.

The U.S. government has done more than enough in the past year to ease U.S. commerce in Cuba, including allowing U.S. businesses to set up a presence in Cuba, increasing what can be sold to the island nation, and even allowing everything but food and agriculture to be sold to Cuba on credit.

Still, the Cuban government has not approved any deals on the expanded list of exports such as building supplies, nor has it agreed to allow any U.S. businesses to set up shop on the island. If Cuban officials are waiting for the embargo to end before opening the country to U.S. business, Kavulich said, they may be waiting for a while.

"There will be no Cuba-related law that passes before President Obama leaves office," he said, arguing that in a presidential election year, the Republican Party will not want to give Democrats a policy victory. Still, Castor remains optimistic, saying that Republican House Speaker Paul D. Ryan has left an opening.

"Why not build on the momentum and try to pass that this year?" she said. "Especially when Speaker Ryan has said the agenda of the Congress is going to be rather light this year because of the presidential election."

# Granma

## Havana, Republic of Cuba

19 February 2016

### El momentum de Cuba

**Si el 17 de diciembre del 2014 se dio el empujón inicial, en la mañana de ayer la Casa Blanca puso más ruedas en movimiento**

Autor: Sergio Alejandro Gómez, enviado especial | internacionales@granma.cu



John Kerry, secretario de Estado de Estados Unidos, recibió en horas del mediodía del jueves al ministro cubano de Comercio Exterior y la Inversión Extranjera, Rodrigo Malmierca. **Foto:** Ismael Francisco

WASHINGTON.—Si usted pregunta en esta ciudad repleta de políticos, asesores y analistas qué hace falta para continuar avanzando en las relaciones entre Cuba y Estados Unidos, lo más probable es que escuche esto: momentum. Su traducción más exacta sería impulso.

Si el 17 de diciembre del 2014 se dio el empujón inicial, en la mañana de ayer la Casa Blanca puso más ruedas en movimiento.

El presidente Barack Obama visitará Cuba a finales de marzo para darle un sello personal a lo que se ha convertido en uno de los mayores legados en política exterior de la actual administración demócrata.

Mientras la noticia le daba la vuelta al mundo, el Instituto de la Paz en Washington —establecido por Ronald Reagan en 1984, apenas un año después de la invasión a Granada— acogía la primera conferencia del Consorcio Cuba.

Fundado el pasado año por la entidad bipartidista The Howard Baker Forum, el foro agrupa a compañías, organizaciones sin fines de lucro, inversionistas, académicos y empresarios, que comparten la visión de continuar el camino de la normalización de las relaciones con la Isla.

Por el ultramoderno edificio, desde cuyos vitrales se observa el Monumento a Lincoln, desfilaron durante nueve horas altos cargos de la administración Obama, académicos y empresarios vinculados de una u otra manera con Cuba.

Penny Pritzker, la secretaria de Comercio que ha sido anfitriona durante los últimos días de la delegación encabezada por el ministro Rodrigo Malmierca, recordó su viaje a La Habana en octubre pasado. “Aprendimos que en Cuba, como en muchos de nuestros otros socios comerciales en todo el mundo, es necesario trabajar con las empresas estatales con el fin de apoyar al sector privado local”, dijo.

La última ronda de medidas ejecutivas de su cartera y el Departamento del Tesoro, abren una puerta en ese sentido, aunque las leyes vigentes lo hagan poco viable.

El ministro de Comercio Exterior y la Inversión Extranjera cubano, Rodrigo Malmierca, mencionó tres aspectos en específico: levantar las prohibiciones en el uso del dólar para las transacciones financieras de la Isla, la apertura de Washington a las exportaciones cubanas y la autorización a las empresas estadounidenses de invertir en el país en otros sectores además de las telecomunicaciones.

Esa madeja de leyes que conforman el bloqueo ocupó buena parte de los debates de los especialistas.

Ante una pregunta de Granma, Andrea Gacki, especialista del Departamento del Tesoro, no fue capaz de ubicar una regulación en específico que estableciera la prohibición del uso de la moneda estadounidense por parte de Cuba. “Estamos explorando, no queremos especular”, dijo sobre la posibilidad de eliminar con futuras medidas ejecutivas la persecución financiera que ha costado a Cuba miles de millones de dólares y por la que se ha multado a bancos de terceros países.

El secretario de Agricultura, Thomas Vilsack, criticó durante el almuerzo el freno que impone el bloqueo a las oportunidades de intercambio entre Cuba y Estados Unidos. Tras resaltar el interés de su país en la agricultura orgánica de Cuba y sus experiencias en las granjas urbanas durante su viaje a La Habana en noviembre último, Vilsack dijo que las restricciones también tenían un efecto negativo para ellos.

Estamos buscando oportunidades de negocios a partir de un fondo que aportan voluntariamente algunos agricultores norteamericanos, refirió. De acuerdo con las leyes actuales, su cartera no puede canalizar recursos federales para explorar las opciones de negocios con Cuba, como es la práctica común, lo que constituye una limitación para que las compañías estadounidenses posicionen efectivamente sus productos allí.

El secretario norteamericano lamentó la caída que se ha registrado durante los últimos años en las ventas de productos agrícolas, aprobadas por una ley del año 2000 pero que están sujetas a onerosas condiciones como el pago en efectivo y por adelantado.

Aun así, Cuba invirtió en los últimos 15 años cerca de 5 000 millones de dólares en comprar alimentos en Estados Unidos, impulsada sobre todo por los precios competitivos y la cercanía de los puertos de embarque.

Pero según las últimas cifras del U.S.-Cuba Trade and Economic Council, un organismo que monitorea el comportamiento del mercado, durante el 2015 se redujeron en 120 millones los montos adquiridos en relación con el 2014, cuando fueron de cerca de 290 millones. Ambas cifras son lejanas al pico de 710 millones alcanzado en el 2008.

A pocos pasos del Instituto de la Paz, en el Departamento de Estado, John Kerry, recibía en horas del mediodía del jueves a Malmierca y a otros siete miembros de la delegación que lo acompaña. Esta es la segunda vez que un ministro cubano visita Washington desde el restablecimiento de relaciones el pasado 20 de julio, cuando el canciller Bruno Rodríguez Parrilla dejó inaugurada la sede diplomática de la Isla en esta capital. Otro capítulo en el largo y complejo proceso que tienen por delante La Habana y Washington.

Alguien preguntó al presidente de la Cámara de Comercio, Thomas Donohue, cuándo podríamos ver normalidad de las relaciones entre los dos países. Estoy seguro que en 20 años, respondió, aún estaremos buscando formas de mejorar la manera en que hacemos negocios. Pero el *momentum* para acabar con el bloqueo, la principal limitación al desarrollo de Cuba y a la normalización de las relaciones con su vecino, no puede esperar tanto.

El viceasesor de la Casa Blanca en Seguridad Nacional y Asistente Personal del presidente Obama, Ben Rhodes, confirmó lo que vienen defendiendo los especialistas cubanos desde el principio: Obama tiene facultades ejecutivas para hacer mucho más de lo que ha hecho hasta ahora.

El asistente personal de Obama criticó a quienes aún apuestan por el bloqueo como una manera de lograr los objetivos de la política exterior norteamericana hacia la Isla. Podría tener sentido antes pero Cuba está cambiando, dijo Rhodes a los miembros del Consorcio Cuba, tras reconocer que incluso muchos cubanoamericanos radicales habían logrado evolucionar en sus posturas. La pregunta es si seremos parte de ese cambio o no.

Los estadounidenses viajan, dijo Rhodes, y ven que los cubanos quieren la mejoría de las relaciones. ¿Por qué en nombre del pueblo cubano abrazaríamos una política que es masivamente rechazada por ellos?, se preguntó. Rhodes aseguró que la actual administración valora otros cambios regulatorios que se puedan hacer dentro de los marcos de la ley actual.

Todavía no hemos logrado conectar nuestra nueva política hacia Cuba con las transformaciones que vive ese país para que se solidifiquen los negocios y haya un impacto, dijo. “Eso es lo que quiere el Presidente”.

Creemos que todavía es posible hacer más antes del fin de esta administración, añadió. Crear un momentum para hacerlo irreversible.

# **Kansas City Star**

**Kansas City, Missouri**

**18 February 2016**

**Lewis Diuguid:**

**Obama's historic visit to Cuba expected to result in pressure to increase trade with U.S.**

**U.S. exports to Cuba in 2015 fell 41 percent**

**Tourism to Cuba from U.S., however, soared**

## Cuban economy likely to suffer economic hardships in 2016



Cubans in July 2015 held a sign that read “Welcome USA” while standing in front of the newly reopened U.S. embassy in Havana, Cuba. U.S. President Barack Obama will likely face a warm welcome when he makes a historic trip to Cuba in March. Obama and Cuban President Raul Castro on Dec. 17, 2014, announced talks to re-establish diplomatic relations between the two countries. File photo Bloomberg

By Lewis Diuguid

President Barack Obama’s announcement of his historic trip to Cuba in March will occur amid two divergent trends between the United States and the communist island nation 100 miles off the southern tip of Florida.

Tourism to Cuba from the United States soared in 2015. The government of Cuba reported that about 161,000 people from the U.S. visited Cuba, which was an increase of 76.6 percent over 2014, the New York-based U.S.-Cuba Trade and Economic Council Inc. noted this month in its “Economic Eye on Cuba” report.

The U.S. and Cuba this week also signed an agreement to resume commercial flights for the first time in more than 50 years. Dozens of new flights — up to 110 daily — are expected to begin operating next fall. Only charter flights have been connecting the two countries up to now.

Tourism has increased since Obama and Cuban President Raul Castro in December 2014 signed an agreement to normalize diplomatic relations between the two countries since Cuba’s 1959 communist revolution, which Fidel Castro led, and the Cuban missile crisis that followed. The Cuban embassy in Washington, D.C., and the U.S. embassy in Havana opened last year for the first time in decades.

With increased U.S. tourism, Cuba has benefited from more news media attention and badly needed dollars that many Americans have left behind. Humanitarian donations from the U.S. to Cuba also increased 392 percent, rising to \$4.6 million in 2015 from \$939,705, the U.S.-Cuba Trade and Economic Council reports.

But Obama’s March 21-22 visit with first lady Michelle Obama will have to try to jump start increased trade between the two countries.

The official statement from the White House on Thursday said the president will try to further “normalization of relations with Cuba — advancing commercial and people-to-people ties that can improve the well-being of the Cuban people.” Obama also plans to express U.S. support for human rights in Cuba.

Obama is to meet with President Castro and “members of civil society, entrepreneurs and Cubans from different walks of life” before heading to Argentina on March 23.

The thaw in diplomatic relations with Cuba was expected to result in increased exports to Cuba. Actually the opposite has been the case.

The U.S.-Cuba Trade and Economic Council reports that exports of food and agricultural products from the United States to Cuba plunged 83 percent in December and 41.4 percent for 2015 compared with 2014. The products listed included frozen chicken, soybean oil cake, herbicides, corn, soybean flour/meals, calcium phosphates, soybeans, fresh fruit, whiskeys, bourbon and animal feed.

The total value of U.S. exports to Cuba for 2015 was \$170.67 million compared with \$291.26 million for 2014. U.S. exports to Cuba haven’t been as low as they were in 2015 since 2002 when U.S. exports

amounted to \$138.6 million. The 2015 figure also was a drop of 75 percent from \$710 million in U.S. exports to Cuba in 2008, the U.S.-Cuba Trade and Economic Council notes.

U.S. Secretary of Commerce Penny Pritzker on Wednesday called on the government of Cuba to open its economy to American business and investment. Pritzker has said the Cuban government can do more to improve the economic ties between the two countries.

The U.S.-Cuba Trade and Economic Council report notes that Cuba may be bracing for hard economic times because of decreasing financial support from Venezuela.

President Castro in December warned Cubans to prepare for tough economic times in 2016 because falling oil prices lessen the likelihood that Cuba can depend on billions of dollars of subsidized oil and cash from Venezuela. Castro told the National Assembly to expect 2 percent growth in gross domestic product this year, half the rate his government reported in 2015.

The U.S.-Cuba Trade and Economic Council report also noted that other countries such as Russia, China and Iran “do not have the focus to replace Venezuela as benefactors of significance.” China’s economy in the last year has been troubled with its stock market losing a significant amount of value while Russia and Iran have been affected by the same drop in the price of oil as Venezuela.

“Thus, the government of the Republic of Cuba may be entering a period of cautiousness, and a full-on re-engagement with the United States may become problematic while the policy of the government of the United States remains to seek commercial, economic and political change within the Republic of Cuba,” the report says.

Cuba is likely to focus on trade with other countries including Brazil, Argentina, Vietnam, Mexico, Spain, Canada, New Zealand and France. The U.S.-Cuba Trade and Economic Council also notes that reduced exports from the United States also may be to increase political pressure on Congress from U.S. companies, states and local governments to remove the U.S. economic embargo, which has maintained a chokehold on Cuba for more than 50 years.

Obama will have his hands full in his historic meeting with Cuban officials in March. No U.S. president has visited Cuba since Calvin Coolidge, a Republican, went there 88 years ago.

Although Obama has done tremendous work to thaw diplomatic relations between the two nations, the Republican-controlled House and Senate are dead-set against lifting the economic embargo, often citing human rights concerns. Republican presidential candidates also have expressed opposition to normalizing relations with Cuba.

What Obama has accomplished so far he has done alone, and that likely will continue to be the case during his visit to Cuba and until his term in office is over. The fear among Cubans is that unless former Secretary of State Hillary Clinton wins the Democratic nomination and is elected the 45th president of the United States in November, the advances made under Obama will quickly be reversed under Republican leadership.

That fear is not unfounded.

**Politico**  
**Washington, DC**  
**18 February 2016**

**Obama riles GOP with Cuba trip**

## **The president plans to meet with Raul Castro during his trip next month, a move the GOP field is calling ‘appalling.’**

By Sarah Wheaton

President Barack Obama will visit Cuba next month, a historic trip that will fulfill a personal desire and could help Obama solidify the renewed ties with the island nation ahead of a potential GOP successor.

During the trip, which will take place on March 21 and 22, Obama will meet with Cuban President Raul Castro, as well as Cuban entrepreneurs and members of civil society, the White House said in a statement, part of a media blitz rolled out on Thursday.

“Next month, I’ll travel to Cuba to advance our progress and efforts that can improve the lives of the Cuban people,” Obama said on Twitter, adding that he is not turning a blind eye to human rights concerns. “We still have differences with the Cuban government that I will raise directly. America will always stand for human rights around the world.”

But the trip will hardly be a victory lap, say both supporters and opponents of Obama’s Cuba policy. So far, loosened restrictions appear to be helping bring more visitors and cash to Cuba, with few benefits to U.S. businesses and at best halting improvement on the human rights front. Without entrenched interests backing up the new policy, there’s not much to stop a Republican successor from rolling it back.

“We want to make this policy change irreversible,” White House Deputy National Security Adviser Ben Rhodes told reporters Thursday. The goal, he continued, is to make the new links between the Cuban and American people — and businesses — “gain such momentum that there’s an inevitability to the opening that’s taking place and the increase in engagement that’s happening in our countries.”

They’re not there yet, experts say.

“If there is not a meaningful and operational U.S. business presence in Cuba by the date he leaves office, then a future president will have little impediment towards making changes,” said John Kavulich at the U.S.-Cuba Trade and Economic Council. Otherwise, he added, a new president “will say, looking at the relationship, it all seems about Cuba making more money and giving us less of it.”

Obama’s trip could go a long way in helping improve the quality of life for the Cuban people, who still do not have full freedom of speech and assembly under Castro, Rhodes wrote on Medium Thursday.

“We want to open up more opportunities for U.S. businesses and travelers to engage with Cuba, and we want the Cuban government to open up more opportunities for its people to benefit from that engagement,” Rhodes said. “Even as we pursue normalization, we’ve made clear that we will continue to have serious differences with the Cuban government — particularly on human rights.” Rhodes also urged Congress to lift the decades-long economic embargo, arguing that such a move would improve Cubans’ well-being and human rights.

But with fierce Republican resistance, there is a slim chance of that happening. And GOP presidential contenders were quick to condemn Obama’s decision to travel to Cuba — the first U.S. president to do so since Calvin Coolidge. “Appalling for @POTUS to legitimize the Castro regime with a visit before freedom for Cuban people,” Jeb Bush wrote on Twitter Thursday morning.

Florida Sen. Marco Rubio, the son of Cuban immigrants, called on Obama to change his plans in a letter on Thursday. “Rather than achieving several long-standing U.S. goals and national security interests, you have methodically squandered this opportunity, legitimizing the Castro regime and enriching it in the process,” Rubio wrote. “A presidential visit to Cuba absent of any concessions from its government is a dangerous idea, and I urge you to reconsider.”

Ted Cruz, whose father was a Cuban immigrant, said the trip was “always his plan” and reflects a broader pattern on Obama’s foreign policy. “He has alienated and abandoned our friends and allies,” Cruz told radio

host Mike Gallagher on Thursday. “You know, one of the first things he did when he became president was send the bust of Winston Churchill back to the United Kingdom. That was shameful.”

Ben Carson granted that “the president has a right to go any place he wants to go,” speaking to reporters in Orangeburg, S.C. “It would’ve been much smarter to wait until they had a change in leadership,” Carson added, “which has to be coming pretty soon since Raul Castro is 83, 84 years old. At that point, you have a lot of leverage.”

With Republican congressional leaders resisting a formal lifting of the embargo and pledging to block an ambassador to Cuba, the next president would have wide latitude to again cut off the island nation, giving Obama less than a year to try to build lasting ties.

For now, looser restrictions under Obama have the potential to bring jetloads more tourism dollars to Cuba. The administration has already broadened the scope of legal travel with plans to restore commercial flights to the once-estranged Communist country, to as many as 110 a day.

But other than airline companies, it’s not clear that U.S. companies have seen much benefit since the White House announced in late 2014 that it would seek to normalize relations with Cuba. While, U.S. companies have received approval to export more than \$7 billion worth of goods and services to Cuba over the past two years, Commerce Secretary Penny Pritzker said Wednesday that it’s unclear how many of those sales will be made because of the slow and uncertain pace of reform in Cuba. In some sectors, things have gotten worse: food and agriculture exports to Cuba dropped significantly last year compared to 2014.

Supporters said Obama’s trip could be a great marketing move, for both democracy and U.S. economic interests.

“For Cubans accustomed to watching their government sputter down the last mile of socialism in a ’57 Chevy, imagine what they’ll think when they see Air Force One,” said Sen. Jeff Flake, the rare Republican backer of restoring relations with the island nation. “Just think of the progress that can come from one day allowing all freedom-loving Americans to travel to Cuba.”

But the optics for high-profile visits to Cuba haven’t always worked out so well. Last month, Federal Communications Commission Chairman Tom Wheeler traveled to Havana to discuss expanding Internet access with Cuban officials. The Cuban government followed up by announcing some new home broadband pilot projects — provided by the Chinese company Huawei.

“Companies are interested” expanding across the Gulf of Mexico, Kavulich said. “But they also see that Cuba has thus far been using U.S. companies’ interest toward Cuba as bait to get better deals from other countries.”

The Obama administration said earlier this month that Coolidge, who traveled to Cuba in 1928, was the last and only sitting U.S. president to ever visit that island nation. However, Harry Truman visited the Guantanamo Bay Naval Base in 1948, and, after his time in office, former President Jimmy Carter visited the country in 2002.

Obama voiced his intention to visit Cuba in December, though he said the conditions needed to be right given the country’s history of human rights abuses. The U.S. has since reopened its embassy in Havana and removed Cuba from the State Department’s list of state sponsors of terrorism last year.

“If I go on a visit, then part of the deal is that I get to talk to everybody,” Obama told Yahoo! News at the time. “I’ve made very clear in my conversations directly with President [Raul] Castro that we would continue to reach out to those who want to broaden the scope for, you know, free expression inside of Cuba.”

The White House wouldn’t say, however, which dissidents Obama will meet with, and it’s unclear how provocative Obama will choose to be as he asserts American values of free expression.

He might opt out of doing an interview with the U.S.-funded Radio Marti, a Reagan-era news and entertainment network that broadcasts pro-democracy news and entertainment into Cuba that’s reviled by

the government, and instead talk to a more youthful, new-media voice like the dissident blogger Yoani Sanchez.

Those considerations, Kavulich said, “will be challenging and will be the subject of much debate within the National Security Council and the State Department.”

Obama also plans to travel to Argentina during the trip, and will meet with new Argentine President Mauricio Macri. The White House noted that it has been nearly 20 years since the last bilaterally focused visit by a U.S. president to Argentina.

## Voice of America

Washington, DC

18 February 2016

### **Obama: Cuba Visit Will Advance Efforts to 'Improve Lives of the Cuban People'**



FILE - President Barack Obama and Cuban President Raul Castro meet for an informal talk on the sidelines of the Summit of the Americas in Panama City, April 11, 2015.

### **Cruz, Rubio Slam Obama For Cuba Trip**

### **Sanctions Slow Granting of Cuba Business Licenses**

### **US Approves First American Factory in Cuba in 5 Decades**

William Gallo

WASHINGTON— President Barack Obama confirmed Thursday that he will visit Cuba next month to advance progress in relations between the two nations and "efforts that can improve the lives of the Cuban people."

Writing on Twitter, Obama also vowed to raise human rights issues in talks with officials in the communist-led nation.

"This historic visit – the first by a sitting U.S. President in nearly 90 years – is another demonstration of the President’s commitment to chart a new course for U.S.-Cuban relations and connect U.S. and Cuban citizens through expanded travel, commerce, and access to information," a White House statement said, noting that Obama will arrive for a two day visit on March 21, before traveling to Argentina.

The Cuba trip suggests Obama remains determined to push ahead with what he sees as a legacy achievement before leaving office a year from now. Next month, I'll travel to Cuba to advance our progress and efforts that can improve the lives of the Cuban people.

Since the historic thaw in ties was announced in December 2014, Obama has made steady progress breaking down diplomatic barriers with the former Cold War enemy. The successes include restoring diplomatic relations and reopening embassies in each other's capitals. The U.S. removed Cuba from its list of state sponsors of terrorism. Obama and Cuban President Raul Castro have talked regularly and met twice.

Using his executive authority, Obama has persistently chipped away at the longstanding U.S. restrictions on business, investment and travel in Cuba. The latest step came last week, when the two countries reached an arrangement to restore the first direct regularly scheduled commercial flights between the countries in more than 50 years.

### **Cuba slow to make reforms**

But while Obama has continued to loosen restrictions on Cuba during the past year, progress on the Cuban end has stalled, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

"The Cubans haven't really done anything, other than allowing more individuals into Cuba and making more money from them," Kavulich told VOA.

But Havana could be motivated to make some major concessions over the next year, Kavulich says, in part to head off any future president who may want to overturn Obama's moves.

"Everything can be reversed. And if the only activities are some airlines traveling to Cuba, that's not going to be much of an impediment for a new president. So the Cubans now know they're going to have make some things happen."

Obama can also continue to loosen restrictions on his own. The biggest change Obama can enact, according to Kavulich, would be to remove the restrictions on Cuba using the dollar in international transactions, a move that could dramatically improve Cuba's economy. "That is the last of the big regulations that he has control of. He may be saving that for this trip," he says.

### **Embargo remains in place**

But there is a limit to what Obama can achieve unilaterally. The U.S. economic embargo on Cuba, which has been in place for decades, can only be removed by Congress. Although support for the embargo is declining, it still has widespread backing from lawmakers in both parties who say lifting the restrictions would essentially reward what is one of Latin America's most politically repressive countries.

Obama argues the embargo is a broken policy that has failed to spur democratic reforms, something he says will only come when Cuba opens up to the world.

But there is little evidence detente has led to human rights improvements. Despite Cuba's freeing some political prisoners and working to improve Internet access, censorship remains widespread and dissidents continue to be jailed at about the same rate as in past years, according to rights groups.

Nonetheless, there are hints Cuba is considering at least modest reforms to its rigid, one-party political system. Cuban President Raul Castro, brother of iconic revolutionary leader Fidel Castro, has proposed term limits for senior leaders and raised the possibility of a constitutional referendum.

More significantly, Raul, who took over from his brother in 2006, has promised to step down in 2018. If that happens, it will be the first time since 1959 that a Castro has not been in charge of the island.

### **Photo gallery: US Rapprochement With Cuba**



U.S. Transportation Secretary Anthony Foxx and Cuba's Minister of Transportation Adel Yzquierdo Rodriguez, right, sign the airline transportation agreement as Assistant Secretary of State for Economic and Business Affairs Charles Rivkin, top left, looks on

## **Sticking points remain, but US attitudes changing**

But other issues beside the Castros complicate the U.S.-Cuba relationship, including the American-run military base at Guantanamo Bay, Cuba. Raul Castro has said the only way for ties to be completely restored is if Washington returns the base to Cuban control. Obama has given no signs he intends to do that, but is working to fulfill his longtime promise of closing down the base's controversial prison, which holds dozens of suspected terrorists.

Although challenges to the U.S.-Cuba relationship remain, there is evidence to suggest the American public does not view its southern neighbor with as much suspicion as it once did. A poll released this week by Gallup indicates 54 percent of Americans view Cuba favorably. That is up from the 10 percent of Americans who viewed Cuba positively in 1996.

But Gallup also noted the partisan divide over Cuba has grown larger. While 73 percent of Democrats view Cuba favorably, only 34 percent of Republicans do the same.

# **USA Today**

**Arlington, VA**

**16 February 2016**

## **Obama will make historic visit to Cuba as soon as March, sources say**

Alan Gomez and Gregory Korte, USA TODAY

**ABC News and Reuters reported Wednesday that President Obama is planning to visit Cuba within the next month, marking the first time a U.S. president has visited the island nation since 1928. USA TODAY**



(Photo: Pool, Getty Images)

WASHINGTON — President Obama will crown his historic rapprochement with Cuba with a visit to the island as soon as March, the first for a sitting U.S. president in nearly 90 years, administration sources said Wednesday.

The White House will announce on Thursday the details of a multi-stop presidential trip to Latin America — including Cuba — in the coming weeks, said senior administration officials speaking on condition of anonymity because the official announcement had not been made. The trip was first reported by ABC News and Reuters.

The trip would be the culmination of 14 months of work to normalize relations between the two countries since Obama broke the diplomatic freeze between the two governments that had been maintained by 10 U.S. presidents in 2014.





"(The Cubans) have been brilliant in understanding the dynamics of a buyer's market and a seller's market," said Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, a group that supports Obama's opening. "They felt that the Obama administration was going to keep opening and opening, but they had to determine when they reached his limit where he's got to see some results." Obama's visit to the island, Kavulich said, would be that moment.

Ric Herrero, executive director of #CubaNow, a Miami-based group advocating for fully normalized relations and an end to the embargo, said that too many will be caught up with the politics of the moment and focusing only on possible interactions between Obama and the Castro brothers. Instead, he said the trip will mean so much more to the people of Cuba who are seeing a massive economic and political transition going on around them but don't yet know what it means to them.

"Any speech Obama gives in Cuba will be watched by everybody in Cuba on state TV and will have a huge impact on the lives of students and future politicians who, in one way or another, will be molded by that message," Herrero said. "If this trip was just about Castro, it would be hard to argue that the visit would be worth it. But this is an opportunity to go far beyond the Castros."

The first and only sitting U.S. president to visit Cuba was Calvin Coolidge in 1928, according to the Calvin Coolidge Presidential Foundation. Coolidge rode into Havana aboard the battleship U.S.S. Texas on a mission to show good faith between the United States and Latin America during an era of frequent American interventions throughout the region. Jimmy Carter also visited the island on two trips in 2002 and 2011 to meet with the Castro brothers, but that was more than two decades after he left the Oval Office.

## **Greater Pachogue News**

**Chicago, Illinois**

**18 February 2016**

Obama planning historic trip to Cuba to cement warmer ties Feb 18 2016 by Aaron Turner Share  
We can confirm that (Thursday) the administration will announce the Presidents travel to Latin America, including Cuba, in the coming weeks, according to a senior administration official who was quoted as saying by CNN. Tensions have eased between the US and Cuba since Obama and Raul Castro declared in December 2014 that they would restore diplomatic relations and move to normalize trade, travel and other aspects of the long-broken bilateral relationship. Texas senator Ted Cruz, whose father fled to the United States from Cuba in the 1950s, said Mr Obama should not visit while the Castro family remains in power. Those conditions included a visible change in the lives, liberties and economic possibilities of ordinary Cubans. Embassies reopened in Havana and Washington, the United States removed Cuba from its list of state sponsors of terrorism, and the two sides took steps to increase travel and business opportunities. Pope Francis wraps up a five-day visit with a message of love and compassion for the people of Mexico and the migrants who pass through on their way to the U.S. For their political and religious leaders, it was more a lesson in tough love. All flights now operating between the two countries are charters. Most of the Cuban economy is state-run, Soviet-style. That figure is only slightly lower than the 8,899 politically-motivated arrests in 2014. Rubio labelled Castro's government "an anti-American communist dictatorship" and "a repressive regime". That same day, Rodrigo Malmierca, Cuba's minister of foreign trade and foreign investment, spoke at the U.S. Chamber of Commerce. He added: "Today, a year and two months after the opening of Cuba, its government is as oppressive

as ever". Both Mr. Cruz and Mr. Rubio said the president was not meeting that standard and said Mr. Obama should be demanding more concessions from Cuba. Officials didn't immediately specify what had changed in the last few weeks to clear the way for the trip, first reported by ABC News. When Gallup asked the favorability question in 1996, the year Congress passed a law tightening the embargo on Cuba, 81 percent of Americans held an unfavorable view. And that's why John Kavulich believes Obama is visiting the island now, rather than closer to the end of his term. The stop in Cuba is part of the POTUS's visit to Latin America during which he will also visit Argentina. Greater Patchogue News <http://greaterpatchoguenews.com/2016/02/obama-planning-historic-trip-to-cuba-to-cement-warmer-ties/>

# Naples Daily News

Naples, Florida

16 February 2016

**Alabama company receives clearance to pursue U.S. factory in Cuba, first in more than 50 years**



A new multi-million dollar terminal constructed as part of the Mariel Special Development Zone is seen across Mariel Bay in Cuba. (David Albers/Staff)

By Maria Perez of the Naples Daily News

The U.S. has authorized an Alabama company to build what could become the first American factory in Cuba in more than 50 years.

Cleber LLC, a company founded by two entrepreneurs, is planning to build a factory in the Special Development Zone near the Port of Mariel to produce cheap, small tractors that Cuban farmers can use to increase agricultural production.

The company received the authorization from both the U.S. Department of Commerce and the Office of Foreign Assets Control (OFAC) to build the tractor manufacturing facility, said Saul Berenthal, one of the company founders.

"This represents a precedent so that other companies can carry out similar projects," Berenthal said Monday. Cleber co-founder Horace Clemmons said now that they have U.S. approval, they can complete the process with the Office of the Mariel Special Development Zone in Cuba. That process requires certain conditions be met, such as showing they are financially capable of carrying out the plan, before Cuban authorities approve the project.

Clemmons said they Cuban authorities have been encouraging about the project, so he believes they will move forward. "We are extremely optimistic that it's a process that we will complete in a far shorter period of time that it took us in the U.S.," he said.

The authorization was made possible by the reduction of restrictions on U.S. companies and entrepreneurs to trade and invest in Cuba, steps taken in recent months by the Department of Treasury and OFAC, Berenthal said. The Cleber project, he said, doesn't need a specific license. It's now covered under a general license.

Naples businessman John Parke Wright IV, who has longed advocated for the end of the U.S. trade embargo against Cuba, said the approval is important. "It's a good step," he said. "Anything to open trade is something positive."

If the tractors are economical, he said, they can help Cuban farmers increase production. Agriculture, he said, will be a very important part of Cuba's economy. "These are small steps but important ones," he said.

Wright said Chinese and Russian farm equipment is already available in Cuba and the production is still low. He thinks that Cuba's agricultural production will increase when Cuba is able to export agricultural products to the U.S.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the authorization is an important milestone that wouldn't have been possible without the changes in the U.S. — Cuba relationship. But he said there are still challenges ahead.

"Like any project in Cuba, the closer it becomes to reality, the more difficult it gets," he said.

Berenthal said they have secured the funds to build the factory through private investors. They plan to invest \$5 million. Berenthal said they expect Cuban farmers will be able to buy their tractors with the financial support of U.S. relatives. They are in contact with nonprofits, mostly in the U.S., that are interested in buying the tractors and donating them to Cuban farmers.

"Cleber chose tractors as the starting point for manufacturing because more than 70% of Cuba's land has been returned to the private sector to be worked for the direct benefit of farmers," Berenthal said. "Family farmers and cooperative farms are critically important to Cuba's economy and provide a strong demand for affordable equipment to increase their productivity."

## **The News & Observer**

**Raleigh, North Carolina**

**16 February 2016**

### **American company gets green light to build tractors in Cuba**

**Cleber LLC was founded by two former IBMers from the Triangle  
The Oggun is a small tractor designed for small, private farms and co-ops  
Cleber is the first U.S. company approved to manufacture in Cuba since the trade embargo**

By Richard Stradling  
RALEIGH

A company co-owned by a Raleigh man has gotten the go-ahead from the federal government to build a small farming tractor in Cuba, paving the way for it to become the first American manufacturer to set up shop in the nation since the revolution and the subsequent U.S. trade embargo more than 50 years ago.

Cleber LLC plans to build an assembly plant in the Mariel Special Economic Development Zone, an industrial area for foreign companies adjacent to a massive new port west of Havana. There, workers will put together parts made in Alabama for a tractor the company calls the Oggun, after the spirit of metal work in the Afro-Cuban religion of Santeria.

The Oggun is an updated version of the Allis-Chalmers Model G tractor that was introduced in the U.S. in 1948 and discontinued seven years later. The company thinks the small, rear-engine tractor will be coveted by Cuba's 70,000 non-government farming co-ops and small independent farmers, who now rely on animals and aging Soviet tractors to plow their fields.

Cleber was founded by two former IBMers from the Triangle – Saul Berenthal of Raleigh and Horace Clemmons of Alabama, where the company is based. Berenthal is a native of Cuba who fled the country as a teenager and has lived in the Triangle since the 1970s. He and Clemmons have known each other for about 45 years and have established, built and sold three companies in succession that made software for the retail industry.

They chose to build a tractor for the Cuba market because they think it will sell and give a boost to the country's private-sector agriculture industry. There's a growing demand for meat and produce from high-end restaurants and resorts that cater to the tourism industry, Berenthal said.

"Cleber chose tractors as the starting point for manufacturing because more than 70 percent of Cuba's land has been returned to the private sector to be worked for the direct benefit of farmers," he said in a statement Monday. "Family farmers and cooperative farms are critically important to Cuba's economy and provide a strong demand for affordable equipment to increase their productivity."

Cleber's move into Cuba was made possible by the thaw in U.S.-Cuban relations being carried out by the Obama administration and Cuban leader Raul Castro. The venture would not have been legal without exceptions to the U.S. trade embargo made by the Obama administration, including one allowing the sale of American products to private entities in the agriculture business in Cuba.

"It was a whole bunch of little things here and there that made our proposal valid," Berenthal said in an interview Monday.

The U.S. Department of the Treasury, which enforces the embargo, issued Cleber the license it needed last week.

Cleber hopes to begin selling tractors by sometime in the first quarter of 2017, Berenthal said. It hopes to price them somewhere between \$8,000 and \$10,000, he said, but "until we know exactly what the labor costs are going to be, we won't know for sure."

If all goes as planned, the Ogun will hit the market about the time a new administration is taking office in the U.S., notes John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a clearinghouse for U.S. businesses based in New York. Whether Obama's successor maintains the new openness with Cuba or tries to roll it back could affect Cleber's aspirations there, Kavulich said.

"It could be continuity or it could be disruption. We don't know," he said. "But from a business standpoint, that goes into the equation."

Berenthal and Clemmons hope their business model will show the way for other American companies interested in manufacturing in Cuba. Their long-term goals include exporting tractors from Cuba to other Latin American countries with similar small-farm economies.

# **The Daily Caller**

**Washington, DC**

**15 February 2016**

## **7 Members Of Congress Visit Cuba**

By Alexa Santry



Tourists in old Havana, Cuba (REUTERS/Alexandre Meneghini)

7 members of the U.S. Congress visited Cuba Saturday and are set to return Tuesday.

The delegation includes Representatives Kathy Castor , John Garamendi, Paul Gosar, Tom Emmer, Brendan Boyle, Alan Lowenthal and Mike Bishop, according to John Kavulich, President of the U.S.- Cuba Trade and Economic Council.

Of the 7 congressmen, none of the representatives posted about the visit on their house.gov page, and only Castor and Emmer were publicly recognized as participating in the trip.

Castor said about the visit, “We intend to meet with small business owners and entrepreneurs to gain a better understanding of how the changes in the Cuban economy are working,” Florida Politics reports.

Castor, a Democrat, has been identified as the leader of the Cuba trip. Following her previous visit in 2013, Castor called for an end to the economic sanctions against the country, making her the first lawmaker to do so. Since her 2013 visit, Castor has been working with the Obama administration to restore the relationship between the countries.

Arizona Congressman Paul Gosar is less optimistic about the repaired relationships, stating that he does not believe there have been any positive human rights changes since Obama called for the diplomatic restoration.

While Gosar did not acknowledge on his house.gov page that he was visiting Cuba, he did write Friday, “Imagine the frustration of legal immigrants when President Obama unilaterally normalized relations with Cuba last year but refused to end provisions from the 1966 Cuban Adjustment Act which grant instant amnesty to Cubans who set foot on American soil.”

Gosar thinks Cuban immigrants receive special treatment from the U.S. government and questioned, “why would we still treat immigrants from that nation any different than those from other countries?”

The group has not disclosed how the trip’s expenses are being paid for.

## **Tampa Tribune**

**Tampa, Florida**

**7 February 2016**

### **Despite Tampa’s ties to Cuba, commercial flights are elusive**



Charter flights to Cuba depart from Tampa International Airport seven times a week. The first was Sept. 8, 2011. Tribune file photo

By Paul Guzzo | Tribune Staff

TAMPA — As the first commercial flights to Cuba are announced in the coming months, Tampa is unlikely to make the list, aviation analysts say.

That puts at risk efforts by local leaders to forge modern links on the foundation of historical connections between the two regions in the areas of culture, business, politics and education.

Ease of travel is seen as key to capitalizing on the normalization of relations with the communist nation, and few are predicting when a second round of direct flights will be announced — other than to say it could be months or even years away.

What's more, in a worst-case scenario, the rise of commercial flights to Cuba from other cities could push existing charter services out of business — including those flying from Tampa seven times a week — and leave the region with no direct connection to Cuba.

Among the casualties could be a Cuban consulate in Tampa or St. Petersburg, pushed for by local business and political leaders, and the direct flights home that Tampa's Cuban-American population — third-largest in the United States — have enjoyed since charters started at Tampa International Airport in 2011.

“Airplanes are an expensive asset and they need to be put where they will make the most amount of money,” said Henry Hartevelde, a travel industry analyst with the San Francisco-based Atmosphere Research Group. “So unfortunately, Tampa will not be in that first wave of commercial flights.”

Miami, home to the largest Cuban-American population in the United States, will get most of the commercial routes to Cuba at its international airport. Even if airlines choose a second Florida city in round one, analysts say, it likely will be nearby Fort Lauderdale–Hollywood International Airport.

“The primary carrier in Tampa is Southwest,” said George Hamlin of Virginia-based Hamlin Transportation Consulting. Southwest has said it is interested in commercial service to Cuba. “But Southwest may have divided loyalties. They also have a strong carrier in Fort Lauderdale, which has a geographic advantage.” Not only is Fort Lauderdale closer to Miami, Hamlin said, Tampa passengers would fly south toward Cuba through Fort Lauderdale but the reverse is unlikely. “You're not going to flow people from Lauderdale to Tampa to fly them southeast,” he said.

Fort Lauderdale along with the Tampa area is rumored to be a favorite for the first Cuban consulate in five decades — the two nations reopened embassies in August — and ease of travel could tip the scales, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.



Tampa International could maintain its charter schedule if the numbers stay up — 71,462 people made the trip in fiscal 2015, up 10,000 from the year before. But the numbers could drop dramatically because people from outside the area who travel here for the charter flights would likely choose commercial flights from other cities, instead, for amenities such as online tickets and a crew that transfers baggage.

Charter flight passengers headed to Cuba must arrive at Tampa International four hours early to get tickets and must haul any baggage from connecting flights themselves. Another challenge for the charters will be hanging onto planes and crew. The commercial airlines now provide them to charter companies serving Cuba. Both charter companies operating out of Tampa International, ABC Charters and Cuba Travel Services, use American Airlines planes and crew.

American Airlines has plans to operate commercial flights out of Miami, spokesperson Matt Miller told the Tribune, but he declined to elaborate. He said he could not comment on whether flights are planned from Tampa. “We do not know at this point what the future will look like in terms of a breakdown between scheduled service and charter service,” Miller said.

In the event American does fly from Miami, transportation consultant Hamlin said, the airlines might send Tampa customers to Miami for flights rather than help charter companies that compete with the airline.

“Charters will be largely converted to scheduled service,” Hamlin said. “The charter service was an accommodation when the scheduled service was not available.”

Michael Zuccato, general manager of Cuba Travel Services, said he is confident planes will remain available to his charter service and he plans to continue operating here as well as in Miami. “I think we will have fewer flights,” Zuccato said. “But the charter component will always exist.”

The United States and Cuba struck a deal to allow as many as 110 daily flights once commercial service begins — a maximum of 20 a day to Havana and up to 10 each at nine other Cuban cities with international airports. It’s a low number, analysts say, and that’s bad news for Tampa.



The U.S. Department of Transportation is expected to begin accepting route applications from airlines in the coming weeks. At least five airlines have expressed interest — American, JetBlue, United Airlines, Southwest and Delta. More are expected.

Cuba charter services focus on Florida because the state has more Cuban-Americans than any other. Commercial airlines, on the other hand, will use their marketing power to sell tickets to Cuba on a national scale and will choose departure cities to maximize business, analysts say.

Favored cities will be those located near large Cuban-American populations and those with an airline’s major hub, said Robert Mann, an aviation industry analyst through his New York-based R.W. Mann & Co. Tampa’s airport is not a major hub for any airlines. And customers among the area’s estimated 150,000 Cuban-Americans likely will be seen as willing to make the trip to South Florida for a flight, Mann said.

For other regions — say, Tulsa, Oklahoma, — the deciding factor in travel to Cuba may be whether there is a nearby airport with an airline that goes there, Mann said.

Tulsa International Airport is a 90-minute connecting flight from Houston’s George Bush Intercontinental Airport and Houston is one of two Cuba departure sites preferred by United Airlines, said United spokesman Rahsaan Johnson.

“We at United have expressed interest in serving Cuba from Newark and Houston,” Johnson told the Tribune via email. “Newark and Houston are two of United’s largest hub airports.”

Newark Liberty International Airport is in an area stretching from northern New Jersey to New York City that has been nicknamed “Havana on the Hudson,” with the second-largest Cuban-American population in the United States.

Other airports that analysts predict will receive the first wave of commercial flights to Cuba are Hartsfield–Jackson Atlanta International Airport, a major hub for Delta, and New York’s John F. Kennedy International Airport, a major hub for three airlines seeking commercial flights to Cuba — Jet Blue, Delta and American — and located in the city considered the U.S. capital of travel and commerce.

The 110 daily flights agreed upon may be restricted further at first because Cuba is not ready for the influx of new visitors. That, in turn, could limit the number of Cuba flight cities in the United States.

In 2015, Cuba received a record 3.52 million visitors, up 17 percent from 2014 due in part to more American visitors. With only an estimated 63,000 hotel rooms nationwide, Cuba is struggling to handle even this surge — and it comes with just 12 charter flights a day on average from the United States, according to Virginia-based Aviation Planning & Finance.

“The ability to fly many flights is there,” said transportation consultant Hamlin. “But where are you going to put the people?”



Even if Tampa makes the cut now on route applications submitted by the airlines to the Department of Transportation, analysts predict the airlines would cross the city off as the number of flights shrinks.

“You really have to ration the flights and put them where they can generate the most good,” said Hartevelde with Atmosphere Research Group. If the charters evaporate, too, the dream of hosting that first Cuban consulate will, too, said Kavulich with the U.S.-Cuba Trade and Economic Council.

“Consulates need to be as self-sustaining as possible,” Kavulich said. “That revenue comes primarily from visa fees, so a lack of flights would impact that revenue source.”

Still, Kavulich said he believes Cuba will look out for Tampa, even if private enterprise doesn't, and work to save some charter flights here or to add a commercial flight.

“This is also a political exercise,” he said. “Cuba may ask for a Tampa route because it's been aggressive with outreach.”

Tampa has exchanged dignitaries and delegations with the island nation and forged cultural and science partnerships with Cuba.

The Tampa City Council, Hillsborough County Commission and Greater Tampa Chamber of Commerce all have voted into bring the consulate to Tampa. St. Petersburg Mayor Rick Kriseman traveled to Cuba to lobby for his city and the St. Petersburg City Council has also voted its support.

Then there is the historic Tampa-Cuba connection dating back a century, before Miami even was incorporated, when Cuban immigrants helped found Ybor City. Tampa went on become the cigar capital of the world using Cuban tobacco. Tampa also was a favorite haunt for José Martí, regarded as the George Washington of Cuba, and the city's residents supported the island nation's War of Independence against Spain.

Tampa International, which has made adding international flights a priority, isn't ready to give up on service to Cuba, Vice President of Marketing Chris Minner told the Tribune via email. “We are always working with our partners to grow TPA's existing air service and bring in new routes,” Minner said. “Service to Cuba remains a special focus.”

The airport needs broad-based help from the Tampa area in its effort, said Bill Carlson, president of Tucker/Hall, a public relations agency that has supported business and humanitarian missions in Cuba since 1999.

“I feel confident that Tampa Bay will get at least one commercial flight, but it will take a unified effort of business, political and cultural leaders working with the airport to make that happen,” Carlson said. “We cannot afford to lose this once-in-a-lifetime opportunity to reclaim our historic position with Cuba.”

## **Bloomberg Business**

**New York, New York**

**3 February 2016**

### **How to Get Online in Cuba**

**Americans will soon be able to hop on a commercial flight to Havana, but staying connected while there is more complicated.**

By David Rocks

Every afternoon, crowds of Cubans gather outside Havana's top hotels—mob boss Meyer Lansky's favorite Nacional de Cuba, Ernest Hemingway's old haunt Ambos Mundos, and the Habana Libre (the former

Hilton, which served as Fidel Castro's headquarters in 1958). The throngs aren't queuing for jobs or waiting to get into clubs. With iPhones, tablets, or other devices in hand, they're surfing the Internet in the only way most Cubans are able to do so: via public Wi-Fi.



Dozens of Cubans stand in front of the Hotel Pernik and use phones, tablets, and laptops to connect to the Wi-Fi signal coming from the hotel on Sept. 21, 2015, in Holguin, Cuba. Photographer: Sven Creutzmann/Mambo Photo/Getty Images

Cuba is one of the toughest countries in the world in which to get online. Only about 30 percent of Cubans are considered to be Internet users, placing the country 126th among 202 territories tracked by the World Bank in 2014. That's due to tight restrictions on the flow of information: U.S. pro-democracy think tank Freedom House ranks Cuba 61st among 65 countries it monitors for Internet freedom.

“The situation is changing, but it’s still a great distance from being efficient in terms of communications,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a researcher in New York.

For Americans planning to visit the island as once-frosty relations between the U.S. and Cuba begin to warm—scheduled commercial flights are expected to start this year—getting online will be a real hassle. While most big hotels now have wireless Internet for a fee, the large numbers of locals and visitors using it mean service can be slow. As for getting online with your smartphone, it's theoretically possible, but don't count on it. And while Airbnb has hundreds of listings for Havana, there's little chance of finding Wi-Fi in a private home. Residential broadband is almost unheard of on the island.



U.S. tourists pose in front of the Capitol in Havana on April 6, 2015. Photographer: Amil Lage/AFP via Getty Images

Verizon Wireless customers should be able to get online through a roaming agreement with Vodafone. But two friends who visited Cuba recently said they had trouble using it. (Verizon said it hasn't heard of major complaints about roaming in Cuba and that the service is reliable.) The package will run you \$2.99 per minute for phone calls and \$2.05 per megabyte of data, enough for about a dozen Instagram photos. Sprint offers roaming in Cuba for \$2.49 a minute and \$1.99 per megabyte of data. T-Mobile and AT&T don't offer roaming on the island.

“My grandkids couldn't believe there was a place in the world that you couldn't turn on your phone and get anything you wanted,” said Brian Starer, a partner in New York at law firm Squire Patton Boggs who recently took his family on vacation to Cuba. “They were constantly looking at their screen hoping something would pop up.”

For people with European cell service, the situation is better. I have an account with Vodafone, which gave me decent data and voice access most of the time. I was able to use e-mail without too much problem, though at times it was delayed by a half-hour or so. I managed to make several voice calls using the WhatsApp messaging application, and once I even used my phone to create a mobile hotspot that I linked to my computer to stream video from YouTube—though most of the time, the data was too slow for streaming.

Another option is to buy a local SIM card for your phone. My colleague José Enrique Arrijoja paid 40 convertible pesos, or CUC, (\$40) for a prepaid card, which included 40 minutes of talk time, a mobile number good for a year, and data transfers. Getting the card and slipping it into an unlocked iPhone 6 took just a few minutes at a store run by Etecsa, the state phone carrier, in the leafy Miramar neighborhood.

(Lines can be longer in the center of Old Havana, and the transaction would be difficult for someone who doesn't speak Spanish.) Extra talk time and data can be purchased from convenience stores, bakeries, and street vendors.



Cubans use the Wi-Fi coming from the Hotel Pernik in Holguin, Cuba.  
Photographer: Sven Creutzmann/Mambo Photo/Getty Images

However, the best strategy is to do as the locals do and use the public Wi-Fi. I paid 7 CUC for an hour at the Hotel Nacional, but unless you're staying there, I wouldn't recommend it. It's the slowest network I found, presumably due to the large number of people getting online there.

Most hotels use a shared Wi-Fi system called Nauta, which you can access after getting a code from a scratch card and entering it into your phone, tablet, or computer. It costs anywhere from 2 or 3 CUC for an hour to 10 CUC for five hours. And if you buy a card with more time than you can use in one session, you need to log out and then reenter the 12-digit code and a separate 12-digit password each time you want to go back online; otherwise, your time will keep ticking away. The locals typically write e-mails offline and send them in batches to conserve their Web time for making Skype calls to relatives abroad.

Etecsa's hotspots aren't cheap by local standards: An hour of surfing costs about 10 percent of the official average monthly salary. And with only a few dozen of them on the entire island, they're far from adequate for a country of 11 million people. But their scarcity makes them fairly easy to find: When you need a signal, just look for crowds of locals lingering outside hotels.

## **The Wall Street Journal**

### **New York, New York**

#### **27 January 2016**

#### **U.S. Loosens Rules on Cuba Trade Financing** **Relaxed rules will permit competitive export packages from the U.S. to Cuba**



Tourists rode in vintage cars in old Havana. Photo: Alexandre Meneghini/Reuters

By William Mauldin

The U.S. on Tuesday loosened rules for financing certain exports to Cuba, part of the Obama administration's step-by-step measures to build ties with Havana after decades of sanctions.

The relaxed financing rules are accompanied by other provisions aimed at facilitating trade, travel and cultural exchanges with Cuba. Still, officials signaled that major changes to relations would depend on steps taken by the Cuban government or on action in Congress to dismantle the U.S. trade embargo.

The altered rules will allow some industries to arrange competitive export packages from the U.S. Before the new provisions, financing had to be routed through a third country.

A company such as Caterpillar Inc., for example, will be able to provide financing for approved shipments of agricultural machinery after the rules take effect on Wednesday, lawyers said. Exports of construction materials, as well as many other permitted products, could also benefit from the new rules.

But farm products, which are traditionally the biggest Cuban import from the U.S., are excluded from the new provisions, as such lending would violate the U.S. embargo.

The Treasury Department and Commerce Department also extended previous rules that allowed for air and marine travel to Cuba, and issued guidelines to facilitate musical performances, film, journalism and professional conferences undertaken on the island.

“You’re going to probably see a lot more movement in terms of musical festivals, arts festivals, etc.,” said Augusto Maxwell, a partner in the Akerman law firm’s Miami office. The new rules would “encourage more concerts, workshops, athletic exhibitions in Cuba,” he said.

President Barack Obama in December signaled he may visit Cuba during his remaining months in office. Officials on Tuesday declined to elaborate on his plans for a visit. Secretary of State John Kerry, Commerce Secretary Penny Pritzker and Agriculture Secretary Tom Vilsack recently visited the island.

“Everything is focused upon creating a landscape that is difficult for a successor to dismantle and which will permit better optics when creating an itinerary for the president to visit Cuba,” said John Kavulich, the president of the U.S.-Cuba Trade and Economic Council.

Many Republicans have resisted changes to U.S.-Cuba relations. Sen. Marco Rubio (R., Fla.), a son of Cuban immigrants and a candidate for the 2016 GOP presidential nomination, has spoken out against new ties with Havana.

“The Obama administration’s one-sided concessions to Cuba further empower the regime and enable it with an economic windfall,” Mr. Rubio said in a statement on Tuesday.

Mr. Obama launched a major effort to re-establish ties with Havana in December 2014. Since then, Washington has renewed official diplomatic relations with Cuba, removed the country from a list of state sponsors of terrorism, and relaxed the rules regarding certain forms of travel and trade.

U.S. officials say they are working to boost entrepreneurship and the private sector in Cuba, a communist country dominated by state-controlled enterprises.

“We think that our steps have significant impact, but they would have much greater impact if Cuba would match those steps as well,” a senior administration official said Tuesday.

Even if the Cuban government takes steps to free up commercial relations on its side, establishing major business ties would require the U.S. Congress to roll back a series of laws codifying sanctions on Cuba.

# **The Miami Herald**

**Miami, Florida**

**27 January 2016**

**New U.S. regulations allow financing of some exports to Cuba**

**Financing of agricultural exports still prohibited**

**Authorized exports to Cuba expanded**

**U.S. officials say the new regulations designed to benefit the Cuban people**



U.S. Commerce Secretary Penny Pritzker, center left, talks with Cuba's Foreign Minister Bruno Rodriguez during a photo opportunity in Havana, Cuba, Wednesday, Oct. 7, 2015. Pritzker was leading a delegation of officials from the U.S. Treasury, Commerce and State departments for meetings with officials from Cuban government ministries and businesses. Ramon Espinosa AP

By Mimi Whitefield

In the third major release of U.S. regulations designed to expand travel, commerce and engagement with Cuba, the Obama administration announced new rules Tuesday that will remove financing restrictions on authorized exports to the island with the exception of food and agricultural commodities.

The new regulations, which take effect Wednesday, build on other sets of U.S. commercial and travel rules released since the United States and Cuba announced on Dec. 17, 2014 that they were working to normalize relations.



Virginia Gov. Terry McAuliffe, center, walks with members of his delegation, during a visit to the Special Development Zone at the port of Mariel, near Havana, Cuba, Tuesday, Jan. 5, 2016. The U.S. on Tuesday announced new guidelines allowing for financing of all licensed exports to the island, except agriculture. Enrique de la Osa AP

The amendments “send a clear message to the world: the United States is committed to empowering and enabling economic advancements for the Cuban people,” Treasury Secretary Jacob J. Lew said.

In a conference call, a senior administration official said the steps taken by the U.S. government will have a much greater impact and benefit the Cuban people much more if the Cuban government takes steps to match and allow its citizens to take advantage of them.

While trying to support the Cuban people through expanded commercial activities, a senior U.S. official said that the United States continues to be concerned about Cuba’s treatment of dissidents and its human rights record. “We will continue to push them on this issue,” the official said.

Perhaps the most significant rule change is one that removes existing restrictions on payment and financing terms for authorized exports and reexports to Cuba. U.S. business delegations visiting Cuba have been told they are at a disadvantage when competing against products from countries that allow financing of exports. In disappointing news for agriculture states, which have seen exports to Cuba fall since the rapprochement, the financing of agricultural exports is not included in the new regulations. Through November 2015, U.S. agriculture and food exports to Cuba, which are allowed under exceptions to the embargo, fell 37 percent compared to the previous year. Some of that decline, however, is because of falling commodity prices.

Financing of food and agriculture products is excluded from the new regulations because it is prohibited by the Trade Sanctions Reform and Export Enhancement Act of 2000, said Augusto Maxwell, an international lawyer with Miami’s Akerman law firm.

Most aspects of the embargo also remain in place.

The new regulations, Maxwell said, are essentially two-pronged, allowing new areas of engagement with Cuba and the extension of credit for exports that were authorized last year as well as for a few new export categories.

Regulations that will make it easier to implement a new civil aviation agreement reached between the United States and Cuba in December also were announced. The amendments allow blocked space, code-

sharing and leasing arrangements with Cuban airlines. The United States will generally approve licenses for exports and reexports needed to ensure the safe operation of commercial planes.

The regulations also clarify and allow for expanded travel to Cuba within the 12 categories of travel already authorized for Americans who want to visit the island.

But a senior U.S. administration official emphasized that “tourism activities remain prohibited by statute.” Americans also will be allowed to organize professional meetings or conferences in Cuba without seeking prior approval from Treasury’s Office of Foreign Assets Control. Previously, only attendance at such meetings was allowed.

The new set of regulations follow a visit by Commerce Secretary Penny Pritzker last fall.

“Following the first ever U.S.-Cuba Regulatory Dialogue and my fact-finding trip to Cuba in October, we have been working tirelessly to maximize the beneficial impact of U.S. regulatory changes on the Cuban people,” Pritzker said.

She noted that allowed exports to Cuba will now include those intended to help in disaster preparedness and in support of education and agricultural production, such as pesticides, fertilizers and farm equipment. Exports related to artistic endeavors, food processing and public transportation also will be allowed for the first time since the embargo went into effect more than five decades ago.

Administration officials said U.S. exporters will still have to work through government importing agencies to get these products to the Cuban people but emphasized that exports that might end up in the hands of the Cuban police, military, or intelligence agencies or enterprises that primarily benefit the Cuban state are still prohibited.

The new regulations also provide a clarification on importing products produced by Cuba’s growing private sector. The clarification says that all travelers may carry allowable goods — a list of such imports was released last year — without monetary limitation.

The main way to get goods to and from private entrepreneurs now is through travelers’ accompanied luggage.

“You have this suitcase commerce, or as they call it in Cuba the *economía Samsonite*,” Maxwell said. “This clarifies that American travelers cannot only take products to Cuba but likewise bring authorized imports in their luggage.”

The new rules change the landscape for performances by U.S. artists in Cuba and those who want to run athletic or other competitions.

Organizers of amateur and semi-professional sports competitions and public performances will no longer need to seek prior approval from OFAC. A requirement that profits from such events be donated to nonprofit groups will be removed.

“That requirement made hosting premiere events on the island difficult,” Maxwell said. “This should promote both performances and competitions in Cuba.”

Analysts say how successful the regulatory changes will be depends on the Cuban government’s uptake on the Obama administration initiatives and willingness to set up a wholesale entity that could handle imports and exports for entrepreneurs.

“Just as the United States is doing its part to remove impediments that have been holding Cubans back, we urge the Cuban government to make it easier for its citizens to start businesses, engage in trade, and access information online,” said Ned Price, a spokesman for the National Security Council.

A senior administration official said other steps the Cubans should take to encourage commerce are allowing foreign companies operating in Cuba to directly hire their workers, unification of Cuba’s two-

tiered currency system, and expanding the more than 200 categories of jobs that are permitted for Cuba's *cuentapropistas*, the self-employed.

Some analysts think the United States is offering too much to Cuba with little in return.

"These changes were decided upon last fall, and the administration was hoping to announce them last year because doing so meant that the Cuban government was reciprocating," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "Cuba, in fact, hasn't reciprocated for nearly all the Obama initiatives. The Cubans are looking at how little they can do to get as much as they can."

Kavulich said it appears a further opening to Cuba isn't too dependent on Cuban government actions, but rather "is part of the president's legacy program. The Cuban government has shrewdly looked at everything the administration has said and done and says that where there is some, there is more, so let's just wait."

New Jersey Democratic Sen. Bob Menendez called the new regulations "a contravention of the law — the will of Congress and the people who elected us and a betrayal to those brave Cubans who have raised their voices in support of freedom, only to be silenced by a regime we are now helping."

He contends that U.S. law says "any administration has the discretion to tighten sanctions, but none have the power to relax them."

But lawyer Jose W. Fernandez, a former assistant secretary of state for economic, energy and business affairs, said the new regulations further the president's strategy of increasing contacts with the Cuban private sector and civil society to "help loosen the Castros' chokehold on power. It is becoming harder for the Cuban government to stand pat in the face of the new American policy and continue to blame the embargo for its economic woes."

President Barack Obama has said he would like to visit Cuba before the end of his term — but White House officials say that the trip is dependent on Cuba making progress in human rights, allowing more access to information and the Internet on the island and permitting a greater role for the Cuban private sector.

# Cigar Aficionado

28 January 2016  
New York, New York

By Gordon Mott

The U.S. government has eased rules that govern business and travel regulations with Cuba, another step in normalizing relations with the island just 90 miles from Key West. The amendments to existing regulations were issued by the Department of Treasury's Office of Foreign Asset Control (OFAC) and the Department of Commerce's Bureau of Industry and Security (BIS). The rules are another step toward resumption of ties between the two countries, a goal that President Barack Obama announced December 2014 after more than 50 years of hostilities.

"These changes are significant," says John Kavulich, president of the U.S. Trade and Economic Council. "The Obama administration is attempting to increase pressures upon the government of Cuba by creating fewer political and commercial impediments to the initiatives first announced in December 2014."

Julia Sweig, the co-founder of D17 Strategies, a firm offering advisory services in Cuba, says that the new rules are a "good step forward," but they still do not deal with some of the fundamental problems that prevent Cuban enterprises from doing business with the American companies.

For the most part, the new rules also do not affect the individual traveler going to Cuba legally as part of the licensed People-to-People tours, a U.S. government sanctioned program that has seen a dramatic increase in travelers and tours since President Obama's announcement. That announcement led to the reopening last July of the two nations' embassies in Havana and Washington D.C., the first time in more than 50 years that either nation had full diplomatic offices in each other's capitals.

In the announcement, Treasury Secretary Jacob J. Lew says, "[the] amendments to the Cuban Assets Control Regulations (CARC) build on successive actions over the last year and send a clear message to the world: The United States is committed to empowering and enabling economic advancements for the Cuban people."

Commerce Secretary Penny Pritzker adds that following a bilateral Cuban–U.S. meeting and "my fact-finding trip to Cuba in

October, we have been working tirelessly to maximize the beneficial impact of U.S. regulatory changes on the Cuban people." She says the new rules will authorize additional exports for areas like disaster preparedness, education, agricultural production, artistic endeavors, food processing and public transportation.

The new rules, according to the press release, also "remove existing restrictions on payment and financing terms for authorized exports and re-exports to Cuba of items other than agricultural items or commodities." But according to Sweig, those transactions must still be vetted to be sure they are not dealing with Cuban government enterprises, a requirement that makes many U.S. companies—and U.S. financial institutions—leery of getting involved in Cuba.

The one element of new rules that may eventually affect individual travellers regards travel related business and practices. The new rules allow blocked space, code-sharing and leasing arrangements with Cuban airlines, and "authorize additional travel related and other transactions directly incidental to the temporary sojourn of aircraft and vessels."

"This may have an impact on general aviation," says Kavulich, but for now, there are no specifics on how private air travel might be permitted.

The rules also ease transactions related to professional meetings and other events, as well as making it easier for professional media or artistic productions in Cuba.

While there has been no official Cuban government reaction, the government newspaper, Granma, says this is "the first time that the participation of the Cuban state has been accepted in this type of negotiations."

# The New York Times

## New York, New York

### 26 January 2016

#### Frequently Asked Questions: How to Travel to Cuba



A view of Havana. Credit Robert Rausch for The New York Times

The United States is continuing to pave the way for tourism to Cuba, announcing on Tuesday that domestic carriers could enter previously blocked airspace, and enter into code-sharing and leasing agreements with Cuban airlines. The move comes a month after the United States said it agreed to restore nonstop commercial flights between the two countries. In addition, the requirements that travelers must meet before going have been tweaked ever so slightly, expanding the reasons for which people can visit the island under a general license, which requires no advance paperwork. Here is what you need to know before you go:

**Q. Can I fly to Cuba now?**

**A.** Previous predictions that U.S. airlines may begin offering regularly scheduled flights to Cuba in the coming months appear to be on track. The new rules simply make it easier to partner with the Cuban aviation industry. They are pending the approval of the Cuban government. Commercial flights would eliminate the expensive charter flights that currently take travelers from Miami, New York and elsewhere to Cuba. New regulations have also expanded the reasons for which people can travel to Cuba. Now, crews can travel there and engage in other transactions to help serve flights and vessels. Regulations issued by the Department of Commerce in September already allowed American companies to establish offices and premises in Cuba and airline crews to stay overnight on the island. They also allow the sale of equipment related to aviation safety to Cuba.

Of course, non-American commercial airlines fly to Cuba from many destinations. Americans who meet Treasury Department requirements can fly through a third country, such as Mexico, Panama, Grand Cayman or Canada — an option that can be less expensive and more convenient than taking charter flights. Can any American citizen visit Cuba now?

Americans still can only go to Cuba so long as the trip falls within one of 12 purposes, including visits to close relatives, academic programs for which students receive credits, professional research, journalistic or religious activities and participation in public performances or sports competitions. However, people can now go to simply organize a professional event or competition; they do not have to wait for the event itself. In addition, travelers can go to film and produce television programs and movies, record music and create art there as long as they have experience in the relevant field.

Still, ordinary tourism remains off limits, and travelers have to mark a box to denote the purpose of their trip, and they are required to keep travel receipts for five years after they return. In most cases, they are also expected to have a full-time schedule of activities related to their category of travel.

What are people-to-people trips?

People-to-people trips are educational programs that fall into one of the 12 categories of general-license travel. They're one of the most popular ways to go to Cuba because anybody can join a trip and your itinerary is worked out for you. Because they are organized trips with full schedules of meetings, lectures and visits to artists' studios or small businesses or community projects, they are pricey — about \$2,500 to \$4,000 per week including accommodations and flights.

Will cruise ships sail to Cuba?

Owners of cruise ships and passenger ferries can operate between the United States and Cuba without a license, so long as the people they are carrying are licensed to travel there. The infrastructure to accommodate a cruise ship is available since ships owned by non-American companies, though usually smaller than American ones, have been sailing to Cuba in recent years.

The government had awarded licenses to a handful of ferry and cruise companies in 2015 including Carnival Corporation, which said in July that it would begin sailing to Havana in April.

Who will keep track of what I do in Cuba?

Good question. Senior officials at the departments of Treasury and Commerce said the government continues to take restrictions on travel to Cuba seriously. If you sign an affidavit saying you are going to Cuba for a particular purpose and, in fact, spend a week at the beach, you would be breaking the law.

Where would I stay?

Cuba has a shortage of high-end hotels, and that will become more acute if the number of American visitors rises significantly. There are about 61,000 hotel rooms in Cuba, according to the tourism ministry, of which 65 percent carry four- and five-star ratings. Bed-and-breakfasts are an attractive alternative to hotels, as they include the chance to make contact with Cuban families and often provide good meals. There are hundreds of bed-and-breakfasts, known as *casas particulares*, in Havana and popular tourist towns like Trinidad, Viñales and Cienfuegos. Searching for *casas* on the Internet is not easy, but you can book them through travel agents like Cubania Travel or look on TripAdvisor. Airbnb started offering its service on the island in April. The company, which lets users list their homes and apartments for short-term rentals, said payments to the Cuban hosts are deposited into their bank accounts by intermediaries or any other manner they select, including door-to-door payments.

Can I use credit cards?

American travelers to Cuba may open a bank account there and pay for expenses with an American credit card. In reality, few people who take the short trip abroad have cause to open a bank account. But A.T.M.s are few and far between in Cuba, and many establishments do not have the means to process credit card

payments. So, cash will be king for some time to come. It may be a good idea to take British pounds or euros, which get a better exchange rate in Cuba than the United States dollar.

How do I call home?

Calls on the Etecsa network, the Cuban state-owned telecommunications company, are expensive, and getting a phone can involve long lines. But Verizon Wireless announced in September that it would allow its users to make voice calls, send text messages and use data services through the company's pay-as-you-go International Travel option. At \$2.99 a minute, you will not linger on the line.

What can American Citizens bring back?

Americans can now bring back up to \$400 in souvenirs, including \$100 worth of cigars. John Kavulich, president of the U.S.-Cuba Trade and Economic Council, notes that, according to State Department records, Secretary of State John Kerry, who inaugurated the embassy in Havana in August, brought back an \$80 humidor, \$80 worth of cigars and a bottle of rum.

# The Miami Herald

## Miami, Florida

### 9 January 2016

## U.S.-Cuba Relations: Plenty to work on in 2016

By Mimi Whitefield

If 2015 was a watershed year in U.S.-Cuba relations with the resumption of diplomatic ties and the opening of embassies, then 2016 is expected to be a year of definition as the two former adversaries move past ceremony and tackle the hard issues that still separate them.

Among the most pressing problems that will shape the relationship this year are migration, with thousands of Cubans intent on reaching the United States stranded in Central America, and Cuba's economic future, now that its preferential oil deal with Venezuela appears to be in jeopardy after the country's opposition won control of congress.



Cuba's leader Raúl Castro casts his vote to elect a new member of the state council, during the twice-annual legislative session at the National Assembly in Havana, Cuba, Tuesday, Dec. 29, 2015. He announced the government's plans for 2016. Ismael Francisco AP

Business interests are hopeful that there could be a breakthrough and that major deals resulting from the United States' commercial opening toward Cuba might come to fruition. For the Cubans, the most important thing is getting the embargo lifted — a difficult proposition in an election year — and they don't hesitate to preface most talks with U.S. executives and politicians about the need to get rid of it.

The year started with Virginia Democratic Gov. Terry McAuliffe prospecting in Cuba for business opportunities for his state. He came away with an agreement between the Port of Virginia, a deepwater port in Norfolk, and Mariel, Cuba's container port west of Havana, to explore ways to work together. He also announced an academic exchange and research understanding between the University of Havana and Virginia Commonwealth University.

But the Cubans also got what they were interested in: McAuliffe said that it was time to put an end to the "foolish policy" of the embargo and that he would be meeting with members of Congress and administration officials to drive home the message that "2016 needs to be the year that we move our relationship forward, that we end this embargo and we do the right thing for the citizens of the United States of America and the citizens of Cuba."

Pedro Freyre, an attorney who heads the international practice at Akerman, said 2015 was the year when the foundations of the new relationship were laid down, setting up a basis for what may come in 2016.

He expects the administration will announce another set of regulations soon that will give U.S. businesses more confidence to engage with Cuba and that there will be a flurry of activity during the first quarter of 2016.

"The administration has already decided to make another set of changes," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. He expects they will focus on diminishing restrictions on the use of U.S. dollars in international transactions dealing with Cuba. "That would certainly benefit the Cubans anywhere they do business, but this has also been an impediment for U.S. companies that want to do business with Cuba," he said.

Under the Obama administration's commercial opening toward Cuba, products such as Internet and telecom equipment that increase connectivity for the Cuban people, agricultural and construction equipment destined for private entrepreneurs, and many other products that will help Cuba's growing entrepreneurial sector run its businesses may be sent to Cuba. U.S. companies also are allowed to buy some products made by private Cuban businesses.

Kavulich said he also expects regulations will be issued outlining the terms of payments for such transactions, which are exceptions to the embargo, and that the process by which American travelers certify that they fall within the 12 categories authorized to visit Cuba will be streamlined.

"The clock is ticking for the Obama administration," Freyre said. "I think the Cubans understand they have a limited window of opportunity and after the end of Obama's term, things are up for grabs."

A few other commercial milestones also are expected to be achieved this year: the first scheduled commercial flights between the United States and Cuba in five decades and perhaps the resumption of U.S.-based cruise ships calling in Cuba.

In mid-December, U.S. air carriers said they'd reached an agreement in principle with the Cuban government to allow scheduled flights to Cuba, but provided few details.

Several cruise lines are advertising Cuban itineraries that depart from U.S. ports this year, but so far Cuba hasn't given the green light to any of the cruise lines.

Still, Freyre, who represents corporate clients who have struck deals with the Cubans or hope to, said he's "guardedly optimistic" that the cruise lines are making progress in winning approvals. "We're on track," he said.

Other analysts expect a slower pace in the rapprochement and say the Cuban government has been very cautious about selecting U.S. business partners or changing Cuban laws or procedures to facilitate the U.S. overtures.

Among the reasons for the slow uptake, said Freyre: The sheer number of overtures by U.S. businesses has caught the Cubans by surprise; dealing with U.S. executives is relatively new territory for them; and the nature of Cuban bureaucracy, which requires many interagency consultations.

"They're going about this with a whole lot of thought; they don't want to make decisions that will lead to risk," he said.

#### Changes in Politburo?

When the Communist Party of Cuba holds its Seventh Congress in April, there also may be clues about the political future of the country that could be relevant to the evolving relationship with the United States.

"It will be very telling if there are major changes to the Politburo," said Andy Gomez, a Cuba scholar and retired dean of international studies at the University of Miami. As the revolutionary old guard retires and dies off, Cuba is undergoing a generational power shift.

If there are changes in the Politburo, Gomez said, new members may bring different views on U.S.-Cuba relations.

#### Oil uncertainties

Also key to Cuba's economic future and how willing it may be to cut deals with American businesses is the fate of its preferential oil deal with Venezuela, which itself is struggling economically but provides deeply subsidized oil to Cuba in exchange for Cuban medical personnel. Last month the Venezuelan opposition won a super majority in the National Assembly and the new congress, which was seated last week, isn't expected to be as friendly to Cuba as the island's ideological soul mate President Nicolás Maduro.

The opposition bloc announced that one of its goals was to develop a strategy to constitutionally change the government within six months.

In his Dec. 29 speech to Cuba's National Assembly, Cuban leader Raúl Castro said that economic growth was expected to fall from 4 percent in 2015 to 2 percent this year. He mentioned not only the drop in the prices of traditional Cuban exports such as nickel but also oil uncertainties.

While Castro said lower oil prices could lower the costs of some imports, he also said Cuba's "mutually advantageous" cooperation agreements were being affected and he specifically mentioned Venezuela, which he said was "being subjected to an economic war to reverse popular support for the revolution."

Castro said the Cuban government is convinced that such efforts will be resisted. But in light of the uncertainties, he said Cuba needed to be as efficient as possible, reduce costs, concentrate its resources on activities that will generate export earnings and emphasize import substitutes, and increase investment in infrastructure and production.

If the Venezuelan oil spigot begins to dry up, "that impacts Cuba's cash flow — both money coming in and money going out," said Kavulich.

But Freyre said the Cuban government has had time to prepare for a possible diminished economic relationship with Venezuela. "They haven't been in power for 54 years by making it up as they go along," he said.

## Human rights, migration

The United States and Cuba also remain far apart on issues such as human rights and migration. An estimated 8,000 Cubans have been stuck at the Costa Rica border after Nicaragua refused to allow them to cross into its territory to continue their journey to the United States. Here they plan to take advantage of the Cuban Adjustment Act, which allows them to become permanent residents after spending a year in the United States.

While a pilot program that will start bringing some of the Cubans to El Salvador, where they can continue their route north, is expected to begin Tuesday, it doesn't address the more basic differences between the two countries.

Cuba opposes the adjustment act, the U.S. wet foot/dry foot policy and a special parole program for Cuban medical professionals because it says they encourage people smuggling and motivate Cubans to abandon their medical posts abroad. Even though the two countries now have diplomatic relations, the United States has said it has no plans to change its special treatment for Cubans.

### Obama trip to Cuba?

This also may be the year President Barack Obama visits Cuba. Ben Rhodes, deputy national security adviser, said that a decision will be made on a presidential trip in the next few months but that the president wants to see an advance in his priorities, such as improvement in Cuba's human rights record, more access to information and the Internet on the island, and a greater role for private enterprise in Cuba.

"I'd be surprised if he didn't visit. This is a major legacy item for President Obama," McAuliffe told reporters during his Cuban trip.

In an interview with Yahoo News in December, the president said that he "very much" wants to visit Cuba. "If I go on a visit, then part of the deal is that I get to talk to everybody," said Obama, adding that he and his aides hope the relationship progresses to a point where there is agreement that "now would be a good time to shine a light on progress that's been made, but also maybe [go] there to nudge the Cuban government in a new direction."

Critics of the rapprochement say there needs to be significant improvement in Cuba's human rights record before the president should even consider such a trip.

In the second half of this year, the pace of political detentions has increased — although most of those arrested are held for only a few hours or days. In December, the Cuban Commission for Human Rights and National Reconciliation reported 930 "politically motivated" temporary detentions or arrests, compared to 489 the previous December. The commission said there were 8,616 such cases in 2015, compared to 8,899 in 2014.

"A visit to Cuba to cozy up to Fidel and Raúl Castro will not help the Cuban people achieve their desire for freedom and democracy. President Obama cannot in good conscience state that his Cuba policy has improved human rights conditions on the island," said South Florida Republican Rep. Ileana Ros-Lehtinen. In 2016, Ros-Lehtinen said she plans to continue to work on supporting pro-democracy leaders in Cuba and try to "amplify their calls for freedom" in the U.S. Congress. "The president's legacy on Cuba is unfortunately clear as one of appeasement to dictators, indifference to human rights, and no accountability for rogue regimes," she said.

Kavulich said it appears that the United States is holding Cuba to a minimum of standards in the two countries' evolving relationship. He believes Obama is so intent on visiting Cuba that "the Cuban Foreign Ministry would have to work day and night to create a scenario so the president wouldn't go.

"I think this will be a year of calculations with both sides engaged in trying to figure out the maximums and minimums required for responses," he said.

'We're all over the place'

Gomez said 2016 also could be a year of definition for the Cuban-American community.

Old guard Cuban Americans have expressed dismay that they weren't consulted when the Obama administration was formulating its new Cuba policy, and when a group of influential Cuban-American business executives recently published an "Open Letter to Our Fellow Cuban-Americans" that hailed progress in the relationship and urged further engagement with the Cuban people, it opened a rift with some exiles who said the letter writers ignored their pain and Cuban reality.

"Where is my community going to land on all of this?" asked Gomez. "We're all over the place [on rapprochement]. The question in 2016 is how much can the Cuban-American community recapture some of the agenda between the United States and Cuba and what role, if any, can we play in this?"

## **Farms.com**

**Ames, Iowa**

**8 January 2016**

### **Agreement between Virginia and Cuba could increase agricultural exports Memorandum of Understanding has been signed**

By Diego Flammini

The Virginia Port Authority and Cuban National Port Authority have signed a Memorandum of Understanding (MOU) to assess commercial opportunities between the Port of Virginia and Port of Mariel Special Development Project in Cuba.

The MOU will help with the sharing of information, including data exchanges, market studies, training and technological information. Cuba and Virginia will use the information to support trade and investments via waterways.

Virginia Governor Terry McAuliffe said the MOU is another step in the right direction in sorting out relations with Cuba.

"As relations between our nations continue to normalize, this agreement will position Virginia as a leader in trade relations with Cuba now and in the future," he said.

Cuba's Port of Mariel has the capacity to handle nearly 1.3 million shipping containers annually, which could help increase the amount of agricultural exports the country receives from Virginia.

"I believe Virginia's continued engagement has once again yielded positive results in Cuba," said Secretary of Agriculture and Forestry Todd Haymore. "Last year, Cuba purchased \$25 million in agricultural exports from Virginia, all in bulk shipments. This agreement will help position Virginia to provide container service for agricultural products such as poultry, pork and apples, which are shipped in refrigerated containers."

Data from the U.S.-Cuba Trade and Economic Council indicates that Norfolk, Virginia, when measured in metric tons, ranked at the top out of 14 ports used to export agricultural goods from the U.S. to Cuba.

Since 2006, Virginia has exported nearly \$400 million worth of goods to Cuba.

## **Variety**

**Hollywood, California**

**6 January 2016**

### **'Fast and Furious 8' Wants to Shoot in Cuba (EXCLUSIVE)**



Courtesy of Universal

Brent Lang  
Senior Film and Media Reporter

Justin Kroll  
Film Reporter

Universal's "Fast and Furious" franchise may be going where no major studio film has gone before.

While plans are still being worked out, *Variety* has learned that the studio behind the hugely popular series wants to shoot part of the eighth film in the "Fast and Furious" series in Cuba. The filmmakers have made a research trip to the country to look at possible locations, though an insider cautions that things are in the exploratory phase.

"Universal Pictures is currently in the process of seeking approval from the United States and Cuban governments to explore shooting a portion of the next installment of the 'Fast & Furious' series in Cuba," a spokeswoman for the studio said.

Exotic locales are a staple of the "Fast and Furious" films, with previous chapters unfolding in the likes of Dubai and Rio. The setting is also advantageous because the series has an avid Hispanic audience.

The move comes as Hollywood companies are looking for ways to gain a foothold in the Latin American nation following the Obama administration's move to normalize relations with Cuba. Since a decades-long trade embargo was lifted, Conan O'Brien has shot episodes of his late-night program in Havana, Showtime's "House of Lies" has announced plans to film parts of its fifth season in the country, and Vanity Fair sent Rihanna and photographer Annie Leibovitz down to the communist nation to get footage of the pop star giving sultry stares while idling by Eisenhower-era cars. Netflix has also announced plans to launch a streaming service in the country, despite its poor internet connectivity.

"Cuba is a land that many know about, but few have seen," said John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council. "These productions are hoping to capitalize on the increased interest in Cuba."

So far nothing has hit Cuba on the size and scale of a "Fast and Furious" movie, which are known for their gravity-defying stunts and screen-flooding explosions. The only previous Hollywood shoot in Cuba was a small indie starring Giovanni Ribisi called "Papa," which was set during the Cuban Revolution.

In the past, films like "Havana" with Robert Redford or Michael Mann's "Miami Vice" substituted locations in the Dominican Republic or Uruguay for Cuba because years of tension between the two countries meant that U.S.-based companies were barred from spending U.S. dollars in Cuba. That changed after a trade embargo was lifted in 2015, lightening travel restrictions and leading the U.S. to open an embassy in the country. Experts like Kavulich said that a major Hollywood film will have no trouble securing approvals because allowing filming of a "Fast and Furious" sequel would be viewed as a chance to strengthen relations.

"The Cuban government is supportive and the U.S. government is supportive," he said. "Licenses for television and motion picture productions are bilateral issues and they will receive bilateral support."

The location would be one of several backdrops for the newest "Fast and Furious" film. Right now the studio is hoping to start production this spring in Atlanta and New York. The plan would be to have one of the film's major set pieces take place in Cuba.

Several hurdles still need to be overcome, including ensuring that the country is capable of handling a big-budget shoot that a film of this nature requires, but insiders are hopeful that any reservations will be swept aside by the time production begins this spring. There are a number of advantages to shooting in Cuba beyond popular interest in the island country. Cuba has a variety of settings that could appeal to filmmakers — from beaches to tropical mountains — as well as highways, railways and something of a transportation infrastructure. The country also has a native entertainment industry and does boast soundstages and trained professionals. Food is cheap and labor is substantially less expensive than it would be in the U.S.

The major disadvantage is a lack of internet. Verizon and Sprint have offered roaming in the country, but a production of this scale would need to bring in a satellite-based wireless internet system.

Though Cuba and the West engaged in saber rattling for years, low points in relations, such as the Cuban Missile Crisis or the Bay of Pigs Invasion, have passed into history for a rising generation. Cuban citizens are even relatively well versed in American pop culture. Hollywood films are shown on television and more recent productions are routinely pirated and sold on USB drives.

“In general people like Americans and are very welcoming,” said Richard Feinberg, senior fellow at the Brookings Institution and the author of “Open for Business: Building Cuba’s Economy.” “From the Cuban point of view, these kinds of films would bring in money and attract positive publicity.”

The next “Fast and Furious” film debuts on April 17, 2017. Vin Diesel and Dwayne Johnson are on board to return in starring roles, while “Straight Outta Compton’s” F. Gary Gray will take over the director’s chair.

## **Australia Network**

### **Sydney, Australia**

#### **7 January 2016**

The United States and Cuba had an economic embargo for around 50 years until its normalization last year. Since it might be possible for major film outfits to cross Fidel Castro’s land, this time, the next “Fast and Furious 8” movie might just be filmed in Cuba for its exotic setting.

According to Variety, the filmmakers expressed their desire to shoot the action-adventure motion picture in Cuba.

“Universal Pictures is currently in the process of seeking approval from the United States and Cuban governments to explore shooting a portion of the next installment of the ‘Fast & Furious’ series in Cuba,” the representative revealed.

Notably, previous “Fast and Furious” installments include scenes that were shot in some places like Dubai and Rio, where exotic locales are present. Should the Cuban government agree, they will be the first major studio film to set foot on the land.

“The Cuban government is supportive and the U.S. government is supportive,” says John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council. “Licenses for television and motion picture productions are bilateral issues and they will receive bilateral support.”

The filmmakers are planning to start the production in Atlanta and New York in spring while waiting for the approval.

As for the cast and characters, Tyrese, Ludacris, Michelle Rodriguez, Vin Diesel and Dwayne Johnson are expected to return for the 8th film. Meanwhile, “Straight Outta Compton” director F. Gary Gray will be the new director.

And for the rumors spreading that Brian O'Conner (played by the late Paul Walker) will not be in the "Fast and Furious 8," NBC Universal vice chairman Ron Meyer explained that the production allegedly decided to have the next film without the character.

"Paul won't be in it, but he'll be represented in some form or another," Meyer was quoted from another Variety article.

"Fast and Furious 8" kicks off in theaters on April 14, 2017.

## **Comicbook.com**

### **Brentwood, Tennessee**

**6 January 2016**

### **Fast & Furious 8 Is Looking To Film In Cuba**

Brandon Davis



Rumors have long swirled that the eighth installment of the Fast & Furious franchise would head to New York City for the first time in its 15 year history but that isn't that only major location in mind for the globetrotting franchise.

"Universal Pictures is currently in the process seeking approval from the United States and Cuban governments to explore shooting a portion of the next installment of the Fast & Furious series in Cuba," a spokeswoman for the studio said told Variety.

Exotic international locations wouldn't be new for the franchise, seeing as *Furious 7* took the cast and crew through the skyline of Dubai and *Fast Five* was largely known for its Brazilian adventures. The avid Hispanic fanbase of the franchise would likely be pleased with a trip to Cuba.

"Cuba is a land that many know about, but few have seen," said John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council. "These productions are hoping to capitalize on the increased interest in Cuba."

Only one Hollywood film has ever shot in Cuba to date: Giovanni Ribisi's *Papa* which was set during the Cuban Revolution. Other Hollywood films which "take place" in Cuba, such as *Havana* or *Miami Vice* substituted the embargoed location with spots such as the Dominican Republic and Uruguay.

*Fast & Furious 8* is set for release April 14, 2017.

## **RT Network**

### **Moscow, Russia**

**6 January 2016**

**Boom Bust Goes To Cuba**

Shares for gun makers are soaring, propelled by the belief that calls for more gun control will actually drive up demand. Manuel Rapalo takes a look. Edward Harrison is then joined from Las Vegas to discuss what technologies are vying for attention this week at the Consumer Electronics Show.

After the break, Erin Ade kicks off Boom Bust's Cuba week by sitting down with John Kavulich, senior policy adviser at the US-Cuba Trade and Economics Council, to talk about the effects of easing sanctions on the island nation. Ameera David examines the booming tourist industry in Cuba being aided by the likes of Airbnb and other technologies. Finally, Bianca Facchinei interviews Jorge Legra, the director of strategic programs for marketing and communication at the state-owned ETECSA, about relaxing of internet restrictions and how this may help the country economically.

<https://www.rt.com/shows/boom-bust/328055-boom-bust-cuba-us/>

## Reuters

### Havana, Cuba

#### 4 January 2016

## Virginia and Cuba to sign port agreement, look to expand trade

HAVANA | By Jaime Hamre



Democratic Governor Terry McAuliffe of Virginia makes remarks during a "Growth and Jobs in America" Discussion at the National Governors Association Winter Meeting in Washington, February 23, 2014.  
Reuters/Mike Theiler

Virginia's port authority will become the first U.S. port operator to sign a cooperation agreement with its Cuban counterpart, in an effort to increase trade and establish direct service with Cuba, Virginia's governor said on Monday.

"We are going to sign an agreement tomorrow between the Port of Mariel and our Port of Virginia which will be a strategic alliance," Virginia Governor Terry McAuliffe said during a three-day trip to the Communist-run island.

McAuliffe is the fourth U.S. governor to visit Cuba since both countries announced they would work to normalize relations just over a year ago.

His 30-member delegation includes various state officials and about twenty business leaders.

The recently opened Mariel Port, just west of Havana, aims to become a major shipping center as larger ships pass through the Panama Canal and use it as a logistical hub.

"As Cuba and the United States normalize relationships, we'd like to see the Cuban companies establish Virginia as their distribution point for the United States," Thomas Capozzi, chief sales officer for the Port of Virginia, told Reuters.

According to the New York-based U.S.-Cuba Trade and Economic Council, Norfolk, Virginia, ranked first - in metric tons - of 14 ports used in 2015 for exporting agricultural products from the United States to Cuba.

President Barack Obama has relaxed parts of the comprehensive trade embargo of Cuba and has asked Congress to lift it completely.

Virginia is Cuba's third U.S. trade partner. The state has exported nearly \$400 million in goods to the island in the last decade, McAuliffe said.

The United States authorized cash-only agricultural exports to Cuba in 2000.

Virginia's sales to Cuba, hampered by U.S. sanctions that bar Havana from credit, dropped to \$25 million in 2014, Virginia Secretary of Agriculture and Forestry Todd Haymore told Reuters, echoing a call by the governor to allow bank credit for the food trade.

He said the delegation, which includes representatives from pork producer Smithfield Foods and poultry producer Perdue Farms, hopes to increase and diversify Virginia's exports to Cuba, which consist primarily of apples, wine and soy products.

## **WVTF Public Radio**

**Richmond, Virginia**

**4 January 2016**

Partial Text

Governor Terry McAuliffe is in the midst of a three-day trip to Cuba, hoping to drum up new business for Virginia, but as Sandy Hausman reports, his mission could benefit businesses nationwide.

Listen

Listening...

3:29

Cuba is a land of beautiful music and beaches, good cigars and rum, but it's home to just 11.3 million people, most of them poor, and the last three governors to visit left with no promise of new business. Terry McAuliffe himself came away empty handed when, as a private businessman, he tried to cut deals in 2009. Still, he's committed three full nights to this trip, an extraordinary amount of time according to John Kavulich, head of the U.S.-Cuba Trade and Economic Council.

"He's saying to the Cubans, 'I'm all in. I'm using taxpayer money. I'm using the state plane. I'm bringing businesses of substance down here, but in order for me to maintain credibility, I have to come back with something. I just can't come back to the citizens of the Commonwealth and say I spent several hundred thousand dollars, and I smoked some cigars and a I had some rum.' And I think the Cubans are aware of that," Kavulich says.

They also know that McAuliffe is a big player in Democratic party politics – someone who knows Barack Obama and is extremely close to the Clintons.

"What comes out of his mouth will likely have been a result of his discussions with the former president and with Mrs. Clinton, and the Cuban government is keenly aware that the clock is ticking on the Obama administration," Kavulich explains. "They know that they will never have a president that wants to get something done as much as he does, and if Mrs. Clinton is elected, she's not going to have that focus."

If McAuliffe wins new business for Virginia, it could signal a softening on Cuba's part – the first trade domino to fall. Next, Cuba might allow U.S. companies to have offices in Havana, hire Cuban nationals and sell American products directly to customers, something Kavulich says is not possible today.

“There are about 200 categories of independent business operators in Cuba – hairstylists to car repairs, but the Cuban government does not officially allow these people to import products directly. They have to buy it thru a Cuban government store.”

Cuba also has a list of things it wants from the U.S. – like credit: “Healthcare products, food and agriculture products must be paid for on a cash basis, and the Cubans generally don't like it, because they have to make payment before the product gets to Cuba or when the product gets to Cuba.”

To pressure the U.S. on that point, Cuba has actually cut way back on what it buys from this country. In 2011, for example, it bought \$65 million worth of goods – mostly agricultural products – from Virginia, but in 2015 that number fell to about \$25 million.

Cuba is in an uncomfortable place right now. Its wealthiest ally, Venezuela, is in the midst of an economic crisis, and that could mean less cash for the island nation. On the other hand, Terry McAuliffe could be sitting pretty politically if several factors lead Cuba to make a deal. Again, John Kavulich with the U.S.-Cuba Trade and Economic Council.

“We will never know if he was the one that caused it or if the Cuban government said, ‘This is a good time to do it,’ but he's going to get credit for it.”

And coming one week before the next legislative session, in which McAuliffe will no doubt be battling Republican opponents, a win on the global front could help to bolster his reputation and political clout at home.

## **WTOP**

### **Washington, DC**

#### **4 January 2015**

### **Va. Gov. McAuliffe heads to Cuba to announce export deals**



**By Max Smith**



FILE - In this July 13, 2015 file photo, Virginia Gov. Terry McAuliffe speaks during a news conference at the Capitol in Richmond, Va. State and local elections across the country this week produced warnings signs for both Democrats and Republicans as the parties press toward the...

WASHINGTON — Virginia Gov. Terry McAuliffe was headed in Cuba Sunday for a four-day visit expected to include the announcements of several export deals for Virginia products.

“Cuba is a major trading partner for us, and we’re going to have some very important strategic announcements when we are in Cuba,” McAuliffe said ahead of the trip. He has traveled around the world since taking office to places like the Middle East.

“Ninety-five percent of the world’s customers live outside the United States of America, so I go where the customers are,” McAuliffe said. On each trip, he has announced deals that were at least largely worked out ahead of time to increase exports of Virginia products or to draw new investment to Virginia.

On Dec. 22, McAuliffe met with the Cuban ambassador to the United States at the Cuban Embassy in Washington. In a sign the trip will focus on exports of grain, poultry and related farm commodities, the meeting included Virginia Agriculture Sec. Todd Haymore.

“We’re going where the customers are to build our ag business,” McAuliffe said.

The Obama administration took steps to normalize relations with Cuba about a year ago.

The U.S.-Cuba Trade and Economic Council, a business group that supports trade with Cuba, said McAuliffe is the 14th U.S. governor to visit Cuba since 1999.

## The Washington Post

Washington, DC

2 January 2016

### Va. Republican challenges McAuliffe to meet with dissidents in Cuba



Virginia Gov. Terry McAuliffe speaks during an AP Day at the Capitol session in Richmond in December. (Steve Helber/AP)

By Laura Vozzella

MIAMI — On the eve of his three-day trade mission to Cuba, Gov. Terry McAuliffe (D) on Saturday pushed back against a Republican legislator’s demand that he meet with dissidents while on the island.

Del.-elect Jason Miyares, the first Cuban American elected to Virginia’s General Assembly, called on McAuliffe to spend time with the Ladies in White and others at odds with Cuba’s communist regime. Miyares’s family fled the country in 1965.

“As Governor McAuliffe decides to ring in the New Year in the only non-democratic nation in the entire Western Hemisphere, perhaps he should keep in mind the thousands of dissidents that are harassed, beaten and imprisoned each day in Cuba simply because they yearn for freedom,” said Miyares, who in November won a House seat, representing Virginia Beach.

“As Governor of Virginia, Terry McAuliffe holds the same seat as Thomas Jefferson, and as such he has a special responsibility during his Cuba trip to speak out on behalf of the timeless universal truths of his predecessor; the self-evident truths that ‘all men are created equal, that they are endowed by their Creator with certain unalienable Rights’ including the Right of ‘Life, Liberty and the Pursuant of Happiness,’”

Miyares said in a written statement issued late Friday night. “Mr. Jefferson was able to utter those words to the mighty British Empire 240 years ago, surely Governor McAuliffe can advocate these same timeless principles to the Castro regime today.”

McAuliffe heads for Cuba on Sunday for a three-day trip intended to promote exports of Virginia products at a time of warming relations between the two countries. His public schedule for the trip, dominated by meetings with the various government officials who do the buying for Cuba’s centrally planned economy, gives no indication that the governor plans to meet with dissidents.

McAuliffe’s spokesman said the governor’s job in Cuba is to promote trade, but noted that an improved U.S.-Cuban relationship offers hope for progress on human rights.

“The purpose of the Governor’s trip is to open new markets for Virginia products,” McAuliffe’s spokesman, Brian Coy, said via email in response to Miyares’s statement. “He believes opening trade relations is a key strategy to create new economic activity and opportunities for families in Virginia and Cuba alike.

“For the first time fifty years, the US and Cuba have a formal diplomatic relationship and a process — agreed to by both governments — for discussing human rights. The Governor is pleased with this significant achievement as he believes it, along with greater commerce and trade activities, will pave the way for better relations between the US and Cuba, something that citizens of both countries support.”

McAuliffe will be the fourth sitting U.S. governor to travel to Cuba since President Obama announced plans just over a year ago to begin normalizing relations with the communist country. He follows New York Gov. Andrew Cuomo (D), Arkansas Gov. Asa Hutchinson (R) and Texas Gov. Greg Abbott (R).

None of the others met with dissidents during their trips, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which provided information to McAuliffe and other governors ahead of their trips.

“Generally we have suggested that when governors go down, that they steer away from anything that is truly going to be provocative for the Cubans, because they’re supposed to be there as chief marketing officers for their states,” Kavulich said.

“I think there’s a different role for a United States senator or a member of the House of Representatives,” he added, noting that unlike governors, members of Congress have an official role in making foreign policy. But Kavulich said that McAuliffe is in an awkward spot because he has close personal ties to former president Bill Clinton and current Democratic presidential front-runner Hillary Clinton.

“It’s tough because that delegate does have a point — you’re an elected official, you’re a very visible official, you’ve got that tie to the Clintons,” he said. “So maybe you should say, ‘I’m here trying to get business as state official, but as a human being, as a father, as a husband, I think it’s important that anyone who comes to a country not gloss over issues just because they’re inconvenient.’ ”

## **The Washington Post**

**Washington, DC**

**2 January 2016**

**McAuliffe, at the midpoint, sets sights on Cuba and other foreign markets**



Now-Gov. Terry McAuliffe posing in front of a sidewalk bookstore in Havana, Cuba, during his April 2010 trade mission. The books behind McAuliffe were displayed in crates that once held Virginia apples. (Obtained by the Washington Post)

By Laura Vozzella

RICHMOND –Virginia Gov. Terry McAuliffe, determined to make his mark in an office once occupied by Patrick Henry and Thomas Jefferson, heads to Cuba on Sunday, hoping to capitalize on a historic thaw between the United States and the communist island nation.

The timing for McAuliffe (D) is just as momentous.

The three-day trade mission comes as the term-limited governor reaches the midway point of his stint, at a moment when Republicans have a tight grip on the General Assembly. With the House and Senate firmly dug in against many of his top priorities, McAuliffe is staking his governorship on non-partisan goals he can largely pull off on his own — economic development and foreign trade chief among them. He is setting his sights not across Capitol Square so much as across oceans.

“Ninety-five percent of the world’s customers live outside of the United States of America,” McAuliffe said in an interview with The Washington Post. “I’ve got to go where the customers are. ... For many of these countries, you can’t do it with a phone call.”

Since he ran for governor in 2013, McAuliffe has stressed the need to expand and diversify the state’s economy, which is highly dependent on military and other federal spending.

That is a goal with bipartisan appeal, but building a legacy around those aspirations is proving to be a tremendous challenge, with McAuliffe up against stiff economic headwinds and skeptical Republicans. The governor has turned off some GOP legislators by trying to sell partisan social policies as economic development.

Enhancing gay rights or abortion access? That, the governor contends, would make the state more “open and welcoming” to new businesses. Expanding Medicaid under the Affordable Care Act, McAuliffe argues, would create 30,000 health-care jobs and shore up rural hospitals. At least so far, Republicans haven’t bought it.

So now, as the governor heads to off on his latest international trip, he has an opportunity to delve into economic development work in its purest form, the realm where he is most likely to shine. Away from Richmond, apart from his larger social agenda, McAuliffe will simply be selling Virginia.

“I think where he is most successful and where his legacy is potentially made, if he’s going to have one, is going to be on economic development, and not just on bringing jobs to Virginia, but on transforming the Virginia economy, even just a little bit, from dependency on federal spending,” said Quentin Kidd, a political scientist at Christopher Newport University. “In a funny way, it’s a safe refuge from the fights in the General Assembly that he can’t win.”

But in Cuba, McAuliffe has not chosen an easy course. The small, relatively poor country, even after a year of detente, still labors under most Cold War-era trade restrictions. Some of McAuliffe’s GOP foes roll their eyes at the notion that Cuba can boost Virginia’s fortunes.

“It’s probably not where I’d be going,” said House Majority Leader Kirk Cox (R-Colonial Heights).

Del.-elect Jason Miyares, a Virginia Beach Republican who in November became the first Cuban-American elected to the General Assembly, was more pointed, calling on the governor to meet with dissidents.

“As Governor McAuliffe decides to ring in the New Year in the only non-democratic nation in the entire Western Hemisphere, perhaps he should keep in mind the thousands of dissidents that are harassed, beaten and imprisoned each day in Cuba simply because they yearn for freedom,” Miyares said in a statement Friday night.

But Del. David Albo (R-Fairfax) sees potential in Cuba. His brother and father once held a special State Department license to do telecommunications work on the island.

“My brother says they’ve got beaches that go for miles and miles,” Albo said. “I’m sure there’s money to be made there and the first person who gets in there wins.”

McAuliffe is not the first Virginia governor to see economic promise in an island that is just a three-day sail from the Port of Virginia. His three immediate predecessors have courted Cuba, starting with now-Sen. Mark R. Warner (D). Warner wanted to lead a Virginia trade mission to the island when he took office in 2002, taking advantage of liberalization that became law when President Bill Clinton signed the Trade Sanctions Reform and Export Enhancement Act. Advisers, worried about the optics of a potential sit-down with Fidel Castro, talked him out of it.

Warner instead sent his commerce and trade secretary, who helped Virginia farmers sell about \$800,000 in apples and soybeans to Cuba in 2003 — the first exports from Virginia to Cuba since President John F. Kennedy imposed a trade embargo in 1962.

Virginia has been selling to Cuba ever since. The value of that trade — \$25 million in sales in 2014 — is dwarfed by exports to Canada (\$3.7 billion) and China (\$2 billion), but it could add up, Kidd said.

“Diversifying the economy is about little bits here and little bits there,” he said.

Interest in Cuba has only grown since Obama moved to normalize relations a year ago, raising hopes that in the not-too-distant future, the trade embargo will be fully lifted and the country transformed. McAuliffe will be the fourth sitting U.S. governor to travel there since 2015, behind New York Gov. Andrew Cuomo (D), Arkansas Gov. Asa Hutchinson (R) and Texas Gov. Greg Abbott (R). McAuliffe hopes to have a head start because of Virginia’s existing relationships there.

“As things are changing between us and Cuba, the foresight that four governors have shown — Mark Warner, Tim Kaine, Bob McDonnell and Terry McAuliffe — really does put Virginia in a good position to recapture business and grow business and, as we go beyond agricultural trade, give us the ability to be standing right at the front of the line to talk about the opportunities,” said Todd Haymore, McAuliffe’s secretary of agriculture and forestry.

Even critics concede that McAuliffe has been an ebullient cheerleader for the state, one with an enormous network of national and international contacts amassed over a decades in politics and business. A former Democratic National Committee chairman and close friend of Bill and Hillary Rodham Clinton, McAuliffe had associates in Kuwait and Oman he could call on during a November trade mission to helped get bans on Virginia poultry lifted.

“Listen, I sat down with the crown prince in Kuwait,” McAuliffe said. “I said, ‘Your highness, you’re buying food from all over the globe. You’re importing it. Buy your chickens from me.’ It’s not a hard sell. I have relationships with these folks. I’ve known them forever and ever.”

And he does have a record of some success with his strategy. The governor often recites a list of gains over his first two years: \$9 billion in new economic development projects — more than any other governor in Virginia history and double what his past two predecessors had achieved at the same time in their terms. An unemployment rate of 4.2 percent, the lowest since August 2008.

But the picture is not all rosy in a state hit particularly hard by the recession and by the automatic federal spending cuts known as sequestration.

Since March 2008, Virginia has lost 293,400 private sector jobs — each worth an average of \$148,000 a year to the state’s economy, said Stephen Fuller, director of the Center for Regional Analysis at George

Mason University. So far, it has replaced 224,500 of them, but with positions worth an average of \$113,000 a year. Economic growth flatlined in 2014, putting Virginia 49th in a ranking of 50 states and the District.

“In a sense, McAuliffe is pushing right uphill,” Fuller said. “It isn’t that you can just go out and do a reasonably effective job of raising the profile of the state and attracting investment. The home base is still bleeding. It isn’t all net gain. It’s serious triage which is needed, and I’m not sure that some of the economies can be saved and you can’t just backfill them with investment from China.”

McAuliffe also has led trade missions to China (twice), Japan, Korea, Europe, India and the United Arab Emirates. Whenever the governor plays on the international stage, there always are suggestions that he is capitalizing on his connections to the Clintons, a former president and an aspiring one.

“The Cubans understand that Mr. McAuliffe can give them perhaps some insight, a back channel to the Clintons,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. “When they talk to Governor McAuliffe, they can easily — and they should — picture him wearing one of Mrs. Clinton’s pantsuits, because that’s pretty much what’s going to come out of his mouth. He’s going to be the channeler-in-chief.”

The island is not entirely new territory for McAuliffe. After losing the Democratic primary in 2009, he volunteered to sell Virginia apples and wine in Cuba. He came away with nothing but a tongue-lashing from a Cuban official about the perceived injustices of the U.S. trade embargo.

It is not unusual for first-timers to return from Cuba empty handed, said Kirby Jones, a Cuba trade consultant who accompanied McAuliffe on that April 2010 visit. “It just didn’t click and pan out at that time,” Jones said. “This trip could be totally different.”

Once he won the governorship in 2013, McAuliffe began cultivating a relationship with Cuba’s top Washington-based diplomat, José R. Cabañas, then chief of the Cuban Interests Section. (Cabañas only officially became ambassador as relations were normalized.) McAuliffe has visited now-ambassador Cabañas several times at the Cuban embassy in Washington and twice entertained him in Richmond.

“You know, I’ve gone up to the embassy, I’ve sat, had a Cuban cigar with him,” McAuliffe said. “I’ve had a glass of rum with him. This is how you build relationships with folks.”

That approach has worked better with foreign leaders at times than with some Richmond Republicans. McAuliffe put out the welcome mat for the GOP in his first session, upgrading the mansion bar at his own expense and inviting legislators over for nightly receptions. Cox and some other Republican leaders continue to scoff at his “cocktail party” outreach.

“Candidly, it’s probably one of the more difficult relationships I think I’ve had with a governor,” Cox said. “His personality — it’s different. It’s very over the top and in some ways that plays well for him. People like enthusiasm. There’s nothing wrong with that. [But] the constantly claiming credit, the constant ‘I’ and ‘me’ — it’s just something legislators and others are turned off by.”

Cox and other GOP leaders have worked well with McAuliffe on some critical issues, including plugging a projected \$2.4 billion budget hole in 2015. And some Republicans have warmed to McAuliffe personally while remaining cool to his more partisan goals. Sen. Thomas Garrett (R-Buckingham), one of the legislature’s most conservative members, joined the governor for a beer at the mansion in December.

“I like him as well as anybody I know that I don’t trust,” Garrett said.

When McAuliffe unveiled his \$109 billion spending plan in December, Republican budget leaders had nice things to say about its focus on K-12, higher education and economic development — even as they flatly rejected his latest call for Medicaid expansion. The governor’s office saw that as progress — as well as a good reason to keep hunting for wins overseas.

“The governor’s forged great working relationships with many Republicans in the General Assembly, and that has produced real results on key issues,” said his spokesman, Brian Coy. “Those relationships will continue to bear fruit. The governor also recognizes that he has a unique opportunity and a unique skill set

when it comes to bringing new jobs to Virginia and finding new markets for Virginia products. And he's going to pursue that task just as vigorously as he does his legislative agenda."

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## Delegate-elect calls on McAuliffe to meet with dissidents in Cuba

MIAMI — On the eve of his three-day trade mission to Cuba, Gov. Terry McAuliffe on Saturday pushed back against a legislator's demand that he meet with dissidents while on the island.

Republican Del.-elect Jason Miyares, the first Cuban-American elected to Virginia's General Assembly, called on McAuliffe to spend time with the Ladies in White and others at odds with Cuba's communist regime. Miyares' family fled the country in 1965.

"As Governor McAuliffe decides to ring in the new year in the only non-democratic nation in the entire Western Hemisphere, perhaps he should keep in mind the thousands of dissidents that are harassed, beaten and imprisoned each day in Cuba simply because they yearn for freedom," said Miyares, who in November won a House seat representing Virginia Beach.

"As governor of Virginia, Terry McAuliffe holds the same seat as Thomas Jefferson, and as such he has a special responsibility during his Cuba trip to speak out on behalf of the timeless universal truths of his predecessor," Miyares said in a written statement issued late Friday.

McAuliffe, a Democrat, heads for Cuba today for a trip intended to promote exports of Virginia products at a time of warming relations between the countries. His schedule for the trip gives no indication that he plans to meet with dissidents.

McAuliffe's spokesman said the governor's job in Cuba is to promote trade, but noted that an improved U.S.-Cuban relationship offers hope for progress on human rights.

"The purpose of the governor's trip is to open new markets for Virginia products," McAuliffe's spokesman, Brian Coy, said via email in response to Miyares' statement.

"For the first time in 50 years, the U.S. and Cuba have a formal diplomatic relationship and a process ... for discussing human rights. The governor is pleased with this significant achievement as he believes it, along with greater commerce and trade activities, will pave the way for better relations between the U.S. and Cuba."

McAuliffe will be the fourth sitting U.S. governor to travel to Cuba since President Barack Obama announced plans just more than a year ago to begin normalizing relations with the country.

None of the others met with dissidents during their trips, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which advised McAuliffe and other governors ahead of their trips.

"Generally, we have suggested that when governors go down, that they steer away from anything that is truly going to be provocative for the Cubans, because they're supposed to be there as chief marketing officers for their states," said Kavulich, adding that McAuliffe is in an awkward spot because he has close personal ties to former President Bill Clinton and current Democratic presidential front-runner Hillary Clinton.

"It's tough because that delegate does have a point — you're an elected official, you're a very visible official, you've got that tie to the Clintons," he said. "So maybe you should say, 'I'm here trying to get

business as state official, but as a human being, as a father, as a husband, I think it's important that anyone who comes to a country not gloss over issues just because they're inconvenient.”