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Cuba exports medicine to dozens of countries. It would like the U.S. to be one of them

Scientists at the Center for Genetic Engineering and Biotechnology say they have developed promising drugs, including one that could save the limbs of diabetics, but they face hurdles getting them into the U.S. market

By Mimi Whitefield

Cuba now exports vaccines, diagnostic kits and drugs developed by its Center for Genetic Engineering and Biotechnology — the largest research center on the island — to 51 countries. But except for a small shipment for a clinical trial, the United States isn't one of them.

Scientists at this sprawling research center in Havana's Cubanacan section would like to change that. They see the United States as a natural market where diabetics and those suffering from various forms of cancer are losing out on treatments developed at the pioneering center that is known by its Spanish acronym as CIGB.

For cash-strapped Cuba, the equation is simple: The United States is not only close but has an enormous number of patients that could benefit from drugs and vaccines developed against all odds at the island's premier research center — and exporting those products to the U.S. market could generate revenue.

"Sometimes I don't understand why our countries aren't taking advantage of such a good opportunity to work together," said Manuel Rafael Raíces Pérez-Castañeda, a biologist and business development director at the center. "We face similar problems. Why not focus on the problems we can solve together and not the differences?"

Cuban researchers have been able to develop treatments that are showing potential around the world — and despite the embargo and the chill in U.S.-Cuba relations, they're very interested in the U.S. market. The first clinical trial of a Cuban-developed vaccine for lung cancer is underway at the Roswell Park Cancer Institute in Buffalo, N.Y.

Even though 99 patents for Cuban biotech products had been approved by the U.S. Patent and Trademark Office through December 2015, no Cuban drugs are currently registered with the U.S. Food and Drug Administration or sold in the United States.

The registration process is complex and expensive, so Cuba has chosen to enter other markets where it is easier to gain access. Despite Cuba's desire to get its medicines into the U.S. market, the country has been experiencing domestic pharmaceutical shortages for months and it needs investment to ramp up its pharmaceutical industry.

Cubans say they often get up before dawn and stand in line trying to fill prescriptions or resort to the black market. A recent article in Cuba's Bohemia magazine blamed the shortages on lack of financing for production, shortages of raw materials, "indiscipline" in the supply chain and lack of controls at the pharmacy level.

Meanwhile, research continues at the CIGB. A vaccine for hepatitis B (Hebernasvac) and Cuban treatments for diabetic foot ulcers and skin cancer are among the Cuban medical innovations that researchers say have the most potential in the U.S. market. But before they can be commercialized, they must undergo U.S. clinical trials approved by the Food and Drug Administration.

Cuban scientists say one of their most promising products is Heberprot-P, which is injected as a treatment for diabetic foot ulcers. More than 30 million Americans — about 9.4 percent of the U.S. population — are diabetic, and Cuban researchers say Americans need Herberprot-P as a way to prevent one of the most devastating complications of diabetes: deep ulcers that can penetrate to the bone and lead to gangrene.

One in four U.S. diabetics will develop foot ulcers at some point in their lifetime.

Diabetes often causes nerve damage (neuropathy), and because diabetic patients often lose sensation in their feet and legs, they may not notice a blister or sore until it is infected and difficult to treat. Ulcerations are one of the leading causes of hospitalization for diabetic patients and are often a precursor to amputation. Every year there are about 108,000 Americans who reach this point and have amputations due to diabetic complications, according to the latest report from the Centers for Disease Control and Prevention.

“Using Heberprot-P could prevent an enormous number of amputations in the United States,” said Merardo Pujol Ferrer, business development director for Heber Biotec, the marketing company for CIGB products. Heberprot-P has won patent approval in at least 18 countries, including the United States.

Heberprot-P, which contains recombinant human epidermal growth factor (EGF), is injected deep into the wound and essentially creates a non-diabetic micro-environment in the foot that aids in healing. Cuban clinical studies have found that it accelerates healing with no serious side effects and reduces the chances of amputation.

A study of 61 randomly selected diabetic patients by doctors at the Diabetes Ambulatory Care Center at United Christian Hospital in Hong Kong found that using human EGF in combination with good foot care “significantly enhances diabetic foot ulcer wound healing and reduces healing time.” Scientific studies in Turkey, Greece and Vietnam had similar results.

The Cuban scientists were eager to show their before and after pictures. The first showed a gaping red ulcer on a patient’s foot. The second, taken after 83 days, showed that it had cleared up. Over the past three years, around 13,000 patients have been treated with Heberprot-P in Cuba and there have been fewer than 500 major amputations, according to CIGB researchers.

More than 71,000 Cuban patients have been treated with the product overall and more than 300,000 patients worldwide. In marketing materials, Cuba says success rates have exceeded 80 percent in treating diabetic foot ulcers.

Entrepreneur Richard Branson, founder of the Virgin Group, is among the advocates of Heberprot-P, which has been registered in Cuba since 2006.

“Put simply, Americans are losing lives because they can’t access the scientific development in Cuba, while Cubans are losing opportunities for further advancements through collaboration with the U.S.,” Branson wrote in a November blog post. “By putting health and science over politics, a lot of lives could be saved.” Branson was introduced to the Cuban research by none other than Fidel Antonio Castro Smirnov, one of the late Fidel Castro’s grandsons and a nuclear physics professor at the University of Computer Sciences in Havana. He filled Branson in during the serial entrepreneur’s recent trip to Cuba.

Cuba began using Heberprot-P injection treatment domestically in 2007. “We’re cutting off the fire before it reaches the forest,” said the CIGB’s Raíces. “Now hardly anyone in Cuba has these big ulcers because when they’re still small they go running for the doctor.”

Diabetes, if not adequately controlled, can cut people’s life span by a dozen years, said Raíces. But the Cuban program, he said, has shortened the life span reduction to only 1.2 years.

Over the years, Treasury's Office of Foreign Assets Control granted a few licenses to import Heberprot-P for clinical trials, but it's unclear if any research was actually carried out in the United States.

In 2013, former South Florida Democratic Rep. Joe Garcia supported efforts to bring Heberprot-P to the U.S. for trials. Although Garcia caught political flak from fellow members of the Cuban-American congressional delegation, he said at the time: "This is something that can maybe save lives. This is about medicine. I'm not going to be the guy who decides that people will suffer because of the embargo."

More than 100 members of Congress signed a letter to former Treasury Secretary Jack Lew urging OFAC authorization for the clinical trials as well as a separate authorization for future sales.

But under a change in regulations in October 2016, a U.S. company no longer needs to request a specific OFAC license for importation of Cuba pharmaceuticals if the FDA approves trials or if it greenlights commercial sales. A few months before last year's rule change, OFAC granted a small Ohio company, Mercurio Biotec, a license to import the diabetic ulcer therapy for clinical trials. Herald efforts to reach the company via email and phone for comment were unsuccessful.

Cuba held its first international congress on controlling diabetes and its complications in 2010. Six doctors from the United States attended. During the latest congress in 2016, there were 51 U.S. doctors. By the next congress in 2018, Raíces said, he's hopeful a clinical trial of Heberprot-P might be under way in the United States.

"Evidently it's a lot more difficult now [with the Trump administration]," he said. "Before, the door was open."

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said lack of market access is at least partially Cuba's fault. "I'm incredulous that they'd like to have more opportunities for their exports. They had two years with the Obama administration and the Cuban government did virtually nothing when they could have made something happen."

Kavulich said the Obama administration also could have done more to foster business relationship with Cuba. "So little was done that it has allowed the Trump administration to have a landscape in which it can be disruptive" and erode the relationship, he said.

Despite the U.S. trade embargo, there is some trade in medicine and medical equipment between Cuba and the United States. But it's not easy.

Although cash-in-advance payments are no longer required for healthcare products, there are conditions such as on-site verification and certification that exports are to be used only for the benefit of the Cuban people that make some companies shy away from the additional hurdle. U.S. law also requires a reasonable expectation that any U.S. export not be used for torture or human rights abuses.

During a November speech at the United Nations, Cuban Foreign Minister Bruno Rodriguez complained that in the last year Medicuba, Cuba's importer and exporter of medical supplies, had made requests to purchase supplies from 18 U.S. companies that had refused or never responded to Cuban inquiries.

Those who did respond often cited the embargo as the reason they couldn't do business with Cuba, he said. But under exceptions to the embargo, food and agricultural products and medicines and medical equipment and supplies have been eligible for export to the island since 1992. Last year, \$6.12 million worth of U.S. healthcare products were exported to Cuba, and through October this year \$4.59 million worth of such products were sent. Currently there are no imports of Cuban drugs except the CIMAvax for the clinical trial.

"To take it to the next level, Cuba needs to link up to global pharmaceutical and biotech companies," said Richard Feinberg, a professor of international economic policy at the University of California, San Diego.

Besides Heberprot-P, the CIGB scientists also would like to see these Cuban innovations in the U.S. market: a therapy for non-melanoma skin cancer (CIGB-128) that contains alpha and gamma interferons and is

injected three times a week; a hepatitis B vaccine that is widely used in Cuba and has reduced the annual cases of the disease to only about two dozen; and Proctokinasa, a treatment for hemorrhoids.

CIGB-128 is now being used in Cuban polyclinics that see a lot of agricultural workers who spend many hours in the sun. "In 60 percent of the cases the lesions disappear," said Raíces. "You know we could create a very positive relation between Cuba and Florida for these treatments."

Seatrade Cruise News

Colchester, United Kingdom

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Cruise leaders meet with Cuban officials in Havana



Tour buses approach the Havana cruise terminal to take passengers on organized excursions (Photo: Anne Kalosh)

Leaders of US-based cruise companies that currently have agreements to sail to Cuba are in Havana for meetings hosted by the Cuban government, Cruise Lines International Association and the Florida-Caribbean Cruise Association.

The discussions are covering permissible categories of travel under current US regulations, infrastructure and operational needs, according to a CLIA spokeswoman who added: 'We are pleased to have this opportunity to support social, cultural and educational exchange between the American and Cuban people.' Arnold Donald, president and CEO of Carnival Corp. & plc, is participating on behalf of his company and as CLIA chairman. Royal Caribbean Cruises Ltd.'s delegation is led by president and COO Adam Goldstein, who also serves as FCCA chairman, and includes 10 other RCL senior executives across a range of areas including government relations, tour operations, itinerary planning, marine operations, safety, security and strategic sourcing.

In Havana, Frank Del Rio, president and CEO, Norwegian Cruise Line Holdings, told WPLG Local10.com, the ABC affiliate in Miami, that the cruise industry continues to be supportive of keeping Cuba open as a destination.

'We're hopeful that the governments can work out their differences,' he told the station, adding that the US does business with China and Russia, 'mortal enemies of the United States. Cuba deserves better than that.' As earlier reported here, the recently instituted Trump administration's Cuba travel restrictions don't change the authorized group travel the cruise lines provide, where passengers take part in organized, educational excursions of the type sanctioned by the Treasury Department's Office of Foreign Assets Control.

According to the New York-based US-Cuba Trade and Economic Council, the Big Three US-based cruise companies are marketing sailings that would carry about 455,000 passengers to Cuba on 286 departures from now until 2019. The Council estimates this would bring \$623m in gross revenues to the companies, while passengers would spend \$64m in Cuba and the lines would pay \$19m in port fees.

The Council estimates that transporting, housing and feeding those potential passengers could mean an additional \$125m to US airlines and \$55m to hotels and restaurants in South Florida, where the cruise ships turn around.

Earlier this month Del Rio said that despite the US policy change and a travel warning for Cuba, the destination 'remains the star of the show' for Norwegian Cruise Line Holdings, adding that the new rules

are going to be beneficial since 'going on a cruise will be the easiest and most hassle-free way to visit the island.'

Del Rio said demand for Cuba is 'substantial' and NCLH is doubling the number of its sailings there in 2018, to account for 4% of the company's overall capacity.

WPLG
Miami, Florida
28 November 2017

**Cruise ship executives want US and Cuba to 'work out their differences'
Island is top popular destination despite countries' icy relations**

By Hatzel Vela - Reporter

HAVANA - Several CEOs of major cruise lines traveled to Havana this week to talk to the Cuban government about business.

The companies – many of them based in the United States -- continue to bring visitors to Cuba despite the icy US-Cuba relations.

The Cruise Lines International Association and the Cuban government hosted the two-day event, which started Monday.

Frank Del Rio, the CEO of Norwegian Cruise Line Holdings, said the cruise industry continues to be supportive of keeping Cuba open as a destination.

"We're hopeful that the governments can work out their differences."

Recently, the Trump administration issued new regulations that bans Americans from doing business with 180 entities tied to the Cuban military.

It is also makes it harder for Americans to travel to Cuba, but airlines and cruise ships continue to come.

"Before the regulations were changed, the ships were full and they continue to be full so we see the minimal impact on our business because of the new regulations," Del Rio said.

According to the US-Cuba Trade and Economic Council, in the next two years the cruise ship industry could deliver close to half a million passengers to Cuba.

"The good news is that we're still here. Guests are happy coming to Cuba. Of all the 500 or so destinations that my cruise lines visit around the world, Havana is ranked number one in customer satisfaction."

Del Río who is Cuban American and founded Oceania Cruise Lines says he wants better relations between both countries. And in the future he would like them to be fully normalized.

"We do business with China; we do business with Russia, mortal enemies of the United States. Cuba deserves better than that."

Prensa Latina
Havana, Republic Of Cuba
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Major Cruise Lines Hold Meeting in Cuba



Havana, Nov 28 (Prensa Latina) The Cruise Lines International Association (CLIA) began today a two-day meeting in this capital city as part of its foray into Cuban tourism.

Due to the boom of tourism in Cuba, CLIA organized at the Parque Central Hotel in Havana the first symposium on cruise journeys, in which the main managers of 12 cruise companies, especially from the United States, participate.

Rodrigo Malmierca, Cuban Minister of Foreign Trade, Investment and Foreign Collaboration, mentioned in the opening ceremony the benefits and potential of Cuba for cruise ships, as well as the details to be targeted by business with this country.

The meeting was also attended by minister of Tourism Manuel Marrero and head of the General Direction of the United States of the Ministry of Foreign Affairs Josefina Vidal.



Amid the companies participating in the meeting are American Cruise Line, Virgin Voyager, Carnival Corporation and Pic, Holland American Line, Carnival Cruise Line, MSC Cruises, Norwegian Cruises Linea Holdings, Royal Caribbean Cruises Ltd. and Club Cruises.

The meeting is also attended by Silversea Cruises, Celestyal Cruises and Disney Cruises Line.

Currently, the companies Carnival Cruise Line, Royal Caribbean Cruise Line (RCCL), Norwegian Cruise Line Holding (NCLH) and Pearl Seas LLP, are operating in Cuba with results considered by authorities as mutually beneficial.

Spokespeople said that Cuba seeks to implement a large program of port infrastructure targeting cruise activities in different ports of the country.

They also said that the economic and commercial blockade set up by the United States against Cuba for more than 50 years hinder the development in this field, as well as others in the country.

Cuban tourism has had a steady rising trend in the most recent years, while envisaging an increased number of hotel rooms, reaching 130,000 ones in the next 10 years.

Cuba is expected to be visited by the unprecedented total number of 4.7 million foreign tourists in 2017.

These sources also pointed out that Cuban ports and their terminals are certified according to the International Ship and Port Facility Security Code (ISPS Code).

Cuban authorities have also signed memoranda of understanding (MOU) with nine port authorities in the United States (Virginia, Louisiana, Lake Charles and New Orleans, Alabama, Gulf Port, Pascagoula, Houston and Cleveland).

Until late October 2017, a steady flow of tourists aboard cruise ships was reported, with the main docking port in Havana, a city that has been already visited by 28 cruise ships, with more than 270 port calls.

A report issued on November 4th by the U.S.-Cuba Trade and Economic Council, Inc., headquartered in

New York, indicated that three U.S. cruise companies, which include Cuba in their journeys, will have incomes of \$ 623 million USD from 2017 to 2019.

According to that report, the 286 trips to Cuba expected to be made in those years by Norwegian Cruises Lines (NCL), Carnival and Royal Caribbean will carry 455,000 passengers.

The Cruise Lines International Association (CLIA) is made up of the 25 most important cruise lines in the United States, and it is the largest cruise association in the world, seeking constantly promotion and development.

Tampa Bay Times

St. Petersburg, Florida

27 November 2017

Can Tampa's Cuban American population sustain its Havana flights?



Inside the first commercial flight on Southwest Airlines in five decades from Tampa International Airport to Havana, Cuba, on Dec. 12, 2016. PAUL GUZZO | Times

Paul GuzzoTimes staff writer

The government's warning that it isn't safe to visit Cuba has not stopped people from flying there out of Tampa International Airport.

But now experts are wondering whether new, stricter regulations on Americans traveling to Cuba will reduce the number of passengers out of TIA, which is within a two-hour drive of an estimated 170,000 people of Cuban ancestry.

"What is important to remember is flights out of Florida — Miami, Fort Lauderdale, Orlando and Tampa — may be insulated primarily because individuals of Cuban descent will continue to visit family and friends in Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

There are 11 weekly flights from Tampa to Cuba — a daily to Havana through Southwest Airlines and two weekly to both Havana and Santa Clara through charter company Havana Air.

In September, the U. S. State Department warned Americans not to travel to Cuba because U.S. government personnel in Havana said they had suffered hearing loss and brain injury from what has been described as mysterious sonic attacks that are still being investigated.

Despite the scare, 8,613 passengers flew between Cuba and Tampa International Airport in October. That was 64 percent more than in October 2016.

"The majority of this was local, from an area with a large Cuban population," said George Hamlin of Virginia-based Hamlin Transportation Consulting. "And they're not going to be afraid to visit friends or family."

Overall, from January through October this year, 98,929 passengers flew between Tampa and Cuba. That's up from 68,426 during the same period last year.

Michael Zuccato, whose California-based Cuba Travel Services provides visas for American, United, Alaska and Southwest airlines, estimates 85 percent of those visiting Cuba out of Tampa are local residents going to see family.

Of the remaining 15 percent, Zuccato said, the vast majority flew as individuals citing educational reasons rather than as part of a tour group. That practice is now banned by the new regulations.

Visiting Cuba for tourism reasons remains illegal, as it has been for decades. That means Americans going to the island must do so through an educational license that demands they spend the bulk of their time learning about the Cuban culture and not, for example, drinking mojitos on the beach.

Under the new regulations that became official November 8, Americans must now be part of a group tour operated by a company certified by the U.S. government.

This is pricier and some may consider it more cumbersome than walking Havana as they please.

Alaska Airlines, for instance, will end its Los Angeles to Havana flights as of January 22, saying that 80 percent of its passengers have gone as individual travelers.

Still, it may be a while before Tampa knows what impact the restrictions will have on its Cuba travel market. Anyone who booked a Cuba travel reservation prior to the new rules taking effect on November 8 are grandfathered into the old system, which means they can travel as individuals.

And "those who would have gone as individuals might go in groups in the future," said Sandy Rederer, a commercial aviation consultant based in Sarasota. "We can't know for sure yet."

In a best-case scenario with the right marketing approach, Tampa's passenger totals could grow if they add travelers from markets such as Los Angeles and Minneapolis that are losing their flights, Rederer said.

The Charlotte Observer

Charlotte, North Carolina

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Nation & World



US business leaders say Cuba is still open, at least to them

By Franco Ordoñez
WASHINGTON

When the Trump administration unveiled new Cuba regulations, it sparked a fresh round of hand-wringing in Washington over the return to a posture not seen since the Cold War. But now, behind closed doors, the American business community is quietly spreading the word that things are not so different after all.

Indeed, what Trump seems to have accomplished is to make it harder for everyday Americans to meet to everyday Cubans, while leaving the doors open for corporate interests to make money on the island.

“The U.S. government has actually made it easier for U.S. companies to engage directly with the Cuban private sector,” the U.S. Chamber of Commerce’s U.S.-Cuba Business Council wrote in a private note to council members that was reviewed by McClatchy. “Specifically, the rule simplifies and expands the ability for U.S. companies to export directly to the Cuban private sector, private sector agricultural cooperatives and private sector entrepreneurs.”

Many Republicans, including some who wanted Trump to tighten restrictions on engagement with Cuba, agree. Much of Florida’s Cuban-American congressional delegation, including Sen. Marco Rubio and Reps. Mario Diaz-Balart and Ileana Ros-Lehtinen, offered only tepid support of the new regulations, blaming “bureaucrats” with watering down the measures. The administration, one Republican congressional aide said, “caved to business interests.”

“Because of the fact that, in the administration, not many people know and understand Cuba, it was very easy for the business sector to pull one over on some of the government officials in the administration,” that source said.

According to the new rules, “people-to-people” exchanges are banned. Americans who want to meet Cubans will now have to travel in groups accompanied by an authorized representative of the trip’s sponsoring organization. Americans are prohibited from doing business with 180 entities tied to the Cuban military and intelligence and security services, including 83 hotels, stores, marinas, tourist agencies, industries and even two rum makers owned by the government. U.S. companies also cannot invest in a sprawling economic development zone in Mariel that Cuba envisions as crucial to its commercial future. That sounds expansive, but lobbyists, consultants and lawyers who represent companies doing business in Cuba say the list is actually quite narrow, focused primarily on the tourism industry. Even then, it does not affect some key tourism brands.

Kezia McKeague, who leads the Cuba practice at the McLarty Associates consulting firm, says that even the prohibitions on financial transactions with military-run entities include broad exceptions if the company can argue it is benefiting the Cuban people more than the government.

The Trump administration successfully drafted regulations that scare away American travelers and non-committed business leaders while maintaining access for the companies that want it, said John Kavulich, president of the US-Cuba Trade and Economic Council. The next question is how the new rules will be enforced.

Kavulich said the effects of Trump’s regulations could have been even lighter had Washington under the Obama administration and Cuba taken greater advantage of the opportunities presented by the thaw in their relationship to establish greater ties.

“There is not a substantial quantity of impact because so few were impacted; and this is the fault of the Obama Administration and Castro Administration for not permitting more when they could have permitted more,” Kavulich said, noting there are only about 52 U.S. businesses on the island.

While small, the nascent private sector accounts for nearly 20 percent of the gross income of the Cuban economy, according to the Havana Consulting Group, a firm that analyzes the Cuban economy for businesses looking to invest and which considers this sector as “a necessary and essential force in the development of the country.”

The Trump team has cautioned that it could change the rules and make it tougher to do business there. The uncertainty is enough to give some CEOs pause. McKeague of McLarty Associates said that it’s clear to her, from conversations she has had with the State Department, that at least the diplomatic community is worried the administration’s rhetoric is scaring the U.S. business community away from deals that the regulations actually allow.

“They are right to be concerned,” she said. “Cuba is already a tough place to do business. The added complications posed by the new regulations and the headlines about the tense bilateral relationship don’t help.”

But business leaders say right now the regulations actually make getting business licenses to work with the private sector easier and likely expand the list of products that can be sent to Cuba.

John Hughes who served as deputy director of sanctions policy at Obama's State Department, said the new regulations did two main things: make it harder for individual travelers to go visit and create a list of businesses and entities that U.S. officials can't work with. He argued that people who are eager for more engagement are making a big deal over a relatively minor change in policy.

"It's really not that much," Hughes said. "If you look at Obama's overall changes, this is about five percent of that, maybe less. It's a pretty small change."

The developments have only focused those who are most committed to Cuba, said Pedro Freyre, an attorney with the Akerman law firm in Miami who represents JetBlue, Carnival Cruise Line and other companies operating in Cuba. Even without regulations, Cuba is a tough place to operate. "We have to be honest about the enactment of these rules," Freyre said. "It's not a positive development for engagement, but it's also not the end of engagement."

Prensa Latina

Havana, Republic of Cuba

21 November 2017



Havana, Nov 21 (Prensa Latina) Researcher and professor of Tourism in Havana University, Jose Luis Perello, described today as successful cruiser travel to this Caribbean nation.

In an interview with the scholar, published by digital newsletter Caribbean News Digital (CND), Perello said that after a September characterized by the damages of hurricane Irma and other woes, this vacation modality revived. He mentioned that October ended favorably with a growth rate of 4.3 percent compared to the same month of 2016.

He said other negative factors like the alleged sonic attacks on U.S. diplomats in the Cuban capital, without evidence on the part of Washington authorities, as well as the new measures to hinder travel to Cuba, with additional migratory restrictions to travel to the island.

However, the total of international arrivals at the close of October, was of three million 935 thousand visitors, represents a growth 21.3 percent higher than in 2016. The data was topped by the 3.3 million tourists stay and 477 thousand on board cruiser ships. These results allow to forecast the arrival of a little over 4.7 million tourists by the end of this year, insisted the expert.

For the present high season, the tourist sector offers all products and modalities, with 68 thousand rooms in 382 hotels, 88 under administration contracts with 20 international hotel chain groups. Canadian tourism continues as main emitter market with 965 thousand tourists until the closing of October, despite currency devaluation and rise in prices of tourism packages.

He said the travel industry of the United States keep relying on Cuba, despite the mentioned restrictions. The U.S. follows Canada with 163.4 growth and 544 thousand vacationers until October, most of them in cruiser ships. Other markets showing increases were Germany, France, the United Kingdom, Spain, Italy, Mexico, Argentina, Russia and China.

About cruiser travel, Perello explained the Caribbean is the zone most attractive to this tourism modality, with 40 percent of participation.

Havana has already received this year the arrival of 28 ships, with over 270 stops at port, according to the report of the U.S.-Cuba Trade and Economic Council, Inc, based in New York

The document says the three biggest U.S. cruiser companies including Cuba in its routes, will have revenues of 623 million dollars from 2017 to 2019. Companies Norwegian Cruises Lines (NCL), Carnival and Royal Caribbean, will transport 455 thousand passengers.

The report says in 2016, when these trips were reestablished from the U.S. to Cuba, gross revenues of these companies summed a total of 28.8 billion dollars for the trips of their 144 ships.

For Cuba the trips of those cruiser lines will represent profits for 64 million dollars in cruiser passenger expenses and 19 million dollars for port tariffs.

President of the U.S.-Cuba Trade and Economic Council, John S. Kavulich, informed the gross income of the 52 U.S. companies traveling to Cuba since 2014 sum one trillion dollars.

The executive highlights that those figures are outstanding for companies of his country, revenues that regulations and restrictions of Donald Trump's government pretend to erase.

Knowledge@Wharton **Philadelphia, Pennsylvania** **11 November 2017**

<http://knowledge.wharton.upenn.edu/article/future-u-s-business-cuba/>

<http://www.cubatrade.org/blog/2017/11/15/knowledgewharton-gustavo-arnavat-john-kavulich-discuss-the-recent-changes-to-us-policy-on-trade-with-cuba>

Listen to the podcast: Gustavo Arnavat and John S. Kavulich discuss the recent changes to U.S. policy on trade with Cuba.

The move last week by the Trump administration to tighten restrictions on travel and trade with Cuba has created new anxieties for individuals and businesses – but it also provides some clear boundaries than can now be navigated, experts say.

Under the new policy changes, individuals will once again only be allowed to travel to Cuba as part of groups licensed by the U.S. Treasury Department as traveling for specific purposes. In addition, Americans will be barred from patronizing 180 businesses that the State Department has determined to be owned by, or that directly benefit, the Cuban military. Businesses will also be restricted from engaging with the 180 entities on the State Department list. The new regulations will not impact some travelers and businesses that had already begun transactions with Cuba – for example, individuals who have already purchased airline tickets or firms that signed contracts prior to the announcements.

Officials say the move is designed to steer investment away from the Cuban military and intelligence and encourage the communist government to further open the island's economy. It follows restrictions announced in June that rolled back tourist travel and investments in more than half of Cuban industry, but retained many smaller features like permitting family-related travel and professional/academic visits to the country.

The latest actions by the Trump administration create further anxiety for anyone in the U.S. who is interested in relations with Cuba, but the visible impact won't become clear until the U.S. government fleshes out the new policy.

“The Trump administration’s regulations [on Cuba] were designed to create anxiety and discourage travelers from traveling and businesses from engaging in business,” said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, Inc., a not-for-profit that provides liaison services for businesses and the governments in both countries. “And they were successful.”

According to Gustavo Arnavat, a senior adviser at the Center for Strategic and International Studies, a Washington, D.C.-based think tank, the latest Cuba policy appears to permit American companies and individuals to do business with Cuban government-controlled entities, as opposed to those run by its military or its intelligence or security services. Arnavat also represented the U.S. on the board of the Inter-American Development Bank under the Obama administration.

“I think a message is being sent to the Cubans that perhaps the U.S. would be more amenable to trading with them if they would restructure their ownership stakes in companies in order to allow for the military to own fewer of these,” said Arnavat. “I’m not sure that the Cuban government is interested in doing that, but at least that possibility is open.”

Kavulich and Arnavat discussed the implications of the U.S. government’s latest Cuba policy on the Knowledge@Wharton show on Wharton Business Radio on SiriusXM channel 111. (Listen to the podcast at the top of this page.)

“The [new] regulations were designed to create anxiety and discourage travelers from traveling, businesses from engaging in business.”—John Kavulich

The 180 entities with whom business dealings are banned include 83 hotels, a shopping mall, a couple of rum brands and a cola brand called TropiCola, which Kavulich described as Cuba’s version of Coca-Cola. “What we’re uncertain about is [whether the new policies] mean that U.S. companies can’t deal with these companies, or do they mean a visitor in Cuba can’t buy a TropiCola or these particular rum products?” said Kavulich.

However, Arnavat said the new policy actually lessens the uncertainty on the U.S. approach to Cuba. “We know in terms of regulations what the limits are,” he said. “Any regulation has to be fleshed out, but we at least have a basic understanding of the contours [of the new policy].” He noted that Obama was “very much focused on engagement” with Cuba, while Trump is not. “But at least people now know where Trump stands; whereas before his June 2017 speech [in Miami], they definitely did not know which way he was going.”

According to Kavulich, “the vast majority of economic activity remains under the authority of the Cuban government.” Experts say GAESA, the Cuban military’s business conglomerate, controls almost 60% of the Cuban economy. GAESA’s holdings include the Gaviota hotel chain and TRD, the military retail chain.

While the new policy limits what businesses and individuals could do with respect to Cuba, the reality is that not much will change for many U.S. companies already doing business there. “The Trump administration has grandfathered many U.S. companies that are already engaged with Cuban military entities, specifically airlines, cruise lines and hotels like Marriott, for example,” said Kavulich. “So, it’s not that tremendously impactful. It has a political optic. It creates anxiety, but is any U.S. company being required to stop doing what they were doing? The answer is no.”

Arnavat, while not wanting to be overly optimistic, added that “the new normal” in the U.S. policy on Cuba is “quite positive” in that it retains many features adopted by the Obama administration, which announced that it would re-open diplomatic relations with Cuba in December 2014.

However, the likely impact of the restrictions on individual travel to Cuba is clearer. The new regulations revert to requiring group travel instead of individual “people-to-people” trips. Kavulich said that move would hurt the airlines because they have seen a surge in individuals traveling from the U.S. to Cuba in the past two years. By contrast, the cruise lines will benefit from the new policy because they are better suited for group travel.

“The Cubans could have been much more creative, could have been much faster, and could have been much more giving in entering into agreements with the United States.”—Gustavo Arnavat

Arnavat noted that tourism per se within Cuba by U.S. persons has always been prohibited either under embargo-related regulations or specifically under a law passed by the U.S. Congress in 2000. What the latest policy change does is to eliminate the category of people-to-people travel on an individual basis because the Trump administration felt that was “the most abused.” Some Americans, for example, might say that they are visiting Cuba to meet with Cubans to comply with the official requirement for that category of travel, “but instead they would just simply go to the beach, and hang out.”

Missed Opportunities

According to Kavulich, the new Cuba policy could have been pre-empted. “It’s important to focus on culpability,” he said. “One of the only reasons that President Trump was able to do what he is doing is because of what the Obama administration and the Castro administration didn’t do during the period from December 17, 2014, when Obama first moved to rebuild U.S. ties with Cuba, through January 20, 2017, when Trump assumed office as president.”

The Obama administration could have allowed more regulatory changes, specifically permitting direct correspondent banking, and allowed more than charcoal and coffee to be imported, Kavulich explained. On its part, the Cuban government could have done more to allow the Obama administration initiatives to take their course, “which basically they didn’t.”

Arnavat agreed with Kavulich that “the Cubans could have been much more creative, could have been much faster, and could have been much more giving in entering into agreements with the United States.” However, he noted that the Trump administration has not reversed all of the Obama administration’s initiatives — and that should bring some relief to U.S. companies that had feared much worse.

Kavulich pointed out that 52 U.S. companies have a presence in Cuba, including John Deere, which signed a deal to export farm tractors; Caterpillar, whose Puerto Rico-based distributor is setting up a warehouse and distribution center in Cuba’s Mariel Special Economic Development Zone, and General Electric, which is reportedly interested in setting up a hydroelectric power plant in Cuba’s Matanzas province. However, those companies do not have offices in Cuba, he added. “If the Cuban government had allowed U.S. companies to sell products directly to the self-employed, you would have had such a root system that the Trump administration would have found it difficult to move against it.”

Kavulich noted that those 52 companies have total global revenues of \$1 trillion annually. “These are not small players. Yet, most of them, if they are doing anything in Cuba, will not issue a media release. They don’t want to talk about it. And that’s tragic.”

For those 52 companies and others looking to do business outside the United States, including in Cuba, “there’s always political uncertainty,” said Arnavat. That is in addition to the “political risk in the U.S., and that is the change in administration” from Obama to Trump.

“These are not small players. Yet, most of them, if they are doing anything in Cuba, will not issue a media release. They don’t want to talk about it. And that’s tragic.”—John Kavulich

Disenchantment in Cuba

People in Cuba are not happy with the latest policy, said Kavulich. “There’s frustration in that many of those who are either self-employed or are in cooperatives that dealt with U.S. companies feel as though they’re hostages to a greater political good,” he added. “And they don’t see how it helps them.”

Cubans have had anxiety-ridden days of late, Kavulich noted. Looming above all else is the uncertainty around the stepping-down of Raul Castro as president in February, and the likely ascension to that post of first vice president Miguel Díaz-Canel. They also feared retaliation from the U.S. after nearly two dozen U.S. diplomats in Cuba suddenly faced “health issues” such as hearing loss and cognitive difficulties. The Trump administration withdrew nonessential staff from Cuba, but that issue cast dark shadows on U.S.-Cuba ties. Kavulich also pointed to Cuba’s issues with Venezuela not being able to provide the support it once did due to that nation’s own economic struggles, low commodity prices, and high import prices, and

also the weather — Hurricane Irma made landfall in Cuba in September. “They’ve gotten pretty much hammered,” he added.

A new regime in Cuba could present new opportunities for U.S. businesses, aided by a change of heart in the White House, some analysts say. However, a new president in Cuba, even if it is Miguel Díaz-Canel, will likely not move to change the country’s relationship with the U.S., Kavulich predicted. “Don’t get your hopes up. The revolution continues,” he said. Arnavat agreed. “Whoever takes over is going to be spending time underscoring his or her revolutionary bona fides. There’s no question about that.”

PRI Minneapolis, Minnesota 8 November 2017

Trump's new restrictions on travel to Cuba are being panned by American travelers

By Sally H. Jacobs

The World



Travel to Cuba by American citizens just got harder with the Trump administration's release of new regulations governing relations with the island nation. While the rules are largely a formalization of what Donald Trump promised earlier this year, they include a long list of entities that are now off-limits to US travelers including an elegant new downtown hotel and favored shops in Old Havana.

The administration's “Cuba Restricted List” names 180 entities with links to the Cuban government, including 83 hotels, that are now prohibited. In addition, the regulations, which go in to effect Thursday, severely restrict the individual people-to-people travel to Cuba that has been immensely popular since approved by the Obama administration. Some with ties to the US travel industry predicted an immediate impact not just on American travel to Cuba, but on business engagement in general.

“This is designed to create anxiety among travelers and businesses and it does exactly that,” said John S. Kavulich, president of the US-Cuba Trade and Economic Council, Inc. “This is adding an optic that the general counsels of companies in the US and elsewhere will view carefully. It will serve as a tipping point between a company having an interest in Cuba and not having an interest.”

The regulations come at a complicated time for would-be travelers to Cuba. In September, the State Department issued an advisory against travel there in light of apparent acoustic assaults against staffers from the US Embassy in Havana. Americans were also advised to stay away from two hotels in particular, Hotel Nacional and Hotel Capri, where some of the assaults are said to have taken place.

Many Americans have nonetheless continued to make the journey to the communist nation and are skeptical about any dangers. When David Wildman was getting ready to travel from California to Havana a few weeks ago, for example, he headed to a kitchen drawer for what he and his fellow travelers had decided would be a vital safety item to take with them: tinfoil. After all, his group was headed to one of the two hotels off-limits and tinfoil hats would serve as excellent brain protection.

"How else would we protect our heads from the blast?" Wildman said with a laugh, sitting in the lobby of the Hotel Capri in Havana recently with several other men on his trip. "How else were we going to sleep? I mean, we needed to do something to protect ourselves."

Since the State Department issued its travel advisory in September, many American visitors to Havana have wrestled with similar questions — not all with the same degree of levity. Some have opted not to travel to the island, both because of the advisory and confusion about today's new regulations governing travel to Cuba. Among those who continue to go, speculation about the alleged assault that led to the pullback of the majority of the embassy staff is widespread.

There are three predominant theories under debate in hotel lobbies. First, the Russians launched the attacks in an effort to sabotage US-Cuban relations in the face of next year's change in the Cuban presidency. Second, the injuries resulted from a kind of spy game gone wrong, likely involving monitoring devices in the US and other embassies. And third, the entire story has been fabricated by the Trump administration in an effort to roll back the initiatives launched by President Barack Obama.

Whatever the truth, many are irked by the advisory.

"As soon as I heard about it, I said, just try and stop me," declared Stephanie Donner of Boca Raton, sipping a mojito on the porch of the Nacional, the other hotel where the assaults are said to have occurred. "No one tells me where I can't go. And last time I checked, America was not a dictatorship."

Collin Laverty, president of Cuba Educational Travel, which organizes trips to the island, says he has been deluged with calls about the situation but advises that travel to the island — and its hotels — is safe. Laverty says he has talked to many of the evacuated embassy staffers who say they don't think they should have been returned to the US and are anxious to return to their jobs.

"One person who is a political advisor told me she's worried about her daughter missing swimming lessons in Havana," said Laverty. "That's what embassy staffers are worried about — swimming lessons. Not sonic assault."

Laverty criticized the new regulations. "At a time that President Trump is meeting with communist leaders in China and Vietnam, these regulations show the absolute hypocrisy and political pandering of the Trump administration on Cuba. They serve to placate a fading minority in South Florida, harming American and Cuban workers and families."

The American Foreign Service Association, the union representing foreign service employees, has also differed with the administration, saying staffers should remain in Havana. As association President Barbara Stephenson put it back in September, "American diplomats need to remain on the field and in the game. We have a mission to do, and we're used to operating with serious health risks in many environments."

One State Department staffer, who asked not to be identified, said this week that while many embassy employees are unhappy with the administration's position on Cuba, they are remaining silent about the incident out of loyalty to their jobs.

"While we may have opinions about whether things are being handled poorly, we all care very deeply about what we do," she said. "We have a strong tradition of working inside the system. I think anything that is said will just be used as a wedge."

Cubans also put little stock in the official explanations. José R. Díaz, a Cuban travel representative for P&G Travel of Ontario, occupies a Havana office that sits in the shadow of the towering Nacional. He's seen traffic drop off dramatically at the JetBlue and Delta offices on either side of him. But he's not personally worried.

"I think it's all made up," sighed Díaz. "I'm not worried at all about my safety. If I'm going deaf it's because of my age. Or tourists yelling at me."

CBS News
New York, New York
8 November 2017

By Steve Dorsey
CBS News

U.S. issues new Cuban travel, business rules

The U.S. is tightening restrictions on travel to Cuba and business with the country, due to take effect Thursday.

The Treasury, Commerce, and State Departments say the rules are aimed at steering business away from the Cuban military, intelligence, and security services and to the Cuban private sector. A senior administration official says the new restrictions "have nothing to do" with "acoustic incidents" that have harmed at least 24 Americans in Havana over the past year.

The U.S. will prohibit Americans from doing business with dozens of Cuban government-run hotels, shops, tour groups and other entities identified by the State Department.

"I think overall it's certainly a step backwards," said Collin Laverty, president of Cuba Educational Travel. "It's bad for U.S. companies. It's bad for U.S. travelers."

The rules will make it harder for Americans to travel independently to Cuba, by requiring them to use authorized "people-to-people" tour companies instead.

Cuba trade and travel industry experts worry the rules will scare off businesses and tourists daunted by complex regulations.

"It sends a message that this is more complicated and more scary," Laverty said.

Tourism to Cuba increased after former President Obama restored diplomatic ties with the country and eased travel restrictions in 2015.

The Brookings Institution estimated "the number of foreign visitors could rise from 3.5 million in 2015 to over 10 million in 2030."

But the new restrictions could further reduce the number of U.S. travelers to Cuba—a travel warning issued by the State Department Sep. 29, following the attacks on U.S. embassy workers,

"The greatest increase during the last two years has been with individuals traveling to Cuba," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council. "The entities that are going to suffer the most, with respect to the change, will be U.S. Airlines. The entities that will gain the most will be cruise lines, because they are experts are dealing with groups and moving groups. And they have included Cuba on itineraries that aren't just Cuba-specific, so they're able to navigate a lot of these changes."

Tampa Bay Times
St. Petersburg, Florida
8 November 2017

Trump's Cuba regulations are stricter but will not end travel from Tampa Bay area



A Cuban and an American flag hang in the atrium aboard the Carnival Paradise at Port Tampa Bay. Despite new restrictions on travel to Cuba, cruises to Havana will continue. [MONICA HERNDON | Times]

By Paul Guzzo, Times Staff Writer

The Trump administration rolled out new restrictions on trade with Cuba on Wednesday in an effort to "channel economic activities away" from the nation's military, intelligence and security services while pushing Americans to support its private small businesses.

The moves will make some travel to Cuba more cumbersome and expensive but ultimately will have little effect on those in the Tampa Bay area intent on visiting Cuba.

Commercial travel by airline and cruise ship from Tampa to Havana will continue.

The biggest change affecting U.S. travelers: They will have to pay a U.S. government-certified travel company to lead them through Cuba rather than sightseeing on their own.

Travel companies in the Tampa Bay area say they still can operate under these new rules.

"ASC International USA is against any type of travel regulation for U.S. citizens," said Vicente Amor, the president of the Tampa travel agency. Still, he added, "the new regulations do not represent a big change for us."

Trump announced in June the United States would take a tougher stand on travel and trade with Cuba but it took until now for the State Department to compile a list of Cuban companies with which Americans are prohibited from doing business because with. The 180 companies on the list are operated in some manner by the island nation's military.

The list includes 87 hotels, 27 of which are in Havana — the only Cuban city directly linked to Tampa with flights and cruises.

Amor said he typically uses Havana's Hotel Nacional, Melia Cohiba and Melia Habana, none of which are on the banned list.

Frank Reno, president of Tampa's Cuba Executive Travel, has clients who like four of the banned hotels, including Havana's Hotel Ambos Mundos, but they have other options such as Hotel Parque, boutique hotels and private bed-and-breakfasts.

"My concern is they will supplement the list," Reno said.

That does remain an option, the Trump administration has said.

"None of this is a death sentence," said Suzanne Carlson, founder of Tarpon Springs' Carlson Maritime Travel, who will also lose access to four Havana hotels she booked. "We can work around it all. I have others I recommend."

Americans had been able to visit Cuba on their own as long as they indicated they were traveling for one of 12 reasons acceptable to the United States. Travel for tourism is prohibited. One commonly checked category was "education," but that is no longer allowed because enforcement proved difficult.

U.S. government-certified travel companies ensure that Americans engage in meaningful educational activities.

Tampa travel companies were relieved to see that their tour operator partner, the state-run Havanatur, was not on the list of banned companies.

In addition, anyone who booked travel accommodations to Cuba before the new restrictions take effect Thursday is grandfathered in under the old rules.

Among other provisions of the new restrictions:

- Americans can still bring back an unlimited amount of rum and cigars under the new restrictions.
- Agriculture and medical devices can still be sold to the Cuban government. Other items can only be sold directly to a Cuban citizen, though under Cuba-law all imports must go through the government.
- Cuba's Mariel Special Economic Development Zone, home to its largest maritime cargo port, now falls under the U.S. ban unless a company had already signed an agreement to operate a facility there.

U.S. travelers might still stay away from Cuba for fear they'll inadvertently violate one of the new restrictions and face a fine, said John Kavulich, president of New York-based U.S.-Cuba Trade and Economic Council.

And defiant travelers might flout the new restrictions, Kavulich said with a chuckle. He used as an example the now-banned Cuban soft drink company Tropi-Cola.

"You might likely see an increase in selfies posted on Facebook of U.S. visitors drinking a Tropi-Cola," Kavulich said, "and daring the Trump administration to sanction them."

The Hill Washington, DC 8 November 2017

Trump tightens limits on personal travel, business ties to Cuba

By Melanie Zanona and Jordan Fabian



© Getty Images

The Trump administration on Wednesday tightened travel and commercial ties to Cuba, part of its effort to roll back former President Barack Obama's historic opening with Havana.

The new rules come nearly five months after President Trump announced he would reverse Obama-era policies that loosened the decades-long trade embargo against the communist island, an attempt to fulfill a promise he made during the 2016 campaign.

The changes, which take effect Thursday, restrict Americans' ability to travel to Cuba and prevent business deals with certain entities controlled by the Cuban government and military.

But the core of Obama's policies will remain intact.

Under new Treasury Department rules, individual "people-to-people" trips — which have enabled American travelers to visit Cuba for educational purposes on their own as opposed to with a tour group — will be eliminated.

Such trips will no longer be approved by the U.S. government unless travelers booked a flight or hotel accommodations before Trump's June 16 announcement.

Educational group trips must be arranged through a licensed organization that is "subject to U.S. jurisdiction," and travelers must be accompanied by a person who represents the organization and is also subject to U.S. jurisdiction.

Obama, as part of his Cuba policy, opened up travel by allowing Americans to visit the country under 12 different categories.

Tourism to the island is still strictly prohibited, but Trump administration officials have said that people have been skirting the ban by abusing the people-to-people category and designing their own trips, instead of going with a tour group. That's why the White House announced in June it would eliminate that travel category and step up enforcement of current laws.

Cubans were deeply concerned about the shift toward group travel, because that model that is far more difficult for small restaurants and private homes to accommodate than individual travelers.

But Trump's new rules will allow travelers to stay in private bed-and-breakfasts, like those listed on Airbnb, if they are visiting the island to support the Cuban people. Currently, the "Support for the Cuban People" travel category includes humanitarian purposes and human rights assistance.

The new regulations will now allow "renting a room in a private Cuban residence (casa particular), eating at privately owned Cuban restaurants (paladares), and shopping at privately owned stores run by self-employed Cubans (cuentapropistas)" to count toward supporting the Cuban people.

However, a traveler must engage in additional Support for the Cuban People activities in order to meet the requirements of a full-time schedule, other than just staying in private homes and eating in private restaurants, according to a summary sheet.

Cuba is Airbnb's fastest growing market, with at least 22,000 rooms now listed on the travel-booking site. About 35 percent of Cuba's Airbnb guests are American.

"Airbnb has been active in trying to make certain that it can claw back some of what it sees as a problem," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "Their biggest problem is the shift from individual to group travel."

Sen. Marco Rubio (R-Fla.), a Cuba hard-liner who helped shape Trump's policy, assured travelers in June that they would still be able to visit the island if it's in support of the Cuban people and if they stay in an Airbnb.

"Individual Americans can travel to #Cuba under Support for the Cuban people category but must use privately owned lodging like AirBnB," Rubio wrote on Twitter.

Financial restrictions on Cuba

Trump's new Cuba policy also prohibits financial transactions that benefit the Cuban military business arm, known as the Grupo de Administración Empresarial (GAESA). The move is designed to restrict the flow of money to the oppressive elements of Raúl Castro's government.

The military-controlled conglomerate is involved in nearly all sectors of the economy, but tourism is its crown jewel. GAESA's tourism affiliate, Gaviota, operates an estimated 40 percent of all the island's hotel rooms, in addition to controlling a number of restaurants, shops, tour groups, car rentals and taxis. The Commerce and Treasury departments were tasked with identifying all the Cuban military-linked entities that will now be off-limits to Americans under the new regulations, with a few exceptions.

The list includes 180 entities and sub-entities, including hotels, stores, tourist agencies, rum companies, beverage manufacturers and marinas.

But the new restrictions do not apply to deals that have already been inked. That's why Four Points by Sheraton Havana, which is operated by GAESA and became the first U.S. hotel to come to Cuba in more than 50 years, is not on the list of prohibited entities.

An Obama-era rule allowing Americans to bring back an unlimited amount of rum and cigars is also remaining intact.

The changes come at a time of heightened tensions between Washington and Havana over what the U.S. government has described as "sonic attacks" against its diplomats in Cuba.

The Cuban government has said it did not carry out any attacks against American representatives, but the Trump administration has said that Havana is ultimately responsible for ensuring diplomats' safety.

The unexplained incidents have prompted the U.S. to withdraw the majority of its embassy staff from Havana and eject most Cuban diplomats from their embassy in Washington.

Univision Miami, Florida 8 November 2017

Trump administration announces new Cuba travel sanctions

Almost five months after President Trump announced he was ending President Obama's warming with Cuba, the White House announced its new regulations on Wednesday morning. But experts say enforcement will be tough. The changes also come in the midst of a return to frosty diplomatic relations between the two countries over alleged "sonic attacks" against U.S. diplomats.

Por: David Adams



A cruise ship entering the port of Havana. Adalberto Roque/Getty Images

After a two-month delay, the White House on Wednesday announced details of new regulations to implement its policy towards Cuba, curtailing three years of closer relations between the two former Cold War foes.

Under the new rules, Americans will be banned from doing business with a "Restricted List" of 180 entities tied to the Cuban military, mostly tied to the tourism sector, including hotels, marinas, and several store chains, according to the new regulations published Wednesday.

It also includes two rum makers, Ron Caney and Ron Varadero, as well a local soda Tropicola. But there was no sanction on Cuba's top two rums, Havana Club and Santiago de Cuba.

The new policy imposes restrictions on Americans going to Cuba as tourists, and seeks to prevent U.S. dollars from falling into the hands of the Cuban military, which runs much of the island's tourism sector, officials told reporters in a White House conference call.

"We have strengthened our Cuba policies to channel economic activity away from the Cuban military and to encourage the government to move toward greater political and economic freedom for the Cuban people," said Treasury Secretary Steven Mnuchin.

The new rules were met with anger from travel firms doing business with Cuba, as well as supporters of better relations with Cuba. Opponents of the Cuban government were also "disappointed," the measures weren't tougher.

Others were simply left scratching their heads wondering how the "Restricted List" would be enforced.
publicidad

"It meets the threshold of creating anxiety for the Cuban government, which is the overwhelming goal," said John Kavulich, with the US-Cuba Trade and Economic Council. "But the next stages of this will be how it's enforced," he added.

In June, President Donald Trump visited Miami to announce his new Cuba policy to great fanfare, offering harsh words about the island's communist leadership and the militarization of its government, as well as what he considered to be President Barack Obama's foolishly "one-sided" policy of closer engagement.



President Trump signing a new Cuba policy order in Miami, June 16, 2017. (Left to right: Secretary of State Rex Tillerson, Commerce Secretary Wilbur Ross, Florida Governor Rick Scott, Senator Marco Rubio, Vice President Mike Pence.) AP

However, for all Trump's bluster, the new policy keeps in place almost all of Obama's legacy-making policy of normalization with Cuba, which began in December 2014.

That includes the restoration of diplomatic relations after 54 years, the removal of Cuba from a list of state sponsors of terrorism, as well as the resumption of regular airline operations and allowing cruise ships to sail to the once forbidden island.

U.S. Cuba policy has changed significantly since George W. Bush left the White House in 2009. Even after Trump's announcement of policy changes, relations with Cuba remain much closer and restrictions on travel to the island are vastly improved, especially for Cuban Americans.

'Mojitos' not affected

The new policy mostly targets Cuba's Ministry of Interior, which owns a wide range of companies, and the Armed Forces Business Enterprises Group, GAESA, a Cuban conglomerate involved in all sectors of the economy including tourism.

But, most of Havana's bars and restaurants belong to Cuba's Ministry of Tourism, which is not affected by the new rules. That means that fans of Ernest Hemingway's famous Havana watering holes will still be able to sip their *mojitos* in La Bodeguita and *daiquiris* in El Floridita.

The new rules, which take effect Thursday, won't limit visits to the island by Cuban Americans. Nor does it affect air and sea travel, allowing U.S. airlines and cruise lines to continue operating services to the island. As a result some hotels will now be off-limits to Americans, though others run by Cuba's Ministry of Tourism, will be permitted, potentially creating a major headache for visitors, and the Treasury Department.
publicidad

The White House should create an app to help U.S. tourists stay away from 180 banned hotels and other entities on the 'Restricted List,' Kavulich suggested.

So for anyone who is confused: US citizens coming to Cuba can stay in the Hotel Santa Isabel but not the Ambos Mundos. Drink Havana Club rum but not Ron Varadero. Go to the Hemingway Marina but not the one in Cayo Coco. Got it?

— Patrick Oppmann CNN (@CNN_Oppmann) November 8, 2017

The so-called "Cuba Restricted List" will be kept updated by the State Department, and monitored by the Treasury Department's Office of Foreign Assets Control (OFAC), which handles U.S. sanctions.

Travelers to Cuba who violate the list could face penalties, including criminal prosecution in cases of "wilful violations," according to one senior U.S. official briefing reporters. They will also be required to keep detailed records of their itinerary as well as receipts.

U.S. companies will also be barred from investing in a new Mariel port development zone crucial to Cuba's economic plans to attract foreign investment.



A Cuban woman sells homemade souvenir dolls in the Cathedral Plaza in Old Havana, Cuba. David Adams/Univision

A Cuba expert in Miami, Emilio Morales, said the new rules "will definitely cool the enthusiasm of many people to visit the island." While that would hurt the government it would also negatively impact Cuba's private sector as well, he said.

"It's not as simple as Trump seems to think. There is a double hurt," Morales said, noting that some U.S. travel agencies specializing in Cuba would likely be forced to close as well.

U.S. flights to Cuba have already been affected this year due to Hurricane Irma and a diplomatic row over alleged "sonic attacks" against U.S. diplomats that led to Washington issuing a travel warning for visitors to the island. Even so, the number of flights was way up on a year ago.



U.S. flights to Cuba Havana Consulting Group/Univision

One of the largest licensed tour operators issued a statement blasting the Trump administration for "hypocrisy."

"At a time that President Trump is meeting with communist leaders in China and Vietnam, these regulations show the absolute hypocrisy and political pandering of the Trump Administration on Cuba," said Cuba Educational Travel President Collin Laverty.

The new policy rules are widely considered as payback by Trump to Cuban Americans who supported his candidacy, notably Florida Senator Marco Rubio, and were announced on the anniversary of the Nov 8 vote.

However, Rubio and others had hoped Trump would take much stronger actions, and sever all diplomatic relations with Cuba. "Today's announced regulations include some positive first steps," Cuban-American congressman Mario Diaz-Balart (Rep-Mia) said in a statement. "I am disappointed, however, that the regulations do not fully implement what the President ordered. It is clear that individuals within the bureaucracy who support the former administration's Cuba policy continue to undermine President Trump."

Frosty relations

Since Trump's Miami speech in June outlining his new Cuba policy, relations between the two countries have plummeted to their lowest point in almost a decade.

Last month the U.S. State Department expelled more than half of Cuba's diplomatic and embassy staff in Washington in response to alleged "sonic attacks" on diplomats in Cuba that have affected at least 22 Americans, in some cases with serious health effects on their hearing, balance and vision.

The Trump administration has also drastically cut its own embassy staff in Havana, suspending visa processing for Cubans. Both embassies are now left effectively running emergency services only.

Cuba's foreign ministry initially protested the expulsion calling it "unfounded and unacceptable," denying it had not done enough to prevent "the alleged incidents." It has since described the so-called sonic attacks as "totally" false and "a political manipulation aimed at damaging bilateral relations."

So far, none of the affected persons have come forward, fueling reports that they may have been U.S. spies. The diplomatic cuts have brought the two countries closer to the chilly state of relations they endured for decades until 2015, when they restored formal ties and reopened embassies in Havana and Washington.

The U.S. also last month issued a travel warning to Americans to stay away from Cuba due to concerns that civilians in hotels may also have been affected by the sonic incidents.
Cuba relaxes immigration rules

Clearly concerned over the potential damage to its fast-growing tourism industry, late last month Cuba's foreign minister announced minor changes to the island's immigration policies, seeking to strengthen ties with the 800,000 Cubans living outside the country. The changes removed one \$25 immigration fee and allows children of Cubans residing outside the country and those born in foreign countries to obtain Cuban citizenship and identification documents.

But, many Cuban Americans say the Cuban government's measures do not go far enough and complain that its immigration rules still impose onerous costs on travel to the island, while discriminating against its own citizens in exile.

Experts question if Trump's new Cuba policy is enforceable, and could create a backlash against the island's private businesses. While GAESA has a major stake in the tourism industry, it's hard to see how it can be effectively targeted by U.S. travel regulations. Cuba could simply opt to play a shell game and move some of the hotels or military-run tourist companies, such as Gaviota, out of the military orbit, giving them new civilian corporate identities.

Cuba could also simply place all non-American tourists in its military-run hotels and reserve the civilian ones for U.S. visitors.

WPLG Local 10 Miami, Florida 6 November 2017

Cuban government claims more tourists visiting island than ever before Street vendors say fewer Americans coming to island

By Hatzel Vela - Reporter

HAVANA, Cuba - The Cuban government claims more tourists than ever are now visiting the island, including Americans. But Local 10 News reporter Hatzel Vela is getting a different story from people on the streets of Havana.



The government says the 4 million people who have visited the island this year is a 23 percent increase over the number last year.

Government officials are touting the number as important despite the challenges the country faced primarily after Hurricane Irma, which left behind a path of devastation along Cuba's central northern coast -- a highly desirable area for tourists. The Cuban government reopened Cayo Santa Maria, Cayo Coco and Cayo Guillermo on Nov 1.

As for American tourists, the Cuban government says they have seen a 150 percent increase in visitors. But that number doesn't jibe with the comments of tourism workers in the streets, who say American visitors are scarce these days.

"You don't see many of them," one man said, who Vela found in Old Havana, making sculptures out of palm trees.

In the first six months of this year, Cuba says tourism has brought in \$1.5 billion -- a 9 percent increase compared to last year. We're also learning cruise ship companies may be taking more risks when it comes to Cuba.

The U.S.-Cuba Trade and Economic Council reports the three largest U.S. cruise ship lines have added more sailings to Cuba.

"The cruise lines are absolutely focusing on what they do best, which is group travel, and that's where they're making their play," U.S.-Cuba Trade and Economic Council president John Kavulich said.

Norwegian, Carnival and Royal Caribbean -- all Miami-based cruise lines -- could deliver close to half a million passengers annually to Cuba, which is about 286 sailings.

CNN
New York, New York
31 October 2017

Trump administration set to slap Cuba at the UN

By Nicole Gaouette and Laura Koran, CNN

*Washington (CNN)*The Trump administration will deliver a slap to Cuba by voting against a November 1 United Nations resolution calling for the end of its embargo on the Caribbean island.

Last year, the Obama administration abstained from the vote, breaking with a longstanding tradition of voting "no" as part of its efforts to foster better relations, a campaign that included re-opening the US embassy in Havana and a visit by then-President Barack Obama.

This year, mysterious sonic attacks on US diplomats are shadowing the relationship, which had already soured under President Donald Trump's more hostile stance toward Havana.

State Department spokeswoman Heather Nauert said the US decision to vote against the UN resolution, which Cuba has brought every year for the last 26, is meant to "underscore" the Trump administration's Cuba policy.



"We plan to vote against the resolution to underscore this new approach to Cuba," Nauert said, noting that the US has historically voted against it. "The Trump administration policy gives greater emphasis in advancing human rights and democracy in Cuba, while maintaining engagement that serves US national interests."

Nauert added that the resolution also "ensures US engagement that benefits the Cuban people, and ensures compliance with the statutory ban on tourism to Cuba."

The US has typically been joined by only one other country -- Israel -- in voting against the resolution, leading to vote counts of 191-2 in the past few years. In 2016, both the US and Israel abstained.



John Kavulich, president of the US-Cuba Trade and Economic Council, said the vote "is consistent with Trump administration policies of ceasing, reversing and strengthening regulations, all with a design to expand the distance between the bilateral relationship and, specifically, to lessen the interest of visitors to visit and businesses to engage in commerce."

On October 3, Washington expelled 15 Cuban diplomats to match staff reductions at the US Embassy in Havana after the US ordered non-essential diplomats and families to come home after the mysterious attacks on personnel there, CNN reported at the time.

The move drew an angry rebuke from Cuban Minister of Foreign Affairs Bruno Rodríguez Parrilla. "Cuba has never perpetrated, nor will it ever perpetrate attacks of any sort against diplomatic officials or their relatives," Rodríguez Parrilla said at a news conference in Havana.

Those reductions and the decision to reverse course on the UN vote, set for November 1, are just the latest setbacks in deteriorating US-Cuban relations.

Nauert said the administration was acting on its desire to have Cuba offer its citizens greater freedoms. "Cuba has engaged in human rights abuses," she said. "This administration continues to call upon Cuba to improve in terms of human rights, and also open up to where they would have better media access, better access to the things that we enjoy here."

The New York Times

New York, New York

30 September 2017

Illnesses at U.S. Embassy in Havana Prompt Evacuation of More Diplomats

By GARDINER HARRIS and ADAM GOLDMAN



The United States Embassy in Havana. The State Department warned Americans that they could face unusual risks in visiting Cuba. Credit Alexandre Meneghini/Reuters

WASHINGTON — It started as a medical mystery. It then was determined to have been the result of a mysterious attack. And on Friday, the illness that has affected 21 diplomats at the American Embassy in Havana, with symptoms including hearing loss and cognitive difficulties, threatened the future of Cuban-American relations.

With no guarantee that the Cuban government could protect American diplomats, the State Department announced that it was withdrawing all nonessential personnel from the embassy.

In a statement, Secretary of State Rex W. Tillerson repeated the American assertion that the embassy personnel were deliberately targeted. But he did not blame Cuba, and officials held out the possibility that a third party might have been responsible. “Cuba has told us it will continue to investigate these attacks, and we will continue to cooperate with them in this effort,” Mr. Tillerson said.

But the Trump administration, which has already expelled two Cuban diplomats over the illnesses, is considering further retaliatory steps, according to Congressional staff briefed by administration officials. And the State Department issued an advisory that Americans should not to travel to Cuba. Because some of the attacks occurred in hotels where State Department employees were temporarily staying, officials said they worried that tourists and others could be affected.

The Cuban government responded with dismay while promising to continue to cooperate in the investigation, calling Friday’s decision “hasty” and one that “will affect the bilateral relations.”

While there is no evidence so far that tourists or hotel employees have been affected, the government’s travel warning could cripple Cuba’s burgeoning tourism industry if tour operators, hotel and cruise line companies or their insurers decide that their employees and customers could be at risk.

“Right now, the most important constituency of determining the impact of this is not members of Congress or pundits; it’s the insurance companies,” said John Kavulich, the president of the U.S.-Cuba Trade and Economic Council. “If the carriers withdraw coverage because of this warning, then everything could shut down there almost overnight.”

The timing of Mr. Tillerson’s decision and its potential fallout promises to write yet another chapter in an extraordinary history between the two countries that has included the explosion of the American battleship Maine in Havana Harbor in 1898, the Bay of Pigs in 1961 and the Cuban Missile Crisis in 1962.

Then, in 2014, after decades of frosty relations, constant sniping and severed diplomatic relations, President Barack Obama reversed course and reached an agreement with President Raúl Castro of Cuba to reopen embassies in the countries’ respective capitals and begin to encourage nascent tourism and business ties.

But the rapprochement was deeply unpopular among a powerful segment of Cuban émigrés in Florida, and Mr. Trump in his campaign vowed to reverse what he called a “terrible and misguided deal.” Once in office, Mr. Trump did undo crucial pieces of Mr. Obama’s policy, but kept in place others that were broadly popular, such as allowing direct flights and cruises between the United States and Cuba, and rules making it easier for American companies to do business in Cuba.

On Capitol Hill, a debate began immediately over whether Mr. Tillerson acted too quickly or not quickly enough. He has known since a few days after his confirmation on Feb. 1 that diplomats in Havana were becoming ill, but took until Friday to reduce the diplomatic and Marine Corps contingent there to 27.

Senator Marco Rubio, Republican of Florida, who fiercely opposed Mr. Obama’s decision to improve ties with Cuba, questioned the decision not to punish Cuba more forcefully.

Senator Patrick J. Leahy, Democrat of Vermont, said punitive measures would only play into the hands of the attackers. “Whoever is doing this obviously is trying to disrupt the normalization process between the United States and Cuba,” Mr. Leahy said. “Someone or some government is trying to reverse that process.”

A host of Latin American scholars denounced the State Department’s travel advisory as a cynical ploy to undo the last vestiges of the Obama administration’s rapprochement with Cuba. “The fact remains that Cuba is the safest place in Latin America for foreigners to visit,” said Eric Zolov, a Cuban expert at Stony Brook University. “Crime is exceptionally low and tourism is coveted by the government.”

President Trump was unapologetic about the action on Friday, saying that “some very bad things happened in Cuba.”

But one reason Mr. Tillerson decided to keep the embassy open is a growing belief among American officials that the Cuban government was probably not responsible for them.

A former senior American official said that there was information that the Cubans were rattled by what had happened and were desperate to find the cause. The fact that a Canadian diplomat was also affected has deepened the mystery. Relations between Canada and Cuba have long been warm.

The former senior official said that F.B.I. agents who had been allowed entry to Cuba had visited the homes of the American diplomats and had not been able to detect anything. The F.B.I. has also reviewed security footage of the homes and found nothing suspicious, and the agency has been unable to duplicate the effects the diplomats have experienced in a lab.

That the Cubans offered to let the F.B.I. go to Havana and investigate was a rare level of openness and was seen as yet another indicator that the Cubans themselves have been shaken by the episode.

Of the 21 people who have become ill, 17 were government employees and four were spouses. Three of the spouses worked at the embassy. For some, the injuries appear permanent, with symptoms including hearing loss, dizziness, tinnitus, balance and visual problems, headache, fatigue, cognitive issues and difficulty sleeping. But despite an intensive investigation by the F.B.I., the cause and perpetrators of the attacks remain a mystery.

Some of those affected reported hearing odd sounds in particular rooms of their homes, leading some experts to speculate that some kind of sonic weapon or faulty surveillance device may have been at fault.

“Just looking at the symptoms, it sounds like they’ve all had traumatic brain injuries like a concussion or a series of minor head injuries even though we know they haven’t,” said Dr. Martin Gizzzi, a neurologist in Portland, Ore., who is a fellow of the American Academy of Neurology.

Dr. Gizzzi said neither ultrasonic nor subsonic waves have been known to produce such injuries surreptitiously. Among the other possibilities are a virus, poison or radiation, he said.

Friday’s announcement came three days after Mr. Tillerson met with Bruno Rodríguez, Cuba’s foreign minister, in Washington, in a meeting that the Cuban government requested. That meeting did not convince Mr. Tillerson that the Cubans could guarantee the safety of the remaining American employees in Havana, prompting the decision to pull much of the embassy staff.

The remaining staff will carry out only emergency services, such as helping American citizens in need. Routine visa functions for Cuban citizens will no longer be conducted in Havana. Officials may soon direct Cubans seeking to travel to the United States to apply for visas at embassies or consulates in other countries. American officials will continue to meet with their Cuban counterparts — but not in Cuba — until the cause of the attacks is uncovered, officials said.

In August, Heather Nauert, the State Department’s spokeswoman, said that the department was confident that the attacks were no longer occurring. But on Friday, officials conceded that the remaining 27 personnel in Havana were still at risk.

Financial Times

London, United Kingdom

29 September 2017



US warns citizens against visiting Cuba after sonic attacks

Washington orders 60% of its diplomatic personnel to leave after suffering ill-effects

By Demetri Sevastopulo in Washington and John Paul Rathbone in Miami

The US has warned travellers against visiting Cuba and ordered 60 per cent of its diplomatic personnel to leave in a dramatic response to a series of mysterious sonic attacks on its diplomats on the island.

The move deals a major blow to already delicate relations between the two Cold War foes that had begun to warm under then President Barack Obama during a slow process of rapprochement that has since been partially reversed by Donald Trump.

“Until the government of Cuba can ensure the safety of our diplomats in Cuba, our embassy will be reduced to emergency personnel in order to minimise the number of diplomats at risk of exposure to harm,” said Rex Tillerson, US secretary of state. Essential stories related to this article Americas US sounds off over mystery Cuba hearing loss EM Squared Cuba’s FDI renaissance at risk from Trump reversal Premium World Trump rolls back some of Obama’s Cuba reforms

The Cuban government has strenuously denied any role in the incidents and is investigating, but has said it has so far not been able to determine any cause. The incidents have left 21 US diplomats and family members suffering from dizziness, partial deafness and nausea. Several Canadian diplomats have also been affected.

Mr Tillerson said there were no reports that private US citizens had been impacted, but said some of the attacks occurred in hotels frequented by Americans. He added that the state department did “not have definitive answers on the cause or source of the attacks and is unable to recommend a means to mitigate exposure”.

Tourism is central to Cuba’s economy, which is already suffering from damage caused by Hurricane Irma and cutbacks of supplies of subsidised oil from socialist Venezuela, its closest ally. Some 4m tourists visited Cuba last year, including more than 600,000 Cuban-Americans and US visitors. The depletion of US personnel will also result in no more visas being processed in Havana for Cubans seeking to travel to the US.

US officials declined to confirm speculation that the attacks may have been caused by a sonic device that emits sounds with the ability to cause physical damage to humans. They also refused to say whether the US government — which now uses the term “attacks” after previously saying “incidents” — believes that the Cuban government played a role in the attacks, which have gone on for several months.

At a meeting in Washington this week Mr Tillerson reminded Bruno Rodriguez, Cuba’s foreign minister, of the country’s obligation under the Vienna Convention to protect diplomats and their families. Mr

Rodriguez said after the meeting that Cuba had an “impeccable record” when it came to the Vienna Convention and urged the US not to make “hasty decisions” based on inconclusive evidence.

In an unusual move, Cuba has invited both Federal Bureau of Investigation agents and Royal Canadian Mounted Police to the island to assist in the investigation.

The possible motives behind the attacks have mystified observers.

“Whoever is doing this obviously is trying to disrupt the normalisation process between the United States and Cuba,” said Democratic Senator Patrick Leahy of Vermont, an advocate of improved Cuba relations. “Someone or some government is trying to reverse that process.”

Paul Hare, a former British ambassador to Cuba, said any admission by Havana would have unpalatable consequences both at home and abroad.

“If they [the Cubans] admitted the attack then that would have been admission of a crime. If they suggested that it was a third party [such as Russia] or a rogue element in the Communist party, then again that shows weakness and incompetence,” said Mr Hare, now a senior lecturer at Boston University’s Frederick S Pardee School of Global Studies.

“If, as I suspect, the real reason was installation of some new surveillance equipment that had an unexpected effect by causing the physical harm, that also smacks of incompetence and lack of control,” he added. “That sort of explanation has never appealed to the Cuban Revolution.”

Whatever the case, Friday’s response allows the Trump administration to show it is being tough on Cuba’s economy and a communist regime that they have already described as corrupt and destabilising.

John Kavulich, president of the US-Cuba Trade and Economic Council, said one repercussion of the travel warning was that insurance companies might stop offering coverage for US travel and tourism-related business.

“If this happens, existing commercial and economic activity between the United States and the Republic of Cuba would be reduced to a flicker — and potentially extinguished,” he said.

Air Cargo World

New York, New York

28 September 2017

FedEx locked in bureaucratic battle to operate daily flights to Havana

By Lewis King

FedEx is defending its application to operate daily cargo flights between Miami (MIA) and Cuba’s Jose Marti Airport (HAV). The Tennessee-based integrator filed with the U.S. Department of Transportation (USDOT) on Tuesday, Sept. 26, countering arguments by carriers like JetBlue, which claimed that “FedEx has not adequately demonstrated how its service proposal would generate superior public benefits as compared to JetBlue’s (or any other carrier involved in this proceeding).”

While FedEx chose not to comment to *Air Cargo World*, a spokesperson pointed to the carrier’s filing, which noted that there were no other carrier applicants detailing cargo service offerings, or proposing cargo services for the benefit of the shipping public. FedEx accuses carriers like Delta and Southwest of conflating bellyhold capacity with the publicly available shipping services that the integrators offer.

FedEx maintains that all-cargo carriers – of which it is currently the only one in the running – are a necessary part of the equation.



With rights to operate a limited number of flights to Cuba, the Tennessee-based integrator is adamant that, as the only all-cargo operator in the running, its daily cargo operations would provide wide benefits to U.S. consumers. “The optics of a FedEx aircraft represents meaningful connectivity,” John Kavulich, president of the U.S.-Cuba Trade and Economic Council agreed that FedEx has a role to play. “Air cargo represents an immediacy that ocean doesn’t... it indicates a more dynamic economy,” he said. “Someone needs someone to wave the commercial flag.”

The passenger carriers argue that granting FedEx access to a finite (20) number of daily flights would be a waste of public utility. In its filing with the USDOT, JetBlue argued that: “FedEx plans to operate its smallest aircraft to Havana and has a questionable history attempting to launch operations to the island nation. Nothing in the record indicates FedEx has, or will be able to, overcome the logistical obstacles it has been battling for the last year. Given the lack of public benefits that would flow from FedEx’s service proposal and the uncertainty of its ability to operate in Cuba, JetBlue believes that the five frequencies requested by FedEx would be better used by another applicant.”

FedEx defended its use of Cessna 208 aircraft, noting that many other carriers have down-gauged on Cuba routes, in response to “the evolving nature of the Cuba market.”

Under the terms of the Memorandum of Understanding (MOU) signed between the United States and Cuba on February 16, 2016, U.S. carriers gained the right to operate up to twenty daily combination or all-cargo flights. Most of the carriers bid for more routes than they actually expect to operate, in a Darwinian strategy to grab as much as possible of what could become a lucrative route, if relations between the two countries normalize. That competition lead to a flurry of filings and counter filings with the USDOT, which will ultimately decide who gets what.

Tampa Bay Times

St. Petersburg, Florida

28 September 2017

Tampa to Havana travel still growing, but for how much longer?



The U.S. Embassy in Havana has been a target of mysterious "sonic attacks" that have left staff members with a variety of medical problems. The FBI is investigating, with approval from the Cuban government [ASSOCIATED PRESS]

By Paul Guzzo, Times Staff Writer

TAMPA — Local travel agents are jittery about the future of their newest market, Cuba, because of stricter regulations by President Donald Trump and a mysterious health attack that threatens to close the U.S. embassy there.

But the data isn't supporting their concerns yet as the number of airline and cruise passengers from Tampa to Havana continues to rise and as some U.S. cities add flights to the capital city.

Three months after the new regulations, passengers flying between Tampa and Havana in both July and August increased by 4,000 over the same periods the previous year — 14,162 in July and 12,003 in August. That's consistent with the average monthly totals earlier in 2017, pushing the year to date total to 89,800 — already surpassing the 80,200 for all of 2016.

This is despite the added competition from two cruise lines.

"Our Cuba cruises from Tampa have been proving very popular and continue to sell well," said Carnival Cruise spokeswoman Jennifer de la Cruz.

What's more, American, Delta, Jet Blue, United and Southwest are now competing for three open commercial routes to Havana to be allocated by the U.S. Department of Transportation.

They want the new business to fly from Miami, Fort Lauderdale, Boston and Houston. Southwest, which operates daily flights between Havana and Tampa, wants to increase its daily Fort Lauderdale-Havana routes from two to three.

Still, travel agents are worried, most recently by the "health attacks," as described by the State Department, in which more than 20 U.S. diplomats in Havana since late 2016 have suffered problems including brain injury to hearing loss.

One theory is that they are victims of sonic attacks. The Cuban government denies involvement and has allowed the FBI to investigate.

No travel warning has been issued by the State Department but hysteria could scare away Americans.

"An embassy gives people piece of mind and reassurance that what they are doing is OK," said Suzanne Carlson, president of Tarpon Springs' Carlson Maritime Travel. "Take it away and you take the assurance away."

The growing embassy mystery comes on the heels of the Trump administration's announcement in June that Americans visiting Cuba for educational purposes — the most popular of 12 categories of Cuba travel designated under U.S. law — cannot travel on their own as they could before but only in certified tour groups.

Trump pulled back on some of the moves to normalize relations with the Communist nation that were made through executive orders by his predecessor Barack Obama.

Another example U.S. citizens can no longer stay in hotels owned by the Cuban military, which runs 60 to 70 percent of the nation's tourism industry. Doing so could result in a fine.

Travel agents and other Cuba analysts have predicted these changes also will scare away Americans by making travel costlier and more cumbersome.

Adding new flights does not necessarily indicate airlines expect the rising passenger numbers to continue, said John Kavulich, president of U.S.-Cuba Trade and Economic Council in New York.

They are mindful of the Trump administration changes, Kavulich said, and may just be securing Havana flights for the long term while shouldering the economic burden until then.

Frank Reno, president of Tampa's Cuba Executive Travel, continues to take at least one group to Cuba every few weeks, just as he did before Trump's restrictions.

But Reno said, "I do think concerns have increased about the politics and the ramifications."

Carlson Maritime Travel is already feeling it.

The Tarpon Springs company had arranged to send a group of golfers to Varadero in October to participate in the Cuba Gulf Grand Tournament. But the golfers cancelled soon after Trump announced his policies.

Americans who felt politically safe visiting Cuba when Obama was in office, said company president Carlson, now wonder "how going will make them look. People are hesitant."

But Tom Popper of New York-based tour operator InsightCuba doesn't think Trump's changes alone will set his business back.

Said Popper, who has been leading American tour groups to Cuba since 2000, "I think people overreacted at first."

ThomsonReuters **London, United Kingdom** **1 September 2017**

JetBlue Airways opens Havana ticket offices

By Marc Frank

HAVANA, Sept 1 (Reuters) - JetBlue Airways opened two ticketing offices in Havana on Friday, the latest U.S. company to signal confidence in the Cuba market and to shrug off new tensions with the island nation under President Donald Trump. American Airlines and Delta Airlines opened offices earlier this year.

Friday's opening comes despite an ongoing diplomatic spat between the old Cold War foes and a noticeable pause in bilateral meetings since Trump took office.

Beginning in December, some U.S. diplomats and family members based in Cuba suffered physical harm from a still-to-be-determined acoustic source. There have been no recent incidents. Two Cuban diplomats based in Washington were asked to leave until the issue is resolved.

The only other U.S. corporations with a significant physical presence in Cuba are Google, which has servers and a showroom, and Marriott International, which operates a Sheraton Four Points in Havana and last month said it would open a second hotel in 2019.

Former U.S. President Barack Obama, as part of his efforts to normalize relations, authorized direct flights in 2015 after a half-century hiatus.

"I am delighted to inaugurate this ticket office a year and a day after making history ... with the first commercial flight from the United States to Cuba," Robín Hayes, JetBlue's chief executive, said, upon opening a downtown ticketing office. The second office is at Havana's international airport.

Trump in June rolled back parts of Obama's historic opening to Cuba, saying his predecessor negotiated a "terrible and misguided deal."

Embassies, established in 2015, remain, as do direct flights, but the revised approach includes stricter enforcement of a longtime ban on Americans going to Cuba as tourists. Among changes are limiting visits to 12 existing categories of non-tourist travel and a ban on the use of hotels and other facilities owned by Cuba's military.

Cruise ships are permitted, the administration said, but not independent visits by solo travelers and families under the popular people-to-people travel category, which Trump charged was being used to violate the tourist ban.

According to the U.S.-Cuba Trade and Economic Council, which monitors bilateral business, the three largest U.S. cruise ship companies have announced more than 280 sailings to Cuba through 2019. Some 300,000 Americans, excluding those of Cuban descent, visited Cuba in the first six months of 2017, more than twice last year's number during the same period, according to the Cuban government.

CBS News

New York, New York

23 August 2017

Some U.S. diplomats in Cuba diagnosed with serious health conditions, medical records show

According to medical records reviewed exclusively by CBS News, a U.S. doctor who evaluated American and Canadian diplomats working in Havana diagnosed them with conditions as serious as mild traumatic brain injury, and with likely damage to the central nervous system.

The diplomats complained about symptoms ranging from hearing loss and nausea to headaches and balance disorders after the State Department said "incidents" began affecting them beginning in late 2016. A source familiar with these incidents says officials are investigating whether the diplomats were targets of a type of sonic attack directed at their homes, which were provided by the Cuban government. The source says reports of more attacks affecting U.S. embassy workers on the island continue.

The doctor, one of several who reviewed their cases, included a warning in the medical records about the health risks of future exposures. The diplomats underwent comprehensive audiological evaluations and a battery of other tests.

In a statement received by CBS News from the University of Miami Health System, they confirmed its physicians were "consulted" by State on its diplomats in Cuba.

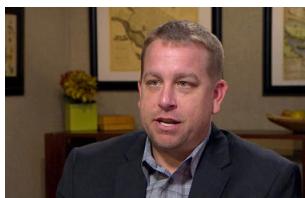
"Like any top-notch academic medical center in the nation, the University of Miami is often consulted regarding complex health care issues or emerging diseases. In the case of U.S. diplomats, our physicians were consulted by the State Department," read the statement from the university.

"The expertise of our physicians and researchers across a variety of fields naturally positions us to assist in these matters, and we consider it our obligation and responsibility to share that knowledge as needed. Regardless of the circumstances of providing medical care, maintaining patient privacy stands as a top priority for the University."

An American doctor also visited Havana in the spring to assess U.S. embassy workers, according to the source.

A number of diplomats have cut short their assignments in Cuba because of the attacks.

The source says American diplomats have also been subjected to other types of harassment including vehicle vandalism, constant surveillance, and home break-ins.



Ailments in Cuba could be result of intel operation gone wrong, expert says

Although the State Department says it hasn't identified a definitive source of the attacks, it has reminded Cuban authorities of their international obligations to protect diplomats. The U.S. also expelled two Cuban embassy officials in Washington May 23.

"We hold the Cuban authorities responsible for finding out who is carrying out these health attacks on not just our diplomats but, as you've seen now, there are other cases with other diplomats involved," Secretary of State Rex Tillerson told reporters earlier this month.

Cuba has denied any involvement in the attacks.

"We remain in regular contact with the Cuban government to emphasize that we take these incidents very seriously and to resolve this matter in a satisfactory manner," a State Department spokesperson for Western Hemisphere Affairs tells CBS News.

But as the U.S. pledges publicly to hold Cuba accountable for the protection of its diplomats, there are signs the U.S. may be privately moving forward with plans to make it easier for Americans to visit and do business with the country.

On Tuesday, the Treasury Department's Office of Foreign Assets Control removed hundreds of internet domain names primarily focused on travel to Cuba from its Specially Designated Nationals and Blocked Persons list. The people, groups and entities on this list are restricted from doing business in the U.S.

"While there may be a legal basis for the removal of the domain names from the SDN/BP list, to remove so many at one moment has optical significance," says John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council. It "is demonstrative of the distance between political rhetoric and practical implementation of policy."

But a Treasury Department official explained to CBS News that OFAC's removal of the domain names may be misconstrued as more significant than it actually is. A single company was delisted Tuesday, and that company had 60 websites with "countless domain names," the official said. Delisting that one company meant including all of the websites and domains associated with the company.

Trucks.com Los Angeles, California 23 August 2017

Truck Manufacturers Keep Eyes on Cuban Market

By Craig Guillot



A decades-old truck on a Cuban highway. Many of Cuba's trucks are over 50 years old. (Photo: Craig Guillot/Trucks.com)

With a fleet of 50-year-old vehicles and growing U.S. public opinion to end its trade embargo, Cuba could someday be a big market for truck manufacturers.

Yet while there's pent-up demand for newer American-made trucks, experts say the complexity of the country's economy and its financial problems may make importing U.S. vehicles difficult.

There are thousands of antique cars and trucks on Cuba's roads. Prior to Fidel Castro's rise to power in 1959, the island nation had a love affair with American vehicles.

Until the revolution, Cuba was the top importer of U.S.-built vehicles, including Ford and General Motors trucks, said Tom Cotter, co-author of Cuba's Car Culture: Celebrating the Island's Automotive Love Affair. After the revolution, Castro instituted a 200 percent tariff on all imported vehicles and President Eisenhower banned trade with the island in 1960. Castro then banned the import of all new American vehicles as well as replacement parts.

For more than five decades, Cuba has recycled and reused what it could, relying on a hodgepodge of parts passed down and rebuilt over the years. The whole country is a “junkyard of parts” where even screws are salvaged and parts are repaired, Cotter said.

A few classic American vehicles are equipped with parts from Danchuck, the world's largest manufacturer of 1955 to 1957 Chevrolet restoration parts. But the only way to get those is to circumvent the U.S. embargo by shipping them to Mexico first then to Cuba, Cotter said. “If you take a piece from your car you keep it forever because you can't buy replacements,” Cotter said.



A typical truck seen in Cuba. (Photo: Craig Guillot/Trucks.com)

Many trucks have even been outfitted with engines from the tens of thousands of tractors that Belarus sent to the island over the past four decades, Cotter said.

Nevertheless, the U.S. has maintained a presence on Cuba's roads. There are dozens of models of American-made cars and trucks from the 1950s, along with a mix of newer vehicles from other nations such as Russia and China – two of Cuba's old communist trading partners.

Still half a century of repairing and rigging has left the country yearning for newer trucks, and with Florida only 90 miles away, the U.S. could be a big source of imports.

Cuba has a growing need for transportation to move agricultural products and to support the growing tourism industry, said Saul Berenthal, president of Cleber, a small tractor manufacturer in Paint Rock, Ala. But all auto imports are tightly controlled even today. Only in the past couple of years have Cuban citizens been allowed to import vehicles on their own.

Last year Berenthal, who was born in Cuba, received notice from the U.S. Treasury Department that his company would be the first manufacturer allowed to build product in Cuba since the embargo. Berenthal is now waiting on the next moves from the Trump administration, which said in June that it would be rolling back some of the new openings.

“There's certainly a market,” Berenthal said. “There's going to be a need for trucks in the large-scale transportation of goods, but also some of the smaller ones for private-sector transportation.”

Even the Cuban government has admitted its challenges with transportation and infrastructure, said Paolo Spadoni, Cuba expert and associate professor of political science at Augusta University.

Cuba was a large recipient of aid from Russia and imported thousands of trucks from its manufacturers when it was part of the Soviet Union.

“Cuba has been struggling with transportation since the 1980s when the Soviet Union collapsed. It has been the sector with the slowest recovery,” Spadoni said.

Due to financing problems, Cuba doesn't have many options for getting vehicles, but and China and Russia happen to be the two major countries that will export to them, he said.

Beginning in 2008 – the same year Fidel Castro resigned from the Cuban presidency and his brother Raul took power – Russian truck manufacturer Kamaz began delivering trucks to the island. Over the next few years, Kamaz exports increased, reaching 900 by 2013.

In 2009, Cuba began importing sedans from Chinese automaker Geely for use as police cars, taxis and other commercial vehicles.

Last year, Kamaz signed a contract with the Cuban government to deliver 2,400 trucks as well as “automotive equipment, spare parts and the equipment necessary for the installation in Cuba of a network of repair plants.”

American Manufacturers Interested in Market

American truck and equipment manufacturers have already expressed interest in the Cuban market. Last year, Ford, GM and Fiat Chrysler Automobiles said they were watching the market and awaiting changes to economic policies.

While GM didn't share specifics, a company spokesperson told Trucks.com that it “will certainly evaluate any opportunity that may present [itself] as developments warrant.”

In 2016, Doug Oberhelman, chief executive of equipment manufacturer Caterpillar Inc., made a high-profile trip to the island to meet with Cuban ministers and said his company was ready to enter the market once the U.S. embargo is lifted. Oberhelman expects Cuba's new Port of Mariel to grow into a thriving distribution point for the Caribbean and Central and South America.

The first wave of demand may be for used trucks, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

While Cubans prefer the quality of American vehicles, they also desire a low price and simplicity, Kavulich said.

“Cuba simply isn't in need of a lot of the technology that generally comes with newer trucks. They're more inclined to go with what is simple to operate, simple to repair and will have a long shelf life,” he said.

Russian and Chinese vehicles are not the most technologically-advanced, but “much like the AK-47,” they are simple machines, Kavulich said.

A Challenging Market Regardless

Even if the U.S. government loosened the reins of the embargo, truck manufacturers may still find Cuba to be a difficult market.

Due its state-controlled economy, truck buyers in Cuba would be government entities, not businesses, Kavulich said.

Two of the biggest potential customers would be the Ministry of Transportation and CIMEX, a military-owned conglomerate for transportation products, he said. “You can't import on your own. The government is in charge, and you have to depend on what it is willing to sell you.”

An even bigger problem is that Cuba has a poor credit rating and has historically had difficulty meeting its financial obligations, said Spadoni.

The country defaulted on all of its foreign debt in the 1980s and has recently restructured all of its debt with Mexico, Russia and commercial creditors in China and Japan.

“They've always had liquidity problems,” Spadoni said. “Even if you lift the embargo, it's also contingent on the financial situation in Cuba to give guarantees.”

Marti Noticias
Miami, Florida
22 August 2017



La medida, que remueve del listado a cerca de 4,900 dominios en Internet, permite mayor flexibilización para realizar transacciones comerciales con entidades bajo jurisdicción estadounidense.

El Departamento del Tesoro eliminó este martes a cerca de cinco mil dominios de internet de entidades e individuos cubanos que estaban incluidos en la lista de restricciones para hacer negocios con Estados Unidos.

La Oficina de Control de Activos Extranjeros (OFAC, por sus siglas en inglés) del Departamento del Tesoro, anunció la decisión de remover del listado de "Nacionales Especialmente Designados" a unos 4,900 sitios digitales, lo que les permite una mayor flexibilización para realizar transacciones comerciales con entidades bajo jurisdicción estadounidense.

Algunos de los dominios de empresas vinculadas al Gobierno cubano que han sido extraídos de la lista pertenecen a la **industria turística** de Cuba, incluidos los negocios de hotelería en cayos cubanos, que son controlados en su mayoría por el **consorcio militar GAESA**. Los ingresos de estas instalaciones van directamente a las arcas del gobierno comunista de la isla.

Entre los beneficiados están www.cuba-cayolevisa.com, www.cuba-cayosaetia.com, www.cuba-cayoguillermo.com, www.cuba-cayolargo.com, www.cuba-cayosantamaria.com, www.cuba-cayococo.com y www.cuba-cayoguardalavaca.com, entre otros.

El Departamento del Tesoro restó importancia a la medida, alegando que se trata mayormente de sitios que están ya descontinuados o fuera de servicio. Pero muchos de ellos han mutado en otros dominios asociados con el gobierno cubano.

"No hay más que una entidad cubana que fue cerrada y salió del negocio. Quitamos a esa entidad de nuestra lista. Esa compañía tenía diversos alias, y también tenía cerca de 60 sitios web con diversos dominios. Así que cuando esta empresa se cierra, parece que una gran cantidad de empresas cubanas ya no figuran en las restricciones. No hay noticia en esto. Es sólo una empresa que salió del negocio y junto con ella, todos sus dominios y alias", dijo la vocera del Tesoro **Molly Meiners**.

El presidente del Consejo Comercial y Económico EEUU-Cuba, **John S. Kavulich**, catalogó de "sorpresa" la medida.

"Hoy, en un sorpresivo movimiento de la Oficina de Control de Activos Extranjeros (OFAC), el Departamento del Tesoro de los Estados Unidos retiró de su lista de Nacionales Especialmente Designados, y de la Lista de Personas Bloqueadas (inglés SDN/BP), aproximadamente 4.900 nombres de dominios de Internet centrados en la República de Cuba, lo que significa que individuos sujetos a la jurisdicción de los Estados Unidos pueden tratar con ellas", dijo el experto a Martí Noticias.

Kavulich cuestionó la medida, que llega después que el presidente **Donald Trump** prometiera cambios drásticos en la política hacia Cuba, y dar marcha atrás al acercamiento dispuesto por su predecesor **Barack Obama**.

"Aunque puede haber una base jurídica para el retiro de los nombres de dominio de la lista SDN/BP, retirar tantas a la vez tiene un significado notorio. ¿Demuestra esto una desconexión entre las declaraciones audibles sobre Cuba y la implementación de las políticas? Sí, lo demuestra", dijo el experto.

Kavulich insistió en que el nuevo y sorprendente paso "demuestra la distancia entre la retórica política y la práctica".

Como parte de sus esfuerzos para aplicar las sanciones comerciales a gobiernos, entidades, individuos y empresas, incluidas las relacionadas con el **terrorismo y el narcotráfico**, OFAC publica regularmente una lista de los sancionados, cuyos activos en Estados Unidos están congelados y con los que se prohíbe hacer negocios a los ciudadanos o residentes en este país.

Una actualización de la lista de OFAC, fue publicada este martes en el sitio oficial de esa entidad en la web. En correspondencia con el **cambio de política hacia Cuba**, el pasado junio, la Administración Trump debe anunciar el próximo 15 de septiembre una lista de **entidades cubanas restringidas** para hacer negocios con Estados Unidos.

RT America
Washington, DC
17 August 2017

“Boom Bust”

Joining guest host Simone Del Rosario is John McAfee, the founder of McAfee, examining blockchains and the ever-expanding world of cryptocurrency. Two months after President Trump's speech, what has become of Cuba and its economy? John Kavulich gives us an update and look at Cuba's future. What's FATCA? Jim Jatras tells us, and why he's trying to get it repealed.

<https://www.rt.com/shows/boom-bust/400047-fatca-cryptocurrency-cuba-economy/>

The Miami Herald
Miami, Florida
3 August 2017



Customers are served at a private café in Havana. This week the Cuban government announced it has stopped issuing licenses for some of the more lucrative private businesses on the island, such as private restaurants and B&Bs. **Alejandro Ernesto** EFE

Fear is driving Raúl Castro to punish Cuba's new entrepreneurial class, experts say

BY NORA GÁMEZ TORRES

First, Cuban authorities hauled out tables and chairs from several private restaurants on the island. Then, they put a hold on issuing permits for a range of new ventures citizens had hoped to launch — from home rentals to agricultural endeavors.

The reason, according to experts: fear. The Cuban government does not want a truly successful entrepreneurial class operating on the island.

Cuban ruler Raúl Castro, breaking his own promise to move ahead with economic reforms “without haste but without pause,” has stopped issuing government licenses for some of the more lucrative private businesses on the island such as private restaurants and B&Bs. Other frozen occupations include services for home repairs and electronic equipment, developers of applications for cell phones and web pages, music teachers, education tutors and even blacksmiths.

The announcement by the Labor and Social Security Ministry on Tuesday indicated that the halt will be in place “until the self-employment area is perfected,” but gives no dates as to when the suspension might be lifted. Those who already have licenses in hand can continue working on their businesses, the public announcement said.

Rumors of restrictions on private enterprise had been swirling for months. But in a foreshadowing move of a crackdown, Cuban officials closed at least five popular private restaurants known as *paladares* — three in Havana and two more in Camagüey in central-eastern Cuba.

The freeze on private sector growth came just when many Cubans had been expecting the contrary.

“Many in these very occupations have been anticipating an expansion of their rights — in the form of a legal (recognition) … as small and medium sized enterprises — not a major freeze in their growth, size and participation in Cuba’s moribund economy,” said Ted Henken, a U.S. sociologist and expert on the island’s private sector.

Others agreed that the new measures were an attempt to put the brakes on the growth of the private sector and the economic reforms launched by Castro, because of fears that an independent economic class could grow into a political rival for the government.

“In Cuba, economic logic is always subject to veto by political logic, especially when the growth, size and prosperity of the private sector is the issue,” said Henken. He added that hardliners in the Cuban government are afraid of the private sector, not only because it competes with state monopolies but because economic autonomy “can lead to more political freedom and independence, and create a powerful lobby with a different agenda than those in power currently.”

Former Cuban ruler Fidel Castro, who died last year, was strongly opposed to allowing market forces to gain strength on the island and regularly reined in the private sector. But after he ceded power to his brother Raúl in 2006, the younger Castro began to allow an expansion of the private sector and legalized about 200 categories of self-employment, known as *cuentapropismo*.

Although the *cuentapropistas* lack access to wholesale markets and face high taxes, the private sector expanded rapidly. Nearly 568,000 Cubans had licenses to work in the private or cooperative sector at the end of June, equivalent to 12 percent of all Cuban workers, the official Communist Party *Granma* newspaper reported.

Emilio Morales, president of the Miami-based Havana Consulting Group, estimated that the private sector generates more than \$2.5 billion and up to 18 percent of the country’s revenues — indispensable for an economy that was in recession at the end of 2016 and reportedly grew by only 1 percent in the first half of this year.

The halt to new private business permits comes as the Cuban government’s principal ally, Venezuela, is experiencing its worst political crisis in recent years.

Venezuela has already reduced its deliveries of subsidized oil to the island, and Havana has lost revenues from its shrinking reexport of fuels and medical services in Brazil and Venezuela. But the expanding crisis facing Venezuelan President Nicolás Maduro — who was slapped with U.S. sanctions this week and is increasingly isolated internationally — has raised new questions about Cuba’s future.

Havana’s new restrictions may signal that Castro fears losing control of that future, experts said. But they warned that the move will have a negative impact not only on private entrepreneurs but also on the overall economy and its ability to attract foreign investments.

“With the economy in recession and the problems approaching because of the worsening crisis in Venezuela, the new measure issued by the government casts a strong mantle of uncertainty over investors who still look at the Cuban market with justified mistrust,” said Morales.

That uncertainty already increased following the election of President Donald Trump and his hardening of the U.S. policy toward Cuba. His administration is working on new regulations to block U.S. visitors from staying at hotels owned by the Cuban military — most state-owned hotels are run by a military conglomerate — and to ensure Americans don’t visit the island simply as tourists, which is outlawed by the U.S. embargo.

It's not entirely clear how the halt in new licenses for private enterprises such as B&Bs and restaurants will affect Cuba's tourism sector but it could result in more money for government coffers.

“If there are fewer private sector options, travelers will be required to accept government-operated entities; meaning more revenue for the government of Cuba,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors bilateral trade.

The government, meanwhile, said the permit suspensions “do not constitute a step back” in the self-employment sector, said Marta Elena Feitó Cabrera, deputy minister of Labor and Social Security. “They are an effort to consolidate the organization and control self-employment so that it can continue to advance in an orderly and efficient way.”

Cuba watchers, however, said the new measures defy economic logic.

“It is a senseless exercise that — far from helping the economy emerge from its unproductive limbo — sinks it deeper into its failed strategy of a centrally controlled economy,” said Morales, of the Miami-based Havana Consulting Group.

El Nuevo Herald Miami, Florida 2 August 2017



Un hombre se corta el cabello en una barbería privada hoy, martes 1 de agosto de 2017, en La Habana. Cuba paralizó temporalmente la entrega de licencias a restaurantes privados y casas de renta turísticas, entre otras actividades. Alejandro Ernesto EFE

El miedo guía a Raúl Castro a castigar la nueva clase exitosa, dicen expertos

NORA GÁMEZ TORRES

Cuba ha decidido poner freno al sector privado, una medida que los expertos consideran tiene más que ver con el miedo al empoderamiento de una nueva clase que a la lógica económica.

El martes una resolución del Ministerio del Trabajo dispuso que quedaba suspendido temporalmente el otorgamiento de nuevos permisos para negocios lucrativos, como paladares y habitaciones de alquiler, y que no se darían más licencias para la venta de productos agropecuarios.

Venezuela ha disminuido la entrega de petróleo subsidiado a Cuba y la isla ha perdido ingresos por la reventa de combustible y los servicios profesionales de médicos en ese país y en Brasil. Pero la aguda crisis

que atraviesa el gobierno de Nicolás Maduro, recientemente sancionado por Estados Unidos y aislado internacionalmente, abre una gran interrogante sobre el futuro de Cuba.

El anuncio de la medida justo esta semana, puede indicar que el gobierno cubano está temeroso de un futuro que podría salirse de control.

Los expertos creen que la medida es un intento de frenar al sector privado y la reforma económica iniciada por Raúl Castro, por miedo a que cree una clase autónoma que pueda convertirse en un rival económico y político.

Históricamente, el fallecido Fidel Castro se opuso a toda forma de mercado y cíclicamente arremetió contra el sector privado. Pero a partir del 2010, su hermano Raúl comenzó a expandirlo hasta autorizar unas doscientas actividades. Aunque mayormente vedado a los profesionales, sin acceso al mercado mayorista y con altos impuestos, los negocios privados han crecido a un ritmo vertiginoso. Al cierre del segundo semestre 567,982 cubanos trabajaban en el sector privado o cooperativo, equivalente al 12% de la fuerza de trabajo empleada, según reportó *Granma*.

Según estima Emilio Morales, presidente del *Havana Consulting Group*, estos emprendedores estarían generando más de \$2,500 millones al país y hasta el 18 por ciento de los ingresos indispensables para una economía que apenas creció un uno por ciento en el primer semestre y que cerró con una recesión el año pasado.

Muchos de estos negocios, sobre todo los que ofrecen servicios al turismo, se beneficiaron de la política de “acercamiento” promovida por el expresidente Barack Obama y de regulaciones para flexibilizar los viajes a Cuba de los estadounidenses. Obama también apostó a los emprendedores, para generar un cambio político en la isla a largo plazo. El gobierno cubano, siempre receloso de Estados Unidos, tomó nota. Pero con una nueva administración en EEUU, que ha expresado públicamente su intención de endurecer la política hacia Cuba e impedir el enriquecimiento de los militares, la visión de los miembros más conservadores dentro del gobierno y el Partido parece haberse impuesto.

Según el profesor y sociólogo Ted Henken, los miembros de la línea dura temen al sector privado, no solo por representar una competencia a los monopolios del Estado sino porque la independencia económica “puede conducir a una mayor libertad política e independencia y crear un *lobby* poderoso con una agenda diferente a la actual”, dijo.

Recientemente, las autoridades cerraron varias paladas exitosas en La Habana –entre ellas El Litoral, Lungo Mare y Dolce Vita– un presagio de lo que estaba por venir.

“En Cuba, la lógica económica siempre está sujeta al voto de la lógica política, especialmente cuando el crecimiento, tamaño y prosperidad del sector privado es el tema”, añadió.

“Que el gobierno de Cuba hiciera tan poco con las iniciativas de la Administración Obama fue, en retrospectiva, una estrategia cuidadosamente diseñada para que se pudieran implementar cambios como los anunciados” este martes, opinó John Kavulich, presidente del *U.S.-Cuba Trade and Economic Council*. El gobierno cubano, continuó, “tiene un problema con la definición del éxito: ¿cuánto puede un ciudadano acumular antes de que la diferencia por encima de lo que la mayoría de los ciudadanos tiene se tome y se redistribuya para mantener el equilibrio?”.

Recientemente, el Partido Comunista emitió un documento en el que indica que no permitirá que los cubanos acumulen riqueza, pero no ofreció más detalles sobre cómo se definiría “acumulación” o “riqueza” ni qué haría para evitarlo.

La medida anunciada el martes, destacó Morales, “tiene un perfil más ideológico que económico y es el punto de partida del cerco que va a imponer el gobierno a la generación de riquezas, que tanto ha perseguido desde los primeros días del triunfo de la revolución”.

Miami, Florida

15 July 2017



Las empresas estadounidenses ante el freno ideológico de Cuba

Posted on 15 Julio, 2017 by Café Fuerte in Cuba, Economía y Negocios, Política, Principal



Pabellón de CAVA Exports durante la 34 Feria Comercial de La Habana, en octubre de 2016.

Por John S. Kavulich*

Los representantes del gobierno cubano continúan entreteniendo a numerosas personas en Estados Unidos y en otros países con sus declaraciones sobre el deseo abrumador de que empresas del mundo entero se comprometan a hacer negocios con la isla.

Desgraciadamente, el gobierno de Cuba cuenta con muy pocas evidencias correspondientes para ilustrar un compromiso proporcional y, en concreto, el deseo de convertirlo en realidad. Las empresas han querido hacer más de lo que el gobierno cubano ha querido hacer.

La lista de empresas -incluidas las de Estados Unidos- que desean exportar, importar, prestar servicios e invertir en Cuba, es cada vez mayor; el Ministerio de Relaciones Exteriores (MINREX) y el Ministerio de Comercio Exterior (MINCEX) dicen que están inundados con tantas propuestas como llamadas telefónicas (correo de voz) y correspondencia (cartas, correos electrónicos, mensajes de texto) que buscan una respuesta.

Un desafío enviable

Para la mayoría de los gobiernos, un desafío enviable; para el gobierno de Cuba la actividad representa una velocidad potencialmente dañina por un vehículo ideológicamente enmascarado cuyo destino final puede ser desconocido, pero con un resultado final seguro: interrupción y cambio. Cada uno inalterable.

Si hay tantos deseosos, ¿por qué el número de empresas estadounidenses con acuerdos para exportar, importar, prestar servicios y crear inversiones directas dentro de Cuba permaneció anormalmente limitado? Desde el 17 de diciembre de 2014, aproximadamente 50 compañías estadounidenses tienen una presencia operativa (ninguna inversión extranjera directa) en Cuba: las empresas se concentran principalmente en el sector de viajes (apoyando a visitantes de Estados Unidos, que tienen el mayor margen de ganancia neta para cualquier visitante de Cuba) y más aún se dedicaban a traer ingresos a Cuba. Algunas empresas han donado sus productos y/o servicios. Esta presencia operacional no incluye a las empresas que exportan productos de salud, productos alimenticios y productos agrícolas hacia Cuba de acuerdo con las disposiciones de los estatutos promulgados en 1992 y 2000.

Si tal vez el 2% de las reuniones, recepciones y conferencias celebradas desde el 17 de diciembre de 2014 en Washington DC y La Habana, sin contar los cientos de delegaciones (oficiales y no oficiales) cuyos participantes eran representantes de empresas estadounidenses) con los representantes de MINREX y MINCEX ha dado lugar a acuerdos, el paisaje comercial bilateral se muestra hoy como un obstáculo formidable ante cualquier ruptura comercial, económica o política. Algunos argumentarían que el paisaje

sería impermeable a la interferencia. Eso no es lo que quería el gobierno cubano; preferían el interés a la realidad.

Elasticidad comercial

El interés de las empresas estadounidenses sirvió de cebo al gobierno cubano para atraer el interés de empresas de otros países. Funcionó. Desafortunadamente para el gobierno, si el pescador se queda sin cebo (un mercado que supuestamente tiene ingresos para sostenerse y las empresas que quieren participar en ese mercado), los peces (en este caso las empresas, las instituciones financieras y gobiernos) se dirigirán a otros lugares para nutrirse. Eso está sucediendo ... y no debería.

La elasticidad comercial, económica y política de 57 años, la barrera de la realidad que protegía al gobierno cubano de los cambios que aborrecía, y que mantenían un status quo progresivo, ya no existe. No hay más salvavidas para amortiguar o albergar a Cuba. Los fondos proporcionados por los benefactores de manera casi permanente y desprovistos de obligación, ahora requieren disciplina fiscal, lo que significa disciplina política ... y cambio.

Trágicamente para la comunidad empresarial de Estados Unidos, la administración Obama y el gobierno cubano se comprometieron por ocho años a una mala práctica comercial. Que ninguno de los dos partidos modeló para un resultado electoral del 8 de noviembre de 2016 que no fuera una victoria para el candidato del Partido Demócrata, desencadenó un fracaso tan evitable como catastrófico.

Complicado. Aún se debe responsabilizar en la cadena de oportunidades desnutridas en estos años a los miembros del Congreso, los abogados, los grupos de cabildeo (ambos autoproclamados por encima del radar y por debajo del radar), los académicos y los comentaristas que se centraron en buscar remedios legislativos en lugar de remedios reglamentarios, y se adhirieron a la discutida exclusión. Ahora, a pesar de despilfarrar los últimos 25 meses de la administración Obama, buscan el apoyo financiero y político de las compañías estadounidenses para crear resistencia a lo que la administración Trump puede implementar. Asombrosa audacia.

Titanes del fracaso

Recordando algunos de los más escandalosos Titanes de Fracaso: 1) dos importaciones comerciales autorizadas: café y carbon. 2) 50% de lo que se requería para las cuentas directas en los bancos. 3) dos reuniones sobre reclamaciones certificadas en 2,923 días (766 días si se calcula a partir del 17 de diciembre). 4) eliminación limitada de las restricciones para transacciones financieras (la eliminación completa habría alentado la actividad bancaria y las operaciones de tarjetas de crédito y de débito). 5) Secretarios de gabinete en desacuerdo acerca de si sus delegaciones podrían incluir a representantes de compañías de Estados Unidos. Sin embargo, más de 200 representantes del gobierno de Estados Unidos visitaron Cuba durante los últimos 26 meses de la administración Obama, incluyendo al Presidente, la Primera Dama, la Segunda Dama y seis miembros del gabinete.

Aunque está autorizado por los reglamentos implementados durante la administración Obama y hasta ahora ininterrumpidos durante la administración Trump, ¿por qué el gobierno de Cuba no ha permitido oficinas de representación (excepto aerolíneas), tiendas minoristas, centros de distribución, instalaciones de montaje (incluso a título de prueba) y no se permite a las empresas estadounidenses exportar directamente a los más de 200 negocios categorizados con la debida licencia? Cada una de estas actividades está autorizada por la Oficina de Control de Bienes Extranjeros (OFAC) del Departamento del Tesoro, la Oficina de Industria y Seguridad (BIS) el Departamento de Comercio y Departamento de Estado.

Debido a una pastilla de freno ideológico que impide el impulso, la eficiencia, la creatividad, la toma de decisiones y, más onerosamente, impide el cese de la conversación (terminar la charla y “hablar de la charla” y embellecer y agrandar la “charla”) el pivote de la nada a algo permanece inconsistente y demasiado a menudo ilusorio. La determinación de la trayectoria de deslizamiento de la nada o poco a algo se ha convertido en un ejercicio agotador.

Es casi como si el gobierno cubano quisiera que las compañías estadounidenses no se interesaran porque el resultado tiene más valor político: la victimización. ¿Para quién tiene valor político? ¿No es una meta crear mayores ingresos disponibles para la ciudadanía y disminuir su dependencia del gobierno?

Ecuación en orden inverso

El gobierno de Cuba debe dejar de enfocarse en el “embargo” y concentrarse en el uso de los estatutos, reglamentos y políticas existentes en Estados Unidos para mitigar su impacto en la nación, lo que podría haber sido una estrategia exitosa desde enero de 2009 a enero de 2017.

Hay empresas estadounidenses que creen que pueden aportar valor a los 11,3 millones de ciudadanos cubanos; el gobierno de Cuba no cree en la gestión de esas empresas.

El único medio para determinar si la sospecha del gobierno cubano está justificada es permitir una presencia, monitorear esa presencia, evaluar esa presencia y luego determinar su valor. Eso significa aceptar el riesgo. Eso significa tener confianza.

Hasta ahora, el gobierno cubano está trabajando la ecuación en orden inverso, desprovista de pruebas, lo que potencialmente significa más años en función de “hablar”.

La estrategia del gobierno cubano debe ser aprovechar el interés de las empresas estadounidenses.

Lo que no necesitan las empresas de EEUU

El MINREX y el MINCEX dicen que los ejecutivos de las compañías estadounidenses (en algunos casos calificados como “desesperados”) quieren entrar en el mercado cubano en los términos existentes para firmas de otros países que ingresan en la economía del país. Déjenlas entrar.

Esa generosidad de las empresas estadounidenses para contrarrestar la atmósfera política predominante en Washington está disminuyendo. Ninguna empresa en Estados Unidos necesita acceder al mercado cubano; es difícil de asimilarlo para un ego como el de Cuba, pero hasta que eso no se entienda, la relación comercial, económica y política bilateral continuará simultáneamente apretando el freno y el acelerador. Una dirección correcta no puede ser cambiante.

El gobierno cubano sirve como fiduciario para el sustento de 11,3 millones de ocupantes del archipiélago de 800 millas. A veces, actuar en contra de los intereses del fideicomisario está actuando por los intereses de quienes son servidos.

Quedan 60 días para que la OFAC, el BIS y el Departamento de Estado emitan sus revisiones a las regulaciones existentes.

La distancia en el tiempo hasta el 15 de septiembre de 2017 necesita ser utilizada sabiamente por las partes interesadas en Washington y en La Habana.

**Presidente del Consejo Económico y Comercial Cuba-EEUU. Traducción: CaféFuerte*

**Escambray
Sancti Spiritus, Cuba
12 July 2017**

Escambray



US is imposing additional obstacles to the already restrictive opportunities for US companies to trade or invest in Cuba. (Photo taken from <http://en.granma.cu>)

According to a report from US-Cuba Economic and Commercial Council, the new regulations on Cuba will be announced next September 15th

The Foreign Assets Control (OFAC) of the US Treasury Department is to publish new regulations on Cuba on September 15th, according to a Monday report from US-Cuba Economic and Commercial Council.

According to a Prensa Latina News Agency report from Washington DC, the announcement was published on Twitter by the NGO based in New York. The information includes a timetable that marks the 90 days after US President Donald Trump's June 16th speech in Miami announcing his change of policy towards Cuba.

After his speech, which was condemned by different sectors inside and outside the US, Trump signed the Presidential Memorandum of National Security on the Strengthening of the US Policy towards Cuba.

The document restricts travel to Cuba creating bureaucratic barriers and the elimination of individual travel. The memorandum also prohibits economic, commercial and financial transactions between US companies and Cuban entities linked to the Armed Forces and intelligence and security services.

As announced by the Cuban government in a recent declaration, the US is imposing additional obstacles to the already restrictive opportunities for US companies to trade or invest in Cuba.

On June 16th, US federal entities published guides that refers to the changes and the documents including questions and answers on the new measures.

According to OFAC, its regulatory amendments will be issued in the coming months and the transformations will not go into effect until the publication of the new regulations.

Meanwhile, the Department of Commerce will apply the necessary changes through amendments to its Export Administration Regulations.

Regarding travel of US groups to Cuba, those that travel under the People to People license, must have a full program of activities of educational exchanges and each traveler must keep their program for at least five years in case contacted by OFAC.

The Treasury Department added that those that were planning to travel to Cuba and cancelled should consult with their airline for possible cancelation and reimbursement policies.

Trump affirmed that his strategy is aimed at impeding people from the US to do tourism on the island and limit trade with the Caribbean island to "stop the Cuban State from receiving money".

Granma
Havana, Cuba
11 July 2017

Granma



LA HABANA, 11 DE JULIO DE 2017

ÓRGANO OFICIAL DEL COMITÉ CENTRAL
DEL PARTIDO COMUNISTA DE CUBA

Anuncian fecha para divulgar nuevas regulaciones de EE.UU. sobre Cuba

La Oficina de Control de Activos Extranjeros (OFAC), del Departamento norteamericano del Tesoro, publicará nuevas regulaciones sobre Cuba el próximo 15 de septiembre, informó ayer el Consejo Económico y Comercial Estados Unidos-Cuba

Autor: Prensa Latina | internet@granma.cu

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WASHINGTON.-La Oficina de Control de Activos Extranjeros (OFAC), del Departamento norteamericano del Tesoro, publicará nuevas regulaciones sobre Cuba el próximo 15 de septiembre, informó ayer el Consejo Económico y Comercial Estados Unidos-Cuba.

El anuncio apareció en la cuenta de la red social Twitter de esa organización no partidista, sin fines de lucro, establecida en 1994 y con sede en Nueva York.

Junto al dato existe un contador para medir el tiempo hasta la mencionada fecha, que marca 90 días después del pasado 16 de junio, cuando el presidente estadounidense, Donald Trump, comunicó en la ciudad de Miami, Florida, el cambio de postura hacia la Isla.

Tras concluir un discurso sobre el tema, cuyo contenido es rechazado por diversos sectores, el ocupante de la Casa Blanca también firmó el llamado Memorando Presidencial de Seguridad Nacional sobre el Fortalecimiento de la Política de los Estados Unidos hacia Cuba.

Dicho documento restringe los viajes de los norteamericanos al país caribeño a partir de barreras burocráticas y la eliminación de visitas educativas a título individual.

También prohíbe las transacciones económicas, comerciales y financieras entre compañías estadounidenses y empresas cubanas vinculadas con las Fuerzas Armadas Revolucionarias y los servicios de inteligencia y seguridad.

Así, y como consideró el Gobierno de la Isla en una declaración, se imponen trabas adicionales a las ya muy restringidas oportunidades que el sector empresarial estadounidense tiene para comerciar e invertir en Cuba.

El mismo 16 de junio, entidades federales de Estados Unidos publicaron guías para referirse a los cambios, y los documentos divulgados incluyeron preguntas y respuestas sobre las nuevas medidas.

Según la OFAC, sus enmiendas regulatorias se emitirán en los próximos meses y las transformaciones no surtirán efecto hasta la aparición de los próximos reglamentos.

Por su parte, el Departamento de Comercio aplicará los cambios necesarios a través de enmiendas a sus Reglamentos de Administración de Exportaciones.

Sobre los viajes de grupos de estadounidenses a Cuba, para el contacto «pueblo a pueblo», no los personales que serán prohibidos, las informaciones precisaron que los viajeros deberán mantener un horario completo de actividades de intercambio educativo.

También, esos conjuntos de personas serán supervisados por algún representante de la entidad que gestione las visitas a la Isla, algo que había sido eliminado por el Gobierno del expresidente Barack Obama.

El Departamento de Transporte agregó que quienes pretendían viajar a Cuba y desistieron de ese propósito debían consultar con el transportista aéreo del cual adquirieron el boleto su posible cancelación y las políticas de reembolso.

Trump afirmó que su estrategia irá dirigida a hacer cumplir la prohibición que impide a los norteamericanos realizar viajes turísticos a la nación antillana y limitar el comercio para «impedir que llegue dinero al Estado cubano». (PL)

Announce Date to Release New US Regulations About Cuba

The Office of Foreign Assets Control (OFAC), of the US Department of the Treasury, will publish new regulations on Cuba on September 15, the United States-Cuba Economic and Trade Council

Privacy Policy | Internet@granma.cu

July 10, 2017 23:07:42

WASHINGTON (Reuters) - The US Treasury Department's Office of Foreign Assets Control (OFAC) will issue new regulations on Cuba on September 15, the United States-Cuba Economic and Trade Council said yesterday.

The announcement appeared on Twitter's social network account of that non-partisan, nonprofit organization, established in 1994 and based in New York.

Next to the data exists an accountant to measure the time until the mentioned date, that mark 90 days after the 16 of June, when the American president, Donald Trump, communicated in the city of Miami, Florida, the change of position towards the Island.

After concluding a speech on the subject, whose content is rejected by various sectors, the occupant of the White House also signed the so-called Presidential Memorandum of National Security on Strengthening US Policy towards Cuba.

This document restricts the trips of the Americans to the Caribbean country from bureaucratic barriers and the elimination of individual educational visits.

It also prohibits economic, commercial and financial transactions between US companies and Cuban companies linked to the Revolutionary Armed Forces and intelligence and security services.

Thus, as the Government of the Island considered in a statement, additional obstacles are imposed on the already very restricted opportunities that the US business sector has to trade and invest in Cuba.

On June 16, US federal agencies issued guidelines for changes, and documents released included questions and answers about the new measures.

According to OFAC, its regulatory amendments would be issued in the coming months and changes will not take effect until the next regulations.

For its part, the Department of Commerce will apply the necessary changes through amendments to its Export Administration Regulations.

On the trips of groups of Americans to Cuba, for the contact "town to town", not the personal ones that will be prohibited, the information specified that the travelers must maintain a complete schedule of activities of educational exchange.

Also, these groups of people will be supervised by a representative of the entity that manages the visits to the Island, something that had been eliminated by the Government of former President Barack Obama.

The Department of Transportation added that those who intended to travel to Cuba and desisted from that purpose should consult with the air carrier from which they purchased the ticket their possible cancellation and refund policies.

Trump said his strategy will be aimed at enforcing the ban that prevents Americans from touring the West Indies and limiting trade to "prevent money from reaching the Cuban state." (PL)

NPR
Washington, DC
10 July 2017

American Cruise Companies Stand To Benefit From U.S. Changes To Cuba Policy

Listen: 3:553:55 Queue

<http://www.npr.org/2017/07/10/536505300/american-cruise-companies-stand-to-benefit-from-u-s-changes-to-cuba-policy>

Heard on All Things Considered

GREG ALLEN

U.S. cruise operators are among those who stand to benefit from President Trump's changes to the Obama administration's Cuba travel policies. The new rules don't affect cruises, and may help them by requiring most Americans to travel there in groups.

ARI SHAPIRO, HOST:

President Trump announced new restrictions on U.S. travel to Cuba last month, but cruises were allowed to continue. The cruise industry saw a big opportunity after the Obama administration began allowing Americans to visit Cuba, and the business is growing. NPR's Greg Allen sent this report from Miami.

(SOUNDBITE OF BOAT HORN)

GREG ALLEN, BYLINE: Nearly every day at the Port of Miami, cruise ships pull away from the docks, headed to Caribbean destinations, places like the Bahamas, Turks and Caicos and increasingly Cuba. Kim Bird of Dallas was one of those waiting to board a liner to Havana.

KIM BIRD: Cruised many times. Cuba's a place I've always wanted to just see.

ALLEN: Bird was with her friend Alyssa Bain, a travel agent from Miami. Bain is booking a lot of trips to Cuba for clients, and she wanted to check it out for herself. When she heard last month President Trump was getting ready to announce a new Cuba policy, she was concerned.

ALYSSA BAIN: At first but now no - as far as travel goes, cruises - definitely no change at all.

ALLEN: What will change is that it largely ends individual travel. Everyone except Cuban-Americans visiting family now can only go with groups on humanitarian, cultural or educational trips. That's a policy that leaves cruise ships in the clear. Cruisers are advised they need to fill out an affidavit and take part in an educational or cultural excursion. Many of those now going to Cuba are experienced travelers who're looking for a new destination in the Caribbean but want the amenities of a cruise ship. That's one reason Bain says she didn't consider flying to Cuba.

BAIN: A lot more expensive, number one. So to just do a week would cost you probably double. And I think that's why when the cruise lines have - now are coming out with the four- and five-night cruises, people can afford it. And they also have a place to go back to that's nice and comfy, cozy in the evening and air conditioned (laughter).

ALLEN: Since Obama reopened travel to Cuba, the cruise business has changed a lot. For its first sailings to Cuba, Carnival looked for passengers who wanted to participate in volunteer activities on the island. But Mike Driscoll, the editor of Cruise Week, a trade publication, says that model was quickly shelved as Cuba blossomed into a mainstream cruise destination.

MIKE DRISCOLL: Now it's going to the bigger players. Norwegian Cruise Line have ships with 2,000 passengers going approximately. And now so does Carnival. And now with Holland America going in, you have more upper-end lines going to Cuba as sort of the next step.

ALLEN: During his campaign, Donald Trump vowed to roll back Obama's Cuba policies, so people in the travel industry knew changes were coming. When the president announced the restrictions in Miami last month, the cruise lines were pleased but restrained in their reactions. Here's Royal Caribbean CEO Richard Fain interviewed on CNBC.

(SOUNDBITE OF ARCHIVED RECORDING)

RICHARD FAIN: Cuba has been good for us, and the changes he made had no really negative effect. I don't think I would look for a positive effect. I'd much rather understand exactly what they're doing, and that would help us.

ALLEN: Cruise lines and the entire travel industry are now watching for new regulations from the Trump administration that will lay out important details of the president's Cuba policy. A key issue is a ban on doing business with the Cuban military, which owns hotels, car rental agencies and many restaurants and shops in Havana's old city. Depending on how it's interpreted, the ban could leave cruise pastures with nowhere to go in Old Havana. But John Kavulich with the U.S.-Cuba Trade and Economic Council says cruise lines and others doing business in Cuba have been somewhat reassured by recent comments from the Treasury Department.

JOHN KAVULICH: So far they are saying that if a company, a cruise line has relationships with entities in Cuba that are controlled by the Cuban military, that those are not going to be disrupted.

ALLEN: For now the main restraint on cruise travel to Cuba is infrastructure - facilities that can handle the estimated quarter million people expected to visit the island over the next two years on cruise ships. Greg Allen, NPR news, Miami.

(SOUNDBITE OF GUITARRAS MAGICAS' "BAMBOLEO")

Spectrum News

Albany, New York

3 July 2017

Changing Course on Cuba Trade Policy - Weighing the Impact

By Ryan Whalen



<http://www.twcnews.com/nys/buffalo/politics/2017/07/3/roswell-park-cuba-kavulich-trade-trump-policy.html>

BUFFALO, N.Y. -- The U.S. Government isn't expected to officially issue new policies regarding Cuban trade and travel until September. In the past few weeks since President Trump announced a change in course, his administration has issued some guidance.

"There is a lot less there than many people thought there would be or think there is," John Kavulich, U.S.-Cuba Trade and Economic Council President, said.

Kavulich said the main focuses appear to be on restricting individual travel, as well as business interaction with the Cuban military, which controls a large portion of the country's tourism industry.

"Going forward, there's going to be restrictions upon U.S. entities and individuals interacting with Cuban military entities, which are hotels, restaurants, travel agents, tour operators, ground transportation, retail stores," he said.

Kavulich said so far, the announcement has led to airlines scaling back on flights to Cuba while cruise lines, which specialize in group trips, have actually seen business increase. As for other direct business ventures, the government has indicated businesses with an existing relationship with companies controlled by the Cuban military, can continue to operate.

One entity directly dealing with the Cuban government is Roswell Park Cancer Institute, which began clinical trials on a Cuban lung cancer vaccine this year. The research continues despite the president's announcement.

"It made us very nervous, obviously," Boris Kuvshinoff, Roswell Park Chief Medical Officer, said. "We very much hope that it won't pharmaceuticals, that it won't impact our ability to provide this drug for our patients with lung cancer."

Kavulich said there's been absolutely no indication the administration has any plans to stop medical partnerships which were legal long before the Obama administration loosened restrictions.

"In 1992, the Cuban Democracy Act was passed and signed into law by then-President George H.W. Bush and that reauthorized the direct export on any financial terms of medical equipment, medical supplies, pharmaceuticals, medicines, etc," he said.

Still, he acknowledged it is reasonable for any entity dealing with Cuba right now to be nervous. He said there will be more answers about the full impact of the new policy once more specifics are released.

Inc. Magazine New York, New York 20 June 2017

Trump's Cuba Moves 'An Epic Disaster' for Entrepreneurs
Renewed ties were supposed to lead to economic progress. And now it's all at a standstill.

By David Whitford



CREDIT: Getty Images

Last week, hopeful belief collided with hard fact. President Trump, as he promised he would during the campaign, began dismantling former President Obama's historic overture to Cuba.

Before an adoring crowd in Miami's Little Havana, the U.S. President attacked his predecessor's "terrible and misguided deal with the Castro regime," promising that, "We will enforce the ban on tourism. We will enforce the embargo," and otherwise set about dismantling his predecessor's legacy. A particular target of Trump's new policy: U.S. dealings with companies tied to Cuba's military, which covers broad swathes of the tourist industry from nightclubs to hotels and resorts.

This wasn't supposed to happen. At the end of 2014, Obama signed an executive order moving to officially open ties with the island nation; consequently all signs were pointing to a long-awaited thaw. Among other things, the U.S. would establish a diplomatic outpost in the country, Cuban businesses could export to the U.S. and U.S. companies could enter the Cuban market. Companies like Google and Airbnb would soon establish business ties with Cuba.

In its February 2017 issue, *Inc.* published an article, *Crashing Into Cuba*, which offered a look at the entrepreneurs breaking into this long-forbidden market. In it, I wrote: "Everybody wants to believe that we're at the beginning of the end of an era; that no one--not unforgetting Cuban émigrés in Miami, not Fidel's ghost, not a brash and unpredictable President Trump--can halt the momentum now. That the embargo must be, will be, swept aside, and the rivers of commerce will flow."

Ah, but as you know, that's not exactly how things turned out. John Kavulich, longtime head of the U.S.-Cuba Trade and Economic Council in New York, believes both countries could have planned for this day better by at least entertaining the possibility that Donald Trump--not Hillary Clinton--might win the election. "But the brilliant negotiators in the Obama administration and in Cuba never had that conversation," Kavulich says. "So November 8 comes along and it all blows up. Companies that had licenses [to operate in Cuba] are now scared to use them. Regulations that could have been changed weren't. It's an epic disaster for large, medium, small, and micro entrepreneurs in both countries."

Here are three things to keep in mind about Trump's Cuba moves:

1. President Trump has no plans to close the recently reopened U.S. embassy in Havana, nor curtail in any way diplomatic relations. Meaning the door to a direct dialog between the countries, closed from 1961 to 2014, remains open. Trump was clear: he wants to keep negotiating, and has promised "a much better deal." Though how much the Cubans will be willing to engage with the U.S. remains to be seen.
2. Travel is still possible. U.S. airlines can still land at Cuban airports. U.S. cruise ships can still call at Cuban ports. And U.S. citizens, as long as they fall within one of 12 authorized categories, can still enter Cuba with a U.S. passport. One notable exception: so-called individual people-to-people travel, a loosely enforced allowance under which adventurous American tourists were lately free to visit Cuba on their own. Among the biggest beneficiaries were the ordinary Cubans who opened small restaurants (*paladares*) catering to tourists and converted their homes to B&Bs (*casas particulares*). Fewer tourists means less business for Cuba's massive Armed Forces Business Enterprises Group (GAESA), which is said to control 60 percent of the nation's economy. But for some in Cuba's budding entrepreneurial class, otherwise subsisting on meager state salaries, the impact could be catastrophic. It could mean the difference between people getting three square meals a day and going hungry, says Cuban émigré turned American entrepreneur, Saul Berenthal, who stays in touch with friends on the island.

3. Nothing President Trump announced last week is effective immediately. All is contingent on the issuance of new regulations due in 90 days from the Office of Foreign Assets Control (OFAC). Until then, presumably, it's business as usual, albeit within the strict limits that were there all along. U.S. companies in those few industries exempt from the longstanding embargo--such as agricultural commodities and medical supplies--can still pursue deals with Cuban companies. And if they can get in under the deadline, well, "The forthcoming regulations will be prospective," according to Treasury, "and thus will not affect existing contracts and licenses." Best hurry, though: The current OFAC backlog on issuing such licenses is 180 days.

Bottom line: Even before Trump announced his new policy, most American entrepreneurs with dreams of winning the race in Cuba had gotten way ahead of themselves. As Kavulich says, "The starting gun hadn't even been fired yet, and they were already at the hundred yard line." And now? "Anyone that gives you any perspective with a lot of adjectives that are positive in nature, hang up on them," he advises. "They have the courage of their ignorance. That's not a reality that those of us involved in this for 25 years want, but one we have to appreciate in its context."

Cayman Compass

George Town, Grand Cayman, Cayman Islands

19 June 2017

New US-Cuba limits lead to uncertainty in some business sectors

U.S. President Donald Trump on Friday thrust the U.S. and Cuba back on a path toward open hostility with a blistering denunciation of the island's communist government, clamping down on some commerce and travel but left intact many new avenues President Barack Obama had opened, the Associated Press reported. Some of the changes – which will not go into effect until new documents laying out details are issued – could have an impact on some Cayman-related businesses.

In his message delivered in Miami's Little Havana, Mr. Trump challenged Cuba to negotiate better agreements for Americans, Cubans and those whose identities lie somewhere in between. Diplomatic relations, restored only two years ago, will remain intact. But, in a shift from Obama's approach, Mr. Trump said trade and other penalties would stay in place until a long list of prerequisites was met.

Declaring former President Obama's pact with Castro a "completely one-sided deal," Mr. Trump said he was canceling it. In practice, however, many recent changes to boost ties to Cuba will stay as they are.

Embassies in Havana and Washington will remain open. U.S. airlines and cruise ships will still be allowed to serve the island. The "wet-foot, dry-foot" policy, which once let most Cuban migrants stay if they made it to U.S. soil but was terminated under Obama, will remain terminated. Remittances from people in America to Cubans won't be cut off.

But individual "people-to-people" trips by Americans to Cuba, allowed by Mr. Obama for the first time in decades, will again be prohibited. And the U.S. government will police other trips to ensure travelers are pursuing a "full-time schedule of educational exchange activities."

The policy bans most financial transactions with a yet-unreleased list of entities associated with Cuba's military and state security, including a conglomerate that dominates much of Cuba's economy, such as many hotels, state-run restaurants and tour buses.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, told the Cayman Compass that the announcement is likely to trigger a race by U.S. investors to expand their Cuba operations as rapidly as possible before the changes go into effect.

Mr. Kavulich said the proposed restriction "were more than companies would have liked to see, but less than they were afraid of."

Cayman entrepreneur John Felder said Friday that Mr. Trump's proposed policy changes are unlikely to affect his Florida-based Premier Automotive Export subsidiary, which in March shipped the first U.S.-built car to Havana since 1959 under the terms of a four-year U.S. Department of Commerce license.

Mr. Felder said his U.S. license would likely remain unaffected, enabling shipments to embassies and to private enterprises on the island.

Starwood-Marriott, which operates the Grand Cayman Marriott Beach Resort and The Ritz-Carlton Grand Cayman, last year acquired three Havana properties, the first venture by an American hospitality company in Cuba in 58 years.

The deals include the Hotel Inglaterra, built in 1875, the Hotel Quinta Avenida, now a Four Points by Sheraton, and the Hotel Santa Isabel.

The Sheraton property is managed by the Starwood chain and owned by Grupo Hotelero Gaviota, part of the Cuban military conglomerate known as GAESA.

"If you're a U.S. traveler in Cuba and you buy a bottle of water in the supermarket or a souvenir in a store, or you rent a car or a hotel room, it's very likely that you're putting money into the pockets of the military-run GAESA, which experts say controls nearly 60 percent of the Cuban economy," The Miami Herald reported.

Marriott International Global Communications and Public Affairs spokeswoman Felicia McLemore said, "We are still analyzing the policy directive issued by the president ... its full effect on our current and planned operations in Cuba may depend on related forthcoming regulations."

"We have invested significant resources establishing a presence in Cuba. As Cuba moves to reform its economy in the post-Castro era, American businesses should be present to lead by example. We will continue to urge the Trump administration and Congress to recognize and utilize travel as a strategic tool in efforts to improve relations with Cuba, allowing us to be part of a promising future, as opposed to reverting to the policies of the past."

Mr. Kavulich could not say how U.S. visitors might know which hotels are operated by the Cuban military. The U.S. State Department on Friday promised to publish within 90 days "a list of entities with which direct transactions generally will not be permitted."

Roll Call **Washington, DC** **19 June 2017**

Trump Finds Strange Bedfellows on Cuba Policy

US-Cuba analyst: Given executive powers, president needs little Hill buy-in

Tourists walk near a poster of Cuban President Raul Castro and then-President Barack Obama in Havana last year. On Friday, President Donald Trump announced changes to Cuba policies instituted by Obama. (YAMIL LAGE/AFP/Getty Images file photo)

By John T. Bennett

By wading into the always-tricky domestic politics of U.S.-Cuba relations, President Donald Trump finds himself working "hand in glove" with some former foes and new allies.

The businessman turned chief executive promised during the campaign to roll back some of President Barack Obama's policies aimed at warming relations with America's Caribbean neighbor. In doing so before his 200th day in office, Trump defied the wishes of some lawmakers and corporate titans.

Trump on Friday announced “targeted” changes to Obama-era policies that are aimed at preventing U.S. dollars from flowing into the coffers of what the administration views as, in the words of a senior official, “repressive members of the Cuban military government.”

The new rules will place restrictions on Americans’ ability to travel there, and install some restrictions on U.S. companies’ ability to do business with Cuban entities that are owned by its military and intelligence services.

Reversing Obama

During an event Friday in Miami in which he signed an order on the changes and delivered lengthy remarks, Trump called the Obama administration’s Cuba policy “terrible and misguided.”

“We now hold the cards. The previous administration’s easing of restrictions on travel and trade … only [enriches] the Cuban regime,” he said.

Senior White House officials say they met with lawmakers in both chambers and from both parties as they crafted Trump’s rule changes. One official said those lawmakers and White House staff, as well as the president, worked closely on the matter.

“These members also worked with us hand in glove in providing technical guidance and policy suggestions as we continued to formulate the policy and went through multiple drafts,” the senior official said. “The president and other principals also met with members on both sides of the aisle in this process [and] additionally, were sharing thoughts with those who have, I think, been advocates, in particular, [of] agricultural trade with Cuba.”

Several aides who work for GOP senators supportive of Obama’s efforts to open Cuba as a market for American firms while also trying to prod the Raul Castro regime — and the one that follows — toward economic and political changes reported that those members never heard from Trump.

Notably, the president’s Cuba push saw him work with some members with whom he had prickly relationships, or little, if any, including Florida GOP Sen. Marco Rubio. During the 2016 presidential campaign, Rubio became harshly critical of Trump, who referred to him dismissively as “little Marco.” But on the Cuba rewrite, there is a new tone: the senior White House official called the senator “central” to the effort.

More broadly, little by little, Trump and Rubio have worked to develop a working relationship. They even had a private dinner at the White House with their wives. The culmination of the unlikely relationship came Friday when Trump put his signature on an order directing the policy changes.

“Sen. Rubio has been working diligently behind the scenes with the administration,” said an aide to the former Trump critic.

Rubio, a Cuban-American, has appeared eager to declare the policy overhaul a personal victory. He did several interviews in which he described working closely with Trump, and cited changing Obama’s policies toward the island country as a reason for seeking re-election.

His office was eager to provide a reporter information about the coming policy changes, stressing that the Trump policy aligns with “statutory provisions passed by Congress which govern U.S.-Cuba policy” and “furthers what is in the best interest of U.S. foreign policy and U.S. national security,” according to the Rubio aide.

The Florida senator’s aide also previewed the policy by touting it as “mindful of the long term” because it lays “the groundwork for that transition and empowers the Cuban people to develop greater economic and political liberty” after Raul Castro. Castro announced Friday he will retire in 2018.



Rubio on Friday posted a picture on Twitter of him sitting with Florida GOP Rep. Mario Diaz-Balart, a fellow-Cuban American, that featured this curious message: “Picture of the night @MarioDB and I hammered out the new Cuba policy.”

Trump administration officials have no problems with Rubio’s public descriptions of his role, a White House spokeswoman told Roll Call, adding that the policy crafting was a “collaborative” effort.

Rubio spoke Friday before Trump, lavishly hailing his push on the policy changes as unprecedented. In Rubio, Trump appears to have a vocal ally on the issue in the Senate. And, should the Castro regime or its successor answer the president’s Friday “challenge” to enter into talks about a new deal, Trump could need even more congressional allies.

GOP skeptics

But aides to other GOP senators who were warm to Obama’s policies said their bosses were never brought in like Rubio and Diaz-Balart.

One who has heard radio silence from the Oval Office is Arizona GOP Sen. Jeff Flake, according to an aide. And in a statement prepared for Roll Call, Flake made clear his reluctance to back Trump’s policy.

“Any policy change that diminishes the ability of Americans to travel freely to Cuba is not in the best interests of the United States or the Cuban people,” Flake said.

Other Republicans, like Sens. Rand Paul of Kentucky, Jerry Moran of Kansas and Rep. Mark Sanford of South Carolina, support freer movement and trade policies with Cuba.

Though Trump has yet to reach out to pro-Cuba members such as Flake, his embrace of Rubio and Diaz-Balart reflected a president who knew the outcome he wanted and found two influential members to help him make it happen.

That’s in line with the 45th president’s transactional approach — which also largely is about ticking off what he perceives as victories and keeping campaign promises.

On the latter, a senior administration official who briefed reporters Thursday about the Cuba changes mentioned those campaign pledges six times.

“The president vowed to reverse the Obama administration policies toward Cuba that have enriched the Cuban military regime and increased the repression on the island,” the senior official said. “It is a promise that President Trump made, and it’s a promise that President Trump is keeping.”

The next day in Miami, he told a crowd he was there to announce the changes “like I promised” during a campaign stop there.

Ignoring the Hill?

John Kavulich of the U.S.-Cuba Trade and Economic Council, which advises private-sector American firms on aspects of relations between the two countries, said Trump “doesn’t really need any buy-in from Congress.”

He ticked off a list of lawmakers who supported Obama’s policies, then added: “The bottom line is they just aren’t that important to this White House.”

“And to those who say [Trump] can’t do something like this if it’s not bipartisan: Excuse me?” Kavulich said. “Look what George W. Bush and Barack Obama did on these kinds of issues for 16 years using regulation and executive branch authorities.”

And Trump can claim at least some bipartisan support for his move.

Sen. Robert Menendez of New Jersey, a Cuban-American, is a hardliner on relations with the island nation, and was a harsh critic of Obama's policies toward it.

"The Trump Administration's decision to reinstate tighter controls, to enforce standing law that I authored, and prevent American companies from making a quick buck by partnering with entities owned by the Castros and the Cuban military is a good first step," Menendez said in a statement Friday.

Los Angeles Times

Los Angeles, California

16 June 2017

Trump rolls back some of Obama's openings to Cuba

Tracy Wilkinson

President Trump on Friday rolled back some, but not all, of his predecessor's historic opening to Cuba, making it more difficult to travel to and do business with the Communist-ruled island.

In a speech in Miami's Little Havana enclave, Trump said Cuban rulers were profiting from better relations with Washington but that ordinary Cuban citizens continued to be repressed.

Trump said he was "completely canceling" the "terrible and misguided deal" that President Obama forged in secret negotiations in 2014 with Pope Francis and other international leaders. "We will not be silent in the face of Communist oppression any longer," Trump said. "Effective immediately, I am canceling the last administration's completely one-sided deal with Cuba."

Cuba's leaders on Friday night criticized Trump's "hostile rhetoric" and said his announcement signaled a return to "the coercive methods of the past."

In a letter signed by Cuba's revolutionary government and published in Granma, the ruling party's official mouthpiece, the leaders said that Trump's actions "contradict the majority support of American public opinion." It suggested Trump was influenced not by overall opinion polls but by the views of a minority of Cuban Americans who opposed Obama's moves to improve relations with Cuba.

Despite their obvious anger at Trump's attacks, the Cuban leaders did not threaten retaliatory measures. They said they would be willing to continue negotiating with the U.S., so long as it was via "respectful dialogue."

The actual order Trump signed, however, was considerably more modest than the president's sweeping rhetoric might suggest. His directive left key elements of Obama's overtures open: He did not close the U.S. embassy in Havana, nor did he completely block commerce.

In addition, the new restrictions will not take place immediately and are not expected to force businesses to unwind existing deals, an administration official, speaking on condition of anonymity, told reporters in a briefing Thursday.

John Kavulich, director of the Cuba Trade Organization, which tracks business with the island, said businesses will have 90 days to make deals before the American government shuts down.

"The starter pistol has been fired," he said.

Despite those limitations, the new restrictions drew objections from the U.S. Chamber of Commerce, which said in a statement that Trump's moves "actually limit the possibility for positive change on the island."

The main goal of the new regulations is to keep money out of the hands of Cuba's military and intelligence services and "empower the Cuban people," a White House official said.

The new rules include prohibitions on Americans spending money on businesses controlled by the military, which has a wide reach in the Cuban economy. That change would affect some proposed hotel projects in which Cuban entities controlled by the military would be partners.

In addition, rules on American travel to Cuba will be tightened, limiting casual tourism. But airlines will continue to be able to fly to Havana, and cruise ships will still dock at the island's ports.

Trump's speech, before an audience that included aging veterans of the 1961 Bay of Pigs invasion — an effort by CIA-backed Cuban exiles to overthrow Fidel Castro's government — was heavy with Cold War rhetoric and references to images, such as gunshots in the ocean breeze, that no longer exist in Cuba.

It amounted to an effort to partially return to the status quo from before December 2014, when President Obama and Cuban President Raul Castro announced they were reopening diplomatic ties after a half-century of hostility.

Soon, Americans could travel to Cuba and businesses, including the tourism industry and food-producing farm states, were involved in commercial deals.

But conservative members of Congress, especially those based here in south Florida, objected, saying that it was mostly the Communist government and Cuban military who were benefiting. Until Cuba's human rights situation improved, they argued, deals with Cuba should be limited.

Florida's Republican Sen. Marco Rubio had lobbied Trump intensely to stick with his campaign pledge to roll back the opening to Cuba.

The timing and location of Trump's announcement raised some eyebrows. He came to Miami as his vice president and three Cabinet secretaries were hosting leaders of Mexico and Central America in a two-day conference on immigration and regional prosperity.

All of the visiting Latin Americans were among the hemisphere's leaders who welcomed Obama's decision to recognize Havana. Until then, the United States was the only country in the world that continued to maintain a hostile position toward Cuba, and Obama's decision to reverse that gained enormous good will for the United States throughout the Western Hemisphere.

Trump's announcement is all but certain to anger Latin America and erode U.S. ability in the region, including Washington's efforts to pressure Venezuela's abusive, leftist government. "The optics are not the best," said a senior international Latin American finance official in Miami for the conference. Like many diplomats, he spoke on condition of anonymity to talk about the Trump administration.

"The entire region welcomed the United States' normalization of relations with Cuba," said Cynthia Arnson, director of the Latin America program at the nonpartisan Wilson Center think tank in Washington. The hardening of policy "can only add to the growing distance between Washington and the region's democracies."

National Security Council spokesman Michael Anton denied that the timing was aimed at Latin American leaders. "There's nothing intentional about the timing. It's not a slap in the face," he told reporters on Air Force One as Trump flew to Miami.

"We hope we can get support from other Latin American leaders for this policy," Anton said. "This is a policy that favors the Cuban people over and against an oppressive regime."

But even among Cuban Americans here, some were dismayed. Arsencio Acevedo, a Cuban who has lived in Miami for nearly 30 years, was critical of Trump's gesture. "We need communication," Acevedo, 48, who works as a waiter, said. "It is communication that helps us all connect. Cut that off, and you cut off everything."

The New York Times

New York, New York

16 June 2017

In Cuba, Trump's Reversal Could Hurt Small Businesses

By HANNAH BERKELEY COHEN and AZAM AHMED



A vegetable market in Havana. Credit Tomas Munita for The New York Times

HAVANA — For Yasser González, a software developer who now makes his living as a bike tour guide in Havana, the onset of American tourism has been akin to a second Cuban revolution.

For a nine-hour tour marketed by Airbnb, Mr. González, 31, can pull down as much as \$700, a princely sum in a country where the average state salary is just a little over \$20 a month.

“The majority of my clients are American,” he said. “With Airbnb, I have become independent. I market and sell my own product that I have total control over.”

Such entrepreneurial dreams were precisely the sort of change that the United States government had in mind when President Barack Obama formally opened relations with the communist nation.

And now, many Cubans say, it is also the kind of economic transformation that could be threatened if President Trump follows through on his decision to reverse core elements of Mr. Obama’s Cuba policies, as Mr. Trump announced in a speech in Miami on Friday.



Foreign visitors on a hill overlooking Havana. Cuban entrepreneurs have ridden the wave of American tourism to a prosperity unthinkable even a few years ago. Credit The New York Times

Mr. Trump and White House officials outlined several major reversals to Mr. Obama’s policies, most notably scaling back the ability of Americans to travel to Cuba, which Mr. Obama had vastly expanded. Mr. Trump is also curtailing American transactions with companies controlled by the Cuban military, which largely runs the tourism industry.

Mr. Trump said the restrictions would pressure the Cuban authorities to embrace democracy and human rights by cutting off one of their most important lines of income — American dollars.

“For nearly six decades, the people of Cuba have suffered under Communist domination,” Mr. Trump said Friday in Miami after calling out the names of Cuban dissidents in the crowd. “The previous administration’s easing of restrictions on travel and trade does not help the Cuban people. They only enrich the Cuban regime.”

But from the perspective of many Cubans, the biggest victim will not be the state. Instead, they say, the small but growing group of entrepreneurs who have ridden the wave of tourism to a prosperity unthinkable even a few years ago will feel the brunt of the restrictions.

“They want to return to a failed policy,” said Carlos Alzugaray, a former Cuban diplomat in Havana. “The failed policy is that by punishing Cuba and the Cuban people, they can produce a regime change in Cuba. That was the old way of thinking, and that didn’t work.”

Hundreds of thousands of American visitors have landed in Cuba over the past two years, bringing an enormous infusion of cash into an anemic economy that has long been starved of foreign currency.



Workers preparing sand during the renovation of a compound in the old section of Havana. Credit Mauricio Lima for The New York Times

Under the new policy described by the White House, Americans will be restricted from spending money at many military-controlled enterprises, like restaurants and hotels. That could represent a serious disruption for government revenue.

But Cuba’s budding private sector could take a serious hit as well. The surge of American visitors has been fed by a constellation of private restaurants, and many Americans have chosen to stay in a private residences through services like Airbnb as opposed to a state-run hotel.

In short, many Cubans believe that the Trump administration’s new policy will hurt those it is ostensibly meant to help: the average Cuban who has struggled under the weight of a battered economy for decades.

“It’s not just the people who have rental homes or who have a private business specifically targeted at an American audience like myself,” said Marla Recio, an event planner who created a business to serve the booming demand of Americans wanting to host celebrations on the island. “But there are also the people who have simple cafeterias or beauty salons whose audience is mainly Cuban, and those people are also stimulated by the flow of people who bring money to the island.”

Mr. Trump is taking aim at one of the principle changes made under Mr. Obama, who allowed Americans to organize trips to Cuba for cultural or educational purposes on their own, without special permission from the American government and without a licensed tour company.

Now, these trips, often called “people to people” exchanges, will again require a licensed tour group. That is expected to increase the costs of traveling to Cuba and significantly reduce the number of American visitors.



A street in Havana Vieja. The man in the Che Guevara T-shirt was a tourist. Credit The New York Times

Policy analysts and Cuban citizens alike fear that many of the Americans traveling to Cuba — those most likely to dine at private establishments and stay in private housing — will simply stop going if they risk breaking the law by doing so.

“Trump claims to be a businessman, so he should understand that reversing the new policies would be bad business,” said Rafaelito Fiterre, 22, who is majoring in tourism at the University of Havana. “That should interest Trump.”

The issue is complicated, experts said, because it is difficult to target the military without affecting the Cuban people at large. “While I understand and sympathize with the argument that when you travel and

stay in a Cuban hotel you enrich the military, it is not a zero-sum game,” said Christopher Sabatini, a lecturer at Columbia University’s School of International and Public Affairs.

“Some dollars actually create political and economic space: Look at the paladares,” he said, referring to privately run restaurants, “or even the small pizza shops. They will be at risk too.”

Over all, 614,433 Americans visited in 2016, including 329,496 Cuban-Americans and 284,937 other Americans, according to Cuba’s government. While the travel restrictions are not expected to apply to Cuban-Americans, the restrictions on spending money at businesses controlled by the Cuban military are expected to apply to all Americans.



A view of central Havana. Credit Tomas Munita for The New York Times

“Is the State Department going to print up a map that says where people can and can’t go?” asked John Kavulich, the president of the U.S.-Cuba Trade and Economic Council.

The impact on American business could also be heavy. Airlines from the United States have scrambled to arrange daily flights. Starwood Hotels & Resorts signed on to renovate and oversee three hotels in Havana. Airbnb in particular has had a profound entry into the market, offering more than 22,000 homes across the country and hosting more than half a million visitors.

In Havana, the presence of Americans on the streets these days is palpable. Old Havana, especially, teems with visitors from the United States, many of whom say they are eager to see the nation before it changes and becomes more like any another Caribbean destination.

Older Americans, Brooklyn fashionistas and families willing to pay top dollar come to stay in one of the opulent, albeit shabby, old homes that line Havana’s boulevards. Even in the hot months of the otherwise off-season, some hotels began doubling rates, paving the way for a boom in private sector accommodations. Even though ordinary Cubans may find themselves hurt by a change in American policy, they are, in some ways, the best equipped to adapt. Having endured various iterations of hardship over the years — including the so-called special period in the 1990s, when Soviet largess vanished and daily life became a scramble — struggle has become something of a normal state of being for many Cubans.

Alberto González, 38, a chemical engineer who is now a taxi driver, has seen benefits from the influx of Americans to his country. But he also understands the fickle nature of international politics and opportunity in Cuba.

“I used to drive a standardized route, mainly for Cubans, charging the legal rate of .50 per customer,” he said. “And now since there are more tourists, many of them American, I can drive direct routes and charge more. But I never relied on an inflated market and I never got used to that comfort. If the day after tomorrow the Americans suddenly vanish, we will be fine.”

“We Cubans are always fine,” he said.

USA Today
Arlington, Virginia
16 June 2017

Cuba cruises could become less flexible under new Trump policy

By Gene Sloan



(Photo: Gene Sloan, USA TODAY)

Cruises from the USA to Cuba will be allowed to continue under President Trump's new Cuba policy, but the trips could become more restrictive, industry and Cuba watchers say.

Passengers on voyages to Cuba operated by U.S.-based companies such as Norwegian Cruise Line and Royal Caribbean may no longer be able to get off ships in Cuban ports such as Havana to explore on their own, says John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a group that supported the Obama administration's rapprochement with the island nation.

While final rules won't be written for several months, it is likely that "only group tours will be permitted for passengers on the vessels," Kavulich says.

The new policy, which Trump announce today at an event in Miami, will end individual "people-to-people" travel from the USA to Cuba, which has been allowed for the past year under relaxed rules implemented by the Obama administration. Travelers on "people-to-people" trips to Cuba once again will be required to be part of a licensed group.

The new policy also could have an impact on the tours that are available to cruisers. The policy will restrict U.S. businesses from dealing with entities tied to the Cuban military and intelligence services, which control a significant amount of the tourism infrastructure in the country.

Kavulich notes that many U.S.-based travel agencies and tour operators contract for tours with Havanatur, which is a subsidiary of Cimex, which is controlled by the FAR, the Revolutionary Armed Forces of the Republic of Cuba.

Still, the extent of the impact on cruise companies, if any, from the restriction on dealing with such entities is unclear. A U.S. Treasury FAQ on the topic released Friday said U.S. businesses that already have a relationship with such entities before the new rules take effect will be permitted to continue with the relationship. A spokesman for industry giant Carnival Corp., a pioneer in the new wave of cruises from the USA to Cuba, told USA TODAY the company saw no issues with its tour partner in the country.

Many in the cruise industry don't expect the new policy to have a major effect on cruises to Cuba, says longtime industry watcher Mike Driscoll, editor of Cruise Week.

"The belief is ultimately Trump is pro-business, and he (is doing) nothing here to undermine the cruise line business," Driscoll says. "Expectations are (for) cruise business as usual, once the media spotlight fades away."

Both Kavulich and Driscoll note the new policy's group-tour requirement should, if anything, help the cruise industry draw more business.

Demand for Cuba cruises has been "impacted by individuals using airlines for independent travel" to Cuba, which now will be forbidden, Kavulich says.

In a statement, Carnival Corp. said it was "pleased that the policy changes announced by the Trump administration will allow our ships to continue to sail to Cuba."

Carnival Corp. became the first cruise company to offer voyages from the USA to Cuba in decades when its Fathom brand began trips from Miami in May 2016. While Fathom has stopped sailing to the island nation, Carnival Corp.'s much bigger Carnival Cruise Line and Holland America Line brands are scheduled to start Cuba cruises in the coming months.

Holland America is latest line to announce Cuba cruises

"Our experience in Cuba this past year has been extremely positive," Carnival said in its statement. "We look forward to the new cruises being planned for Cuba with Carnival Cruise Line and Holland America Line. We also have requested approval for our other brands to travel to Cuba." Carnival Corp. also owns Princess Cruises, Seabourn Cruise Line and several other brands.

Also releasing a statement saying it was pleased that cruises to Cuba could continue was Norwegian Cruise Line Holdings, the parent company of Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises. All three of the brands have started Cuba cruises in the last three months.

Norwegian said it would work with the Trump administration to comply with any changes to regulations that are implemented.

"We were very concerned about any potential changes, given how popular Cuba itineraries have proven to be with our guests, and we view this as a win for the cruise industry, our valued guests and travel partners," Norwegian said in its statement, which was released after Trump spoke. "Across our three brands, there are 70,000 guests booked to sail to Cuba who would have been very disappointed if they were unable to experience this spectacular destination."

Passengers on cruises to Cuba departing in the next few weeks will not be affected by the new policy, which won't take effect until formal rules are written over the next 90 days.

More than half a dozen cruise lines have launched Cuba voyages from the USA over the past year. They include cruising giants such as Norwegian and Royal Caribbean as well as smaller operators such as Oceania and Azamara Club Cruises.

The companies have said the Cuba trips provide an opportunity for "people-to-people" exchanges between Americans and Cubans as allowed by U.S. rules governing visits to Cuba.

While the Obama administration loosened restrictions on travel to Cuba in 2016, U.S. visitors still are limited in the activities they are allowed to do in the country by the terms of the USA's five-decade-old embargo. The embargo specifies that activities fall within one of 12 approved categories. The categories include educational pursuits such as people-to-people exchanges.

Los Angeles Times

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What Trump's Cuba policy means for travelers



A vintage car passes in front of the Four Points by Sheraton hotel in Havana. President Trump announced a new policy that would bar individual Americans from traveling to Cuba under the so-called people-to-people exemption. (Ramon Espinosa / Associated Press)

Hugo Martin

Three years after President Obama began opening the door for U.S. companies to invest in Cuba, President Trump has announced policy changes that have major corporations unsure of their future in the island nation.

Trump's new policy, outlined broadly in a speech Friday, would stop individual Americans from traveling to Cuba under the so-called people-to-people exemption and ban business that directly benefits the Cuban military.

Trump's policy still allows 12 categories of travel to Cuba, including exemptions for guided groups and visits to see family members. And no new restrictions are being placed on what travelers can buy and bring back to the U.S. from Cuba.

But the self-directed, individual travel allowed under the Obama policy will be prohibited.

During a speech in Miami on Friday, Trump said his new policy replaces Obama's "terrible and misguided" deal with the Castro government with "a deal that's fair and a deal that makes sense."

Airlines, cruise lines and hotel companies that have launched business deals with Cuba say they aren't sure what the new policy will mean for their operations.

American hospitality giant Starwood, which was acquired last year by Marriott International, negotiated a deal last year to manage a 186-room hotel, now called Four Points by Sheraton. That hotel is owned by the Cuban military, and Marriott had planned to negotiate other hotel deals in Cuba.

"We are still analyzing the policy directive issued by the president today, and its full effect on our current and planned operations in Cuba may depend on related forthcoming regulations," Marriott spokeswoman Barbara Delollis said, adding that the company has "invested significant resources establishing a presence in Cuba."

Trump administration officials, when asked during a briefing about the Starwood deal, said the details of the policy change would be spelled out under regulations expected to be drafted by the departments of Treasury and Commerce, starting in the next 30 days. But the officials said that the administration doesn't want to disrupt existing business.

Months before he was elected, Trump said in an interview with CNN that he would consider opening a Trump-branded hotel in Cuba "at the right time, when we're allowed to do it. Right now, we're not." But since his election, Trump has been lobbied by lawmakers and others who thought the Obama administration's Cuba policy was too lenient.

John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the military is connected to so many businesses in Cuba that it will be difficult for Americans to identify the hotels, restaurants and other merchants that would be prohibited under Trump's change.

He suggested the U.S. government create a smartphone app that can identify such businesses for U.S. travelers.

Under Obama, several major U.S. carriers began regular routes last fall to Havana and other Cuban cities. Trump's policy won't impede such air service but several airlines said it was unclear how Trump's new restriction on individual travelers will affect demand for flights to Cuba.

"Southwest is now reviewing the president's statements made this afternoon in South Florida and is assessing impact any proposed changes could have on our current scheduled service to Cuba," Southwest Airlines spokesman Dan Landson said.

Air Cargo World

New York, New York

16 June 2017

Trump's new Cuba policy complicates airfreight, bilateral trade plans

BY LEWIS KING

Almost one year ago, FedEx was granted permission to operate freighter flights between the U.S. and Cuba by the U.S. Department of Transportation (DOT). FedEx has until October 15, 2017, to inaugurate its U.S./Cuba all-cargo air service, but those plans are in jeopardy now, thanks to a policy change by the Trump administration.

In a speech scheduled to take place in Miami this afternoon, the President is expected to announce policy changes that complicate the process for Americans looking to travel to the island – these include detailed itineraries, limited visas, no dealings with the Cuban government, restricted hotel stays, fewer options for solo trips and forcing visitors into tour group situations.



A Cessna Caravan, once candidate for US Cuba routes

These conditions will also depress bilateral trade between the two countries as the tourism market shrinks. The policy change is ostensibly about targeting government-owned businesses, which account for a large percent of Cuba's national economy, and the country's hotel and tourism sector, specifically. However, those same policies are likely to also reduce the number of Americans patronizing smaller businesses in the country's incipient private sector. "FedEx continues to believe that opening cargo service to Cuba will not only be beneficial to U.S. export customers and help create U.S. jobs, but also open trade opportunities for the Cuban people, particularly Cuban entrepreneurs," the integrator said.

The Cuban private sector is an important part of FedEx's airfreight strategy in the country. "Less activity means less usefulness for FedEx," explained John Kavulich, president of the U.S. Trade and Economic Council, in an interview with *Air Cargo World*. Kavulich noted that DHL has a circuitous route, and could pick up the slack if FedEx backs out. But ultimately, he argued that "when FedEx and UPS go into a marketplace, it brings legitimacy."

For the broader aviation market, the Obama administration's self-directed travel provision, which gave travelers more economic freedom when in Cuba, has been a windfall up to this point. If that provision is reversed, Kavulich expects airlines to decrease their frequencies and reduce the size of the aircraft in service. "It's likely that there will be an impact on the movement of cargo," he said.

Ultimately, there are a number of factors that will determine the effects of the Trump administration's initiatives on trade. First, it remains to be seen what commercial, economic and political decisions the Cuban government takes in response. "If they take the attitude of 'We don't care what you do, we're going to hunker down, and the revolution will prevail,' then you will see the private sector in Cuba suffer, which is the potential marketplace for FedEx, as well as the USPS, and commercial carriers," said Kavulich.

Another development to watch out for is how the administration actually implements Trump's new directive. "There will be opportunity to work with the administration to develop some of these regulations," Kavulich explained. He said he remains optimistic that regulators will talk to businesses, noting that "everything is in the details."

"The U.S. business community is not happy today," Kavulich concluded during yesterday's interview, "and they are going to be more unhappy tomorrow."

**Hotels
Chicago, Illinois
16 June 2017**

Cuba restrictions threaten anticipated U.S. development

U.S. President Donald Trump made good Friday on a campaign promise to roll back easements to the 56-year-old Cuban trade and travel embargo in 2014 by his predecessor, Barack Obama,. While not a full reversal, Trump's executive order aims squarely at the potential of U.S. hotel companies hoping to gain a foothold on the island, which has seen a sharp increase in tourism – including growing numbers of Americans.

In a speech in Miami, Trump announced tightened restrictions on tourist travel, underscored the trade embargo and limits on financial transactions with the Cuban government, whose military arm controls hotel, resort and tourism development.

"With God's help, a free Cuba is what we will soon achieve," Trump said in remarks in Miami's Little Havana neighborhood, in which he announced he was canceling the Obama administration's "completely one-sided deal with Cuba," which he called "terrible and misguided."

The move was not unexpected. "We're only here today because of what President Obama and the Cuban government didn't do" when they had the chance in 2014, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council: Executing Obama's policies via executive orders rather than statutory changes in areas such as direct banking and imports meant that those actions could be easily reversed by an opposing administration.



Hotel Inglaterra in Havana/davstot via Flickr

Reversal of fortune

However, Trump's announcement comes exactly a month after Cuba's first international tourism and hotel [development conference](#) was held in Havana – attended by major hotel companies around the world, including major U.S. brands, which kept low profiles given trade restrictions.

Marriott President and CEO Arne Sorenson called the possibility of a reversal of progress "exceedingly disappointing."

At this point, Marriott International has the most to lose, in the form of a management contract for a Four Points by Sheraton in Havana and another management agreement for Hotel Inglaterra in the pipeline. But the longer-term stakes are much larger—and broader—given that the Cuban government's strategic plan to improve infrastructure and build hotels, resorts and golf courses to attract and keep tourism.

"We have invested significant resources establishing a presence in Cuba, and with one hotel open and another in the pipeline, we have just begun our work creating opportunity and a more vibrant tourism sector on the island," Sorenson said in a written statement. "More importantly, as Cuba moves to reform its economy in the post-Castro era, American businesses should be present to lead by example. We urge the Trump administration to recognize and utilize travel as a strategic tool in its efforts to improve relations with Cuba, allowing us to be part of a promising future, as opposed to reverting to the policies of the past."

What it might mean

The new executive order would exclude U.S. companies from obtaining licenses with Cuban government-run entities such as Grupo Turismo Gaviota, Kavulich said. What's unclear is the impact the exclusion would have on Marriott's existing agreement or future agreements that other U.S. companies might make. Short-term, it's worth watching how much pressure the Trump administration gets from members of Congress and the business community, Kavulich said. Either way, the executive order "a result of a

narrative that (Trump) created and he's being responsive to, but it's not about him having a passion changing the political and economic structure of Cuba," he said.

Not quite ready

As a budding tourist destination, Cuba has significant issues to resolve: Before it can sustain an influx of tourists, whether it's day-trippers from cruise ships, city explorers or resort vacationers, the country has to improve underdeveloped infrastructure, Internet access and financial systems to support tourists who expect ease of travel and payment – and the ability to communicate, in the moment, their whereabouts on social media.

"This is going to be a challenge for Cuba more so than for U.S. companies, because there isn't a lot of U.S. activity," Kavulich said, because Cuba could have used the looming entry of U.S. hospitality companies as "bait" to increase the competitive pool. But either way, "they'd rather have control than prosperity" – an issue that will become increasingly untenable with the rise of home-sharing service Airbnb, which entered the country in 2015.

Airbnb has been "a wonderful optic because it shows tolerance," Kavulich said. "It's enabled the Cuban government to rebuild a tiny fraction of its [housing] infrastructure at no cost to it." He added, "At a certain level, they're going to now start monitoring Airbnb more, taxing it more, because they're now potentially taking substantive money away from government hotels. They are of interest until they're too impactful."

The clampdown doesn't mean Americans will stop coming to the island, but rather restrict individual travel in favor of organized tour groups. And "as long as Americans can still come, it's still OK," said John Flood, president and CEO of Jakarta-based Archipelago International. The company earlier this year signed a management contract with Gaviota for a 430-room, new-build hotel in Varadero, Cuba.

"Havana, where most (Americans) want to go, isn't quite ready yet with new hotels, infrastructure and Internet connections. The Cubans are working hard and doing a great job, but they still need three or four years to get up to speed where they can properly cater to such a big increase and the more demanding U.S. traveler, and ensure they become return visitors and not just disgruntled one-time visitors." He added a prediction: "In four years, Trump will probably be gone, and hopefully the next president will bring back Obama's good intentions and be more open to working with Cuba."

Vox Media New York, New York 16 June 2017

**Trump's tough new Cuba policy isn't nearly as tough as he wants you to think
Trump promised to "terminate" Obama's deal with Cuba. But his new policies don't go nearly that far.**

Updated by Jennifer Williams



President Donald Trump announces his new Cuba policy at the Manuel Artime Theater in the Little Havana neighborhood on June 16, 2017, in Miami, Florida. Joe Raedle/Getty Images

President Donald Trump announced what he billed as a dramatic new Cuba policy during a speech in front of a boisterous crowd in Miami's Little Havana. "Effective immediately," Trump said, "I am canceling the last administration's completely one-sided deal with Cuba."

Well, not quite. The actual policy changes Trump unveiled are far less significant than he implied. Indeed, many of the elements of the Obama administration's policy will remain in place.

Under the new policy, Americans will no longer be allowed to plan their own private, individual "educational" trips to Cuba, and those who go as part of authorized educational group tours will be subject to stricter rules, per the New York Times. American companies and citizens will also be barred from doing business with businesses controlled by the Cuban military or its intelligence or security services.

But the relaxed rules that made it easier for US companies to do business in Cuba will stay in place. Cruises and direct flights between the United States and Cuba will still be allowed. Cuban Americans will still be able to travel freely to the island and send money to relatives there. And the Cuban Embassy in Washington and the US Embassy in Havana will remain open.

Toward the end of his tenure, President Obama pursued a dramatic thawing of relations between the two Cold War enemies. Using his executive authority, Obama relaxed some of the trade and travel restrictions in the longstanding US economic embargo on the country, and last July, the US officially restored diplomatic relations with Cuba and reopened its embassy in Havana.

This was all part of a broader deal reached between the two countries in 2014 that also involved an exchange of US and Cuban political prisoners and led to Cuba being taken off the US list of state sponsors of terror.

Trump has long said he intended to roll back those Obama policies. In November, then-President-elect Trump tweeted that he would "terminate" the deal unless Cuba agreed to "make a better" one.

But far from terminating the deal, it seems Trump is content with leaving many of the most economically important Obama policies in place.

That's almost certainly in part because a number of high-profile US businesses have already begun to move into the newly open Cuban tourism market. Reimposing strict economic and travel restrictions on the country would harm US economic interests.

What the Obama administration's "deal" actually involved

In December 2014, after 18 months of secret negotiations, President Obama and Cuban President Raúl Castro announced that they had reached a landmark deal to gradually rebuild the economic and diplomatic relationships between the two countries.

Under the pact, the Castro government freed US government contractor Alan Gross, who had been imprisoned in Cuba for five years, as well as an unnamed American intelligence operative who had been held for nearly two decades. In return, the White House released three Cuban operatives who had been jailed in the US. The administration also agreed to take Cuba off the State Department's list of state sponsors of terror.

In addition, Obama, using his executive authority, relaxed a number of economic and trade restrictions related to the 1962 Cuban embargo. US financial institutions would be allowed open accounts with their Cuban counterparts; restrictions on US agricultural and telecommunications equipment to Cuba would be eased; Americans were also permitted to use credit and debit cards while in Cuba and send more money back to relatives in Cuba from the US; and Cubans could now buy certain US consumer goods online.

The administration also changed regulations to make it easier for Americans to travel to Cuba, including by restoring regular air travel between the two countries. But the embargo itself, which requires congressional approval to be rescinded, remained in place.

What Trump's new policy will actually change — and what it won't

No policy changes will go into effect immediately. Instead, the new presidential directive Trump just signed orders the Treasury and Commerce departments to begin within 30 days to write new regulations that reverse some of those Obama implemented.

Regulations allowing US commercial flights and cruise ships to travel to Cuba will not be affected. Unlimited “family” travel and money sent to private Cubans on the island will remain unchanged. And — critically — formal diplomatic relations, which were reestablished by Obama after more than five decades, will remain as well.

What will change is that Americans will no longer be allowed to plan their own private, individual “educational” trips to Cuba, and those who go as part of authorized educational group tours will be subject to stricter rules. American companies and citizens will also be barred from doing business with companies controlled by the Cuban military or its intelligence or security services.

Part of the reason Trump’s new policy doesn’t go nearly as far as his rhetoric suggests almost certainly has to do with US economic interests.

Take, for instance, the restoration of direct flights between the US and Cuba. As John Kavulich, the president of the US-Cuba Trade and Economic Council, told me back in November, the Trump administration would likely face major pushback — including lawsuits — from the airline industry if Trump were to do that, because airlines have already made substantial financial investments in “good faith” based on the new regulations from the Obama administration.

And that’s just the airlines. A number of tourism and travel companies such as Airbnb, Carnival Cruise Line, and Starwood Hotels have also taken advantage of the Obama administration’s relaxed restrictions to expand into Cuba, hoping to cash in on what they expect will eventually become a booming new tourist hot spot.

Asked whether companies that have already signed contracts with Cuba should expect to lose money, a White House official said during the background briefing, “that will be handled in the specifics of regulations by Treasury and Commerce.” But “the administration’s intent,” the official said, “is not to disrupt existing transactions that have [already] occurred.”

So for all his talk about pushing for more “religious and political freedom for the Cuban people” — the main reasons he cites for opposing the Obama administration’s deal is that it didn’t go far enough in this direction — Trump has so far shown little commitment to promoting such values elsewhere, especially if doing so comes at the expense of US economic interests.

And even with his (somewhat) tougher stance on Cuba, Trump almost certainly won’t get the response he’s looking for. After all, 50 years of tough US policies toward Cuba failed to achieve the desired political, social, and economic reforms inside the island nation.

As Kavulich explained, “The Cuban government response to anything that President Trump does to it will be, ‘Go f— yourself, bring it on. The revolution was bigger than Fidel, it will last long after Fidel, and we can absorb whatever you want to throw at us.’”

Miami Herald

Miami, Florida

15 June 2017

Trump recasts Cuba policy, takes harder line than Obama on military, travel

BY PATRICIA MAZZEI AND NORA GÁMEZ TORRES

In an overhaul of one of his predecessor’s signature legacies, President Donald Trump will redraw U.S. policy toward Cuba on Friday, tightening travel restrictions for Americans that had been loosened under President Barack Obama and banning U.S. business transactions with Cuba’s vast military conglomerate.

Trump's changes are intended to sharply curtail cash flow to the Cuban government and pressure its communist leaders to let the island's fledgling private sector grow. Diplomatic relations reestablished by Obama, including reopened embassies in Washington and Havana, will remain. Travel and money sent by Cuban Americans will be unaffected, but Americans will be unable to spend money in state-run hotels or restaurants.

Trump is expected to announce the presidential policy directive Friday, surrounded by Cuban-American supporters at Miami's Manuel Art Theater, a venue named after one of the late leaders of the Brigade 2506 Bay of Pigs veterans whose group offered Trump their endorsement last October after he promised exiles a "better deal." The Miami Herald obtained a draft of the eight-page directive Thursday.

In his remarks, Trump plans to cite human-rights violations in Cuba as justification for the new U.S. approach. Dissidents say government repression has increased.

"The Cuban people have long suffered under a Communist regime that suppresses their legitimate aspirations for freedom and prosperity and fails to respect the essential human dignity of all Cubans," says Trump's directive, which calls the policy a set of "initial actions" by his administration.

While not a full reversal of Obama's historic Cuba rapprochement, Trump's recast U.S. policy hews closer to the hard line espoused by Cuban-American Republicans who derided Obama's 2014 policy as a capitulation. Florida Sen. Marco Rubio was instrumental in drafting Trump's changes, with help from Miami Rep. Mario Diaz-Balart. Other Cuban-American lawmakers started getting briefed on the policy Thursday.

"If we're going to have more economic engagement with Cuba, it will be with the Cuban people," Rubio told the Miami Herald.

He called the new policy a strategic, long-term attempt to force aging Cuban military and intelligence officers to ease their grip on the island's economy as a younger generation of leaders prepares to take over.

"All the pressure comes from American business interests that go to Cuba, see the opportunities and then come back here and lobby us to lift the embargo," Rubio said. "I'm trying to reverse the dynamic: I'm trying to create a Cuban business sector that now goes to the Cuban government and pressures *them* to create changes. I'm also trying to create a burgeoning business class independent of the government."

After decades of sanctions failed to push Fidel and Raúl Castro out of power, Obama contended a Cuba more closely tied to the U.S. would no longer be able blame its economic woes on *yanqui* "imperialism." His backers, including prominent Miami Cuban-Americans, implored the Trump administration to give existing policy more time to play out. Like Rubio, they argued only a flourishing Cuban private sector would eventually lead to political change; where the two sides disagree is on how best to encourage private growth.

Trump's policy will not reinstate wet foot, dry foot, the policy that allowed Cuban immigrants who reached U.S. soil to remain in the country. It will not alter the U.S. trade embargo, which can only be lifted by Congress. And it will not limit travel by or remittances from Cuban Americans, as former President George W. Bush did — though fewer Cuban government officials will be allowed to come to the U.S. and receive money than under Obama.

Federal agencies will have 90 days to write rules to implement Trump's policy once he signs it Friday.

Outright tourism to Cuba is prohibited by the embargo, but Obama had relaxed travel rules, allowing non-Cuban Americans to go under one of 12 legally authorized categories, such as family visits, professional research or educational activities. The Obama administration relied on what was effectively an honor system in which travelers self-reported their trip's purpose.

Under Trump's rules travelers will be subject to a Treasury Department audit of their trip to ensure they fall under one of the permitted categories. Educational trips and so-called "people-to-people" group exchanges will fall under greater scrutiny, with educational groups once again having to travel with a guide from a U.S. organization sponsoring the trip, a requirement the Obama policy had effectively eliminated.

Commercial flights and cruise trips to Cuba will be allowed to continue, because paying landing fees at military-run airports and seaports will be exempt from the Trump ban. (So will paying bank fees at the military-run bank, to allow Americans to still send money and rent private properties like those offered on Airbnb.) But the audit threat could shrink demand for Cuban travel, and hurt private-run bed-and-breakfasts and restaurants favored by American travelers.

The main target of Trump's policy is the Cuban military's umbrella enterprise for state-run businesses, GAESA (short for *Grupo de Administración Empresarial, S.A.*), the sprawling conglomerate that experts estimate controls about 60 percent of the Cuban economy. Americans and U.S. companies will be barred from financial transactions with GAESA and any of its "affiliates, subsidiaries or successors."

"That's a huge deal — that's pretty much everything," Diaz-Balart told the Herald. "That's the entire tourism industry."

U.S. companies have inked more than two dozen deals with the Cuban government since 2015. Most involve exempt airline and cruise travel and telecommunications, a sector not controlled by the military. The number of U.S. citizens traveling to Cuba surged by 74 percent from 2015 to 2016, according to Cuba.

The challenge for Trump's administration will be enforcing the ban for travelers who might unknowingly violate it. The State Department will also have to identify, on an ongoing basis, the numerous organizations tied to the Cuban military, made more difficult by the communist regime's lack of transparency. Cuba could also try to skirt the ban by creating new state-run entities, separate from the armed forces, said Ted Piccone, a senior fellow at Brookings Institution who specializes in U.S.-Cuba relations. The ban also applies to any other entities under Cuban military, intelligence or security control identified by the U.S.

There are exemptions to continue operations at the U.S. naval base in Guántanamo Bay, to expand telecommunications and internet access, and to continue U.S. exports allowed by law of agricultural commodities, medicines and medical devices.

The ban — and the possibility of accidentally violating it by doing business with a military-run company unknown to the U.S. — might discourage American companies that were considering Cuban ventures from moving forward with their plans, Piccone said: "It's too small a market to go through all those hoops."

Trump's policy is not just limited to travel and business. His administration will also oppose measures at the United Nations and elsewhere that call for an end to the embargo. Last year, under Obama, the U.S. abstained for the first time when the U.N. took a vote condemning what Cuba calls a trade "blockade."

Trump will also require federal agencies to report on human-rights abuses and U.S. fugitives harbored by the government in Cuba.

Cuban-American proponents of further engagement, who have spent weeks rallying Republican support on Capitol Hill to maintain the Obama policy, questioned the extent to which Trump's changes would cause an impact, suggesting the new president's actions could have been more drastic.

Carlos Saladrígas, president of the Cuba Study Group, which promotes more U.S.-Cuba ties, said if Trump's policy is limited to not doing business with the Cuban military and keeping better U.S. travel records, its impact "will be minimal" for now.

"There are no major commercial relations with military enterprises except in tourism," he said.

The most obvious example is the Marriott-owned Starwood Hotels and Resorts, which runs a Four Points by Sheraton in Havana owned by Gaviota, GAESA's tourism arm, which boasts it welcomed nearly half of Cuba's visitors in 2015 to its facilities. Trump's policy could keep Starwood's operating license from getting renewed by the Treasury Department's Office of Foreign Assets Control.

Starwood delayed plans to run a second hotel, which John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said suggested the company's lawyers advised caution before expanding. For U.S.

companies, “it will be difficult to argue against these policies,” he noted, given that they’re “trying to prioritize dealings with private entities.”

In preparation for what it considered a potential worst-case scenario under Trump — severely restricted Cuba travel, including for Cuban-Americans — the Cuba Study Group estimated one in nearly four privately run Cuban businesses could close, since they’ve benefited from the increase in U.S. travelers and international tourism.

Carlos Alzugaray, a retired Cuban diplomat who lives in Havana, acknowledged that Cuba’s private sector is intricately tied to the state.

“There’s no way to hit the government without hitting the private sector — and American interests,” he said.

Cuban political dissidents, including some who favored Obama’s approach, have welcomed targeting military enterprises. Miriam Celaya, an independent journalist who was part of a group that met with Obama in Havana last year, said she wants the U.S. to lift the trade embargo but “conditionally and gradually,” and in a way that “benefits Cubans and not the dictatorship, which is what’s happening now.” Celaya said it’d be “dangerous to keep giving dollars and empowering the regime” when repression against opponents and activists has increased; the government’s chief ally, Venezuela, is in crisis; and Cuban leader Raúl Castro is preparing to leave power next year.

Castro, who has said he will step down in February 2018, said in January he hoped “to pursue a respectful dialogue and cooperation on topics of common interest” with Trump.

Obama surprised the international community when he renewed diplomatic relations with Cuba in December 2014, easing travel and commerce with the island by executive order. A policy directive and batch of regulations issued last October were intended to make the Cuba changes “irreversible,” Obama said at the time. Now, Trump’s directive will replace it.

The Cuban government abstained from responding in recent weeks to chatter about the upcoming Trump changes, which followed a nearly six-month policy review by the new administration. Deputy secretaries from a number of federal departments, including state, homeland security and treasury, met last month and recommended sticking with Obama’s policy.

Their recommendation, however, was at odds with the political goals of the White House and National Security Council, which were pressured by Rubio and Diaz-Balart to deliver on Trump’s promise to Cuban exiles in Miami.

Early in the campaign, candidate Trump appeared to care little about Cuba policy, characterizing Obama’s rapprochement as “fine” but arguing he would have cut a better deal. As his attention turned to Florida, and after an explosive report that his business had once violated the embargo, Trump adopted the language of hardliners, citing Cuba’s lack of reciprocity toward the U.S. opening as justification to seek changes.

“All the concessions that Barack Obama has granted the Castro regime were done through executive order, which means the next president can reverse them — and that I will do unless the Castro regime meets our demands,” Trump said at a Miami rally in September. “Not my demands. Our demands.”

Alzugaray, the retired Cuban diplomat, countered that Cuba “allowed” the U.S. to reopen its Havana embassy — in the same building that had launched the U.S. interests section — and argued the embargo remains the key obstacle between the two countries.

“One can’t forget this is an asymmetrical relationship,” he said. “The Cuban government will surely adapt to the new reality.”

THE CUBAN MILITARY’S VAST CONGLOMERATE

Here is a list of the main business entities linked to *Grupo de Administración Empresarial, S.A.*, or GAESA, the military-run holding company that controls most of Cuba’s economy and will be targeted by President Donald Trump’s new Cuba policy:

- ANTEX (staffing agency for joint ventures)

- AUSA (warehousing and customs at Port of Mariel)
- Banco Financiero Internacional (banking)
- CIMEX (financial services, high-end retail stores, import/export)
- ECASOL (cooking oil trade)
- GEOCUBA (mapping services)
- Grupo Bahía de La Habana (Havana Bay cleanup)
- Grupo de Turismo Gaviota (tourism, including hotels, hotel supplies, marinas, car rentals, flights, tours and rentals)
- HABAGUANEX (Old Havana hotels, restaurants and shops)
- Inmobiliaria Almest (real estate)
- PETRAF (petroleum and gas trade)
- SASA (car services)
- SERMAR (ship repairs)
- TECNOIMPORT (technology import/export)
- TECNOTECH (technology import/export)
- TRD (hard currency stores)
- TRIMAGEN (film production import/export)
- Unión Agropecuaria Militar (military agriculture)
- Unión de Construcciones Militares (military construction)
- Unión de Industrias Militares (military industries)

Politico Arlington, Virginia 15 June 2017

Trump to clamp down on Cuba travel and trade

The president's policy, set to be issued Friday, will roll back Obama's efforts to normalize relations with the island.

By MARC CAPUTO and DANIEL DUCASSI

Making good on a campaign pledge, President Donald Trump on Friday will announce a significant rollback of former President Barack Obama's accord with Cuba by clearly banning tourist travel to the island, restating the importance of the 56-year-old trade embargo with the island and instituting a broad prohibition on financial transactions with companies significantly controlled by the Communist government's military, according to a draft version of the directive obtained by POLITICO.

The administration says its goal is to put an end to business transactions that financially benefit the Castro regime while the Cuban people get little in return.

"My administration's policy will be guided by key U.S. national security interests and solidarity with the Cuban people," the draft of the five-point, eight-page Presidential Policy Directive reads. "I will seek to promote a stable, prosperous, and free country for the Cuban people. To that end, we must ensure that U.S. funds are not channeled to a regime that has failed to meet the most basic requirements of a free and just society."

For American tourists, Trump's policy means that the days of drinking Havana Club rum in a Havana club will likely soon be over.

Under a strict interpretation of the directive, an American probably can't even stay in an Old Havana hotel or use a tour service because they're run or controlled by Grupo de Administracion Empresarial S.A., or GAESA, the business arm of the Cuban military that controls a vast swath of the country's economy, including most of Cuba's foreign-run hotels. The prohibition includes any subsidiaries or affiliated companies, along with certain other state-controlled entities.

“The policy the Trump administration is announcing regarding Cuba based on President Trump’s core conviction that what the Cuban exile community is asking for is right and just,” the White House said in a written statement to POLITICO. “The oppressors of the Cuban people are the Cuban government who have increased repression on the island against dissidents and Ladies in White since reestablishing diplomatic relations. Prior to that, it was not clear to some if the Obama policy toward Cuba would work; today it is clear that the Obama policy toward Cuba does not.”

The GAESA concept was proposed in a bill in 2015 by Republican Sen. Marco Rubio, Rep. Mario Diaz-Balart and other Cuba hardliners. The bill went nowhere but the two, especially Rubio, urged Trump to adopt it as a centerpiece of the policy that he is scheduled to announce Friday at a Miami theater that bears the name of Manuel Artime, a leader of the failed Bay of Pigs invasion to topple Castro.

A Bay of Pigs veterans group endorsed Trump a week before the election. In return, people familiar with the president’s decision-making said, Trump wanted to make good on his promise to crack down on Cuba.

“This is a new way to enforce the old embargo,” said John S. Kavulich, president of U.S.-Cuba Trade and Economic Council. He estimates that 60 percent of the total Cuban economy is under GAESA’s authority and as much as 80 percent of the tourism economy is controlled by the military-run holding company.

For U.S.-based companies such as the Marriott-owned Starwood Hotels, the Trump policy could mean the cancellation of its special U.S. government license – obtained last year under the Obama administration – allowing it to sign a deal with GAESA giving it management over a historic Havana hotel.

The directive instructs the Secretary of the Treasury to consult with the Commerce Department to promulgate new rules 90 days after the presidential policy directive is issued Friday.

Paying for goods and services from Cuba’s small class of independent entrepreneurs, known as “cuentapropistas” who often run small cafes or inns out of their own homes, will be permitted.

While tourism to Cuba is banned by federal law, the Obama administration had been allowing people to travel to Cuba and spend money as part of “people to people” educational trips for visitors who plan a full itinerary of educational exchange activities, though there had been little to no enforcement of these requirements.

The Trump administration is stepping up requirements on those sorts of trips, requiring a full-time schedule of activities that “enhance contact with the Cuban people, support civil society in Cuba, or promote the Cuban people’s independence from Cuban authorities, and that the travel must result in a meaningful interaction between the traveler” and Cubans, according to the draft. Travelers to Cuba will have to keep detailed records of all their financial transactions in the country for five years to make available to the Treasury Department if requested.

The president is also directing the Treasury secretary to regularly audit Cuba travel to make sure U.S. travelers are following the rules on avoiding GAESA-linked transactions. Anyone who travels to Cuba, however, might be able to stay at an Airbnb or eat at independent restaurant, although that interpretation is not clearly spelled out in the draft order. But those who go to the island under a U.S. license will need to keep strict notes proving they’re complying with the new executive order – or face fines.

“The airlines might complain that they will see less demand for travel because travelers can no longer spend money at the military-run properties. But whatever reduction we do see in travel is direct proof of how much the military is benefiting from the current policy,” Rubio told POLITICO. “The pro-engagement groups point to the expansion of privately owned small business as a major defense of the current policy. This new policy helps them. It puts these private businesses at an advantage, because Americans can only spend money with them, not the military monopoly.”

Sen. Marco Rubio was “appalled” at the news — although he knew the White House wouldn’t succumb to any threats for a delay, his aide said.

Rubio said the proposal shifts the onus to the Cuban government to give its citizens the right to prosper without government interference. Rubio, Diaz-Balart and the Trump administration say Obama’s

rapprochement with Cuba opened markets more but enriched the military-run government, not the Cuban people. And repression, meanwhile, increased.

But there's still healthy skepticism that a crackdown on spending on the island will actually lead to regime change or a substantial improvement of the human rights situation when a decades long embargo has already failed to do so.

"No matter what President Trump may decide, the net impact on Cuba's decision making on human rights issues will probably be nil," said Mark Entwistle, a former Canadian ambassador to Cuba who now advises Canadian and American companies on doing business there.

The new policy targets state officials, significantly expanding which Cuban government officials are subject to certain financial sanctions, such as being barred from having a U.S. bank account. That previously included not just members of the Cuban cabinet and high-level military officers, but will also now include ministers and vice ministers, top leadership for all Cuban ministries and state agencies, the top leaders of the party-controlled labor union confederation, employees of the Ministry of the Interior (which controls the state security force), employees of the Ministry of Defense, members and employees of the national assembly (as well as members of any provincial assembly), editors of state-run media, and justices and employees of Cuba's highest court.

The Justice Department will be required to issue a report to the president within 90 days on American fugitives living in Cuba. Perhaps the most famous example is Black Panther Party member Assata Shakur, also known as JoAnne Chesimard, who was convicted in the 1973 murder of New Jersey State Trooper Werner Foerster, among other crimes. She escaped from prison, and after five years on the lam, fled to Cuba in 1984.

In what may presage a funding request for more money for regime change efforts, the Secretary of State and the head of USAID are directed to review all of the U.S. democracy development programs in Cuba to make sure they line up with federal law.

There will be some other exceptions for spending money in Cuba, though few that would apply to anyone visiting for pleasure. Still allowed will be spending related to U.S. government operations on the island, such as the Guantanamo Bay Naval Station and the diplomatic mission on the island, and spending that supports programs aimed at building democracy in Cuba or further U.S. interests and certain transactions with airports and seaports dealing with travel and trade, such as docking and landing fees.

Purchasing visas, too, will be permitted for those who are allowed to travel to Cuba. Transactions related to the sale of agricultural commodities, medicine and medical devices— exceptions to the embargo that have already been carved out in U.S. law—will still be okay.

And remittances from Cubans living in the U.S. will also still be allowed.

The changes won't be a complete roll back of the normalization of relations pursued under the Obama administration. The U.S. embassy in Havana will remain open as an embassy, as opposed to its precursor, the "U.S. Interests Section."

The Trump administration also won't be reinstating the "wet foot, dry foot" policy, which gave safe haven to Cuban refugees who successfully reached American shores, on the basis that it encouraged Cubans to make the perilous journey across the Florida Straits. In January, the Obama administration ended the policy, which faced criticism for giving preferential treatment to Cubans over other immigrants.

Successful Farming

Des Moines, Iowa

15 June 2017

WILL FARMERS FEEL A CHILL WHEN TRUMP COOLS THE U.S.-CUBA THAW?

By Chuck Abbott



Gage Skidmore

Nearly two decades ago, Congress exempted food and agricultural goods from the U.S. trade embargo on Cuba, opening the way for modest exports to the island. The 2000 law would be somewhat of a shield for those sales when President Trump realigns U.S. policy toward Havana, scheduled in Miami on Friday.

Trump is expected to partially reverse the diplomatic thaw that President Obama started in December 2014. By one account, he is likely to restrict U.S. tourism and to bar U.S. companies from doing business with companies affiliated with the Cuban military. As recently as Tuesday evening, a White House spokeswoman said, “There aren’t any final decisions” on the overall package.

Farm groups supported the 2000 Trade Sanctions Reform and Export Enhancement Act with arguments that trade would facilitate the spread of democracy. They also view Cuba as a natural and nearby market for farm exports. Since sales began in 2001, \$5.35 billion in food and farm products has been shipped to Cuba, with chicken meat usually the leading item, according to the U.S.-Cuba Trade and Economic Council, which tracks commerce between the nations.

“He (Trump) can’t do anything to stop the sales,” said John Kavulich, the council president. “He can do something to make the sales more difficult.”

U.S. food and ag cargoes are unloaded at Mariel, about 40 kilometers (25 miles) west of Havana. The Cuban military runs the port, so a prohibition on dealing with military-related companies would shut off use of the port. “That would put the Cubans in the position of stopping everything,” said Kavulich.

There is another lever that could be pulled to impede sales. The 2000 law allows cash sales, which initially was interpreted to mean payment before cargo was unloaded. The George W. Bush administration decided at one point to require payment before ships left U.S. harbors, an inconvenience that delayed shipments while money was routed through non-U.S. banks and added to the overall cost of the imports.

Despite the hopes of farm groups, Cuba has not blossomed as a top customer. Annual sales have ranged from a high of \$710 million in 2008, when Cuba was the 29th-largest export market, to a recent low of \$170.6 million in 2015, the second-lowest tally on record. Exports totaled \$232 million last year.

Groups such as the U.S. Agriculture Coalition for Cuba and Engage Cuba say that ending the U.S. trade embargo, which originated during the Cold War, will empower Cubans and lead to improved commercial ties. Some farm-state lawmakers want to allow U.S. financing of exports to Cuba. Other groups say the communist nation has to take steps toward democracy before it merits friendlier treatment from the U.S.

Secretary of State Rex Tillerson told lawmakers Cuba “must begin to address human rights challenges” if it wants to preserve the diplomatic rapprochement begun by Obama. He said the administration believes the Cuban government benefits financially from increased trade with the U.S. The Trump administration wants to prevent that, he said.

Bloomberg News

New York, New York

15 June 2017

Trump’s Cuba Moves May Chill Long-Sought U.S. Farm Export Push

by Alan Bjerga and Marvin G Perez

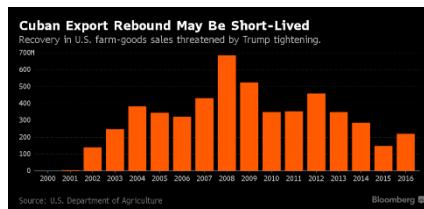
Sales allowed on cash basis since 2000 rebounded under Obama
Agriculture lobbying continues as hopes for reform fade

A rollback of Obama administration efforts to open Cuba to U.S. tourism and trade may chill a rebound in agricultural sales to the island nation, setting back a farm-lobby push that's weathered two decades.

U.S. Secretary of State Rex Tillerson signaled Tuesday that changes would come as soon as Friday, when President Donald Trump visits Miami. The moves may include new limits on travel and investment policies. While there's no indications of a clampdown on agricultural sales allowed on a cash-only basis since 2000, cooled relations may drive buyers elsewhere, said Bob Young, chief economist for the American Farm Bureau Federation in Washington.

The agriculture sector has long advocated an end to the trade embargo with Cuba in place since Fidel Castro consolidated power in the early 1960s. Companies including agricultural equipment maker Deere & Co. and soybean processor Bunge Ltd., along with the federation, the biggest U.S. farmer group, have supported full farm trade.

"If we make it tougher on Cuba, there are other folks ready to line up and say, 'We can help you with that,'" Young said.



U.S. agricultural exports to Cuba rose to \$221 million in 2016 after three consecutive annual declines, according to U.S. Department of Agriculture data compiled by Bloomberg. Sales so far this year are outpacing last year's by 19 percent.

Boosting trade with Cuba has symbolic significance for farmers beyond any financial benefit. The country lies only 90 miles (145 km) from Florida, and had traded sugar and grain with its larger neighbor for decades before the embargo.

"Does being a communist country mean people living on that island don't deserve to eat?" said Doug Keesling, who raises wheat, corn, soybeans and sorghum outside Chase, Kansas. "The goal is to feed the world, with the government getting out of the way." Keesling co-chairs the state support committee of the U.S. Agriculture Coalition for Cuba, which counts Cargill Inc. and Archer-Daniels-Midland Co. among its members.

Illicit Travel

Normalized trade with Cuba could add \$1 billion in sales for U.S. farmers, the USDA said last year. Even under trade restrictions, the U.S. was the country's leading source of imports from 2003 to 2012.

Trump may crack down on illicit travel to Cuba and dissuade U.S. companies from interacting with Cuban businesses that are owned or controlled by the military, said John Kavulich, the president of New York-based U.S.-Cuba Trade and Economic Council, in an interview.

Comments from the administration have already "caused pain to the Cuban government" by spurring companies and financial institutions to pull back from the island nation as an investment destination, he said.

Supporters of the embargo point to Cuba's poverty and poor human-rights record as reasons why agriculture groups should attach less importance to markets.

Since 2014, when Obama moved to re-establish normal diplomatic ties, agriculture groups have streamed south to scope out investment partners. They've found little success, said Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies.

"Traditionally Cuba has been an enemy of the United States and an ally of Venezuela, Iran and Russia that has done significant mischief," he said. "If you grow rice in Texas and want to sell to Cuba, this is important to you, but in the context of the overall relationship, it's a pittance," he said.

Legislators, Lobbyists

Trump's tough line on Cuba isn't deterring legislators and lobbyists. Senators including Republicans Mike Enzi of Wyoming and Jeff Flake of Arizona, along with Democrats Amy Klobuchar of Minnesota and Patrick Leahy of Vermont, introduced anti-embargo legislation last month.

"Instead of eating American-grown food, Cubans and tourists will be eating food from other countries," unless trade is opened, Klobuchar said in a statement.

A House bill limited to food exports would create an excise tax that would be used to compensate people whose properties were confiscated by Cuba's government.

"Being a Cuban-American from South Florida doesn't mean you're foursquare against the embargo," Crawford said in an interview. "Agricultural trade is an area where we can get the support we need to effect change in Cuba."

The doggedness of the agriculture lobby itself may be its best hope of preserving market share, said William Messina, a professor at the University of Florida in Gainesville. Ties forged during a 20-year slog will count with the Cuban government, he said.

"I think they appreciate the efforts of those agricultural industry associations in the U.S. that are trying to get regulations relaxed," Messina said. "Out of respect for that, I don't think they'll make a big turn away."

Tampa Bay Times St. Petersburg, Florida 15 June 2017

Military's control of tourism may influence Trump policy on Cuba travel



Guests board the Empress of the Seas in April for the first voyage stopping in Cuba for Royal Caribbean out of Port Tampa Bay. Those who favor engagement with the Communist nation say it is helping grow private industry there. [LUIS SANTANA | Times]

TAMPA — If President Donald Trump takes his cue from opponents of new and open relations with Cuba, he will decry how an influx of U.S. visitors there is filling the coffers of the Communist nation's military.

Trump is expected to address tourism when he visits Miami on Friday for a long-awaited announcement of his administration's Cuba policy.

Trump the candidate criticized normalization of relations with Cuba under President Barack Obama as a bad deal for the United States. And the Cuban military does indeed manage the bulk of the island's growing tourism industry — 60 to 70 percent of it, by most accounts.

But some Cuba analysts say the institution is more of a bureaucracy now than the fighting force of its Cold War peak when it enjoyed the sponsorship of the former Soviet Union. What's more, they say, it's Cuba's police — not military — who carry out the political repression that angers U.S. interests on both sides of normalization debate.

"They are entitled to a military and are not a threat to us," said Tom Popper, president of New York-based travel company Insight Cuba. "Regardless, the correlation that every dollar goes to buy bullets is wrong." That view is supported by Arturo Lopez-Levy, a policy analyst for Cuba from 1992 to 1994 and now a lecturer at University of Texas Rio Grande Valley.

"In the Cuban government's evaluation about the current international situation, an American military invasion is not the most probable scenario," Lopez-Levy said. "Most of the revenue from the economic sectors managed by the military or by former military acting as administration is destined to the social budget."

As for the Cuban enforcers arresting protestors that hardliners point to when decrying the human rights issues on the island, they are law enforcement and fall under the budget of the Ministry of the Interior, not linked to tourism

Still, those counseling Trump — many of them from Florida — view the Cuban military as the bogeyman. "It is not in the national interest of the United States for us to be doing business with the Cuban military," Florida Sen. Marco Rubio told *El Nuevo Herald* in April.

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The flow of tourist money to the military may be a target for Trump under any new Cuba policy, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

The best way to bring about regime change, many opponents of normalization say, is the kind of financial sanctions that have characterized U.S. relations with Cuba since the nation embraced Communism in the early 1960s following the Castro revolution.

"Fewer people going means less money to the Cuban government to sustain itself," Kavulich said. "That is their goal."

But opening Cuba to U.S. travelers, some analysts say, is also bringing about changes that even critics of the military can embrace by helping grow private industry in the island nation.

"There is a great liberalization of the economy occurring in Cuba," said Frank Reno, president of Tampa-based Cuba Executive Travel. "Small businesses are popping up everywhere and that has a lot to do with Americans."

For example, more than three out of four Americans who have traveled to Cuba stayed in a private bed and breakfast for some or all their visit and 99 percent dined at a privately owned restaurant, according to a survey by Cuba Educational Travel.

"The numbers are backing it up," said James Williams, president of the Washington, D.C., lobbying group Engage Cuba. "Americans disproportionately are supporting the private sector in Cuba more than any other country does."

What's more, Cuban Americans are investing in the businesses of family and friends on the island knowing success is possible, said Vicente Amor, Cuban born vice president of Tampa travel company ASC International USA.

"They played a role in opening new restaurants, buying old cars and renting them, and buying and renting homes," Amore said. "American tourists have had a big influence on the growth of the private sector."

It remains illegal under U.S. law to travel to Cuba for tourism. Travelers must check one of 12 boxes to justify a visit there, including education and research.

But Obama established an honor system allowing self-certified educational tours, paving the way for a dramatic increase in travelers. From Tampa alone, 80,200 passengers flew to Cuba in 2016. And just five months into 2017, 63,635 already have made the trip from here.

Two cruise ships leaving from Tampa also offer itineraries that include Havana.

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When subsidies from the Soviet Union disappeared, Cuba formed the holding company GAESA to encourage other foreign investment and turned the company over to the military.

GAESA's portfolio includes subsidiaries such as Gaviota and Habaguanex, operators of hotels, restaurants and retail shops in tourist-heavy areas like Old Havana. The bulk of the profits go toward hospitals, pensions and other benefits for members of the military — a sizeable portion of the population in a nation requiring all men to enlist.

Not everyone sees the Cuban military as a social service organization, though, even today. Some critics of the socialist government in Venezuela, allied with Cuba, say the institution helps squash protest there.

"In Venezuela, everything is controlled by the Cuban military," said Norma Reno of Tampa, born in Venezuela and a supporter of dissidents in her home country.

In a 2014 report, Ted Piccone of the Brookings Institution said sources have said there could be thousands of intelligence and military advisors from Cuba operating in Venezuela. Still, he told the *Tampa Bay Times*, these contentions are difficult to quantify.

Univision Miami, Florida 15 June 2017

Trump to restore some restrictions on Cuba travel, targets island's military-run enterprises

The changes leave intact the greatest achievements of Obama's Cuba legacy, including the restoration of diplomatic ties and the re-opening of the U.S. embassy in Havana, as well as the relaxing of travel restrictions and the reintroduction of regular commercial flights.

Por: David Adams



U.S. and Cuban flags in Havana, Cuba. Getty Images

President Donald Trump will announce a "readjustment" to U.S.-Cuba policy during a visit to Miami on Friday, tightening travel restrictions for Americans visiting the island and banning all financial transactions with Cuba's extensive military-run enterprises.

"The president vowed to reverse the Obama administration policies toward Cuba that have enriched the Cuban military regime and have increased the repression on the island," a senior White House official said in a conference call on Thursday.

The policy modifications are designed to restore some restrictions loosened by former President Barack Obama under his two-year-old effort to normalize U.S.-Cuba relations.

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However, the changes leave intact the greatest achievements of Obama's Cuba legacy, including the restoration of diplomatic ties and the re-opening of embassies in Havana and Washington, as well as the relaxing of travel restrictions and the reintroduction of regular commercial flights.

Cruise ship packages to Cuba which were launched last year will also be allowed to continue, as well as other commercial operations such as U.S. cellphone roaming in Cuba.

Travel for Cuban Americans and remittances sent to their families will also be unaffected. Trump even appears ready to allow Americans to bring back Cuban cigars and rum.

"It's not as bad as I had feared, not as good as I had hoped," said Pedro Freyre, a Cuban-born attorney who heads the international practice at the law firm Akerman in Miami and represents clients interested in doing business in Cuba. "Now we know what the rules are," he added, noting widespread speculation in recent weeks of harsher measures.



COMMERCE

BEFORE OBAMA

The US allowed the sale of agricultural products to Cuba as well as some medical equipment, but no direct investment in the island. The US did not allow the import of any goods from Cuba. Financial dealings with the Cuban military were banned under the US embargo.

WITH OBAMA

Obama relaxed restrictions on commercial dealings with Cuba, including with the island's extensive network of military-run enterprises. Obama also removed Cuba from a list of state sponsors of terrorism in 2015. Cuba had been on the list since 1982. Being listed subjects a country to U.S. restrictions on banking and financial cooperation as well as foreign aid.

WITH TRUMP

Trump will ban any financial transactions with military-run companies grouped under the holding company GAESA (Grupo de Administración Empresarial, S.A.) that controls 50% of Cuba's economy, by some estimates.



TRAVEL

BEFORE OBAMA

The Bush administration tightened restrictions on travel and remittances. Cuban American families were only allowed to visit their relatives in the island for up to two weeks every three years. This applied only for immediate family (parents and children only). They could only send \$300 quarterly in remittances. (i.e. \$1,200 a year total). US travel to Cuba was strictly limited to journalists, US officials, the sale of US agricultural goods, as well as humanitarian, religious and medical reasons.

WITH OBAMA

Under Obama, 12 categories of legal travel to Cuba were created either in group packages or as individual “self-directed” tours, for culture, education, sports, religion etc. There was little effort to investigate or enforce violations.

WITH TRUMP

Trump will limit the category for “people-to-people” travel to group packages only. Trump will strictly enforce reporting requirements for U.S. travelers who will need to present documents showing their itinerary under one of the 12 categories. They will be subject to audit by the U.S. Treasury Department.



EMBARGO

BEFORE OBAMA

The Bush administration loudly upheld the US embargo and fought off efforts in Congress to weaken it. It voted at the UN firmly against an annual resolution condemning the embargo.

WITH OBAMA

Obama criticized the long standing U.S. embargo on trade and commerce with Cuba, but made no effort to lift it in Congress. In 2016, he abstained at the United Nations in an annual vote to condemn the embargo.

WITH TRUMP

Trump will ban any financial transactions with military-run companies grouped under the holding company GAESA (Grupo de Administración Empresarial, S.A.) that controls 50% of Cuba’s economy, by some estimates.



HUMAN RIGHTS AND DEMOCRACY

BEFORE OBAMA

The US condemned Cuba’s human rights record including the lack of free, multi-party elections and the harassment and arrest of dissidents. It supported dissidents in Cuba via a USAID pro-democracy program.

WITH OBAMA

Obama continued the USAID pro-democracy program, but he did not directly tie his policy to human rights and democracy, though he did persuade Cuba to release dozens of political prisoners in 2015.

WITH TRUMP

Trump will demand that Cuba hold free elections and stop jailing political opponents before any improvement in relations can occur.

Stricter travel

Trump's policy will mean stricter enforcement of regulations governing travel to Cuba by U.S. travelers who are not of Cuban origin.

In future, travelers could be subject to a Treasury Department audit of their trip to check that it meets the permitted categories.

Obama's policy expanded regulations allowing many Americans to visit Cuba for the first time under a dozen categories, such as cultural exchanges, academic research or a loosely-defined purpose known as "people-to-people" travel.

As a result, the number of U.S. citizens traveling to Cuba leapt 74 percent from 2015 to 2016, according to Cuban government statistics.

Under Trump, those traveling in the "people-to-people" category will no longer be able to travel by themselves with their own itinerary, and will have to join a licensed group package.

The policy changes will not go into effect for 90 days while lawyers thrash out the regulatory details. Trump is due to announce the new policy on Friday, at Miami's Manuel Artine Theater, named after one of the late leaders of the 2506 Brigade that led the failed 1961 Bay of Pigs invasion of Cuba. During the campaign Trump visited the 2506 Brigade and promised to address their concern about Obama's normalization policy.

White House officials stressed that the new policy is a return to traditional efforts - abandoned by Obama - to force Cuba into abandoning its one-party, communist-run system and hold free, multi-party democratic elections. It also marks a partial victory for hard line Cuban American political leaders, led by Florida Senator Marco Rubio, who are fiercely critical of Obama's Cuba policy, which was launched in December 2014 after months of secret talks with the Cuban government.

"If we're going to have more economic engagement with Cuba, it will be with the Cuban people," Rubio told the Miami Herald.

"All the pressure comes from American business interests that go to Cuba, see the opportunities and then come back here and lobby us to lift the embargo," Rubio said. "I'm trying to reverse the dynamic: I'm trying to create a Cuban business sector that now goes to the Cuban government and pressures them to create changes."

On twitter Rubio highlighted a quote from a Cuban military website claiming that one military-run tourism company, Gaviota, welcomed nearly half of the visitors to Cuba in 2015.

Military spider's web

Cuba's military holding company, GAESA (Grupo de Administración Empresarial, S.A.), is the island's largest business empire and controls about 50 percent of the economy, according to some estimates.

It comprises at least 57 companies and is headed by Luis Alberto Rodriguez, the son-in-law of Cuban president Raul Castro.

"The Cuban military is an enormous spider that eats the smaller spiders around it," said John Kavulich, a long time Cuba watcher and president of the U.S.-Cuba Trade and Economic Council in New York. "It's appetite thus far has been insatiable," he added.

It was unclear how much the new policy would adversely affect the U.S. businesses that have invested in Cuba in the last two years, such as Airbnb and Google. Limiting individual "people-to-people" travel that could actually hurt Cuba's privately-run Airbnb network.

A drop in U.S. travel to the island could also affect airlines that have begun flying to destinations across the island from a dozen U.S. cities.

The policy includes some exemptions including U.S. exports of agriculture and medicines via the military-run port of Mariel.

Critics of reversing Cuba policy point out that Obama's policy has enjoyed strong support nationally as well as among Cuban Americans.

"Don't be fooled. The Cuban people overwhelmingly want engagement with the U.S. - they know better than Trump what they need," " tweeted Ben Rhodes, who was Obama's senior adviser and former Cuba negotiator.

The new policy is also unlikely to push Cuba to reform, critics say. ""The Cuban system has proved its resilience to U.S. attempts at isolation over the past five decades," said Jason Marczak with the Atlantic Council, a Washington think tank that favors engagement with Cuba.

"A backtrack in our Cuba policy will only give new anti-US ammunition to countries like Venezuela, while making the U.S. approach to Cuba increasingly hard to defend among our allies."

Travel Weekly

Secaucus, New Jersey

14 June 2017

Tillerson hints there will be some rollback of Obama's Cuba policy

By Robert Silk



Photo Credit: Shutterstock

Secretary of State Rex Tillerson signaled Tuesday that the Trump administration plans to clamp down on business investments in Cuba by U.S. companies, reversing a key portion of the rapprochement policy enacted by Barack Obama during the final two years of his presidency.

The comments, made by Tillerson to the Senate Committee on Foreign Relations, came as Trump is widely expected to unveil his Cuba policy in a speech in Miami on Friday. Tillerson described the increased business ties between the former Cold War foes that have resulted from the detente as the sunny side of the current U.S.-Cuba relationship.

"There is the dark side though, which is that Cuba has failed to improve its human rights record," Tillerson said. "Political opponents continue to be in prison. Dissidents continue to be jailed."

Cuba, he said, "absolutely must begin to address its human rights challenges," if the U.S. is going to sustain that sunny side of the relationship. Tillerson added that under the existing U.S. trade embargo on Cuba, it is illegal to provide financial support to the government. Business transactions in Cuba, even with private citizens, might violate that law, he said.

"Are we inadvertently or directly providing financial support to the regime? Our view is, we are," Tillerson said. "And the question is how do we want to deal with that? How do we bring that in compliance with longstanding statutory obligations?" Tillerson didn't directly address issues related to the more liberal travel restrictions to Cuba that the Obama administration enacted.

Cuba policy experts, including John Kavulich, president of the U.S.-Cuba Trade and Economic Council, don't believe Trump will go so far as to put an end to the newly established commercial air service between the U.S. and Cuba.

But he thinks the administration is likely to more strictly enforce the existing rules that allow Americans to travel to Cuba under one of 12 legal exemptions. Trump could also take additional steps to clamp down on people-to-people exchanges, which is the exemption most commonly used by tourists, cruise lines and tour operators.

Miami Herald

Miami, Florida

14 June 2017

The Cuban visa business: murky but profitable

BY ABEL FERNÁNDEZ

Despite the recent start of regular commercial flights to Cuba by U.S. airlines and a record number of passengers, the process of traveling to the island can be murky and confusing to U.S. visitors.

After decades of charter flights, the U.S. commercial flights are slowly educating visitors about the many issues involved, including how to meet one of the 12 travel categories established by the U.S. Treasury Department, whether to use cash or credit cards, stay in hotels or private homes, and exchange dollars for pesos.

That may all change when President Donald Trump announces his new policies on Cuba, expected Friday in Miami.

Regardless of any changes, however, within the labyrinth of details about travel to Cuba there is one document that remains largely unexplained: the Cuban entry permit, known as visa or tourist card, that all non-Cuban visitors are required to buy.

The visa is literally a card where visitors write their names and other personal information. It is valid for only one entry, costs \$50 if bought from the Cuban Embassy in Washington and an extra \$20 if purchased by mail.



Sample of a Cuban tourist visa or card for U.S. citizens.

But the card is also sold at varying prices by the dozens of travel agencies and airlines that handle tickets to Cuba.

The Cuban entry permits are totally separate from the U.S. government requirement that passengers to Cuba fill out a questionnaire and check off one of the 12 allowed categories for travel to the island, such as educational or religious.

Only two of the airlines sell them to their clients at the \$50 face price. Others use independent providers, who can charge up to \$100.

Cuban Americans who have U.S.-born children also must obtain Cuban visas.

Tampa resident Elaine Martínez, 34, said the Cuban visas are so expensive “it’s an abuse.”

When Martínez visited her family on the island last year, she used her Cuban passport but paid \$80 to a Tampa travel agency for a visa for her 2-year-old daughter, born in the United States.

She flew on JetBlue and could have bought the girl’s visa at the departure airport for \$50, “but I was afraid there would be complications,” Martínez said.

Which airlines provide the tourist card at what price

Delta and JetBlue are the only airlines that sell the tourist cards at cost and directly to their clients, either online or at the departure airport before boarding.

American Airlines uses Cuba Travel Services (CTS), a California company that ran charter flights to the island before the commercial flights started. It charges AA clients \$85 online and \$100 at the airport in Miami

The extra is a “convenience fee,” said an American Airlines spokesperson.

CTS said it processes the visa requests for its own clients through the Cuban Embassy in Washington.

“Travel Visas are processed and made available to authorized travelers for cost plus processing and shipping fees. For direct sales, the cost is \$50 plus a \$35 processing fee. Shipping cost varies depending on the service they request,” said CTS general manager Michael Zuccato.

“Questions regarding the visa process for each airline should be addressed to the airlines directly for comment,” Zuccato said.

It remains unclear whether CTS or American Airlines imposed the \$50 convenience fee charged at MIA to AA clients.

Other airlines also use CTS to handle their Cuban visas, yet their prices vary.

Screenshots of the Cuba Travel Services website that show the different Cuban visa prices for various airlines.

CTS handles the online visa requests for Southwest clients for \$50, and the airline hands them to the clients at the departure airport. Alaska Airlines passengers pay \$85 for the same procedure.

United also uses CTS and charges \$75 for visas delivered at the airport. “A Cuban entry permit costs \$50 USD per person and is not included in the price of your airline ticket”, United’s website explains. “An additional \$25 USD service charge will also be collected per person by Cuba Travel Services (CTS), which administers the distribution of the entry permits.”

CTS did not explain why it offers different prices depending on the airline.

“The tourist card should be the same price for everyone, whether an individual or group,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. “Having different pricing shows a lack

of interest in transparency, and the bilateral commercial relationship between the United States and the Republic of Cuba should be transparent.”

“United States-based companies should reject variances and require one standard,” he said.

How the airlines obtain the Cuban visas

Airlines and travel agencies that have an agreement with the Cuban Embassy can buy the tourist cards in bulk.

The embassy's web page includes a list of the dozens of travel agencies that handle consular services such as visas and passports.

Some airlines, like Alaska Airlines, say they are not travel agencies. “We refer our clients to our partner, Cuba Travel Service, which specializes on travel to Cuba, or they can obtain the necessary documents on their own,” said an airline spokesperson.

Jose “Pepe” Zapata, Delta Airlines general manager for Central America and the Caribbean, said his company buys the visas from the Cuban Embassy in Washington. “We have an agreement with them,” he said. “We make an estimate of how many visas we need for, let’s say, one or two months, and we get supplies as we go along.”

The Cuban Embassy “will sell the visas to any airline,” Zapata added.

The embassy did not respond to el Nuevo Herald questions for this story.

Cruise companies also offer visas to their clients. Carnival Cruise Line provides them for \$75, said Jennifer de la Cruz, vice president for communications. They are handed to the passengers before they board.

South Florida Business Journal Miami, Florida 14 June 2017

What will Trump's Cuba policy mean for business in South Florida?

Keith Larsen and Emon Reiser*South Florida Business Journal*

The same Florida businesses that made history by reviving long-stalled business relations between the U.S. and Cuba could be heavily impacted by President Trump’s expected tougher stance on transactions and travel between the countries, experts say.

The White House on Tuesday began taking names of reporters planning to cover a possible – but unconfirmed – presidential visit to Miami on Friday, at which Trump reportedly may announce a rollback of an Obama-era order relaxing restrictions on doing business with Cuba.



U.S. President Donald Trump speaks during a meeting with Cabinet members at the White... more
OLIVIER DOULIERY

Political insiders and business experts said they believe Trump is specifically looking to restrict U.S. companies' business dealings with the Cuban military.

While that may sound like a targeted approach, in Cuba much of the country's economy is controlled by the military through GAESA. GAESA is a holding company run by the military that operates many different enterprises in the country including hotels, banks, restaurants and gasoline stations. By some accounts, GAESA controls more than 60 percent of the country's economy.

"It's a great big spider that's weaving an ever bigger web," said John Kavulich, the president of the U.S.-Cuba Trade and Economic Council, Inc., a business organization focusing on Cuba without taking political positions.

He said that if the Trump administration were to implement a policy preventing any U.S. company from dealing with the Cuban military, nearly all U.S. business in Cuba could shut down.

"The Cuban military component cannot be under appreciated within Cuba, and there's almost an inability of any company engaging with Cuba to avoid it [the military]," Kavulich said.

It has also been reported that the Trump administration is looking to re-impose travel restrictions that were relaxed under the Obama administration, which allowed tourism to increase to the island nation.

These restrictions could particularly affect South Florida companies that are in the cruise line, airline and hospitality industries that have already established business ties to Cuba in the past year.

Last May, Doral-based Carnival Corp., became the first American cruise company to take U.S. travelers to Cuba in more than 50 years.

Soon others followed suit. Norwegian Cruise Line made its first stop to Cuba last month and recently announced plans for 62 sailings to the island through 2018. Royal Caribbean has announced plans for 58 sailings between South Florida and Cuba from January 2018 through March 2019.

Meanwhile, JetBlue and Southwest offer regular nonstop air service to Havana from Fort Lauderdale-Hollywood International Airport, and Delta and American Airlines fly to Cuba from Miami International Airport.

Beyond the cruise lines and airlines, Trump's policy decisions would likely have a direct impact on some Florida corporations that were poised to benefit because of Cuba's proximity — in logistical, agricultural, financial and technological endeavors.

For instance, Miami-based International Port Corp. was the first U.S. company to open a staffed office in Cuba. It had received its license to ship between Miami and Havana in July 2012, and four years later, used a government-run employment agency in Cuba to finally secure six employees on the island.

Pompano Beach-based Stonegate Bank(NASDAQ: SGBK) issued MasterCard credit cards for use in Cuba last year, and was the first bank to launch a debit card for use by U.S. travelers in Cuba. A spokesman for the bank said limitations on its Cuba business would have a "small economic impact" for the bank.

Some trade organizations on Cuban-American relations said that Trump's expected policy changes could have negative economic impacts on South Florida.

Engage Cuba, a coalition of private companies working to end the U.S. embargo against Cuba, estimated that an anticipated reversal of loosened Cuba policies would cost the U.S. \$6.6 billion and affect 12,295 jobs in the next few years.

Madeleine Russak, a spokeswoman for Engage Cuba, said South Florida would take the brunt of the economic blow.

"South Florida businesses would be impacted by this decision," said Russak, who does not believe Trump's decision later this week will be favorable to U.S.-Cuba relations.

Whatever Trump's policy on Cuba, business leaders in South Florida will be paying attention.

"We are all watching with great interest what the details of the new policy would be and how the new administration crafts its new approach to Cuba," said Pedro Freyre, who is the chair of the Akerman law firm's International Practice and a nationally recognized authority on the U.S. embargo on Cuba.

Washington Free Beacon

Washington, DC

14 June 2017

Trump's Cuba Changes Could Target Marriott Deal With Castro Military Hotel chain spent \$260K in lobbying this year in advance of Trump's Cuba changes



The Four Points by Sheraton in Havana / Getty Images

BY: Susan Crabtree

Marriott International is the company with the most to lose if President Trump cracks down on the ability of U.S. businesses to work with the Cuban military.

A spike in the hotel chain's lobbying expenses on Cuba travel issues reflects its concern about the expected policy changes.

Marriott spent \$260,000 on lobbying on Cuba travel issues in the first quarter of 2017, up from a total of \$670,000 for all of 2017 and the highest amount in one quarter over the last two years, according to lobbying disclosure records.

President Trump is expected to announce changes to the Obama administration's efforts to normalize diplomatic and commercial ties to the communist island nation during a speech in Miami Friday or Saturday.

The Trump administration earlier this year announced it was reviewing U.S. Cuba policy. White House and State Department officials have been tight-lipped about whether the review is completed in advance of Trump's Miami speech.

The president's new policies, among other changes, are expected to discourage business transactions with the Cuban military, which controls much of the tourism industry on the island.

The Obama administration directed the U.S. Treasury's Office of Foreign Assets Control, which is charged with sanctioning foreign governments, to grant a Marriott subsidiary a multi-year license with the Cuban military in 2016 to operate a hotel in Havana.

The Treasury Department has not disclosed the full terms of the license, according to critics, but it allowed Starwood Hotels and Resorts Worldwide, a Marriott subsidiary, to turn the Cuban military-operated Hotel Quinta Avenida in Havana into the Four Points by Sheraton.

Other Starwood deals involve Cuban hotels operated by the Castro government, not the military, but work on those hotels has been delayed. Any new policy changes Trump could impose will likely pressure

Starwood to "modify or relinquish" the management agreement it has with the Cuban military, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a nonprofit based in New York. "If the company did not modify the management contract, members of Congress and the Trump administration could target the company as undermining United States policy and acting in a manner inconsistent with the United States policy, which could be used to rescind the license from OFAC," he wrote in an email.

"All OFAC licenses are issued on the basis that they may be revised or rescinded at any time if they no longer are consistent with United States policy," he added.

A White House spokeswoman on Tuesday said only: "We do not have any declarations regarding Cuba policy at this time, nor do we have a confirmed time or date for an announcement."

The *Miami Herald* earlier this week quoted a White House spokeswoman saying that a proposal to prohibit business with the Cuban military "is one of the many possibilities discussed. It is being considered as one of the many options."

Several Republicans, such as Sen. Jeff Flake (R., Ariz.), have backed Obama's diplomatic and commercial détente with Cuba, especially the changes allowing more Americans and Cuban exiles to travel to the island. However, other prominent Republicans have said the rapprochement was an uneven deal that gave too much to the Cuban government and have specifically criticized business ties between U.S. companies and the Cuban military.

Speaker Paul Ryan (R., Wis.) last June in a speech to the Council of Foreign Relations argued that the United States should work to restore leverage with the Cuban government and ensure that any further accommodations are met first with "real concessions from the Cuban government."

"A first step should be to ban financial transactions with the Cuban military," he said.

Obama's decision to grant Marriott the license has opened up a legal can of worms for the Trump administration.

Since the Obama administration never disclosed the exact terms of Starwood's OFAC deal, Cuban experts can only speculate about the amount of money that is ending up in the pocket of the Cuban military.

"I don't know if this is a deal whereby they are leasing the property from whoever owns the property—probably the military because most businesses the military is involved in," said Jaime Schulicki, the director of the University of Miami's Institute for Cuban and Cuban-American Studies. "You buy something in Cuba—even cigars and rum—and the military gets a cut so you're supporting a military dictatorship."

The travel industry viewed Starwood's entry into Cuba's hotel business as the first of several U.S. hotel chains who want to take advantage of the new Cuban tourism market, Schulicki said.

If Trump rescinds Starwood's OFAC license, the hotel chain could sue the federal government to have it reinstated. If Trump leaves it intact but fails to grant other hotel chains the same type of licenses, they too could sue over what may be viewed as a special business carve-out for Starwood alone.

Richard Feinberg, a senior fellow at the Brookings Institution's Latin American Initiative, said the business deals that both Marriott and American Airlines have in Cuba are "small potatoes" compared to their global revenue, so he doubts they would launch a lawsuit against the federal government over one hotel in Havana. "Now, do they see the possibility down the road for more business? The answer is yes, but so far they have just gotten their toes wet," he said.

Feinberg is a former Clinton administration National Security Council aide and the author of *Open for Business: Building the New Cuban Economy*.

He predicts Trump will try to appeal to the Cuban-American community, which supported his campaign, by playing up minor changes to the Obama administration's Cuba policy.

"Maximum rhetoric, minimum action, which will meet his goal and appeal to the Cuban-American community [...] for them, to have the President of the United States talk tough will suffice," he added.

Trump has yet to indicate exactly what changes, if any, he will make to Obama's Cuba rapprochement. In addition to rolling back business ties between the two countries, especially those involving the Cuban military, he could also re-impose some limits on U.S. travel to the island.

While campaigning last year, Trump said he would create a "better deal" with Cuba than Obama had. He also earned the endorsement of the Bay of Pigs Veterans Association in Miami, and some political analysts have credited his support from the Cuban exile community in South Florida with Trump's critical win in Florida in November.

Sen. Marco Rubio (R., Fla.) has been working "diligently" behind the scenes with the administration on the potential changes to U.S. Cuba policy, according to a Rubio aide.

"I am confident the President will keep his commitment on Cuba policy by making changes that are targeted and strategic and advance the Cuban people's aspirations for economic and political liberty," Rubio said in a statement emailed to the *Washington Free Beacon*.

Flake and like-minded GOP colleagues have been pressing the administration not to punish the Cuban people by rolling back the Obama-era changes.

"Several years ago, around the same time as the last administration was allowing increased American travel and remittances to the island, the Cuban government came to the realization that it could no longer afford to employ every Cuban, even at \$20 a month," he wrote in a recent piece posted on medium.com

In response, he said the Cuban government allowed hundreds of thousands of Cubans to find their own work in the private sector as taxi drivers, barbers, auto mechanics, restaurant owners, bed-and-breakfast hosts and myriad other jobs. "Do we really want to turn back the clock?" he asked.

Miami Herald Miami, Florida 13 June 2017

Trump policy change on Cuba coming, but he has not made decision yet

BY NORA GÁMEZ TORRES

President Donald Trump is scheduled to announce a revised policy on relations with Cuba on Friday in Miami, but a White House spokeswoman told el Nuevo Herald that Trump had not yet seen the final recommendations following a lengthy review and has not made a decision.

"The president has not seen the final proposal and has not approved it. He is a very independent president in his way of thinking and it would not be the first time he throws something back to be reviewed," White House spokeswoman Helen Aguirre Ferré said. She did say that the Manuel Artime Theater in Little Havana is one of the places the White House has been looking at for events to be held in the city.

The Miami Herald reported Monday that the theater canceled an event on Friday from the Miami Royal Ballet apparently to make way for a White House event.

Among the changes that would be considered by the Trump administration are measures to limit business ventures between U.S. companies and Cuban entities controlled by the military, in particular, those belonging to the conglomerate known as GAESA, the economic arm of the Revolutionary Armed Forces that controls nearly 60 percent of the Cuban economy.

"The United States Department of Treasury's Office of Foreign Assets Control (OFAC) is expected to publish a list of Cuban entities controlled by the" Cuban military, said John Kavulich, president of U.S. Cuba Trade and Economic Council. Companies could be added to an OFAC blacklist to ban financial transactions involving these companies, he added.

Asked about the alleged list on Monday, the Department of Treasury said in a statement: "We don't comment on investigations, and don't have additional sanctions to announce today."

Aguirre Ferré said a proposal to prohibit business with GAESA, "is one of the many possibilities discussed. It is being considered as one of the many options. "But almost everything is being looked at."

Travel Weekly

Secaucus, New Jersey

12 June 2017

Trump expected to reveal Cuba policy this week

By Robert Silk



President Donald Trump is expected to announce revisions to U.S.-Cuba policies on Friday in Miami, according to media sources.

The White House, however, has yet to confirm when or where such an announcement will be made.

"Nothing to announce at this time but will keep you posted," a spokesperson told Travel Weekly on Monday.

For months, the travel industry has awaited an announcement from the Trump administration on whether it would reverse at least portions of the re-engagement between the former Cold War foes that the Obama administration initiated.

The Trump team hasn't shown its hand on that question yet, at least publicly, though Trump did threaten to terminate new U.S.-Cuba agreements in a November tweet unless the communist nation made "a better deal for the Cuban people."

In an interview Monday, John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said that his government contacts say no policy decision is final yet.

But Kavulich did detail several potential changes in an email on Sunday. Notable for the travel industry, he said that the administration continues to consider putting an end to self-directed travel and returning to rules that allow only group travel to Cuba for people-to-people programs. There is also a consideration of ending people-to-people programs entirely, he said.

The people-to-people exchanges are one of 12 legal exemptions to the Cuba travel ban and the one most frequently used by the tourism industry.

Travelers should expect stricter enforcement by customs agents and the Department of Homeland Security, Kavulich wrote.

Another major change that is expected, Kavulich wrote, is a prohibition from U.S. companies and individuals doing business with the entities controlled by the Cuban military. That impacts travel since the military runs much of Cuba's tourism infrastructure, including hotels and tour companies.

In an interview, Insight Cuba president Tom Popper said he doesn't expect major changes to Obama's Cuba policy, and he definitely doesn't think Trump will put an end to the normalization process.

"We all agree President Trump has to do something, whether it's wholly symbolic [or] symbolic plus minor alterations. Every president puts their fingerprints on Cuba policy," Popper said.

Some analysts interpret Trump's expected plan to make his Cuba policy announcement in Miami as a sign that he will be pleasing hardliners within the city's Cuban-American community.

Sun-Sentinel

Fort Lauderdale, Florida

9 June 2017

Trump expected to announce his Cuba policy next week in Miami

President Donald Trump weighs changes in U.S. Cuba policy

President Donald Trump has a range of options as his administration considers changes in US policy toward Cuba that were put in place by his predecessor, President Barack Obama.

By Anthony Man

President Donald Trump is expected to visit Miami next week to announce changes in U.S. policy toward Cuba.

"The announcement is being positioned for next Friday," said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. Kavulich said he's been hearing from people in various government agencies and departments, not the White House staff.

He said it seems solid enough that "betting against Friday is probably going to be a bad bet. The trajectory's in place and there's now becoming enough confirmation that all stakeholders should prepare their media releases."

The president is likely to roll back some of the relaxation of decades-long hardline policy toward Cuba that was implemented by former President Barack Obama. But exactly what those changes will be is certain, Kavulich said.

He said his organization has been advising companies since the day after the election to be prepared for the Obama-era policy toward Cuba to be disrupted. "Not necessarily cancelled or reversed, but disrupted," he said.

In December 2014, Obama ended more than 50 years of U.S. attempts to isolate Cuba, ushering in sweeping changes that allowed increased travel, business and communication links and restored diplomatic relations.

Florida's top Republicans, U.S. Sen. Marco Rubio and Gov. Rick Scott, are sharp critics of Obama's liberalization of U.S. policy toward Cuba and have urged the president to make changes.

On Wednesday, Scott wrote an op-ed article in which he said Obama's normalization of relations with Cuba was supposed to produce "a better life for the Cuban people. Yet two and half years later, repression is growing and the brutal crackdown of the peaceful opposition movement is most alarming."

He said opposition activists are subject to continued repression, the private enterprise hasn't expanded in a way that would make many Cubans' lives better, and "the Obama-Castro deal failed to prioritize America's interests."

"The approach for the new United States-Cuba policy should be a substantive shift. The current direction has proven to provide the Cuban military and state security the resources that will enable them to transfer power from one family member to another. The new course must be focused on doing our part so that the Cuban people may regain their right to self-determination," Scott said.

Rubio was one of the lawmakers who had dinner at the White House this week. Trump decisively defeated Rubio for the 2016 Republican presidential nomination, but the senator has been more friendly to the Republican president this year.

He's voted for Trump's cabinet nominees, and liberals complained that his questioning of former FBI Director James Comey at this week's Senate Intelligence Committee hearing had pro-Trump overtones.

Last year, on the campaign trail in Miami, Trump condemned Obama's normalization of relations between the two countries, calling it a "one-sided deal for Cuba and with Cuba, benefits only the Castro regime."

"You'll be very happy," Trump said in September. "I have so many friends from Cuba. Incredible people."

In February, White House Press Secretary Sean Spicer said the Trump administration was "in the midst of a full review of all U.S. policies toward Cuba." Last month, Rubio said on Twitter that Trump "pledged changes to #Cuba policy. Remain confident he will keep that promise."

BBC London, United Kingdom 10 June 2017

Trump's new Cuba policy: What's at stake for the island?

By Will Grant
Cuba correspondent, BBC News



Image copyright AFP Image caption Donald Trump is reported to be unveiling his new Cuba policy next week

Warmer ties with Cuba after almost 60 years of hostility was one of President Barack Obama's main foreign policy legacies.

He and Cuban leader Raul Castro agreed to normalize diplomatic relations in December 2014 and in August 2015 the US re-opened its embassy in Havana, more than half a century after it had closed following Fidel Castro's Cuban revolution.

Now reports say that President Donald Trump may announce his new Cuba policy as soon as next Friday. Many are expecting a rollback on the détente including a tightening of the rules on travel and trade eased by the previous administration.

What are the main issues at stake?

Travel to Cuba

This is the area perhaps most at risk.

Every year since the thaw was announced at the end of 2014 has been a record in terms of visitor numbers to the island. In no small part that is down to the large number of US citizens who have been able to come to Cuba since tight travel restrictions were eased.



Image copyrightAFPImage captionTouros numbers have risen to record levels since 2014

Opponents of the engagement policy want Mr Trump to adopt proposals which include tightening the 12 categories of travel under which Americans have been coming to Cuba - including the catch-all "people-to-people" exchanges. This would mean US visitors might again face fines if they visit the island without the right paperwork.

The potential effects of such a move on Cuba's tourism industry would be significant. However the pro-engagement lobby group Engage Cuba argues that it would have a multi-billion dollar impact on the US economy too, affecting jobs in the airline and cruise ship industries.

Bilateral trade

Despite the improved relations, the US economic embargo on Cuba remains firmly in place. As such, bilateral trade between the United States and Cuba is yet to get off the ground.

There have been some initial steps:. In January a shipment of artisanal charcoal became the first legal Cuban export to the US in decades. There was also an agreement for the US hotel company, Starwood, to run three hotels in Havana.

One apparent motivation for any rollback is a desire among Castro-opponents in Florida to reverse Mr Obama's decision to allow US entities to work with Cuban state agencies. The Obama administration felt it was necessary to ease the rules on working with the Cuban state because state-run institutions, specifically the tourism and commercial wings of the Cuban military, are ubiquitous in the Cuban economy.



Image copyrightAFPImage captionBarack Obama eased the rules for US companies working with the Cuban state

"That is precisely the kind of dilemma the Trump administration is facing," said **Michael Shifter, of the Inter-American Dialogue** in Washington DC.

"Initially it sounds easy to take position to roll back Obama's big legacy. But then you see that in Cuba, dealing with state is everything, all economic activity is tied to the state."

Whether it be import-export or transportation, refusing to work with the Cuban military is near impossible in the current climate if you want to establish a sizeable commercial presence in Cuba.

US economic embargo on Cuba

As for the embargo itself, if President Trump chooses to reverse President Obama's policy of engagement, it seems highly likely the embargo will stay in place for the next four years.

The embargo can't be lifted by the president unilaterally, it needs the approval of Congress. However, if a rollback does happen, it would strengthen the hand of the anti-Castro lobby in the House of Representatives and the chances of the measure being removed this term seem slimmer than they did a year ago.

It would be a disappointment for many US businesses hoping to invest in or import to Cuba, but John Kavulich, of the US-Cuba Trade and Economic Council, believes "the US business community as a whole has been preparing for many different scenarios (on Cuba) since the day after Donald Trump was elected".

Human rights

President Trump has made several references to human rights in Cuba, both as a candidate and since winning the presidency.

Initially it was hard to say whether he was simply appealing to his supporters in Florida or if he genuinely intended to unpick Mr Obama's Cuba legacy using the island's human rights record as his reasoning. It is looking increasingly likely that it's the latter.



Image copyrightGETTY IMAGESImage captionA protest in Miami in support of Cuban opposition movement, Las Damas de Blanco

After dinner with Florida Senator Marco Rubio in February, Mr Trump said the two men "share very similar views on Cuba". That doesn't bode well for the future of the bilateral relationship as Mr Rubio is keen for President Trump to, in his words, "treat Cuba like the dictatorship it is".

Ironically, the Trump administration's new budget proposals would also remove controversial USAID funding for dissident groups in Cuba, something the Castro government has been calling for for decades.

Given they are the very groups Washington has traditionally heralded as defenders of free speech and human rights on the island, Mr Shifter thinks that the funds may still end up reaching them "through other channels".

Cultural, sporting and scientific ties

This is another arena which has arguably benefitted the most from improved US-Cuba ties.

Whether ballet or jazz, basketball or Beethoven, a greater understanding has been fostered between numerous institutions and individuals in the arts, music, culture and sports. Scores of shared projects have been held since December 2014 partly because obtaining the paperwork has become so much easier.



Image copyrightAFPImage captionCooperation between the arts, sport and science have benefited both countries

In science too, Cuban advances in immunology and cancer treatments are undergoing further studies and testing in the United States.

Why an American went to Cuba for cancer care

A more hostile footing - and more layers of paperwork - could put such programmes in jeopardy. Still, while participants on both sides of the Florida Straits are undoubtedly concerned by the prospect of a rollback, many feel confident that their shared projects are now sufficiently well established to outlast any diplomatic cooling.

Diplomatic trust

As one Western diplomat put it, it takes a long time to build trust with the Cuban government - and it can be lost comparatively easily.

On the day of Fidel Castro's death last November, Mr Trump tweeted that the former Cuban president's "legacy is one of firing squads, theft, unimaginable suffering, poverty and the denial of fundamental human rights".



Image copyright AFP Image caption There are fears Mr Trump's hardline could damage years of work on relations with Cuba

There can be little doubt that the Cubans will remember that line and any subsequent tough stance in order to gain "a better deal" will be met with a typically robust response from the Cubans.

Mr Kavulich believes the Trump administration may well "make an issue" of trying to settle US claims of compensation from the Cuban government over its expropriation and nationalisation policies in the 1960s.

"That would be the deal in his 'Art of the Deal', " he said.

For Mr Shifter though, the danger is that a more hostile tone from Washington would "give bravado to Cuban hardliners to cite it as an example of what happens when we try to open up to the Americans".

The Daily Caller Washington, DC 9 June 2017

Trump To Announce New Cuban Policy Next Week In Miami

BY ALEX PFEIFFER
Reporter

President Donald Trump will announce a rollback of parts of Barack Obama's Cuban policy next Friday in Miami, according to a source with knowledge of the situation.

The Daily Caller was the first to report that the president is set to reverse policies enacting by Obama due to the urging of Cuban policy hardliners in Congress.

Obama re-established diplomatic ties with the island nation, ended the "wet foot, dry foot" policy that gave Cuban illegal immigrants a path to legal status, allowed more travel to the country, and loosened restrictions on doing business in the nation.

Trump is not expected to cut off diplomatic ties. However, John Kavulich, of the U.S. – Cuba Trade and Economic Council told TheDC that Trump will likely reinstate travel restrictions and not allow businesses

to deal with institutions controlled by or affiliated with the Cuban military. This would include practically every business, according to a former Obama administration official who is knowledgeable about Cuban policy.

Multiple sources told TheDC that the decision by Trump to enforce a hardline Cuba policy is due to behind the scenes lobbying by Republican Florida Sen. Marco Rubio, Republican Florida Rep. Mario Diaz-Balart, and Democratic New Jersey Sen. Bob Menendez.

On the campaign trail last year, Trump attacked Obama's strengthening of ties with Cuba. However, he told TheDC in 2015 that he was open to ending the embargo.

While this move pleases these Cuba policy hardliners, three Republican senators sent a letter to the White House Friday expressing displeasure with the anticipated policy changes.

"We view recent reforms to U.S.-Cuba policy as providing critical strategic advances that have already benefited everyday Cubans and provided direct benefits to Americans by enhancing U.S. national security and boosting the U.S. economy," Arizona Sen. Jeff Flake, Wyoming Sen. Mike Enzi, and Arkansas Sen. John Boozman wrote in a letter obtained by The Daily Caller. "We strongly urge you to weigh carefully any rollback of policies that would engender these benefits."

It is unknown where exactly Trump will make the announcement in Miami, but it is sure to please much of the elder Cuban exile community there. A key Miami Republican donor recently told TheDC that a hardline Cuba policy might not get Trump a win in Miami, but delivers a crowd of Hispanics in "Make America Great Again" hats.

Politico

Arlington, Virginia

6 June 2017



Sen. Bill Nelson is pictured. | AP Photo

Sens. Bill Nelson and Marco Rubio said the Trump administration should make billions of dollars in compensation payments from more than 5,900 property claims a priority in crafting its policy toward Cuba. | AP Photo

Rubio, Nelson to Trump: Force Cuba to pay for billions 'stolen' from Americans

By SERGIO BUSTOS

MIAMI — U.S. Sens. Marco Rubio and Bill Nelson are teaming up to lobby the Trump administration in a half-century dispute with Cuba: They want the Communist government to fork over \$8 billion to compensate Americans whose property was "stolen" when the Castro regime nationalized utilities and industries.

In a Monday letter to the Trump administration, the two Florida senators also took issue with an Obama administration policy concerning a trademark dispute involving Havana Club rum and the Bacardi family.

The senators said the administration should make the billions of dollars in compensation payments from more than 5,900 property claims a priority in crafting its policy toward Cuba.

The Cuban government, meanwhile, has countered that it is owed about \$300 billion from the United States stemming from the longstanding economic embargo and the 1961 Bay of Pigs invasion — claims the two senators dismissed.

“While the Cuban Government has manufactured ridiculous counter-claims to avoid responsibility, we urge you to seek fair compensation on behalf of these Americans as soon as possible,” the senators said in their letter to U.S. Secretary of State Rex Tillerson and U.S. Treasury Secretary Steven Mnuchin.

The dispute over compensation payments comes at a time when the Trump administration is reviewing its policy toward Cuba and might reverse some of the agreements then-President Barack Obama made with the Castro regime in late 2014, when the two nations began formally restoring some economic and diplomatic ties.

Rubio and Nelson are pressing the administration to work with Congress in setting up “a plan and timeline” to resolve claims and want the Foreign Claims Settlement Commission to carry out another review to find “potential new claimants.”

The senators specifically noted their objection to a decision more than a year ago by the Office of Foreign Assets Control and Patent and Trademark Office to allow Cubaexport to register the “Havana Club” rum trademark. The senators said Cubaexport’s trademark claim is “illegitimate.”

Bacardi, one of the world’s largest liquor producers, argues that it purchased the rights to the trademark but then had its assets seized in 1960 following the Cuban revolution. Today, Bacardi sells the Havana Club rum in the United States, while Cubaexport and its French partner Pernod Ricard sell the rum elsewhere around the world.

The dispute between Bacardi and the Cuban government has garnered plenty of media attention, including a segment that aired last year on CBS’s 60 Minutes.

In their letter, Rubio and Nelson make no specific mention of Bacardi by name, but argue that the Havana Club trademark was stolen from its “original owners.” They described the decision to let Cubaexport register the product’s trademark in the United States as “a troubling development.”

“Cubaexport registered the trademark for Havana Club in the United States only after the Cuban Government stole the trademark from the original owners,” the senators write in their letter, echoing a bipartisan team of lawmakers in the U.S. House who have the same concerns. “The decision was a troubling development, given longstanding U.S. policy and support for the rightful owners of stolen property, and we urge you to reconsider.”

The letter comes on the heels of a new version of a House bill being written that would lift restrictions on financing for U.S. agricultural exports to Cuba and impose a 2 percent transaction fee on all agricultural sales to the island nation. Sellers would pay the fee, and the revenue would be directed to the thousands of U.S. companies and citizens that have certified claims of property confiscated by the Cuban government. It is still being drafted.

U.S. Rep. Rick Crawford (R-Ark.) announced the new proposal last month and said it was the product of 10 months of negotiations with Cuban-American lawmakers, including U.S. Rep. Carlos Curbelo, of Miami, who says he backs the concept of the bill.

“I have not endorsed the legislation,” Curbelo told POLITICO Florida on Monday. “I just generally support the concept of an excise tax on Cuba transactions in order to support victims of the Castro dictatorship.” He said the tax could also help fund a portion of the embargo law, known as Helms Burton or the LIBERTAD Act, that requires the president to craft a plan to provide financial aid to help establish a democratic government in Cuba.

Crawford’s bill would allow U.S. farm goods to be paid for on credit instead of cash up front (the only way sales are allowed now).

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, told POLITICO's Morning Agriculture last week that he hopes Crawford's proposal "self-destructs." He said U.S. entities that had nothing to do with the expropriation of property and businesses should not be making payments to compensate for the Cuban government's actions.

"Cuba pays nothing, and it's a transfer of money within the U.S. That's just unacceptable," Kavulich said.

In a blog he later posted to his organization's website, CubaTrade.org, Kavulich slammed Crawford and Curbelo.

"These two members of the United States Congress are establishing a treacherous precedent for resolving issues of expropriation not only with the Republic of Cuba, but with other countries which may take similar actions," he wrote. "The new rule will be take what you want, and United States citizens will make restitution."

The Fence Post

Greeley, Colorado

6 June 2017

Kavulich opposes bill that would impose a transaction fee on US ag exports to Cuba

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, Inc. has posted a vigorous statement in opposition to a bill introduced by Reps. Rick Crawford, R-Ark. and Chris Cubela, R-Fla., that would impose a transaction fee on U.S. agricultural exports to Cuba but allow private financing of the exports.

The proceeds from the transaction fee would be used to pay the claims that U.S. firms have filed against Cuba for the expropriation of their property at the time of the Cuban revolution.

"By withdrawing the requirement for the government of the Republic of Cuba compensate certified claimants, the United States Congress is invalidating the validity of the certified claims," Kavulich wrote.

"The government of the Republic of Cuba will respond that if the United States isn't asking it to make payment, they, the certified claims, must have never been valid," he said.

Delta Farm Press

Clarksdale, Mississippi

5 June 2017



Nathan Reed, left; producer from Marianna, Ark.; Rep. Rick Crawford, R-Ark.; Andrew Grobmyer, executive director, Ag Council of Arkansas; and Charles Parker, producer from Kennett, Mo., visit prior to Crawford's speech at National Cotton Council Mid-Year Board Meeting in 2016.

Crawford advances excise tax bill to help restart Cuba exports
Arkansas Rep. Rick Crawford's effort to restart trade with Cuba draws criticism from U.S.-Cuba experts.

By Forrest Laws

In a perfect world, the U.S. Congress and the Trump administration would agree the 57-year-old Cuban Embargo hasn't worked and probably never will and remove all barriers to trade between the U.S. and a nation located barely 90 miles off its coast.

This is no perfect world, of course, and those in Congress who believe U.S. farmers should be able to sell rice and other commodities to Cuba without needless restrictions are once again having to find ways to advance their agenda.

Rick Crawford, who represents the largest rice-growing district in the country in northeast Arkansas, is drafting legislation that could attach a 2-percent excise tax on certain agricultural exports to Cuba. Rep. Crawford has been in discussions with Miami-area Rep. Carlos Curbelo, R-Fla., about the legislation.

The 2-percent tax would help pay the claims of those who lost property when Fidel Castro came to power in 1959. But Rep. Crawford's proposal is already drawing criticism from Cuba experts who claim the legislation would make a bad problem worse.

The USA Rice Federation, one of the organizations which has the most to gain – or lose – by changes in the embargo, is supporting the legislation although rice farmers or merchants ostensibly would have to pay the tax when sales were made to Cuba.

2 percent better than nothing

"If that's what it takes to keep the issue moving forward in Congress, then that's what it takes, and we're with Congressman Crawford," said Ben Moseley, vice president of government affairs for USA Rice. "Paying 2 percent on some trade is better than paying nothing on no trade at all."

U.S. rice producers made their first sales to Cuba in four decades after Congress passed the Trade Sanctions Reform and Export Enhancement Act of 2000. But the sales began to diminish and then virtually stopped after U.S. officials required the Cuban government to pay for the rice before it could leave U.S. ports. Crawford has introduced or co-sponsored several bills to remove some of those restrictions. The excise tax proposal, which would be the latest, has run into criticism from experts with the U.S.-Cuba Trade and Economic Council Inc., in New York.

An essay by John S. Kavulich, president of the Council, and a frequent critic of those who want to perpetuate the blockade, claims the 2-percent excise tax legislation is an affront to the "5,913 companies and individuals who have waited 57 years for an equitable resolution to the expropriation of assets" that occurred in 1960.

"Rep. Crawford is not solving a problem; he is making the existing problem worse and creating additional problems," said Kavulich. "He may believe that his efforts of bipartisan engagement are creating a space for bipartisan dialogue with a goal of closure. He is not. He is solidifying delay and distraction. Rice from Arkansas will not be flooding the Republic of Cuba marketplace because of his efforts."

Long-term payback

Kavulich said U.S. agricultural commodity and food product exports have reached about \$5.3 billion since the first deliveries in December 2001 under provisions of the TSREEA. If the proposed 2 percent had been collected since the first TSREEA-related exports to the Republic of Cuba, the total thus far would be \$106 million or 1 percent of the current value of the certified claims.

"United States citizens, owners of privately-held companies, and shareholders of publicly-held companies should not be required to make (reimburse) payments for actions by the government of the Republic of Cuba," said Kavulich. "Why would the Trump administration, which extols the role of exporters in the United States economy, support creating an additional impediment to the one statutorily-permitted category with the greatest history and greatest potential?"

Rep. Curbelo recently told a Miami-area newspaper he supports the 2-percent tax on sales of agricultural products as a possible means of compensating former owners who lost property when Fidel Castro came to power.

“Although no definitive agreement has been reached, the concept that the victims of Castro’s tyranny may perceive some benefit from U.S.-Cuba transactions deserves to be considered,” he said. “During the previous administration everything was granted to the dictatorship without demanding anything. Now that has to change.”

Other members of the Cuban-American congressional delegation say they are studying the proposal, but have not agreed to support it.

USA Rice Federation leaders said the recognition of aggrieved “certified claimants” and the proposed method of repaying them in the new legislation is considered a compromise to keep anti-Castro Members of Congress talking about trade normalization.

Door slammed shut?

They say that, despite advances toward normalization of trade between the U.S. and Cuba in recent years, it appeared the door was being slammed shut by hardliners in Congress and the new administration. “Congressman Crawford has wedged his foot in the door to keep it open, and that’s good news,” said USA Rice’s Ben Mosley.

Prior to the U.S. embargo, Cuba was the No. 1 one export market for U.S. rice. However, no U.S. rice has been sold to Cuba since 2008 when the U.S. Treasury Department blocked Cuba from using the letters of credit usually employed in foreign sales.

“U.S. rice is quite popular on the Island due to superior taste, cooking qualities, and logistical advantages over other suppliers, and we believe Cuba could once again become a top market as soon as the many export and financial restrictions that stand in the way are lifted.”

But Kavulich and members of the U.S.-Cuba Trade and Economic Council claim the legislation is rushing to a solution filled with the potential for unintended consequences.

“In an eagerness to “accomplish” something, the result may be the creation of a statutory template and judicial precedent impacting United States bilateral and multilateral relationships, as well as, complicate the commercial, economic and political landscape from which to resolve other United States-Republic of Cuba issues,” Kavulich said.

“Representative Crawford would be best advised to await 24 February 2018, the inauguration of the next president of the Republic of Cuba, when the bilateral dynamic may well be more... dynamic. Change for the sake of change is not always productive- and can be harmful.”

Arkansas Democrat-Gazette

Little Rock, Arkansas

3 June 2017

New bill adds tax on sales to Cuba For reparations, Crawford says

By Frank E. Lockwood

WASHINGTON -- U.S. Rep. Rick Crawford wants to remove barriers to trade with Cuba while also aiding victims of the Cuban government, the Jonesboro Republican said Friday.

So his legislation, which seeks to open Cuban markets to U.S. agriculture, will allow for a 2 percent surcharge on agricultural sales. The money that is collected will be used to compensate Americans whose property was seized after the Cuban Revolution, he said.

Current U.S. law prevents American farmers from extending credit to Cuban purchasers. Crawford's bill would drop that restriction.

Past efforts to change the law have failed after encountering opposition from members of the Florida congressional delegation, where more than 1.2 million people of Cuban origin reside. Roughly two-thirds of all Cuban-Americans live in Florida.

The original version of HR525, the Cuba Agricultural Exports Act, didn't include the fee when it was filed in January. In an interview Friday, Crawford said he plans to file an amended version of his legislation next week to reflect the change. The lawmaker estimates the 2-percent fee would generate roughly \$30 million per year initially, rising to perhaps \$60 million within five to seven years.

The Foreign Claims Settlement Commission of the U.S. reviewed 8,821 claims against the Cuban government, determining that 5,913 of them were valid. The total amount owed was initially about \$1.9 billion, according to the U.S. Department of Justice website.

With interest, the amount owed has climbed to about \$8 billion, according to a study by the Brookings Institution, a Washington-based, left-leaning think tank.

Even if the legislation is passed, the debt won't be paid off any time soon, Crawford acknowledges. "It will take an awful long time to liquidate that pool of claimants and make them whole, but it's a significant step forward," he said. "To my knowledge there's never been any attempt to ever address this problem before."

Crawford, who represents the nation's top rice-producing district, wanted to roll back the trade restrictions last year, but backed off, hoping he could craft language that could garner widespread support.

Since then, he's been working to reach a compromise that would satisfy the Floridians, he said. "What we're trying to do is make sure that their concerns are being addressed. We've done that," he said. "This is really the final piece of the puzzle that goes into place and I think, with their support, we have a really good shot at getting this thing across the finish line."

Crawford said U.S. Rep. Carlos Curbelo, R-Fla., deserves credit for suggesting the fee. "It was language inserted into the bill that he suggested and he has indicated his support for the proposal now," Crawford said.

A spokesman for Curbelo declined to respond Friday, but pointed to a statement the lawmaker made earlier this week about the legislation. Curbelo told *El Nuevo Herald*, Miami's Spanish-language daily newspaper, that he supports -- in principle -- taxing agricultural exports to Cuba to raise funds for those harmed by its communist regime.

"Although no definitive agreement has been reached, the concept that the victims of [Fidel] Castro's tyranny may perceive some benefit from U.S.-Cuba transactions deserves to be considered," the southern Florida politician said. "During the previous administration everything was granted to the dictatorship without demanding anything. Now that has to change."

A Cuban-American politician who fought to block the bill last year -- U.S. Rep. Mario Diaz-Balart, R-Fla. -- hasn't said whether he'll back the proposal, Crawford said.

Given the changes that have been made to the bill to address Diaz-Balart's concerns, "it's going to be difficult for him to oppose it and I don't expect that he will," Crawford said. The legislation, in its current state, has 39 co-sponsors. Crawford said he hopes to meet with White House officials again next week to discuss the proposal.

Crawford's efforts come as the White House is considering changes to the nation's Cuba policy. President Donald Trump is weighing whether to tighten restrictions on trade and commerce, reversing steps that had been taken by President Barack Obama, *The New York Times* reported Wednesday.

Crawford predicted Trump would craft a "pro-America" free-trade policy that protects U.S. interests. "He's a forward-thinking individual and there's no reason to think that he's going to go back to the Cold War embargo policies," the lawmaker said.

Engage Cuba, a Washington-based nonprofit group that opposes the decades-old trade and travel restrictions, released a written statement Friday praising Crawford's latest efforts.

"This negotiated bipartisan legislation will make it easier for Americans to sell food to private Cuban citizens, all the while, helping Americans receive compensation for lost properties," said James Williams, the group's president. "This compromise is the result of 10 months of tireless leadership from Congressman Crawford, who has been acting in good faith based on assurances that South Florida members would work together to reach an acceptable deal. If these members are unwilling to support this true compromise, it's unclear whether they ever intended to reach a deal, or if they were just misleading American farmers."

But John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said Crawford's legislation is mathematically unsound.

The 2 percent fee wouldn't raise enough money to pay down any of the \$8 billion debt, he said. It wouldn't even cover the interest on the debt, he added. On top of that, it would provide Havana with additional credit at a time when Cuba's economy is imperiled, he said. Said Kavulich: "This is just a horrible mess of a piece of legislation."

USA Today Arlington, Virginia 2 June 2017

Want to visit Cuba? Trump may make it harder

By Alan Gomez

President Donald Trump is looking to reverse Obama's Cuba policies



President Donald Trump is looking to reverse former President Obama's controversial Cuba policy.



(Photo: Ramon Espinosa, AP)

President Trump likely will fulfill a campaign promise this month by curbing some of the ties with Cuba that former president Barack Obama adopted when he made his historic overture to the communist island.

Trump threatened during campaign stops in the Cuban-American enclave of Miami to cut ties with Cuba. After winning the election, he tweeted that he might "terminate" Obama's renewal of diplomatic relations with Cuba, which ended more than 50 years of estrangement that began during the Cold War.

Cuban experts say Trump has backed off that stance, noting he has been preoccupied with other issues, plus a broad collection of American businesses have benefited from the opening.

"All the initial signs were that he was going to reverse everything," said Frank Mora, a former Defense Department official under Obama and now director of the Kimberly Green Latin American and Caribbean

Center at Florida International University in Miami. "But (Trump) doesn't really care about Cuba. There's going to be much more symbolism in the kinds of changes they will announce than anything substantive." A report released Thursday by Engage Cuba, a Washington-based group, estimated that American companies would lose \$6.6 billion and more than 12,000 U.S. jobs over Trump's first term if he reversed course.

Opponents of Obama's policy say it has done nothing to change Cuba's communist system and repression. The Havana-based Cuban Commission for Human Rights and National Reconciliation said the government has detained more than 400 political prisoners each month this year, a drop from 2016 but a constant reminder of Cubans' limited rights.

Trump is expected to announce the changes some time in June, possibly during a visit to Miami. Here are some key aspects of Obama's opening with Cuba that could be at risk:

EMBASSIES

Even hard-line opponents of renewed ties don't expect Trump to shut down diplomatic relations and close the recently reopened embassies in Washington and Havana.

The opening has allowed greater dialogue between the two governments, which have held dozens of high-level meetings that led to limited postal service, more intelligence sharing and government cooperation on drug interdiction, emergency response and environmental challenges.

Frank Calzon, executive director of the Center for a Free Cuba and one of the loudest critics of Obama's opening, acknowledged he doesn't want to see the embassies shuttered again. "You can never go back," he said.



Carnival's Fathom cruise line ship Adonia arrives in Havana from Miami on May 2, 2016. (Photo: Ramon Espinosa, AP)

FLIGHTS AND CRUISES

One of the most tangible changes under Obama was re-establishing direct commercial flights between the Cold War foes. Now, Americans traveling to Cuba under one of 12 categories approved by the U.S. government can hop online and book a flight.

The demand has not been as high as expected, prompting several airlines to scale back their flights and three — Spirit Airlines, Frontier and Silver Airways — to cancel all their Cuba flights. Pedro Freyre, an attorney with the Akerman law firm who brokered multiple deals between U.S. companies and Cuba, said Trump is unlikely to further punish U.S.-based airlines by canceling their limited runs.

"The invisible hand of the market is already working its magic," Freyre said.

Cruise operators continue pushing ahead. Norwegian Cruise Line, Carnival Corp. and Royal Caribbean Cruises have announced more than 200 sailings to the island in the next three years, according to the New York-based U.S.-Cuba Trade and Economic Council. Few expect those to be limited, since passengers mostly spend their nights on the American cruise ships and aren't handing money to Cuban-owned hotels.

HOTELS

One likely area for change is the ability of U.S.-owned companies to manage hotel properties in Cuba.

Starwood Hotels & Resorts signed a deal with the Cuban government to operate — but not own — three landmark hotels in Havana. That arrangement angered Sen. Marco Rubio, R-Fla., Rep. Mario Diaz-Balart,

R-Fla., and other Cuban-Americans because the deal made Starwood partners with the Cuban military, the largest hotel operator on the island.

"If the Americans want to deal with hotels in Cuba, the administration ought to find a way in which those hotels function as foreign hotels, as they do in other countries," Calzon said. "The idea is not to finance the Cuban military."

Airbnb could survive. The San Francisco-based company was one of the first to take advantage of the diplomatic opening with Cuba and now helps more than 8,000 Cubans rent their homes to tourists. Those visits mostly benefit Cuban homeowners, meaning Trump could allow that relationship to continue.



A woman poses while smoking a cigar at the Habano Festival opening in Havana on Feb. 29, 2016.
(Photo: Ernesto Mastrascusa, European Pressphoto Agency)

CIGARS AND RUM

One of the most popular changes under Obama was the free flow of Cuba's legendary rum and cigars.

His administration allowed Americans to return from Cuba with up to \$100 worth of the items. That was later expanded so people traveling anywhere in the world can come back to the U.S. with as many bottles and boxes they wanted, as long as the items were for personal use.

Those changes are in jeopardy because the island's rum and cigar companies are state owned, meaning most profits go to the Cuban government. Even supporters of more trade and travel with Cuba believe allowing rum and cigars will be shut down.

"That one is likely to be reversed," Freyre said. "If I were to be in favor of any changes, which I'm not, I would be in favor of that one. It's just so frivolous."

VISAS

Because of the economic embargo the U.S. maintains on Cuba, tourism remains off limits. Securing a visa was one of the hardest aspects of traveling to Cuba before Obama renewed diplomatic ties, because Americans had to get approval through the U.S. Office of Foreign Assets Control, which was often handled by travel agencies. Travelers also had to show their visit complied with one of 12 allowable reasons, such as religious, educational or humanitarian trips.

The Obama administration made that process far simpler, allowing travelers to purchase their visas at airline counters and simply attest that they were going to Cuba for legal reasons. Calzon believes too many people take advantage of that process and visit Cuba simply as tourists.

Trump could make it more difficult to travel to Cuba, leading to fewer Americans willing to take the risk.



People line up in Havana at an office of a financial service and money transfer agent on Jan. 15, 2015. Cuban-Americans in the U.S. are allowed to send more money back to relatives in Cuba under changes made by former president Barack Obama. (Photo: Yamil Lage, AFP/Getty Images)

HELP TO CUBANS

Obama allowed Cuban-Americans to send unlimited amounts of money to relatives on the island. Trump could reimpose limits on those money transfers because the Cuban government takes a cut of each money transfer as a steady stream of income.

It's unclear whether Trump will limit those remittances, but Freyre said that decision should not be political, but a humanitarian one.

"Even staunch defenders of the embargo say, 'Don't mess with the families,'" Freyre said. "If you now come out and say you can no longer send money to your grandmother, that's just mean-spirited."

The Daily Mail

London, United Kingdom

2 June 2017

Close but no cigar! Congressman says a drastically different deal with Cuba is 'imminent' with re-normalization of relations set to be reversed

The re-normalization of relations between the U.S. and Cuba could be reversed

Changes could see the reinstatement of caps or import bans from the island

Americans may not continue enjoy increased access to Cuba, if the order passes

President Obama and Raul Castro overturned decades of diplomatic hostility

By Simon Holmes

The re-normalization of relations between the U.S. and Cuba, one of the signature accomplishments of Barack Obama, could be reversed by President Donald Trump in a matter of weeks.

Former President Obama and Cuban President Raul Castro overturned decades of diplomatic hostility, economic and business restrictions, and constraints on travel between the two countries that had its roots in the Cold War.

However multiple congressional and advocacy organization sources say the Trump administration is now looking to push an executive order that would change a number of regulations that could affect American citizens' increased access to the island.

Changes could see the reinstatement of caps or outright banning of imports from Cuba and reconfirming the licensing structure that would rescind the system that has allowed for easier travel to the country.

According to ABC, alterations could also involve 'redefining the what it means to be a part of the Cuban government or military which could affect business operations because most contracts are made with the government.'

If interpreted broadly, the proposal could shut down most travel to Cuba because the military controls the ports, airlines and a majority of hotels, said John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council.

Although Kavulich said that is 'unlikely to happen.'

Regulations for U.S. 'businesses interested in working in the Cuban market' could also be set up in the order.

Sources have learned some of the proposals could be pushed formally this month, with some of the related changes taking place immediately.

Republican Representative Mario Diaz-Balart said: 'I believe a drastically different deal with Cuba is imminent,' and that changes were not going to be in 'another six months' but sooner.

The plans could face a stumbling block in the form of the 54 Republican senators who support lifting the U.S. trade embargo entirely.

However, others such as Florida Senator Marco Rubio and Diaz-Balart, hardliners on Cuba, have met to discuss the deal and are heavily involved in pushing Trump to eliminate or weaken Obama's changes.

There may be push back from the U.S. Chamber of Commerce and states that export agricultural products to Cuba, as well as from U.S. intelligence agencies that have benefited from improved intelligence sharing.

President Obama became the first U.S. president to visit Cuba in 90 years when he went to the Caribbean island last year to meet with leader Raul Castro, the younger brother of Fidel.

The Democrat oversaw a significant thawing of relations between the two nations during his two terms in the White House.

In his last week in office he pushed back a policy, known as 'wet foot, dry foot,' which gave Cubans arriving illegally into the U.S. residency — as long as they reached land — unlike others arriving without visas, creating a viable escape path from the communist island.

Univision News

Miami, Florida

1 June 2017

White House has 'no target date' for new Cuba policy recommendations

U.S.-Cuba policy is under comprehensive inter-agency review, raising speculation that Trump might undo Obama's thaw in relations.

Por: David Adams



Donald Trump speaking to Cuban-American Bay of Pigs veterans in Miami on October 25, 2016 Jessica Weiss/Univision

A review of U.S. Cuba policy is nearing completion but the Trump administration has yet to receive any recommendations that might roll back President Barack Obama's historic two-and-a-half year-old effort to normalize relations with the communist-run island, the White House said on Thursday.

"There is no target date by which it will be finished and presented to the President for his review so it could be this month or thereafter," a White House spokesperson told Univision.

The White House said in February that Cuba policy was under comprehensive inter-agency review, raising speculation that a major overhaul could be in the works. Not surprisingly, Cuba has since taken a back seat to other bigger domestic issues such as healthcare, tax reform and 'Russia-gate.'

"The inter-agency review of Cuba policy is ongoing but heading toward completion," the White House spokesperson said. "At this time, the President has not seen any recommendations stemming from the inter-agency review process," the spokesperson added.

Despite the frequency of White House leaks, little has emerged to indicate which way the president is leaning.

During the election campaign Trump vowed to undo Obama's policy of engagement with Cuba that has seen a massive boom in tourism between the two former Cold War enemies, including a dramatic increase in airline flights as well as cruises.

Although he fared poorly in South Florida on election day, Trump won the support of older Cuban Americans, many of whom are now hoping to see Obama's policy thrown overboard.

Cuba thaw is popular

But public opinion appears to prefer the status quo. About three quarters of Americans support the recent thaw in U.S.-Cuba relations, according to a December poll by the Pew Research Center.

Last month a record number of 54 U.S. senators reintroduced legislation to repeal all restrictions on travel to Cuba, indicating that legislative support for U.S.-Cuba engagement is growing on Capitol Hill.

The Trump administration still faces pressure from Cuban-American lawmakers in South Florida, led by U.S. Senator Marco Rubio, to return to the hard line that existed before President Barack Obama took office. However, there may be less stomach in the administration for a more disruptive roll back of Obama's December 2014 initiative that led to the historic restoration of diplomatic relations with Cuba after a lapse of 54 years. Trump himself has sounded ambivalent about Cuba in the past, and his company has explored tourism ventures there in the past.

Part of the delay in announcing the new policy is that the Trump administration is still assembling its foreign policy team. The White House only last month appointed a new director for Western Hemisphere affairs at the National Security Council, the agency leading the policy review.

Among the options that may be under consideration are tightening restrictions on U.S. firms seeking to do business with Cuban state firms linked to the all-powerful military and re-imposing stricter rules on Americans traveling there, experts say.

Cuban American hardliners in Miami would like to see specific restrictions on members of the Cuban government receiving any kind of economic benefit from U.S. business investments and loosening of financial controls.

Since Obama relaxed restrictions, U.S. companies have begun exploring business opportunities in Cuba, from hotels to telephone and internet ventures. But there has been little U.S. investment there so far, largely due to Cuba's own political system, which officially rejects capitalism.

"It would be horrible to reverse course."

Tone vs substance

If there is any change in policy it's most likely to be in tone than substance, some experts say. "That's their sweet spot," said Dan Restrepo, who held the NSC post during Obama's first term. "They can look like they are being tough without doing much," he added.

Perhaps the easiest gesture Trump could make would be to formally repeal Obama's "Cuba Normalization" Policy Directive, signed Oct 14, 2016, with a simple stroke of a pen.

"It has symbolic value but it's not legally binding. It's just a document that encapsulates policy. It has no direct affect on regulations," said Restrepo. "So they could abolish the policy without really doing anything to change it."

Trump could also intensify pressure on Cuba over its human rights record, the island's most vulnerable issue. Although the number of long term political prisoners in Cuba has fallen, "short-term arbitrary arrests of human rights defenders, independent journalists, and others have increased dramatically in recent years," according to Human Rights Watch.

Touching travel would be costly for U.S. business interests. Travel giants including Airbnb, Expedia and TripAdvisor now offer services in Cuba. Rolling back expanded travel could cost airlines and cruise lines \$3.5 billion and affect 10,154 jobs in those industries, according to a pro-engagement coalition of business groups, economists and leading Cuba experts who just released an economic impact analysis. Others say those numbers are wildly exaggerated.

Instead, Trump could merely toughen enforcement of existing travel restrictions to the island, which were so relaxed under Obama that it created a very loose category of licenses based on a virtual honor system.

Returning U.S. visitors could well find themselves getting a grilling from customs inspectors, said John Kavulich, a long time Cuba watcher with the U.S.-Cuba Trade and Economic Council. "They may be asked for their journal and itinerary to see if it meets the travel license," he said. "They will say they are just making sure everyone is following the rules, because Obama didn't," he added.

That could also include tougher travel for so-called "people-to-people" exchanges, by requiring it to be licensed for organized group packages only, eliminating the easiest form of casual tourism by individuals, couples or informal groups of friends.

Other symbolic gestures might involve re-imposing a ban on the import of Cuban rum and cigars for personal consumption by tourists. The ban had existed because those industries were confiscated from their private owners by the Cuban government.

The policy change "could just turn out to be a big show on Air Force One landing in Miami. A big picture speech, calling the Cuban government a dictatorship, and a bunch of losers," said Kavulich. "Until it comes out of his mouth, with this president you just don't know," he added.

Tampa Bay Times

St. Petersburg, Florida

2 June 2017

Tampa observers say Trump would face hurdles rolling back Obama's outreach to Cuba

Paul Guzzo, Times Staff Writer



CHARLIE KAIJO | Times Southwest Airlines announced the start of daily commercial flights from Tampa to Havana on Oct. 13. It is unclear if President Trump will continue such economic engagement with Cuba.

President Donald Trump is expected to announce his administration's Cuba policy soon, maybe next week in Miami, raising questions about whether he'll make good on his campaign contention that the United States got a bad deal when it moved to normalize relations with the island nation after more than five decades.

At issue is what Trump might cut among the ties that have formed in the 30 months since normalization first was announced by former President Barack Obama.

The Tampa area, which seized quickly upon the new relations, has much at stake in any changes — chiefly in the areas of travel, research and the arts.

Paving the way for the new engagement were moves by Obama to drop Cuba from the U.S. list of terrorist nations, to restore formal diplomatic relations, and to ease but not eliminate restrictions on travel and trade. What Trump fails to understand, in the view of many advocates of normalization, is that the deal wasn't a bad one.

"It is nothing more than propaganda to suggest President Trump could have gotten a better deal from the Cubans than President Obama did," said Albert Fox, founder the Tampa-based Alliance for Responsible Cuba Policy Foundation.

"Taking Cuba off the list of terrorist countries is not a concession, for instance," Fox said. "They didn't belong there. Allowing Americans to travel to whatever country they want is not a concession."

But others, centered in Miami, object to engagement while the communist Fidel Castro regime remains in power. They point to a crackdown against opposition leaders that has continued there even after Obama's initiative. "We finally need to see something in return for what our government has given," said Rafael Pizano, a spokesman for the hard-line Tampa group Casa de Cuba. "We want to see the freedom to assemble and to share dissenting opinions. Perhaps this president will put his foot down."

Speculation about Trump's intentions has come in fits and starts since February as word spread that an announcement was imminent, said John Kavulich, president of U.S.-Cuba Trade and Economic Council.

Meanwhile, Kavulich said, U.S. investment and engagement in Cuba has continued, making a retreat from Obama's initiatives more difficult.

From the Tampa area, that includes a partnership on Caribbean coral reef research between the Florida Aquarium and the National Aquarium in Havana; a bilateral oil spill cleanup agreement that protects Florida's shores; cultural exchanges with the island that involve interests from both Tampa and St. Petersburg; research in Cuba being conducted by local universities; cruises from Port Tampa Bay to Havana; and daily commercial flights to Cuba from Tampa International Airport.

Some news organizations have reported that Trump is considering tightening restrictions on Americans traveling to Cuba and forbidding any business deals with state-run enterprises. But the *New York Times* reported that a split has emerged among the president's advisers, some of them say the new relations with Cuba mark an improvement over the Cold War dynamic of the past.

One example: The new approach has led to cooperation in intelligence sharing, drug interdiction and a host of other national priorities.

Ralph Fernandez, an advocate of the U.S. embargo against Cuba, said even he hopes at least one of Obama's changes remain in place: the end of the wet-foot, dry-foot policy that granted legal residency to any Cuban who made it to U.S. soil. "Putting the lid on the exit makes Cuba like any other nation that has to free itself," Fernandez said. "If they can't leave, they will fight."

U.S. Rep. Kathy Castor, a Tampa Democrat, suggests Trump take his cue from her constituents. "Follow the example of the people of Tampa," Castor said, "who have expanded engagement to benefit the American people, the Cuban people and small businesses on both sides of the Florida Straits."

An example would be passenger cruises. One of the two cruises that includes Havana on its trips from Tampa has already decided it will return next season.

Said Fox with the Cuba alliance: "I find it inconceivable Trump will negate the financial investment of the last three years ... by turning the clock back."

Trump's Cuba policy likely to be 'drastically different,' lawmaker says

Alexandra Glorioso,



(Photo: Harry E. Walker/Naples Daily News)

NAPLES, Fla. — President Trump's Cuba policy, largely influenced by two Florida lawmakers, is expected to target travel to the Communist country and U.S. business ventures there.

Republicans U.S. Rep. Mario Diaz-Balart and Sen. Marco Rubio have been discussing changes in Cuba policy with the administration. Both are considered top congressional advisers on the subject and both criticized former president Barack Obama's attempts to improve relations with Cuba as weak.

Diaz-Balart, generally considered more hardline in his approach to Cuba, has called for blocking U.S. business dealings with companies financially supported by that country's military or intelligence agencies. Diaz-Balart unsuccessfully offered the proposal in 2016 budget language.

If interpreted broadly, his proposal could shut down practically all travel to Cuba because the military controls the ports and airlines and a majority of hotels, said John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council. "That's unlikely to happen," said Kavulich.

Instead, any policy affecting U.S. business dealings in Cuba is expected to be more narrowly drawn, he said. Trump's changes likely won't go as far as some Cuban-Americans in Florida would like. "While I don't expect them to agree with everything I want, I'm grateful that they listen," said Diaz-Balart. "I believe a drastically different deal with Cuba is imminent."



Marco Rubio (Photo: AP)

Rubio's positions are considered more moderate, Kavulich said, and in line with the broader interests of the U.S. business community that has expressed concerns about some proposals. Those include increasing U.S. travel enforcement to Cuba, reversing the ability to travel alone to the country and discouraging U.S. businesses from ventures with Cuban companies tied to the military.

Changes in U.S. Cuba travel policy would likely decrease the number of Americans traveling to the country and hurt local businesses.

Lee McCarthy, owner of MAD Travel in Naples, said his travel agency arranges trips to the island through licensed companies and serves U.S. clients who enjoy traveling alone to Cuba. "Several years ago you had to go with a tour and a group and that would be a turn-off to a lot of people," McCarthy said.

Marcus Daniel, a Trump supporter, owns a cigar shop and retail company in Naples. He has been traveling to Cuba for the past 10 years researching the product and market with the hopes that he could eventually use Cuban tobacco for his cigars and sell them there.



President Donald Trump is looking to reverse former President Obama's controversial Cuba policy.

Daniel said any move by Trump that makes it more difficult to do business with Cuba would be a step backward. "It's a little frustrating," Daniel said. "It feels like the current policy is a step in the right direction. To go back to what we know doesn't work, doesn't make a lot of sense to me, unless he's got a secret we don't know about that will magically work."

Trump's Cuba policy, initially expected to be announced in May, could be announced in the coming weeks. "It isn't going to be another six months," Diaz-Balart said.

The announcement would come eight months after candidate Trump promised Cuban-Americans during an enthusiastic Miami campaign speech that he would reverse Obama's policies on Cuba if the Castro government didn't increase political and religious freedoms.

The U.S. embargo with Cuba remains, enforced in part through the 1996 Helms-Burton Act, negotiated by Diaz-Balart's brother and former GOP Florida congressman, Lincoln Diaz-Balart.

Obama eased some of the travel restrictions under the embargo. He established 12 categories for travel that critics say have not been correctly enforced. In addition, he allowed for travelers to go to the island alone, as opposed to in groups.

"I am confident the president will keep his commitment on Cuba policy by making changes that are targeted and strategic and which advance the Cuban people's aspirations for economic and political liberty," Rubio said in an emailed statement.

The Daily Caller first wrote about proposals Trump is considering regarding Cuba.

Bloomberg BNA Washington, DC 31 May 2017

Tax Ag Exports to Cuba to Help Cover Losses in Revolution: Draft Bill

From International Trade Daily

International Trade Daily™ provides rapid, reliable notification of the most significant developments affecting U.S. trade and international business policy, as well as the policies of major U.S....

By Casey Wooten

A draft bill from Rep. Rick Crawford (R-Ark.) would lift financing restrictions on agriculture trade to Cuba while reimbursing some companies that lost assets after that country's revolution.

Crawford released a similar bill in the previous Congress, but the latest version would levy a 2 percent tax on agricultural commodity sales to Cuba. Those funds would reimburse about 6,000 U.S. companies and individuals whose property was confiscated by the Cuban government following the revolution.

The new draft bill would lift financing restrictions put in place by the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSREEA). That legislation allowed certain U.S. agricultural exports to Cuba,

but also required Cuban buyers to pay in advance and in cash, while also requiring third-party banks to process the transactions.

While the Obama administration began easing travel and trade restrictions to the former Cold War adversary, President Donald Trump hasn't taken the same tack. Trump has ordered a full review of U.S.-Cuba policy that is due in the coming weeks. Cuba is highly dependent on imports to feed its population, and U.S. agribusiness views the country as a lucrative export market for farm products, especially rice and poultry.

Compromise

The 2 percent provision is a compromise between Crawford and members of the Florida congressional delegation, James Arnold, communications director for Crawford, said in an email.

Some in the Florida delegation, such as Rep. Mario Diaz-Balart (R), have called for any Cuban trade bill to prohibit proceeds from going to organizations tied to the Cuban military or Castro regime.

"Our compromise proposal meets Rep. Diaz-Balart's test and also takes an unprecedented step of helping compensate the aggrieved citizens of South Florida whose property was stolen from them," Arnold said.

Representatives for Diaz-Balart didn't return requests for comment on the new 2 percent provision.

Reaction

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, told Bloomberg BNA the 2 percent provision was "foolish" and unfairly put the burden of reimbursing those who lost property in the revolution on U.S. farmers. Kavulich said that, based on the \$232 million in TSREEA-related exports to Cuba in 2016, it would take several hundred years to pay back the \$8 billion lost by U.S. companies and individuals.

Kavulich also said he didn't see food companies being on board with the 2 percent tax.

"If this is a trial balloon they're using the same mixture that went into the Hindenburg," Kavulich said.

Agriculture Secretary Sonny Perdue has told lawmakers he supports lifting the financing restrictions, but hasn't weighed in on the 2 percent provision in Crawford's bill.

A spokesman for the U.S. Poultry & Egg Association said the group didn't comment on legislative issues. USA Rice didn't return a request for comment.

Past Efforts

Crawford has been working on legislation to lift the financing restrictions for years.

In 2015, the House Agriculture Committee held a hearing on his Cuba Agricultural Exports Act, but the legislation didn't advance. In July 2016, Crawford withdrew an amendment from an appropriations bill that would lift the restrictions. In exchange, he got a promise from House leadership and the Florida delegation that similar legislation would get floor time in the full House.

The Hagstrom Report

Washington, DC

1 June 2017

Reports: Trump to reverse Cuba policies; Crawford makes proposal

President Donald Trump will roll back President Barack Obama's policies liberalizing the U.S. relationship with Cuba, The Daily Caller reported this week, as Rep. Rick Crawford, R-Ark. promoted a proposal to impose a 2 percent tax on U.S agricultural exports to Cuba to be used to pay off companies with claims against Cuba for expropriation of their assets.

The Daily Caller, a conservative publication, said the pull-back is due to behind-the-scenes efforts of Sens. Marco Rubio, R-Fla., and Bob Menendez, D-N.J., and Rep. Mario Diaz-Balart, R-Fla., but it did not provide details of what pulling back on the Obama policies might entail.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said he also believes Trump intends to announce a roll back, but noted that the announcement has been rumored before and that whatever changes the administration makes could be changed at the last minute by the president.

Kavulich said he does not believe there would be any changes that would directly affect agricultural sales because the rules for those transactions come under the the Trade Sanctions Reform and Export Enhancement Act of 2000.

Kavulich said he believes there have been discussions of reversing the Obama rule that individuals can travel to Cuba for educational and humanitarian reasons rather than going in groups. If that happens, Kavulich said, it would have more of a negative effect on the airlines that have service to Cuba than on the cruise ships that specialize in group travel.

Kavulich said Rubio's "visceral" reaction is to encourage Trump to make a "muscular" pullback from the Obama policies, but that his presidential ambitions mean that Rubio has to be cautious in what he proposes because too much of a pullback would not be popular among Republican voters.

Kavulich is vigorously opposing Crawford's proposal to require by statute a two percent transaction fee for agricultural commodity and food product exports from the United States to Cuba in exchange for statutorily authorizing private-sector payment terms for those exports. The money would be used to compensate those who have certified claims of properties confiscated by the Cuban government.

Kavulich said Crawford's proposal is "not a solution to a problem — it is an affront to the 5,913 companies and individuals who have waited nearing 57 years for an equitable resolution to the expropriation of assets."

Kavulich said that forcing U.S. agricultural exporters to pay a fee that would be used to compensate other companies amounts to "stealing" and that it would mean Cuba does not have to pay the compensation.

In a lengthy statement (see link) Kavulich said "Rep. Crawford is not solving a problem; he is making the existing problem worse and creating additional problems. He may believe that his efforts of bipartisan engagement are creating a space for bipartisan dialogue with a goal of closure. He is not. He is solidifying delay and distraction. Rice from Arkansas will not be flooding the Republic of Cuba marketplace because of his efforts."

Politico reported that the only U.S. farm groups expressing interest in the proposal are the USA Rice Federation and the U.S. Rice Producers Association.

Crawford has said he hopes that the proposal will convince Cuban-American House members not to oppose selling agricultural products to Cuba on credit but Politico reported that Cuban-American House members have not signed on to Crawford's proposal.

Politico
Arlington, Virginia
31 May 2017

Silence on Cuba export bill is telling

By CATHERINE BOUDREAU

With help from Jenny Hopkinson, Marianne LeVine, Brent Griffiths, Esther Whieldon and Helena Bottemiller Evich

SILENCE ON CUBA EXPORT BILL IS TELLING: Florida GOP Reps. Mario Diaz-Balart, Carlos Curbelo and Ileana Ros-Lehtinen have said next to nothing about a new version of a bill that would lift restrictions on financing for U.S. agricultural exports to Cuba, despite the fact it includes new provisions designed to allay their concerns about a potential thawing of relations between the two countries. Rep. Rick Crawford (R-Ark.) announced the new proposal over the weekend and said it was the product of 10 months of negotiations with the Cuban-American lawmakers. But a spokeswoman for Diaz-Balart told MA “there is no deal” on his end, and didn’t respond to an inquiry for further information about Diaz-Balart’s stance. A spokeswoman for Ros-Lehtinen declined to comment on the measure and said the lawmaker is traveling in Jordan and Israel as part of a congressional delegation. Curbelo did not return a request for comment.

Crawford’s spokesman said the proposal is still a working text and that an agreement has not been reached on a final version of the bill, which would allow U.S. farm goods to be paid for on credit instead of cash up front (the only way sales are allowed now). It would also impose a 2-percent transaction fee on all agricultural sales to Cuba. Sellers would pay the fee, and the revenue would be directed to the thousands of U.S. companies and citizens that have certified claims of property confiscated by the Cuban government — worth \$8 billion total. The claims date back decades, to when the Castro regime nationalized utilities and industries.

‘Cuba pays nothing’: John Kavulich, president of the U.S.-Cuba Trade and Economic Council, told MA that he hopes Crawford’s proposal “self-destructs.” U.S. entities that had nothing to do with the expropriation of property and businesses should not be making payments to compensate for the Cuban government’s actions, he said. “Cuba pays nothing, and it’s a transfer of money within the U.S. That’s just unacceptable,” he said. Instead, the U.S. and Cuban governments should craft a bilateral deal to resolve the issue, he argued. Kavulich also said he doesn’t think the U.S. agriculture industry will be on board because exporters would likely have to absorb the 2-percent transaction fee, which would mean they make less money in an already low-margin business. “Why would they want something that would make them less competitive?” he said. Kavulich takes aim at Crawford’s proposal here.

Rice thinks it’s nice: The USA Rice Federation and U.S. Rice Producers Association back the new proposal, in part because they believe the market access would be worth it, and more organizations may reveal their support after a conference call today, Crawford’s office said Tuesday night. MA reached out to a host of other ag groups for perspective, but the outcome was the same: silence.

Sun-Sentinel Fort Lauderdale, Florida 30 May 2017

Trump could decide soon on Cuba policy

By Anthony Man

President Donald Trump’s review of former President Barack Obama’s overhaul of U.S.-Cuba relations may be nearing a conclusion — one that’s unlikely to give either side in the polarizing issue exactly what it wants.

Trump condemned Obama’s rapprochement with Cuba, calling it a “one-sided deal for Cuba and with Cuba, benefits only the Castro regime” at a Miami campaign rally last year. And in February, White House Press

Secretary Sean Spicer said the Trump administration was “in the midst of a full review of all U.S. policies toward Cuba.”

On Tuesday, John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, said in a telephone interview that one element of a tightening could be on travel to Cuba said. Even after Obama’s liberalization, travel to the country is supposed to involve educational or people-to-people exchanges, something that’s largely been winked at.

The Trump administration could tighten enforcement, by doing things like making people show proof of their activities or scrutinizing legally allowed goods — such as rum or cigars — back to the U.S.



Another element, he said, could restrict U.S. companies from business activities in Cuba with entities that are controlled by that country’s military.

In December 2014, Obama ended more than 50 years of U.S. attempts to isolate Cuba, ushering in sweeping changes that connected Floridians to the island through increased travel, business and communication links. Trump vowed to reverse Obama’s policies on Cuba unless the country made concessions on religious and political freedoms and releases political prisoners. “You’ll be very happy,” Trump said in September. “I have so many friends from Cuba. Incredible people.”

In January of this year, just days before leaving office, Obama reversed a 1995 policy that granted special status to Cubans and helped change the political, economic and cultural landscape of South Florida. Under the old “wet foot, dry foot” policy, Cubans who made it to U.S. soil, were granted permanent residency after a year and a day.

The issue is more important in Florida than anywhere else, owing to the state’s proximity to the nation, the large number of Cuban exiles and their descendants living in South Florida, the prospects of economic benefits from trade with the island, and the importance of Cuban-American voters in Florida. Four of the seven Cuban-American members of the U.S. Senate and U.S.

On May 1, U.S. Sen. Marco Rubio, R-Fla., said on Twitter that Trump “pledged changes to #Cuba policy. Remain confident he will keep that promise.”

Kavulich, whose nonpartisan organization has been used as a resource on Cuba policy by every presidential administration for the past 25 years, said Tuesday a policy change is likely soon. “What I do not know is the day, the time or the place,” he said.

The Trump administration’s changes are unlikely to give opponents of the current U.S. relationship with Cuba everything they want and unlikely to give proponents of knocking down all barriers what they want.

“It’s going to have some of what the seven [Cuban-American] members of the U.S. Congress want. It’s going to have some of what the seven members of the U.S. Congress don’t want. And it’s going to have what some of the seven members of the U.S. Congress are going to be able to tolerate,” Kavulich said. “It will also have what U.S. companies will be able to digest. What is uncertain is the amount of antacid that’s going to be required.”

The competing interests make the issue politically tricky for Trump: Cuban-American Republicans from Florida have repeatedly denounced the Obama administration’s liberalization of trade and travel policies concerning the island, the restoration of diplomatic relations, and the end of the wet foot, dry foot policy that allowed Cubans fleeing the country special immigration status not available to refugees from other countries.

Among the most prominent Cuban-American Republicans are Rubio, who lost a highly charged bid for the Republican presidential nomination to Trump and is pivotal figure in the Senate Intelligence Committee's investigation into whether the Trump campaign colluded with Russian meddling in the U.S. election.

Another prominent opponent of the Obama-era policies is U.S. Rep. Mario Diaz-Balart, a Miami-Dade County Republican, who has shown loyalty to Republican and Trump policies, including voting to repeal the Affordable Care Act, known as Obamacare.

"I'm 1,000 percent sure the president is going to deliver on his commitment," Diaz-Balart said in an interview published last week in the National Journal. "I have no doubt that you're going to see in short order a different policy."

Diaz-Balart's communications director declined Tuesday to elaborate on what might be coming or when. "At this time, our office does not have any information to share," she said via email. Rubio's office did not respond to a request for comment.

Political leaders from other parts of the country and business leaders from Florida and elsewhere like the liberalization.

They see advantages for both countries stemming from increased travel between the U.S. and Cuba and from greater trade between the two nations. And Trump ran as someone whose central priority would be to create jobs.

Last week, U.S. Sen. Jeff Flake, R-Ariz., introduced legislation that would eliminate restrictions on travel to Cuba by American citizens and legal residents. Flake's measure has 54 co-sponsors — more than half the U.S. Senate — including U.S. Sen. Bill Nelson, D-Fla. Another measure introduced last week by Democratic and Republican senators would eliminate remaining legal barriers to Americans doing business in Cuba.

The Trump administration wants to be seen as having a muscular foreign policy, Kavulich said, and making better deals than the Obama administration. That doesn't mean a complete end to U.S.-Cuba economic relationships.

Kavulich said the time it's taken for the Trump administration to finish developing its policy has served to advance economic and travel ties between the two nations. U.S. companies continue to make deals and solidify their relationships.

"In South Florida, the efforts have been led by the cruise lines and led by the airlines. And the strategy has been announce and implement because the more that is in place, the less likely a successful effort to disrupt it."

WPLG Local 10 **Pembroke Park, Florida** **30 May 2017**

Trump's 'better deal' with Cuba may be coming within a month Trump promised changes to Obama policy

By **Glenner Milberg** – Reporter
2:23 minute interview



PEMBROKE PARK, Fla. - President Donald Trump's campaign promise to get a "better deal" in the U.S.-Cuba relationship is said to be coming within a month.

Despite promises made on during his campaign, new intelligence suggests Trump will not undo two years worth of openings and engagements, which were started

"What they want to be seen as doing is being muscular, being flexible," said John Kavulich, president of the New York-based US-Cuba Trade & Economic Council via Skype.

Kavulich said Trump's policy on Cuba will likely include a crackdown on unsanctioned travel to Cuba by tourists hoping to skirt the people-to-people mandate and 12 sanctioned categories of travelers under the Obama plan.

Those mandates allows U.S. businesses to directly engage with Cuban entrepreneurs and place a ban on U.S. companies engaging with Cuban-military controlled companies, though in Cuba, that comprises almost all sectors.

Kavulich acknowledged Trump will look for concessions from President Raul Castro's government, which, so far, has not been a mandate of the Obama plan.

He also doubts the president will close or scale back embassy operations.

"Since Jan. 20, there has been no directive from President Trump to the State Department to back away from any direct engagement," he said.

The three Cuban-American lawmakers advising President Trump on Cuba, Florida Senator Marco Rubio, Florida Congressman Mario Diaz-Balart and New Jersey senator Bob Menendez, had no information on a pending policy announcement.

FarmJournal Broadcast

Mexico, Missouri

30 May 2017

Trump May Tighten Cuba Trade and What it Means



By **Ashley Davenport**
Farm Journal Broadcast
Multimedia Editor

During his time in office, former President Barack Obama worked to re-establish diplomatic relations with Cuba. Now, President Trump wants to roll back some of the changes Obama made in the Oval Office.

According to John Kavulich, president of the U.S.-Cuba Trade and Economic Council, Cuba policy is mostly driven by members of the House of Representatives and the U.S. Senate by those of Cuban descent. Three members of both the House and Senate are members of Cuban descent that are pushing for change. Their "leader" is former presidential candidate Sen. Marco Rubio (R-Fla.).

Kavulich believes this will be a partial reversal, mostly focused on trade and commerce, and he believes travel won't be impacted.

He says this could have been prevented during the Obama administration in 2015-2016 to help U.S. companies solidify a presence in Cuba that would have made it more difficult for President Trump to take any action.

“Cuba needs to do more to help itself so we can do more to help it,” said Kavulich.

Hear why he says Rep. Rick Crawford (R-Ark.) thinks he’s helping the U.S.-Cuba business relations but he’s actually hurting efforts on AgriTalk above.

<iframe src="https://omny.fm/shows/agritalk/trump-may-tighten-cuba-trade/embed?style=artwork" width="100%" height="180px" frameborder="0"></iframe>

Politico
Arlington, Virginia
30 May 2017

Cuba crackdown coming?

By Marc Caputo and the staff of POLITICO Florida

Good Tuesday morning, Florida Playbookers.

CUBA LIBRE? — “EXCLUSIVE: Trump Set To Roll Back Obama’s Cuba Policies,” by the Daily Caller’s Alex Pfeiffer: “Two [anti-embargo] sources told TheDC that the development is due to the behind-the-scenes efforts of Republican Florida Sen. Marco Rubio, Democratic New Jersey Sen. Bob Menendez and Republican Florida Rep. Mario Diaz-Balart … The anti-embargo group told TheDC that Trump will announce these changes in a June speech in Miami. The White House also refused to confirm or deny this.

“[John Kavulich of the nonpartisan U.S. – Cuba Trade and Economic Council] said that the administration will enact ‘increased enforcement relating to travel,’ and ‘a focus upon discouraging transactions with entities controlled by the Revolutionary Armed Forces (FAR) of the Republic of Cuba.’” Read more

CUBA LIBRE, COCKTAIL PARTY EDITION — Asked about the report, one D.C. insider with close ties to the Cuban exile community said this via text: “Lol. Probably some D.C. idiot who overheard something at a cocktail party.”

CUBA SHIFTS — On at least three occasions, now-President Donald Trump wanted to make a deal in Cuba as a private businessman. As a potential candidate in the 2000 cycle, he talked tough on Castro. Then heading into the 2016 election year, he said President Obama’s deal with Castro was “fine.” Then he morphed into a hardliner toward the end of the general election and pledged to undo Obama’s deal. What happens next? Who knows. Remember when Trump said Obama’s accord with Iran was the “worst deal ever?” He then let it stand. For now.

The Hill
Washington, DC
31 May 2017

Trump Weighs shift on Cuba



President Trump is weighing whether to take a harder line with Cuba, potentially risking the thaw in relations started by the last administration.

But it's unclear just how far Trump is willing to go in reversing former President Barack Obama's historic opening with the island nation — an effort that has been widely popular with the U.S. business community and a growing number of GOP lawmakers.

The White House is vigorously debating how to approach its policy with Cuba. Trump is facing pressure from Cuba hard-liners in Congress to scale back Obama's policies, but there are divisions in the administration about what to do, according to two sources familiar with the matter.

The Trump administration said it is near completing a review of Cuba policy and that an announcement will likely be made in the "coming weeks," but emphasized that a decision has not yet been finalized.

"As the President has said, the current Cuba policy is a bad deal. It does not do enough to support human rights in Cuba," a spokesperson for the White House said in a statement.

"We are in the final stages of our Cuba policy review. However, a final decision on a path forward has not yet been made. We anticipate an announcement in the coming weeks, but do not have a date for any specific announcements."

Since Obama opened diplomatic and commercial ties with Cuba in 2014, the U.S. has carried out a string of regulatory changes aimed at bringing the two countries closer together.

Embassies in Havana and Washington reopened, and the U.S. removed Cuba from a list of state sponsors of terror while resuming commercial air service with the island for the first time in more than 50 years.

U.S. tourism to the island is still banned, and the trade embargo has not been lifted, but the U.S. has also removed or lessened most licensing requirements for permitted travel to Cuba, authorized U.S. individuals and businesses to have bank accounts on the island and allowed Cuban textiles, coffee and pharmaceuticals to be imported to the U.S.

But Trump has threatened to reverse Obama's opening with Cuba if the communist government doesn't adopt changes.

A source in touch with the administration on the issue described an internal struggle in the Trump administration between "policy and politics" when it comes to Cuba normalization.

During an interagency deputies meeting involving all the relevant departments, some agency officials expressed support for keeping the current policies intact, according to two sources familiar with the matter. Another source said Trump's economic team is likely aware of the potential growth and business opportunities associated with Cuba and pointed out that some Trump officials have close ties to major U.S. business CEOs. The president's national security advisers, meanwhile, may be warning Trump about the danger of driving Cuba back into the arms of Russia.

But there are other competing voices in the administration that want to take a harder line with Cuba. Mauricio Claver-Carone, the executive director of Cuba Democracy Advocates and an outspoken Cuban government critic, advised the Trump administration when he was on the transition team.

Adding another wrinkle to Trump's Cuba decision is an apparent behind-the-scenes effort from members of Congress to pressure the White House into rolling back Obama's Cuba policies in exchange for their support in other areas.

Rep. Mario Diaz-Balart (R-Fla.) and Sen. Marco Rubio (R-Fla.) — two lawmakers staunchly opposed to normalizing Cuba relations — have sought assurances from the administration on Cuba, according to two sources familiar with the matter.

Diaz-Balart's office said he never received any written promises from Trump on Cuba but added that the lawmaker has raised the issue directly with the White House.

"It is my duty to advocate for the issues that are important to my constituents, and I will not apologize for using every available avenue to effectively resolve them," Diaz-Balart said in a statement. "I am grateful that, unlike the previous administration, senior members of the current administration are responsive and willing to work with Members of Congress."

"I will never waste an opportunity to fight for the interests of our community and our country," he added. Diaz-Balart was on the fence about supporting the House's healthcare legislation but ultimately voted for it last month after an intense lobbying effort from the White House.

One change that Trump seems likely to make is restricting the financial transactions that benefit Cuban military entities, according to two sources and the nonpartisan U.S.-Cuba Trade and Economic Council.

Rubio has been vocal on that issue in particular, having introduced legislation in the past that would prohibit U.S. financial transactions with Cuban military and security services.

An opponent of the Cuban trade embargo says Trump might reverse Obama's policy that made it easier to travel to Cuba for 12 permitted reasons under a general license.

The new policy could also include tougher language on human rights and stepped up enforcement to ensure U.S. visitors to Cuba are traveling there legally, according to the U.S.-Cuba Trade and Economic Council. But while questions remain about Trump's Cuba policy, lawmakers in favor of engaging with the island are already going on offense.

Sens. Jeff Flake (R-Ariz.) and Patrick Leahy (D-Vt.) reintroduced a bill last week that would allow Americans to travel to Cuba for tourism purposes. The legislation has a total of 55 co-sponsors, including 10 Republicans. When the bill was introduced in the last session of Congress, it had eight original co-sponsors.

James Williams, president of Engage Cuba, hopes the swell of support ramps up pressure on the administration to reconsider cutting commercial and diplomatic ties to the island nation.

"This could not be sending a stronger signal that a bipartisan majority in the U.S. Senate not only doesn't want Trump to roll back [Obama's Cuba policies], but to even go further and fully lift travel restrictions," Williams said in a telephone interview last week.

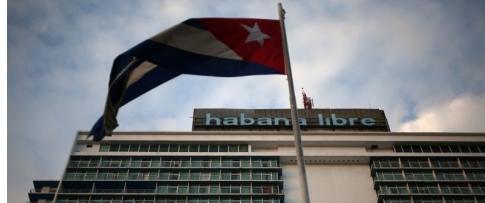
"As the Trump administration continues to think about what it's going to do, it would be pretty shocking they would thwart 55 bipartisan senators."

The Daily Caller

Washington, DC

29 May 2017

POLITICS



EXCLUSIVE: Trump Set To Roll Back Obama's Cuba Policies



ALEX PFEIFFER
Reporter

President Donald Trump is set to announce a rollback of former President Barack Obama's policies toward Cuba, The Daily Caller has learned.

Two sources told TheDC that the development is due to the behind-the-scenes efforts of Republican Florida Sen. Marco Rubio, Democratic New Jersey Sen. Bob Menendez and Republican Florida Rep. Mario Diaz-Balart.

This information coming from an anti-embargo group was confirmed Sunday by John Kavulich of the nonpartisan U.S. – Cuba Trade and Economic Council. "The Trump Administration has been 'ready' since February 2017 to announce changes, but issues unrelated to Cuba have intervened," Kavulich said.

Former President Obama worked to enact several changes to Cuban policy during his tenure in office. He ended the policy known as "wet foot, dry foot" that gave Cuban illegal immigrants a path to legal status, opened travel to the island nation, re-established diplomatic relations and loosened restrictions on doing business in the country.

These moves were applauded along bipartisan lines, but Cuban hardliners weren't pleased. Trump himself has been on both sides of the issue. He told TheDC in 2015 that the "concept of opening with Cuba is fine," but on the campaign trail he threatened to "terminate" deals that the Obama administration made with Cuba.

The campaign trail rhetoric carried over into the administration, as Trump said in a February press conference that he has "very similar views" on Cuba as Sen. Rubio. His administration launched a "full review" of Cuban policy, and White House press secretary Sean Spicer told TheDC Sunday that there "are no updates on this issue at this time."

Rubio and Rep. Diaz-Balart, however, have been publicly confident that Trump will bring back hardline policies against Cuba. The National Journal reported Wednesday that Diaz-Balart said he is "1,000 percent sure the president is going to deliver on his commitment."

"I have no doubt that you're going to see in short order a different policy," the Cuban-American legislator added. Rubio tweeted in March that he is "quite confident" Trump will "treat [Cuba] like a dictatorship."

The Florida senator also told El Nuevo Herald, "We've been walking through all these issues with the president and his team, figuring out the right steps to take and when."

Sen. Menendez has not spoken on the topic since Trump became president, and a spokeswoman told TheDC she is unaware of these concessions from the Trump administration.

Diaz-Balart's office did not respond to a media inquiry about behind-the-scenes work with the Trump administration, and a Rubio spokesman said he can't provide TheDC with "anything at this time."

The anti-embargo group told TheDC that Trump will announce these changes in a June speech in Miami. The White House also refused to confirm or deny this.

Kavulich said that the administration will enact "increased enforcement relating to travel," and "a focus upon discouraging transactions with entities controlled by the Revolutionary Armed Forces (FAR) of the Republic of Cuba."

Starwood Hotels & Resorts International currently has a hotel under management that is owned by a company controlled by the FAR, according to Kavulich.

The move to enact stricter policies toward Cuba will likely land the president criticism from several of his Republican colleagues. A bill introduced by Arizona Republican Sen. Jeff Flake Thursday to remove all travel restrictions with Cuba has nine Republican cosponsors.

“Recognizing the inherent right of Americans to travel to Cuba isn’t a concession to dictators, it is an expression of freedom,” Sen. Flake said in a statement. “It is Americans who are penalized by our travel ban, not the Cuban government.”

The Hill
Washington, DC
29 May 2017

Report: Trump to reverse Obama’s Cuba policy

BY NIV ELIS -



© Getty Images

President Donald Trump plans on reversing a set of policies softening relations with Cuba, according to a report from The Daily Caller.

The U.S.-Cuba Trade and Economic Council, a non-partisan group, said the Trump administration is preparing to announce the changes to Obama-era policies in a June speech in Miami, according to the Daily Caller.

The report cites two unnamed sources who said a bipartisan trio of senators -- Marco Rubio (R-Fla.), Bob Menendez (D-N.J.), and Mario Diaz-Balart (R-Fla.) -- pushed for the reversal.

Obama, who became the first U.S. president to visit Cuba in almost a century last year, put in motion a series of policies to thaw relations with the Communist island nation, which had been a strategic burden throughout the Cold War.

While Obama was able to soften regulation on some kinds of trade, business and travel, Congress has refused to lift the 57-year-old embargo.

The Trump administration had put the Cuba policy under review upon taking office.

The Daily Caller report surfaced days after Trump met with Pope Francis, who facilitated the deal between Obama and Cuban President Raul Castro.

Iowa Public Television
Johnston, Iowa
26 May 2017

A Taste of Cuba in the Cornhusker State

Finding a good trade deal may only require a look into the backyard - geographically speaking. Canada ranks number one, but smaller markets add to the bottom line as well. Cuba is such a place where those on both sides of the Florida Straits are eager to exchange goods.

One Cuban entrepreneur - who brought his love of food and country to the Midwest along a winding path - might benefit from opening the trade door.

Josh Buettner has the details in our Cover Story.

Roberto Meireles/Gusto Cuban Café – Omaha, Nebraska: “What we’re going to make is ropa vieja, ok? Ropa vieja is a Cuban tradition. We use garlic...”

Roberto Meireles shares the flavor of his homeland with America’s heartland. And the Cuban exile also serves up an intriguing tale about fleeing the island long before being drawn to the state of Nebraska.

Roberto Meireles/Gusto Cuban Café – Omaha, Nebraska: “I was 14-years old and I left in 1966. The whole plane was full of kids, basically the same age, because between 15 and 28 you were supposed to be in the military. So you became like Castro’s kid at that time.”

Not long after the Cuban Revolution swept Fidel Castro into power, the U.S. government, private donors, and the Catholic Church liberated more than 14,000 unaccompanied youths – by plane – across the straits of Florida. The flights, known as Operation Pedro Pan, operated under the umbrella of the Cuban Children’s Program and became one of the Western Hemisphere’s largest ever child refugee migrations.

Miami was a primary destination, but when the Cuban Missile Crisis unfolded, air travel between both countries came to a grinding halt. Aspects of the program continued, though, by taking the scenic route. So Meireles and others flew to Spain, frightened, without their parents.

Roberto Meireles/Gusto Cuban Café – Omaha, Nebraska: “It was like a nightmare because you could not see them when you needed to see them.”

Meireles says church officials helped the displaced children cope. And after a few months, he was delivered to his uncle in Miami, where he eventually worked in the restaurant business while studying civil engineering. After building marinas and seawalls for over 25 years, he met a Midwestern couple on a sea cruise, and they became good friends.

Roberto Meireles/Gusto Cuban Café – Omaha, Nebraska: “They were always saying, why don’t you come to Omaha? Why don’t you come to Omaha? One day we came and I fell in love with this place here because I like the people. A little tax, but a good life. Extra tax?”

With a stockpile of family recipes, Meireles cracked Omaha’s vibrant restaurant scene by opening Gusto Cuban Café in the city’s Ralston suburb ten years ago. He met his wife Ana there, who moved into business alongside her husband. And while foods associated with her Mexican heritage are well known to American palates, the couple feels there is room for education about the variety Cuban dishes have to provide.

Ana Meireles/Gusto Cuban Café – Omaha, Nebraska: “Like for example, the Mexican food with the enchiladas and stuff, it’s the spices that the Cuban food is cooked in. It’s a lot of, lot of different spices but nothing is spicy hot.”

Roberto Meireles/Gusto Cuban Café – Omaha, Nebraska: “Cuban is more like Spanish food from Spain and it’s like flavor. It’s not about being hot or not too hot.”

The restauranteurs admit there are challenges to replicating authentic Cuban cuisine in Middle-America - saying many suppliers calling on Gusto Cuban Café simply do not have access to the products they require. And sometimes shipments that do come through the area may fail to meet their expectations.

Farm advocates claim an easing of economic restrictions under the Cuban embargo, first imposed by the Eisenhower Administration, would allow imports of high quality organic produce from the communist country.

After the fall of the Soviet Union, Cuba's main benefactor, financial isolation and a lack of inputs – like fertilizer - forced pioneering chemical-free efforts that made Cuba an organic farming model for the rest of the world.

And after President Obama's rapprochement with the former Cold War adversary, his USDA chief, Tom Vilsack, pointed out that comparative advantage when he escorted a Cuban agricultural delegation through neighboring Iowa last year.

Former USDA Secretary Tom Vilsack: "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. Trade must be a two-way street."

While Congressional efforts have paved the way for limited agricultural exports to Cuba since the late 1990's, denial of credit under the embargo - and requirements for up-front payments in Euros - eventually forced a modest surge to stall. But American farm groups and legislators continue to push for entry into a market of 11 million mouths just 90 miles off the coast of Florida.

And progress on that front has been made. The New York-based U.S. – Cuba Trade and Economic Council recently tallied over 170 tons of American rice cargo sent to Cuba at the end of 2016 – the first shipment since 2008. And earlier this year, the Pearl of the Antilles shipped its first legal export to the U.S. in over 50 years – clean burning artisanal charcoal made from the invasive marabu plant.

Scott Gilbert/CEO Gilbert LLC: "If you believe in free trade and, in fact, if you believe in economic progress, this is exactly what we should be doing."

President Trump has promised a break from Obama's Cuba policy – while current USDA chief Sonny Perdue is championing foreign trade amidst distressed farm income forecasts.

And importing U.S. commodities also could help buoy Cuba's nascent entrepreneurialism. Seven years ago the government loosened business restrictions and among other opportunities, private restaurants emerged called 'paladares'. Most are family owned and operated out of converted homes to serve growing legions of tourists and wealthier Cubans.

Roberto Meireles/Gusto Cuban Café – Omaha, Nebraska: "Every living soul in Cuba, they all cook. And that's what I try to do here...to bring back the old Cuba."

Roberto hopes to make a return trip to Cuba someday to give his wife a taste of the island's unique zest. And they will continue to share their love of cooking and hospitality with their Midwest community.
For Market to Market, I'm Josh Buettner.

Tampa Bay Times **St. Petersburg, Florida** **23 May 2017**

Ferries from Florida not a priority for Cuban government

Paul Guzzo
Times Staff Writer



Baja Ferries was among a handful of companies the U.S. government approved to service Cuba two years ago. But Cuba's ambassador to the United States recently said the wait may be long. Ferries are not a high priority for Cuba. This is an example of one of the overnight passenger ferries the Baja Ferries wanted to use to reach Cuba from Florida. Photo Credit: Baja Ferries USA LLC

Cruises and commercial flights now link Tampa and Havana, but before the U.S. government approved either for such journeys, ferries had the nod.

Yet, two years to the month after ferries were federally licensed to sail to the island nation, the maritime vessels have still not received porting rights from the Cuban government.

And that wait won't be ending soon.

Currently, ferries are not a priority, José Ramón Cabañas, Cuba's ambassador to the United States, told the Tampa Bay Times during his visit to St. Petersburg in early-May.

For now, he said, Cuba prefers to focus on expanding its cruise industry.

"I'm not saying we will not ever have ferries," Cabañas added. "We were saying two years ago we were not building hotels in Havana and now we are."

Port Tampa Bay and Port of St. Petersburg stated a year ago that ferry operators had reached out to them about offering a service to Havana - Cuba's most popular destination - though neither identified which ones.

Fort Lauderdale's Havana Ferry Partners has been vocal about a desire to sail to Havana out of Port Manatee.

A year ago, the ferry's CEO Jorge Fernandez said a launch date was imminent. He did not respond to a request for comment on the ambassador's recent statement.

While cruises out of Tampa are currently porting in Havana for a day before moving on to another country, ferry passengers could remain in Cuba for an extended time.

A ferry trip from Port Manatee to Havana would take around eight hours. St. Petersburg to Havana is 90 minutes longer and from Tampa it could take up to 11 hours.

Ferries provide cruise-like comfort for these long trips. But, unlike cruises, ferries can double as ships for bulk cargo, which would make it easier for a city like Tampa to trade with Cuba.

That latter benefit is one reason why Cuba has not approved porting rights for a ferry.

"A ferry is a different vessel than a cruise," the ambassador said. "Ferries bring cargo ... A cruise liner is an airplane at sea."

The Port of Mariel - Cuba's largest maritime cargo facility and located less than 50 miles from Havana - has no plans to welcome passenger service, he said.

And Port of Havana where cruise ships dock is not currently set up to handle bulk cargo.

Johannes Werner, editor of Cuba Standard, an online publication based out of Sarasota that follows Cuban business, said there is an old unused container terminal in Havana that could be used for ferries.

He also said that U.S. ferry operators have expressed a willingness to bring the needed infrastructure to that port, such as cargo containers and bridges to connect the vessel to the dock.

President Donald Trump has threatened to roll back former President Barrack Obama's policies "normalizing" the relationship with Cuba.

Due to dual cargo and passenger service that ferries offer, Cuba is losing out on an opportunity to make its bond with the United States harder to reverse, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

"The more activity allowed in Cuba that originates from the United States," he said, "the more commercial, economic and political support the Cuban government receives from these constituencies."

El Nuevo Herald

Miami, Florida

13 May 2017



El buque "Adonia", de la compañía Fathom, filial de la empresa Carnival, arriba el lunes 02 de mayo de 2016, a La Habana (Cuba), abriendo la primera línea de viajes de cruceros entre Estados Unidos y Cuba en más de medio siglo. EFE/STRINGER

Cruceros a Cuba dejarán más de 420 millones a EE.UU en tres años

EFE- MIAMI

Los itinerarios a Cuba de las tres grandes compañías de cruceros del país representarán más de 420 millones de dólares en ingresos entre 2017 y 2019, según una proyección del Consejo Comercial y Económico EE.UU.-Cuba divulgada este viernes.

Los 211 viajes de Norwegian, Carnival y Royal Caribbean que incluyen Cuba además significarán para la isla ganancias por 50 millones de dólares en gastos de turistas en excursiones, restaurantes y habanos, entre otros, de acuerdo con el análisis.

De igual forma, el Gobierno Cuba recibirá otros 13 millones de dólares en tasas portuarias, que son de unos 79.000 dólares para los buques más grandes (de 684 a 2.052 pasajeros), detalló John Kavulich, presidente del Consejo.

Estas cifras de las tres grandes empresas, todas con sede en Miami (Florida), no incluyen nuevos itinerarios a Cuba que ya están previstos, ni los viajes de compañías de cruceros más pequeñas.

Según Kavulich, si cada embarcación navega a su capacidad, más de 357.000 pasajeros visitarán Cuba entre 2017 y 2019 dejando ingresos superiores a los 422 millones de dólares para EE.UU.

En 2016, cuando se restablecieron estos viajes de EE.UU. a Cuba, las ganancias de estas tres compañías sumaron en total 28.800 millones de dólares por concepto de sus viajes en 144 embarcaciones a sus distintos destinos.

En mayo de ese año partió el primer crucero a Cuba en más de 50 años, el Adonia, de la empresa Carnival, como parte del deshielo entre ambos países emprendido en los dos últimos años del mandato del presidente Barack Obama (2009-2017).

De igual forma, el 31 de agosto del año pasado, partió el primer vuelo comercial de EE.UU. a Cuba desde 1961 como parte del restablecimiento diplomático entre ambas naciones, ocurrido en 2015.

Según las proyecciones del Consejo Comercial y Económico EE.UU.-Cuba, los vuelos previstos entre 2017 y 2019 que parten de Florida representarán ganancias para las aerolíneas estadounidenses por 110 millones de dólares, y para hoteles y restaurantes del sur de Florida por 45 millones de dólares.

Sin embargo, pese a la apertura emprendida por Obama, aún persiste el embargo económico estadounidense a Cuba, que solo puede levantarla el Congreso estadounidense, y todavía es difusa la nueva política hacia Cuba del presidente Donald Trump.

The New York Times

New York, New York

9 May 2017

Cuba's New Luxury Hotels Look to Lure Waves of U.S. Tourists Square Feet

By AILI McCONNON



A boutique shop facing local housing in Havana. A number of old buildings in the city are being transformed into luxury hotels by foreign developers. CreditLisette Poole for The New York Times

HAVANA — In Havana's Parque Central, shady stone benches and graceful palm trees beckon to mojito-sipping tourists and locals gathering to shoot the breeze.

The gathering spot, in the center of town, is surrounded by horse-drawn carriages and long lines of colorful finned-and-chromed 1950s cars. But more utilitarian vehicles have recently begun circling the square: construction equipment transforming old buildings into luxury hotels.

As Cuba's relationship with the United States grows warmer, real estate redevelopment is heating up, too. "So many old buildings sat vacant for years with signs saying they were soon to be converted into hotels," said Belmont Freeman, a Cuban-American architect based in New York. "Now I actually see cranes on construction sites. Cuban bureaucracy is easing up, and foreign hotel developers are finally finding ways to move these projects forward."

President Raúl Castro's loosening restrictions on private enterprise, improving relations with the United States and financial necessity — Cuba's gross domestic product shrank in 2016, for the first time in over 20 years, according to official figures — have fueled rapid change in many areas.

And several obstacles lie between the pent-up demand and a successful liftoff of Cuba's luxury hotels. Utilities are not always reliable, poverty is widespread and visible, and even getting ingredients for restaurant-quality meals can be dicey.

But with Cuba suddenly an option for Americans exploring a culture kept off-limits for decades, the hospitality industry in particular has been supercharged. Over four million tourists visited in 2016, up 13 percent from the previous year, according to the Cuban Ministry of Tourism. Among those visitors were over 614,000 Americans, up 34 percent from the year before.



The Gran Hotel Manzana Kempinski La Habana, left, near old Havana housing. Much of the city has been overtaken by poverty since the Cuban Revolution in the 1950s, creating an uncomfortable juxtaposition between struggling locals and wealthy visitors. CreditLisette Poole for The New York TimesPhoto



Ángel Luis Matos Rodríguez, 52, has lived in the same run-down building for 35 years. It faces the newly renovated Manzana.CreditLisette Poole for The New York Times

The area around Parque Central has a front-row seat for the struggle, and the potential payoff.

Leading the wave of new luxury hotels is the 246-room Gran Hotel Manzana Kempinski La Habana, which stands in a restored European-style shopping arcade that stretches for a block. On the other side of Parque Central is the Hotel Inglaterra, which opened in 1875 and had Winston Churchill as one of its guests. Within shouting distance are several other luxury hotels managed by the French group Accor and Iberostar of Spain.

Although the Cuban government owns all hotels in the country, heavy hitters in the luxury hotel world will help manage many of them. The Manzana, which is scheduled to open in early June, is financed by the Cuban state company Almest Investments and co-managed by the Swiss luxury hotelier Kempinski and the Gaviota Group of Cuba. The Inglaterra will be managed by Marriott International and is set to open in December 2019.

Because United States regulations on visiting Cuba have not been completely relaxed, the full deluge of American visitors has not yet arrived. Instead of declaring themselves tourists, they must come under the auspices of one of 12 categories like “educational activities,” which include interactions with Cuban people. Former President Barack Obama’s visit to Cuba in 2016 paved the way for many of the changes in travel and hospitality. Priceline Group, an American company, received authorization afterward to allow travelers to book rooms directly through its Booking.com website, and Starwood Hotels and Resorts became the first American hotel company to enter Cuba in nearly 60 years. Starwood received permission to operate three hotels, including the Inglaterra.



Alessandro Benedetti, a director of Kempinski’s sales and marketing department, inside the Manzana’s Constante Bar, named after the bartender who invented the Hemingway Daiquiri. CreditLisette Poole for The New York Times

Starwood’s first hotel in Cuba, a state hotel rebranded as Four Points by Sheraton Havana, opened in June 2016 in the Miramar district of Havana, popular with diplomats and business travelers, about eight miles southwest of the Old Town. Last year, Starwood was acquired by Marriott International, which will now manage the former Starwood hotels. Marriott had also been authorized to manage properties in Cuba. But lengthy delays have tripped up many of the projects. Navigating shortages — Cuba imports 70 to 80 percent of its food, according to the World Food Program — frequent electricity and internet outages, and a decrepit water and sewage system are just some of the headaches for hotels trying to maintain standards. And the area near Parque Central and much of Havana has been overtaken by poverty since the Cuban

Revolution in the 1950s, creating an uncomfortable juxtaposition between struggling locals and wealthy visitors.

“People are watching the Manzana closely,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. “There is a tremendous amount of pressure to maintain the Kempinski experience, and that will be difficult in Cuba.”

Like many buildings in Havana, the Gran Hotel Manzana — originally the Manzana de Gómez — has a storied past. Built between 1890 and 1918, the shopping arcade housed high-end clothing boutiques, two theaters, restaurants, a skating rink and a shooting range. After the revolution, some stores remained on the first floor, while the other floors were taken over by the government for offices and schools. But in recent years, the building — like many others in Cuba — fell into disrepair.

In 2012, the French construction company Bouygues Bâtiment International started renovations, and in 2014 Kempinski joined the project. Now the hotel has 18-foot ceilings, French windows and abundant Art Deco-style mirrors. The design plays up Havana’s history with elements like the turquoise-and-gold Constante Bar, named after the bartender who came up with the Hemingway Daiquiri.



Inside the Manzana, where rooms range from \$370 to \$660 per night. Credit Lisette Poole for The New York Times Photo



The Manzana’s rooftop terrace and swimming pool looks out at the Capitolio, a national government building Credit Lisette Poole for The New York Times

From the Constante’s windows, guests can see El Floridita, one of Hemingway’s local watering holes (and where the drink was created). Rooms range in size from 430 to 1,615 square feet and will cost from \$370 to \$660 per night, according to Alessandro Benedetti, a director of Kempinski’s sales and marketing department.

Five stories tall, the Manzana also has a rooftop terrace and swimming pool that offers views of the Great Theater of Havana Alicia Alonso, the National Museum’s Palace of Fine Arts and the Capitolio, a national government building that resembles the Capitol in Washington, though its architect is said to have modeled it on the Panthéon in Paris.

The top floor also has a fitness area and spa that cover over 10,000 square feet. From the windows in the massage room, drying clothes can also be seen hanging from the broken windows of crumbling buildings nearby. This region of the city has been nicknamed “las sábanas blancas,” or “the white sheets,” for the laundry frequently seen fluttering in the breeze.

Indeed, the building boom is also bringing into sharper relief the disparity between visitors and the average Cuban. Many Cubans work for the state and earn the equivalent of \$25 to \$30 a month. The ceiling on state employees’ salaries has been a challenge when hiring hospitality staff for these new luxury hotels in Havana.

While it remains to be seen how tightly it will control private enterprise, the Cuban government is betting that tourism will help solve its economic woes. In 2016, the government declared a goal of 10 million visitors by 2030.



A view of Havana from the roof of the Manzana. The Cuban government is looking to tourism to ease its economic woes. Credit: Lisette Poole for The New York Times

The government is looking for new growth as the Cuban economy shrank 0.9 percent in 2016, hurt by the oil crisis in Venezuela, a key trading partner.

The challenge will be avoiding the “Cancún-ification” of Cuba, said the architect and urban planner Miguel Coyula, referring to the resort area in Mexico that is a particularly popular destination for students on spring break.

“With its culture, history and architecture, Cuba has more than just beach and sun,” Mr. Coyula said. “Havana’s infrastructure is under great pressure already. Millions of tourists looking for rumba and mojitos aren’t going to help that.”

Capital Press Denver, Colorado 1 May 2017

Trade with Cuba remains a priority for potato, wheat officials
A team from Potatoes USA recently returned from an “informational exchange mission” in Cuba.

John O’Connell
Capital Press



Courtesy of Potatoes USA. A team from Potatoes USA tours a potato field in Cuba. Cuba plans to evaluate seed from the U.S. in trials this fall, though market restrictions still make trade difficult.

DENVER — Though efforts to normalize trade relations with Cuba have been in limbo under President Donald Trump, some potato and wheat industry leaders have continued making inroads in the market.

A team of 16 board members, seed potato growers and agronomists, representing Potatoes USA, recently returned from a five-day “informational exchange mission” to Cuba. Kansas Wheat officials say they’ve also been active in laying the groundwork for future trade opportunities with Cuba.

The U.S. has had an embargo against Cuba for decades. Exceptions under a 2000 law allow for exporting U.S. food products and commodities into Cuba — which have totaled more than \$5.3 billion since Dec. 2001, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc.

Under President Barack Obama, the U.S. entered discussions with Cuba aimed at addressing trade barriers. Kavulich explained the U.S. requires Cuban buyers to pay cash rather than extending them credit, prohibits Cuban businesses from having bank accounts in the U.S. and places restrictions on the use of the U.S. dollar in transactions with Cuba.

Questions still linger about more than \$1.8 billion still owed to U.S. businesses who had assets taken after the Cuban Revolution. Food product and agricultural commodities exported to Cuba are processed through the Bureau of Industry and Security, under the U.S. Department of Commerce.

Kavulich said another trade obstacle is that “Cuba is consistently late in paying those who they owe money to.”

Kavulich said Obama left office before the major questions were resolved. Trump has voiced concerns about Obama’s Cuban policy, sending a Twitter message in late November 2016: “If Cuba is unwilling to make a better deal for the Cuban people, the Cuban-American people and the U.S. as a whole, I will terminate the deal.”

Laura Johnson, marketing bureau chief with the Idaho State Department of Agriculture, said ISDA has added Cuba to the list of potential destinations when it seeks industry input on state-sponsored trade missions, though the industry chose Taiwan and Vietnam for the next mission, scheduled for November.

Daniel Heady, director of governmental affairs with Kansas Wheat, believes Trump will keep an open mind toward “finding the best deal possible” with Cuba, which could represent a 50-million-bushel wheat market. Kansas Wheat officials gave a Cuban team a tour of their state’s wheat production last October and made their own trip to Cuba a month later.

“At this point, I think we’re probably in a holding pattern,” Heady said. “That doesn’t mean doing outreach and still doing trade missions and talking with people is a waste of time.”

Kansas Wheat supports a bill by Sen. Jerry Moran, R-Kan., to normalize trade with Cuba, and also participates in coalitions advocating for the cause — Engage Cuba and Agriculture Coalition for Cuba.

The Potatoes USA team visited Cuba on March 27-31, meeting with the nation’s Ministry of Foreign Commercial Affairs, Ministry of Agriculture and potato growers in the countryside. According to a press release, the Cuban government hopes to revive its domestic potato industry, which has declined significantly during the past two decades, and will need to import high-quality seed. Potatoes are one of eight foods controlled by the Cuban government for distribution and price.

The Cuban government hopes to conduct trials beginning this fall to assess how U.S. seed varieties perform in their tropical climate, according to the press release.

“Based on successes in the Dominican Republic and Central America, Potatoes USA and the U.S. seed potato growers are confident U.S. suppliers can provide potato seed to help improve yields in Cuba,” Potatoes USA Chief Marketing Officer John Toaspern said in the press release.

TravelPulse Westhampton, New Jersey 24 April 2017

Does JetBlue Know Something About Cuba That We Don’t?

Airlines & Airports
Rich Thomaselli



PHOTO: JetBlue wants to increase service to Cuba. (photo via Flickr/Tomas Del Coro)

Barely a month after JetBlue and American Airlines scaled back on the number of seats and flights to Cuba, while Frontier, Spirit and Silver completely cut service to the island nation—all reactions to a gross overestimation of demand for travel—the New York-based airline now wants to increase service to Havana. JetBlue has formally applied to the U.S. Department of Transportation for seven of the 21 slots to Cuba that will become available when Frontier, Spirit and Silver abandon service later this spring

"In light of Spirit and Frontier terminating service to Havana, Cuba, on May 31, 2017, and June 4, 2017, respectively, JetBlue hereby applies for seven weekly frequencies in order to provide additional non-stop service between Fort Lauderdale, Florida and Havana, Cuba, and to inaugurate the first ever non-stop service between Boston, Massachusetts and Havana, Cuba," the airline said in its application to the DOT. "JetBlue proposes to begin the additional services on November 1, 2017, in order to capitalize on the success of JetBlue's initial entry into Cuba, which has provided customers in both countries with access to JetBlue's low airfares and award-winning service."

JetBlue currently provides daily non-stop service from New York to Havana, as well as from Orlando to Havana, and 13 times weekly service from Fort Lauderdale to Havana. The Long Island-based carrier has requested six weekly frequencies in order to increase its service levels on that route, as well as beginning the first-ever non-stop service between Boston and Havana with weekly Saturday service. Still, it's a curious move given the current climate for demand to the island.

Which begs the question, "Do they know something about what the Trump Administration is planning with respect to how its forthcoming policy review may be implemented?" Those are the words of John Kavulich, President of the U.S.-Cuba Trade and Economic Council, Inc.

Kavulich obviously has a vested interest in how the trend will swing when it comes to Cuban travel, and he noted that the three largest United States cruise lines have substantially increased the number of itineraries that include island stops for 2017 and 2018—at capacity transporting more than 185,000 passengers on more than 100 sailings. The cruise lines did not require additional authorizations to do so. So, what's next for JetBlue?

"Insightful will be the public comments, including from its competitors, Members of the United States Congress, and Governors relating to the filing by JetBlue Airways," Kavulich said via email. "And how the DOT responds."

Thomson Reuters
London, United Kingdom
19 April 2017

Trump and Cuba should start dialogue: Mississippi governor says

By Sarah Marsh | HAVANA

The Trump administration and the Cuban government need to start a dialogue, the Republican governor of Mississippi said on Wednesday during a trip to the Communist-led island to scout trade opportunities for his state.

"That's the first step: trying to get that dialogue going in a very positive manner," Phil Bryant said in an interview, adding that he had found his trip "encouraging."

Cuba watchers are looking closely for signs of how President Donald Trump will deal with the country, given he threatened during his campaign to roll back the fragile detente between the Untied States and Cuba, former Cold War foes.

The White House is undertaking a "full review" of America's foreign policy toward Cuba, press secretary Sean Spicer said in February.

The governor, who had just met with Cuba's trade minister, said it was key "not let too much of the political conditions in the United States become overwhelming."

"Sometimes people have a narrative of Mississippi as if it's 1960s, and it's not, and it's not the 1960s in Cuba," he said, citing changes like growth of private businesses.

Former U.S. President Barack Obama and Cuban President Raul Castro stunned the world in December 2014 when they announced the United States and Cuba would restore diplomatic ties after more than half a century of hostility.

Even with a U.S. embargo preventing most trade with Cuba, Mississippi already exports authorized products to the island such as frozen poultry and healthcare products, according to the U.S.-Cuba Trade and Economic Council.

There was room to increase that trade and as establish exchanges in healthcare and research, including perhaps bringing Cuban doctors to the Mississippi Delta, said Bryant.

Miami Herald

Miami, Florida

5 April 2017

Marco Rubio: 'Trump will treat Cuba like the dictatorship it is'



Republican Sen. Marco Rubio speaks with then- presidential candidate Donald Trump during a debate break at Fox Business Network in January 2016. Rainier Ehrhardt AP

By Nora Gámez Torres

Two months after the Trump administration announced a total review of U.S. policy toward Cuba, several controversial proposals are being circulated at the White House with no clear front-runner on the issue.

But Sen. Marco Rubio says he has spoken with Trump three times about Cuba.

"We've been walking through all these issues with the president and his team, figuring out the right steps to take and when," Rubio told el Nuevo Herald.

"I am confident that President Trump will treat Cuba like the dictatorship it is and that our policy going forward will reflect the fact that it is not in the national interest of the United States for us to be doing business with the Cuban military," he added.

The Miami Republican of Cuban descent declined to say whether the president had made any commitments to him on Cuba policies. But a Rubio spokesman told el Nuevo Herald that the senator and his staff "have been working behind the scenes" on Cuba policy.

The Cuban government has taken notice of Rubio's rising voice in U.S. policy toward Latin America, and the state-run *Granma* newspaper recently criticized his efforts to have the Organization of American States condemn Venezuela's human rights record.

But the *Granma* article carefully avoided insulting Trump. And the Raúl Castro government, in a rare show of restraint, has said little about the Trump administration as it waits for the ongoing review of overall U.S. policies toward the island.

Sen. Marco Rubio (R- Fla) was one of the most outspoken Republicans against the nomination of Rex Tillerson for Secretary of State. But on Jan 23, Sen. Rubio announced he had decided to vote yes in the Senate Armed Forces Committee hearing to officially nominate Tillerson before the entire Senate.

Spokespersons for the White House and the State Department have said that the National Security Council (NSC) has the lead in the multi-agency review. Several knowledgeable sources have said that Jill St. John, a low-level NSC staffer, is coordinating the work. The White House did not immediately reply to el Nuevo Herald questions about St. John.

The review requires an initial examination of current policy and regulations. But whoever is gathering that information “has no directions on what to do about that,” said one source who favors improved relations with Havana.

Several key jobs in the State Department and other agencies also remain unfilled by officials “who usually would be the ones you could approach to talk about Cuba,” said one pro-embargo source frustrated by the so-called “vacuum.”

But “treating Cuba as a dictatorship” does not necessarily entail reversing all of President Barack Obama's measure to improve bilateral relations. Rubio said he favored tougher policies toward Cuba, a strategy favored by some dissidents on the island. But he did not reply directly to a question on whether he favors a total rollback of the new regulations, as proposed in a memorandum making the rounds on Capitol Hill and the White House that is believed to have been crafted by staff members for Florida Republican Rep. Mario Diaz-Balart.

The memo proposes imposing new sanctions within 90 days unless Cuba meets a string of requirements contained in the Helms-Burton law and takes action toward the return of U.S. fugitives and compensation for confiscated U.S. properties.

Several proposals circulating

However, the memo is just one of many proposing different policies, according to several sources.

A White House official said in a statement of the Diaz-Balart memo: “This appears to be an unofficial DRAFT memo which is not consistent with current formatting and may be a Transition document.

“Some of the language is consistent with what the President said during the campaign, which is guiding the review of U.S. policy toward Cuba,” the official said. “The review is not complete and therefore there is no further comment at this time.”

Trump promised during the presidential campaign to “reverse” all the pro-engagement measures approved by Obama unless the Cuban government bows to his demands. These days, the phrase making the rounds within political circles in Washington and Miami is “treat Cuba like a dictatorship.”

“Cuba must be treated for what it is and not, as the Obama administration did, what it wished Cuba were. Cuba remains a Communist, totalitarian police state that allies itself with American adversaries and enemies, including state sponsors of terror and terrorist organizations,” said attorney Jason Poblete of the Washington-based PobleteTamargo LLP. His wife Yleem Poblete was appointed to the Trump transition team.

Other proposals floating around Washington would reverse only parts of the Obama changes, because doing more would disrupt the market and risk lawsuits from U.S. companies that have already signed deals with Cuba. The recommendations in the presumed Diaz-Balart memo would cost U.S. tourism and service companies about \$2 billion during the remaining years of the Trump administration, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Turning back the clock even further, to the tight restrictions on travel and remittances imposed by former President George W. Bush — a possibility that had frightened many people — seems even less likely now. Several sources who requested anonymity in order to speak frankly on the issue said that among the proposals submitted to the Trump administration is one that would eliminate the self-guided trips to Cuba under the so-called “people to people” travel category, described as “tourism on steroids” or a thinly-veiled way to sidestep the U.S. ban on Cuba tourism.

Another would impose targeted sanctions on Cuban military or Interior Ministry officials. And a third would deny further licenses to U.S. companies that do business with enterprises run by the Cuban military, which controls at least an estimated 60 percent of the island's economy.

“They are 100 percent looking into this,” said one source close to the business sector with ties to Cuba. One pro-engagement source said that the proposal to deny licenses — perhaps the most detrimental for Cuba — would be difficult to implement.

“How's OFAC going to determine which companies are connected to the Cuban military?,” said the source. He also cautioned that such harsh measures could strengthen the most conservative sectors within Cuba, at a time when the Venezuelan crisis is growing worse and Castro's deadline for retiring from power in 2018 is approaching.

Rubio's statements, nevertheless, hint that Trump policies may target the Cuban military. House Speaker Paul Ryan last year also proposed banning U.S. companies from doing business with Cuba military enterprises.

Lobbyists scrambling

At the same time, groups that support improving relations with Cuba have not stopped their lobbying efforts, and continue “strategizing about how to influence the Trump administration, although the window of opportunity is closing,” said Ted Piccone, a senior fellow at Brookings Institution who specializes in U.S.-Cuba relations.

Piccone said that maintaining the current policy toward Cuba would be in the best interest of the United States, not just because of the economic benefits but also because of national security concerns. He said Trump administration officials such as Jason Greenblatt at the NSC, Treasury Secretary Steven Mnuchin and Homeland Security Secretary John Kelly are “open to this argument.”

U.S. companies doing business with Cuba also have been sending messages to the Trump administration in support of a pro-business agenda.

“With the new administration’s desire to grow our economy, we are hopeful that both governments will continue the momentum to work to open the door for commerce to flourish between our two countries,” said Vanessa Picariello, Norwegian Cruise senior director of public relations.

“Business and civic leaders from the American Farm Bureau, the U.S. Chamber of Commerce and Republican members of Congress also have been encouraging President Trump to shake up our failed embargo policy with Cuba,” said James Williams, director of Engage Cuba, a coalition of businesses and organizations lobbying to eliminate economic sanctions to Cuba. “President Trump can create billions of dollars in trade and tens of thousands of American jobs by expanding trade with Cuba.”

Letters in support of the current pro-engagement policy have been sent to the Trump administration by the U.S. Chamber of Commerce, Catholic Church leaders, the American Farm Bureau, Cuban-American organizations like the Cuba Study Group and members of Congress like Minnesota Republican Rep. Tom Emmer, who has submitted a bill to lift the U.S. trade embargo on Cuba.

Piccone said that on balance the pro-engagement camp feels “positive, although realistic that certain promises were made to senators like Rubio.

“It is up for grabs, what is happening at the end.”

El Nuevo Herald

Miami, Florida

5 April 2017

Marco Rubio: ‘Trump va a tratar a Cuba como la dictadura que es’



El senador Marco Rubio habla con el entonces candidato presidencial Donald Trump durante un receso del debate presidencial en Fox Business Network, en enero del 2016. Rainier Ehrhardt AP

Nora Gámez Torres

A dos meses de anunciar formalmente una revisión completa de la política hacia Cuba, los actores políticos y económicos interesados en el tema siguen cortejando frenéticamente al gobierno. Pero en este momento no hay una persona cercana al presidente Donald Trump que controle el guión sobre Cuba.

Quien sí ha hablado tres veces sobre Cuba con el presidente es el senador Marco Rubio.

“Hemos estado revisando todas estas cuestiones con el presidente y su equipo, tratando de discernir los pasos adecuados a dar y cuándo”, dijo Rubio a el Nuevo Herald. “Estoy seguro de que el presidente Trump va a tratar a Cuba como la dictadura que es y que nuestra política a futuro reflejará el hecho de que no es interés nacional de Estados Unidos hacer negocios con los militares cubanos”.

Rubio dijo a Oscar Haza, periodista de la televisión local de Miami, que había hablado personalmente con Trump en tres ocasiones sobre Cuba. Un portavoz del senador dijo a el Nuevo Herald que Rubio y su equipo “han estado trabajando tras bambalinas sobre la política hacia Cuba. Si han dicho más cosas en público sobre Venezuela últimamente, es simplemente por toda la actividad relacionada con la OEA”.

No obstante, Rubio no dijo si había recibido o no garantías del gobierno de Trump sobre la política hacia Cuba.

Los cubanos no han dejado de notar el reciente protagonismo del senador cubanoamericano en la política exterior sobre las Américas, y lo fustigaron en el diario oficial Granma por su actuación en el tema venezolano, aunque cuidadosamente han dejado fuera a Trump de los insultos. El gobierno de Raúl Castro, en un ejercicio inusual de contención, no ha realizado ningún gesto dramático, mientras espera por la revisión de la política hacia Cuba, que no ha concluido, según ha dicho la Casa Blanca.

Según voceras de la Casa Blanca y el Departamento de Estado, el Consejo de Seguridad Nacional (NSC) está al frente de la revisión, que abarca a varias entidades federales. Pero según varias fuentes, es Jill St. John, una funcionaria de bajo nivel del NSC, quien coordina el ejercicio. La Casa Blanca no contestó inmediatamente a correos del Nuevo Herald sobre St. John.

Antonio G. Rodiles y su pareja, la activista Ailer González –miembros del Foro por los Derechos y las Libertades– llamaron a la nueva administración a “recontextualizar” las relaciones con la isla y “reconocer que están tratando con una dictadura”, durante una reunión con la junta editorial de El Nuevo Herald la semana pasada.

En un primer nivel, la revisión implica conocer lo que hizo el gobierno anterior y las normas en vigor. Pero quienes están recopilando esta información “no tienen instrucciones sobre qué hacer con eso”, dijo una fuente que favorece el acercamiento a Cuba. Y faltan nombramientos de funcionarios en puestos claves —en el Departamento de Estado y otros— que deben dar el visto bueno a la revisión y las propuestas de

política, “que serían las personas con las que se podría tratar el tema de Cuba”, aseveró otra fuente del grupo partidario del embargo, frustrada por el “vacío” en el gobierno de Trump.

Pero tratar a Cuba como una dictadura —algo que han pedido también algunos disidentes cubanos— no requiere necesariamente una reversión total de lo que hizo el presidente Barack Obama. Aunque dijo que iba a haber cambios en la política hacia Cuba, Rubio no respondió directamente si estaba a favor o no de esta última postura, delineada más claramente en un memorando que fuentes del Congreso vinculan con la oficina del representante federal Mario Díaz-Balart — y que circuló en el Congreso y la Casa Blanca.

El documento pide eliminar todo lo que hizo el presidente Obama desde diciembre del 2014 e imponer sanciones si Cuba no cumple en 90 días una serie de requisitos establecidos en la Ley Helms-Burton, así como demostrar avances en las negociaciones con Estados Unidos en temas como la devolución de fugitivos y la compensación por bienes confiscados.

“A Estados Unidos le conviene que la sociedad cubana cambie de régimen. En ese sentido es correcta la posición de Díaz-Balart. La idea de que una isla empobrecida y diminuta no le puede hacer daño a la nación más poderosa de la tierra es falsa”, opinó el periodista y escritor Carlos Alberto Montaner. “Lo que une a los países del Socialismo del Siglo XXI, a los terroristas islámicos, a Irán y a Corea del Norte, todos tan diferentes, no es el amor al marxismo, que ya no existe, sino el antiamericanismo impulsado por Cuba. Por eso era absurdo renunciar a un cambio de régimen en Cuba, como hizo el presidente Obama”.

“El memo es la aplicación de la Ley Helms-Burton y eso es muy difícil de implementar”, acotó Montaner. Sin embargo, el memorando es sólo uno de muchos, insisten varias fuentes.

La Casa Blanca dijo que parecía un documento “de la Transición. Parte del lenguaje se apega a lo que dijo el presidente durante la campaña, que está guiando la revisión de la política de Estados Unidos hacia Cuba. La revisión no está completa y por lo tanto no hay más comentarios en este momento”, dijo una funcionaria. Durante la campaña, Trump prometió “echar atrás” todas las medidas tomadas por Obama si el gobierno cubano no accedía a demandas de Estados Unidos. Meses después, “tratar a Cuba como una dictadura” es la frase que está circulando más en los círculos políticos de Washington y Miami.

“Cuba debe ser tratada como lo que es y no por lo que se quisiera que sea, como hizo el gobierno de Obama. Cuba sigue siendo un estado policial totalitario comunista, que es aliado de adversarios y enemigos de Estados Unidos, incluidos estados patrocinadores del terrorismo y organizaciones terroristas”, afirmó el abogado Jason Poblete, de la firma Poblete Tamargo LLP, con sede en Washington. Su esposa, la abogada Yleem Poblete, fue nombrada asesora en la transición.

Otras posibles medidas que flotan en Washington no tienen por fin echar atrás todo lo realizado por Obama, lo que según expertos en este punto no es demasiado útil o realista sin desatar demandas de las compañías que ya han hecho negocios con Cuba o malogrado un potencial mercado.

Las recomendaciones en el memorando de la oficina de Díaz-Balart costarían unos \$2,000 millones a compañías estadounidenses en el sector de servicios y turismo en los próximos años, estimó John Kavulich, presidente del US-Cuba Trade and Economic Council.

Echar aún más atrás el reloj y regresar a la política del gobierno de George W. Bush, con severas restricciones a las remesas y los viajes, como se apresuraron a temer algunos, parece menos probable aún. Entre las propuestas presentadas al gobierno, según varias fuentes que pidieron no ser identificadas, está eliminar los viajes individuales a Cuba en la categoría de licencias “pueblo a pueblo”, una medida que algunos calificaron como “turismo en esteroides”; la imposición de sanciones específicas a funcionarios del temido Ministerio del Interior y otras fuerzas militares, y no otorgar más licencias a compañías que hagan negocios con compañías cubanas vinculadas con los militares, que son la mayoría.

“Ellos están estudiando esto con mucho cuidado”, dijo una fuente cercana a la comunidad empresarial vinculada con Cuba. Una fuente dentro del grupo partidario del acercamiento dijo que esta última medida —la más disruptiva de todas por el control de los militares sobre los principales renglones de la economía cubana— sería muy difícil de implementar.

“¿Cómo la OFAC va a determinar qué compañías están o no vinculadas con los militares cubanos?”

Por otra parte, agregó, medidas de este tipo podrían generar una respuesta de las facciones más conservadoras dentro de Cuba, justo cuando la crisis venezolana se agudiza y podría haber un cambio en la cúpula gobernante tras el anunciado retiro de Castro el próximo año.

Y sin embargo, las declaraciones de Rubio indican que la nueva política podría ir en esa dirección, lo que coincide con la postura del presidente de la Cámara de Representantes, Paul Ryan, quien en su plan de política exterior y seguridad nacional presentado el año pasado propuso prohibir las transacciones con entidades militares cubanas.

Al mismo tiempo, los grupos que apoyan el acercamiento a Cuba no se han quedado de brazos cruzados y siguen “analizando su estrategia sobre cómo influir sobre el gobierno de Trump, “pero la oportunidad se está acabando”, comentó Ted Piccone, investigador principal de Brookings Institution y analista de las relaciones entre los dos países.

Según Piccone, el mantenimiento de la actual política hacia Cuba responde al interés nacional de Estados Unidos, no sólo por el beneficio económico sino también por un tema de seguridad nacional, y funcionarios del gobierno como Jason Greenblatt (del NSC), el secretario del Tesoro, Steven Mnuchin, y el secretario de Seguridad Nacional, John Kelly, estarían “abiertos a este argumento”.

Compañías con intereses en Cuba también han estado activas tratando de enviar un mensaje al gobierno de Trump con una agenda proempresarial.

“Con el deseo del nuevo gobierno de impulsar nuestra economía, tenemos la esperanza de que ambos gobiernos seguirán el impulso para continuar trabajando y abrir la puerta para que florezca el comercio entre nuestros dos países”, dijo Vanessa Picariello, directora de relaciones públicas de Norwegian Cruises.

“Líderes cívicos del American Farm Bureau, la Cámara de Comercio de Estados Unidos y legisladores republicanos han alentado al presidente Trump a cambiar nuestra fallida política de embargo a Cuba. El presidente Trump puede crear miles millones de dólares en comercio y decenas de miles de empleos en Estados Unidos con la ampliación del comercio con Cuba”, recalcó James Williams, director de Engage Cuba, una activa coalición de empresas y organizaciones que cabildean para eliminar las restricciones económicas a Cuba.

Durante este tiempo, cartas a favor de la actual política de acercamiento a Cuba han sido enviadas a la administración por la Cámara de Comercio de Estados Unidos, líderes católicos, el American Farm Bureau, organizaciones cubanoamericanas como el Cuba Study Group y legisladores republicanos como Tom Emmer, quien presentó nuevamente una iniciativa (Ley de Comercio con Cuba) para eliminar el embargo. Piccone estima que el bando partidario del acercamiento “a fin de cuentas se siente positivo, aunque es realista de que se hicieron ciertas promesas a senadores como Rubio y Menéndez”.

“Lo que suceda al final, todavía está abierto a todas las partes en juego.”

**EFE
Madrid, Spain
5 April 2017**

Tras casi una década, Cuba compró un cargamento de arroz a EEUU



Entre los años 2002 y 2007, las ventas de arroz de EEUU a Cuba superaron los \$190 millones. STR AFP/Getty Images

Estados Unidos vendió un cargamento de arroz a Cuba que partió en febrero de este año desde el puerto de Galveston (Texas) y que tuvo un coste de \$252,000, algo que no sucedía desde 2007, según se informó este miércoles.

El cargamento contenía dos clases de arroz distribuidas a partes iguales de \$126,000 según datos del Departamento de Comercio estadounidense recogidos por el Consejo Económico y Comercial EEUU-Cuba, una organización con sede en Nueva York que cada mes analiza las exportaciones a la isla caribeña.

La fecha exacta del envío, el puerto de llegada, así como la cantidad de arroz que contenía el cargamento son datos que se conocerán en los próximos días cuando el puerto de Galveston haga públicos sus registros de febrero, informó el presidente de dicho consejo, John Kavulich.

Sin embargo, el precio de la tonelada de arroz en febrero -unos \$368, según el Banco Mundial- indica que el cargamento podía contener cerca de 685 toneladas de arroz.

Kavulich explicó que pese a la relevancia de este envío, que en lo que a negocios se refiere “es una gran noticia” para la industria arrocera estadounidense, que no lo hayan publicitado respondería a que podría “perjudicar” sus esfuerzos a nivel político para aumentar el flujo.

Entre 2002 y 2007 las ventas de arroz de EEUU a Cuba superaron los \$190 millones, siendo en 2004 la principal exportación a la isla con más de \$64 millones, de acuerdo con el Consejo Económico y Comercial EEUU-Cuba.

Sin embargo, en 2008 Cuba priorizó la compra de arroz de China y Vietnam, que ofrecen mejores condiciones y términos de pago.

El año pasado, el entonces gobernador de Misuri, Jay Nixon, donó a Cuba 20 toneladas de arroz de la empresa Martin Rice como “gesto de buena voluntad” en el marco del proceso de deshielo entre EEUU y la isla, promovido por el ex presidente Barack Obama y el gobernante cubano, Raúl Castro.

Pese a que Cuba ha aumentado en los últimos años su producción de arroz en 2016 todavía importó unas 300,000 toneladas de este cereal de las 700,000 que demanda su mercado interno, según datos de su Gobierno.

Miami Herald Miami, Florida 4 April 2017

Audiovisual production company receives OFAC license to operate in Cuba



In this Jan. 15, 2016 photo, “House of Lies” camera assistant Michael Endler prepares for a shoot outside the Bodeguita Del Medio bar, in Havana, Cuba. Desmond Boylan AP

By Nora Gámez Torres

Although the Trump administration's Cuba policy review has not been completed, a U.S.-based broadcast and video facilities company, has received a license to operate on the island and to contract with a Cuban state enterprise.

The license granted to Cuba International Network (CIN) by the Treasury Department's Office of Foreign Assets Control (OFAC) allows the company to contract with Cuban government-operated radio and television enterprise known by the Spanish acronym RTV and authorizes all transactions to provide U.S. and international customers with recording equipment and trained Cuban staff.

"As a broadcaster, we have been closely watching current changes in Cuba and if there is going to be a market. The companies we work with, all wanted to go to Cuba to produce products," founder and CEO of CIN, Barry H. Pasternak, told el Nuevo Herald. Currently, the company offers "from a one camera commercial shoot up to virtually any event," through collaborations with major producers such as Gearhouse Broadcast and PRG.

The company, with offices in Miami, obtained the license on March 20, after waiting more than a year in a process that began in December 2015 under the administration of former President Barack Obama. The company is authorized to shoot on the island but is still waiting for Cuban government permits to have its own facility on the island.

Pasternak said he did not know why the process had taken so long but he was "happy to see that the government feels that we are trying to benefit the United States. We are Americans. We want to support an industry that has never filmed in Cuba, an untouched country and many people want to see the country."

"We did not put up the wall, the embargo is out of our area. Our job is to make movies, to produce quality content. We are not a political company," said Pasternak, with more than 35 years of experience in broadcasting in the Caribbean region. CIN is a project dating back to 1992.

"It was hard but we love what we do and we want to do it in a beautiful location," said the producer, who was previously involved in a telemedicine project involving an American university, the government of Cuba and other Caribbean countries.

According to John Kavulich, the president of the US-Cuba Trade and Economic Council and who first reported on CIN's license, this was not the first license issued by OFAC since President Donald Trump took office in January. OFAC did not immediately respond to questions sent by el Nuevo Herald.

Kavulich also said that there are companies that received licenses in the final months of the Obama administration and have not yet gone public for fear of "becoming target for the Trump administration and/or becoming the catalyst for policy and regulatory changes by the Trump administration."

During his campaign, Trump promised to renegotiate Obama's opening to Cuba or cancel the agreements if the Cuban government does not offer concessions. The White House then announced a full policy review that has not yet ended, according to a spokeswoman.

During the so-called "thaw" under the Obama administration, several Hollywood and U.S. television networks flew to Cuba to film for the first time in nearly half a century. Among the shoots were *Fast and Furious 8*, *House of Lies* and *Conan*. But the shortage of technology on the island has increased the costs of these productions. The Rolling Stones — who staged a massive concert in Havana — and the team of *Fast and Furious* had to transport all audio and film equipment they needed to the island.

CIN said it would fill that gap.

The company plans to shoot a classic car rally and broadcast a live jazz concert to American audiences later this year. Pasternak said he has not seen changes in the interest of U.S. companies for filming on the island, a virtually untapped market, although, he said, "I see people being concerned about the [current] administration."

Kansas City, Missouri

17 March 2017

Moran hopes to lift trade restrictions with Cuba despite Trump rhetoric



Sen. Jerry Moran, Kansas Republican Susan Walsh Associated Press file photo

BY BRYAN LOWRY

U.S. Sen. Jerry Moran wants to lift the country's trade restrictions with Cuba, a move he says will help agricultural states like Kansas, but he'll face astronomical odds, according to a Cuba expert.

Moran, a Manhattan Republican, introduced legislation last month that would eliminate trade restrictions with Cuba, enabling Kansas farmers and ranchers to ship their goods to the island more easily.

"Only the United States has sanctions against Cuba...When we don't sell wheat to Cuba, France does or Canada does," Moran said in an interview Wednesday.

Moran, who has introduced versions of the legislation in the past, called it a challenging time for farmers.

"We need every market that we can get and this is one more market that's easy for us," Moran said, noting that Cuba is only 90 miles from the U.S. and the transportation costs for goods would be significantly less than goods from Europe.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, said that a U.S. law passed in 2000 enabled U.S. businesses to export to Cuba but required that payments be made before the goods could be distributed. Kavulich cited Cuba's questionable credit as the rationale for the policy.

Kavulich said that efforts to change the 2000 law have failed for more than a decade and he doubted that Moran and others would succeed after the inauguration of President Donald Trump, who took a hardline approach toward Cuba on the campaign trail. Kavulich said that neither U.S. House Speaker Paul Ryan, a Wisconsin Republican, nor U.S. Senate Majority Leader Mitch McConnell, a Kentucky Republican, appear eager to take up the issue.

"Now, how is it that Mr. Moran and others believe the stars have aligned for them? It's mind-boggling," Kavulich said. "They couldn't get anything done during the eight years when they had a president who wanted to get something done."

President Barack Obama made moves to normalize diplomatic relations with Cuba during the final two years of his presidency. Trump has floated the possibility of rolling back some

of Obama's reforms, saying on Twitter in November that he would "terminate the deal" if Cuba was unwilling to negotiate a better deal.

Moran said Wednesday that his legislation's best chance to advance is probably as an amendment to another bill, but he pushed back on the notion that Trump would necessarily be a bigger obstacle than previous presidents.

"Dealings with Cuba have been controversial and challenging under every administration," Moran said. "This administration has indicated they're going to review the policy and start from scratch."

CNBC

London, United Kingdom

16 March 2017

As further US airlines exit Cuba, what does the future hold for US-Cuba relations?

Karen Gilchrist |



Yamil Lage | AFP | Getty Images
Cuban and US flags are seen on balconies in Havana

U.S. airlines Silver Airways and Frontier Airlines have become the latest to bow out of Cuba due to weakened demand, posing new questions about the U.S.'s future relationship with its former Cold War foe. For a brief period under President Barack Obama, longstanding tensions appeared to be easing. But now, as the White House conducts a "full review" of U.S.-Cuba policies, diplomatic relations between the two neighbors look as uncertain as ever.

Indications so far suggest that President Donald Trump would be loath to continue the détente initiated by his predecessor, which sought to loosen travel restrictions and barriers to trade implemented more than 50 years earlier. During campaigning, the now President tweeted his condemnation of human rights abuses conducted by Cuba's totalitarian government. Then, last week, Cuba's President Raúl Castro made his first public retort, describing President Trump's policies as "egotistical" and "irrational".

However, President Trump also has a pro-business agenda to ally. A number of U.S. companies took advantage of Obama's executive order and efforts to restrict business freedoms will not come easily. Indeed, it would not go unnoticed that Trump built his fortune on the tourism industry and his organization reportedly once sought to pursue possible business interests on the island.

So where does President Trump go from here - and how should business respond?



Mandel Ngan | AFP | Getty Images
President Donald Trump steps off Air Force One upon arrival at Andrews Air Force Base in Maryland on March 19, 2017, after spending the weekend at his Mar-a-Lago estate in Florida.

What are companies currently doing?

Airline carriers Delta, jetBlue and American Airlines were some of the first to capitalise on Obama's policies. In the first year after restrictions were lifted, travel to Cuba by U.S. citizens grew 77 percent. However, a recent surplus of carriers and weakening demand have caused some national airlines to reduce services, while regional carriers Frontier Airlines and Silver Airways are to suspend their Cuba services entirely.

"Lack of demand coupled with overcapacity by the larger airlines has made the Cuban routes unprofitable for all carriers. As a result, Silver has made the difficult but necessary decision to suspend its Cuba service effective April 22, 2017. It is not in the best interest of Silver and its team members to behave in the same irrational manner as other airlines," Silver Airways said in a press note.

Trade association Airlines for America told CNBC it is currently "working with government" to secure an adequate framework between the two destinations.

Meanwhile, delivery services company FedEx announced this month that it is delaying the implementation of its regularly scheduled cargo service to Cuba by six months to address "operational challenges in the Cuban market."

These challenges are also acutely felt by entrepreneurial start-ups on the island. Chad Olin, president of U.S. Tour operator Cuba Candela, set up his business to facilitate U.S. tourists under President Obama's normalisation programme. He now faces an uncertain wait under the White House's policy review.

"Although the new U.S. administration has introduced some uncertainty to the continued improvement of U.S.-Cuba relations, we are cautiously optimistic that relaxed travel rules will not be repealed," Olin told CNBC.

John Kavulich, president of the U.S-Cuba Trade and Economic Council, regularly deals with businesses and policy makers with interests in the U.S. and Cuba and indicated that more still are in a state of limbo.

"U.S. companies are hesitant to re-engage or engage due to the uncertainty about what the Trump administration will or will not do with respect to Cuba," he explained, adding indications that the White House may intend to rescind certain freedoms.



Joe Raedle | Getty Images
People take to the streets of Florida with Cuban flags
Potential hurdles

If it is the case, however, that the new administration wishes to repeal President Obama's executive order, it won't be without litigation issues from current business license holders, noted Kavulich. A more likely scenario, at least in the short term, would be a partial freeze on issuance while the U.S. confirms its position, he said, noting conversations heard within government and the business community.

"There is not a desire to issue further (business) licenses, but also an acknowledgement that some license applications are and will be legitimate," he said.

Christopher Sabatini, lecturer of international relations and policy at Columbia University, agreed that full reinstatement of the trade embargo would be unpopular, particularly in Florida, a crucial swing state which helped secure President Trump's election.

"Some of the entrepreneurial concession will be hard to roll back because people's lives rely on them," Sabatini told CNBC, referring to Florida businesses which export to Cuba. Such moves would make the President very unpopular, he said: "You would see protests on the streets if they were removed."

"Big ticket" items, such as large corporates, would be easier to remove, Sabatini suggested.



Alex Wong | Getty Images
The exterior view of the south side of the White House
Political contention

As well as on the streets, Florida is likely to have an influential role in policy at a Congressional level, too. Marco Rubio, U.S. Senator for Florida, is one of six hard-line Cuban American members of Congress who believe President Castro's government is deeply untrustworthy and are likely to push for a retightening of policy.

"This (Cuban sanctions) is a concession President Trump can make to a very powerful constituency in Congress," said Sabatini, who remarked that the President may be keen to maintain his perceived favourability among Floridians. Last month, President Trump met with Senator Rubio and told a press conference of their "very similar views on Cuba."

Such a concession may also be necessary given the complexity of the issue, notes Sebastian Arcos, associate director of the Cuban Research Institute at Florida International University.

"President Trump will delegate his Cuba policy to others he trusts and he assumes understand the issue better."

"That means people like Senator Rubio or Congressman Mario Diaz-Balart will be quite influential in defining the new policy.

"We don't know yet what such policy will look like, but based on the few signals from the Trump administration, it will be less congenial than Mr Obama's," Arcos noted.



Justin Solomon | CNBC
A new era for Cuba?

Such hard-line members of Congress clearly criticize the reform agenda for further embedding repression, which has dogged the island for decades. They claim that new businesses and tourist dollars only serve to further fund the Castro regime and aggravate segregation on the island.

Trump's adviser Helen Aguirre Ferre said last week that the administration has not seen Cuba make any "concessions" despite "all the things it has been given."

However, Cuba has clearly been changing. Citizens are now more globally connected than ever before, benefiting from improved telecommunication services and internet connectivity, and certain legacies of Obama's reform agenda will not be undone. With citizens now more exposed to the freedoms enjoyed by democratic societies, including more private industry and gradually increasing - albeit still limited - access to a free press, President Trump now stands at a crucial juncture for U.S.-Cuba relations: continue pursuing reforms or return to isolation tactics.



Donald J. Trump
✓@realDonaldTrump

If Cuba is unwilling to make a better deal for the Cuban people, the Cuban/American people and the U.S. as a whole, I will terminate deal.

9:02 AM - 28 Nov 2016

24,52524,525 Retweets

84,18084,180 likes

President Castro has stated his intentions to step down in 2018 which could provide President Trump with greater leverage in his aims to create a "better deal for the Cuban people." Tactical diplomatic negotiations could secure greater democratic freedoms for Cuban citizens if the President is willing to engage with his political opponent – an enviable legacy for any President.

However, it remains a big if.

When contacted by CNBC, the White House and the Trump Organization were not available for comment.

Hotels Magazine

Chicago, Illinois

16 March 2017

Caribbean sees solid growth; braces again for Cuba, Zika Hilton's El San Juan Hotel in Puerto Rico

By Barbara Bohn

U.S. hotel companies circling in the waters off Florida's coast might notice a few things when they survey what until recently was utterly forbidden territory.

First, a conveniently located country edged with white-sand beaches, drenched in sunshine and culture, and bursting with seemingly endless revenue opportunities. Second, an awful lot of Meliás, among other international brands.

Cuba is one of many islands in the Caribbean, and it's not virgin territory – but it is the largest, and the one with the most immediate potential upside. Its domination of the headlines, at least in the U.S., is only part of the story of the region.

"The market continues to be very strong in the Caribbean despite the challenges," said Parris Jordan, vice president at HVS New York and managing director of HVS Bahamas. Challenges primarily include the Zika virus, which grips a swath of the Caribbean and Latin America. The Caribbean reversed six consecutive years of ADR and RevPAR growth in the first half of 2016, Jordan said, but demand rebounded. "When the numbers started to decrease – and it was overblown a bit – the investors saw those numbers decline and decided to take a step back," said Jordan, who advocates a longer-term perspective.

While companies acknowledged small hits to group business, the virus hasn't appeared to stymie development. Hilton has nearly 20 properties with more than 6,800 rooms open, and 10 hotels in its pipeline as of September, representing 1,500 rooms. "We have great expectations for St. Thomas, St. Kitts, the Dominican Republic, Aruba and Dominica," said Juan Corvinos, a managing director for development in the region.

Wyndham Hotel Group plans Wyndham Grands in Barbados and Nevis, both opening in 2019. It also has a deal to bring its second Tryp to the region in Trinidad, and it's looking to plant a flag in Jamaica.

In 2016, Marriott International signed hotels in Antigua, Dominica, Puerto Rico, Jamaica, Trinidad and Tobago, and the first Courtyard resort in Aruba. Of Starwood's brands, a Ritz-Carlton Reserve and St. Regis are coming to Bermuda, and a Ritz-Carlton is coming to Turks and Caicos, said Alejandro Acevedo, vice president of development in Mexico and the Caribbean. On the resort side, Marriott is looking in the

Dominican Republic, Jamaica and Barbados; on the business side, San Juan, Puerto Rico, and Santo Domingo, Dominican Republic have further potential.

Barcelo Hotel Group has nine properties in the Caribbean, mostly in the Dominican Republic. The company has been managing more, said Juan Perez, senior vice president of sales and marketing – USA at BHG Latin America, although acquisitions aren't off the table. Barcelo aims to grow in higher-end segments in both resort and urban destinations. It manages two Cuban properties and will add a third in Varadero this year. "The destination will continue to be a priority market," Perez said.

"We would welcome the opportunity to come back to Cuba," Hilton's Corvinos said. "We're patiently waiting to get regulatory approval to get back on the island."

Marriott gained a coveted foothold in Havana through its acquisition of Starwood last year. Its Four Points by Sheraton opened a few months ago, and the Hotel Inglaterra, a Luxury Collection, is being renovated. "We are continuing with business as usual, and we will comply with U.S. regulations. We're waiting to see what happens," Acevedo added.

The main challenge for the Four Points is customer expectation. "The Cuban people are really amazing," Acevedo said. "They have a great attitude for service, but they've never been trained based on the U.S. standard, so I just think it is part of the education process. But the attitude and willingness is there."

"We welcome the competition," said André Gerondeau, executive vice president of hotels at Palma de Mallorca, Spain-based Meliá Hotels International. It's been in Cuba since 1990 and has 28 hotels and over 30,000 rooms, mainly Meliá and Paradisus brands, with three in the pipeline. That's 21% of inventory and 28% of marketshare, he said. Meliá just opened the 1,076-room Meliá Jardines del Rey, an all-inclusive on Cayo Coco, and intends to bulk up its higher-end portfolio.

Is Gerondeau ready for new competition in Cuba? "We are probably the strongest players in the all-inclusive and high-end all-inclusive, and we have a strong position in the Caribbean," he said. "We understand the culture, the market, the customer probably much better than anyone else does." He echoed the training challenges but points to consistent improvement that isn't directly related to increased U.S. interest as much as it is to changing customer habits and rising demand in general.

That isn't stopping Wyndham. "We plan on looking at opportunities this year to introduce our brands to Cuba," said Paulo Pena, president and managing director, Latin America and Caribbean. "We'll be talking to potential partners and attending development conferences, but will work within the necessary legal framework to bring hotels to the island."

"The process of the relationship recovery between Cuba and the U.S. is a way without return," said Arturo García Rosa, founder and president of SAHIC, the South American Hotel and Tourism Investment Conference, which is hosting a conference in Cuba in May. "What we are seeing is only the tip of the iceberg." He doesn't believe the U.S. would pass on opportunities so close to its own border. Once those opportunities develop, if given the opportunity, how will it impact the rest of the region?

"There was great trepidation on the part of many with respect to what would happen to local markets in the Caribbean region" after the U.S. announced a warming of relations with Cuba in 2014, said Letvia Arza-Goderich, a partner at Preston Arza, West Hollywood, California, and a lawyer who practices in the U.S. and Caribbean.

However, she hasn't seen any reduction in demand in places like Puerto Rico or the Dominican Republic – just the opposite – and lopsided supply means "any so-called vacuum is going to take a long, long time" to build, she said.

Wyndham's Pena doesn't hear a giant sucking sound, either. "The emerging interest in the country won't drastically change our development strategy in the Caribbean," he said. "Cuba is now certainly on our radar in a way it wasn't previously, but there are other markets throughout the region which have years and years of reputation and infrastructure already in place."

Corvinos pointed to the melting pot. “Every (island) has its own culture, its own gastronomy... The beautiful thing about the Caribbean is that you have choices.”

“Initially I think you’re going to see an influx of people going because of the curiosity factor,” HVS’ Jordan said. “The flip side is that if someone is going to Nassau or the Dominican Republic, they’re not going to cancel their vacation to go to Cuba. Aruba has a lot of repeat visitation. I don’t see that changing.”

To stay competitive, other islands need to focus on their advantages and deliver world-class service, said Jordan, offering Punta Cana as a success story. “Cuba will eventually change the landscape,” he said. “Many islands are bracing for the impact.”

Qué complicado

Jorge Duany, director of the Cuban Research Institute at Florida International University, has two opinions on U.S.-Cuba relations: The embargo probably won’t go away as long as Congress remains in Republican control; and the U.S. will probably restrict the 12 categories of travel that are currently allowed.

Despite that, “the opening has in general been good to families on both sides of the Florida straits,” Duany said. However, one of the main goals of the U.S. engagement policy was to improve human rights in Cuba, and there is evidence that it has gotten worse, he said, citing a crackdown on peaceful demonstrations during former President Barack Obama’s 2016 visit.

Tourism is driving construction and providing opportunities for a populace with one of the highest literacy rates in Latin America. “The problem is that you have a mismatch between a very well-educated labor force and the kinds of economic opportunities now available. That’s been one of the tragedies of the Cuban economy since the 1990s,” Duany said. “It’s not uncommon to find a PhD driving a cab or running a restaurant. They earn more money than in their own profession.”

Miami Herald Miami, Florida 14 March 2017

Weak demand prompts two U.S. airlines to cancel Cuba service



Water cannons salute a Frontier plane as it takes off from Miami International Airport on its inaugural flight to Havana on Dec. 1, 2016. The airline is canceling the route in June. Frontier Airlines

BY MIMI WHITEFIELD
Miami Herald

The shake-up continues in the Cuba travel business with two U.S. airlines announcing Monday that they planned to cancel their routes to the island.

Fort Lauderdale-based Silver Airways said it had made “the difficult but necessary” decision to suspend all its Cuba service on April 22. It had originally hoped to serve all nine of the Cuban cities outside Havana that the U.S. Department of Transportation had authorized for regularly scheduled flights from the United States to Cuba.

Frontier is canceling its Miami-Havana route on June 4 due to higher than anticipated costs and lower than expected demand. “Market conditions have failed to materialize there, and excess capacity has been allocated to the Florida-Cuba market,” the airline said in a statement.

Frontier launched its service to Cuba on Dec. 1, 2016 with a special introductory one-way fare of \$59 on the Miami-Havana route. The low-cost carrier had planned its daily flights to and from Havana so that Frontier passengers coming from Denver and Las Vegas could make easy one-stop connections in Miami.

The Denver-based airline noted that more than 80 percent of its “new routes have succeeded over the past few years, yet circumstances sometimes prevent us from achieving our objectives.”

Last year there was a mad scramble as U.S. airlines applied to DOT for the first flight frequencies to Cuba in more than half a century. Part of the enthusiasm was based on the assumption that the travel opening that began under former President Barack Obama would continue.

But U.S. travelers still can only visit the island if they fall into 12 specific categories of travel such as family visits and those making people-to-people, humanitarian or educational trips. U.S. travel to the island is supposed to be purposeful, ruling out vacations baking on the beach like Canadian and European tourists.

President Donald Trump also has ordered a review of all Obama’s executive orders on Cuba, leaving the future of his Cuba policy still up in the air. Some of the forbidden-fruit, pent-up-demand aspect of Cuban travel that was so much in evidence in 2015 and 2016 has faded too.

“This lack of demand coupled with overcapacity by the larger airlines has made the Cuban routes unprofitable for all carriers,” Silver said in statement.

JetBlue recently decided to put smaller planes on its Cuba routes, and in mid-February American Airlines cut its daily flights to Cuba from 13 to 10. Silver, which flies out of Fort Lauderdale-Hollywood International Airport, had already reduced frequencies on some of its Cuba routes before it decided to throw in the towel.

Silver Airways was granted flight frequencies to nine Cuban cities outside Havana and it had begun serving all but the airport in Cayo Largo, which the Transportation Security Administration hasn’t approved for operations from the United States.

“Silver has maintained from the beginning that these smaller Cuba markets — which are similar to its successful network and fleet strategy in Florida and the Bahamas — are best suited for Silver’s smaller aircraft type,” the airline said. Silver has been using 34-seat aircraft on its Cuba routes.

“While the actual total number of passengers currently traveling to and from Cuba on all carriers combined is in line with what Silver originally projected, other airlines continue to serve this market with too many flights and oversized aircraft, which has led to an increase in capacity of approximately 300 percent between the U.S. and Cuba,” said Silver.

But Silver plans to continue monitoring Cuba routes and “will consider resuming service in the future if the commercial environment changes.”

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said he had heard that Silver is considering applying for the Miami-Havana route that Frontier is abandoning, but Silver didn’t confirm that, saying only that it would continue monitoring Cuba routes.

**Sun-Sentinel
Fort Lauderdale, Florida
14 March 2017**

Silver Airways to suspend Cuba service, may re-apply

Cindy Kent
Reporter

Silver Airways of Fort Lauderdale was the first U.S. airline to book regularly scheduled flights to Cuba. Now that others have stampeded into the market, the small regional carrier is suspending service to the Communist island effective April 22.

In an announcement to the office of John S. Kavulich, president of U.S.-Cuba Trade and Economic Council Inc.,

The company said a lack of demand combined with overcapacity by larger airlines made its Cuba route unprofitable for the Fort Lauderdale-based carrier.

Misty Pinson, director of communication for Silver Airways, in a statement said that while the actual total number of passengers currently traveling to and from Cuba on all carriers combined is in line with what Silver originally projected, other airlines continue to serve this market with too many flights and oversized aircraft, which has led to an increase in capacity of approximately 300% between the U.S. and Cuba.

Silver has maintained from the beginning that these smaller Cuba markets – which are similar to its successful network and fleet strategy in Florida and the Bahamas – are best suited for Silver's smaller aircraft type, says Pinson.

In addition to overcapacity, other issues have also contributed to the company's decision: distribution through online travel agencies and codeshare agreements have been unavailable since airlines began servicing Cuba last fall. Now, six months later, this issue is still not fully resolved, resulting in depressed demand, the company says.

Silver Airways will continue to grow its Florida and Bahamas network and its fleet transition strategy to serve more markets further into the Caribbean and other destinations from its key hubs with longer range aircraft.

In addition, Denver, Colorado-based Frontier Airlines is exiting its Miami – Havana route after June 4. As a result, Silver Airways is considering re-applying for the rights to serve Havana, as it continues to monitor the market.

"In the Cuba world, we have two carriers announce they are ending or lessening their services, joining other large carriers in changes based on market reality," said Kavulich. "What we have now is we are all awaiting policy changes from the Trump administration that will have an impact on travel."

**EFE
Madrid, Spain
9 March 2017**

John Kavulich: Obama será recordado como el mayor 'quebrantador' del régimen cubano

Ivonne Malaver

Miami (EE.UU.), 9 mar (EFE).- John Kavulich, presidente del Consejo Comercial y Económico EEUU-Cuba, dijo hoy que el expresidente Barack Obama quedará en la historia como el "último salvavidas de la revolución cubana" y el mayor "quebrantador" del régimen.

En entrevista con Efe, Kavulich señaló que el Gobierno cubano aún se está "beneficiando" de los 12.000 millones de dólares que dejó durante dos años el proceso de apertura del Gobierno Obama (2009-2017) con la isla, pero que esta nación ahora está más sometida a la "rendición de cuentas".

"Obama va a quedar en la historia como el último de los salvavidas de la revolución cubana, porque ya no había más personalidades (gobiernos) disponibles para salvar Cuba", precisó.

El presidente del Consejo, que reúne a compañías estadounidenses interesadas en aumentar el comercio con la isla, manifestó que Obama abrió una oportunidad para que los cubanos vieran "más de lo que el Gobierno cubano quería que vieran" gracias a internet y una mayor actividad comercial.

El líder empresarial indicó que con todas las críticas que ha podido afrontar Obama por ese acercamiento con Cuba, se le debe acreditar que provocó una gran "ruptura en el Gobierno de Cuba".

Señaló que hace unos cinco años el régimen de la isla tenía "el poder de controlar la narrativa porque siempre había alguien que lo iba a rescatar, pero eso ya no existe".

"Sí, al Gobierno cubano le gustan más visitantes, más dinero, pero Obama también desató un enfoque hacia la independencia de los cubanos", manifestó Kavulich.

Agregó que el proceso representó una inspiración de libertad para la juventud y el tema comenzó a ser cubierto por los medios de comunicación y discutido en círculos políticos como nunca antes.

"Alguien que quiera que Cuba cambie no debería estar en total desacuerdo con lo bueno de una ruptura", afirmó Kavulich, quien participará este viernes en un foro en Miami (Florida) sobre el establecimiento de negocios con la isla.

Por otro lado, Kavulich describió como un "gran error" que ninguno de los dos países se preparasen para un gobierno de Donald Trump, ganador en las elecciones de noviembre pasado en EE.UU.

En ese sentido, el dirigente empresarial criticó, entre otras cosas, que Obama ha debido impulsar más al empresariado a la hora de hacer más negocios con Cuba, al indicar que solo unas 40 empresas estadounidenses mantienen ese intercambio.

"En la comunidad empresarial él (Obama) pudo hacer más y decidió no hacerlo, pero en el impacto general del proceso creó una ruptura", matizó.

"El presidente Obama sentó las bases, en lo positivo y negativo, y Trump tendrá la posibilidad de construir sobre ellas, pero solo podrá construir lo que el Gobierno cubano le permita, al igual que lo hizo con el Gobierno de Obama", señaló.

Explicó que el republicano tendrá la opción de "escarbar más profundo en lo que hizo y no hizo Obama" en su proceso de deshielo con Cuba, que el demócrata inició a finales de 2014.

Kavulich señaló que Trump tendrá "una oportunidad extraordinaria en Cuba" si así lo decide.

El experto indicó que sí lo hará "porque el presidente Trump ama la imagen de ser contundente, influyente, poderoso y de poder negociar, y Cuba va a presentar tremendas oportunidades para él, eso va a ser increíblemente atractivo".

Por otro lado, señaló que el republicano estará en "una posición única" en febrero de 2018 cuando el presidente Raúl Castro ceda el poder, previsiblemente, al vicepresidente Miguel Díaz-Canel.

Trump "va a estar allí para la transición y para más de dos años de gobierno de Díaz-Canel, eso es una oportunidad extraordinaria porque además Cuba no va a tener otro salvavidas, ya sea un país o un líder de algún país", concluyó Kavulich.

**Inside US Trade
Arlington, Virginia
10 March 2017**

Rep. Crawford sees opening for Cuba agriculture bill, but administration's stance remains unknown
March 10, 2017

Arkansas Republican Rep. Rick Crawford expressed confidence this week that his bill to allow U.S. agriculture exporters to extend credit to Cuban buyers is gaining support in Congress, but where President Trump and the White House stand on the idea – and Cuba policy in general – remains largely unclear.

Crawford, during a March 9 conference call hosted by Business Forward, said his bill, HR 525, is “gaining traction” in Congress and is under review by the Trump administration. “If we can get the bill marked up and moved to the floor, I believe we can pass this,” he said.

Crawford said he has spoken with administration officials and “the idea that it doesn’t fit with the Trump administration is not accurate.” His legislation, Crawford said, is an opportunity to expand bilateral trade, which Trump has shown a preference for relative to other trade arrangements.

The Agriculture Department during the Obama administration released reports stating that getting rid of the prohibition on extending private credit and financing to Cuba could vastly expand exports of a wide range of U.S. crops to Cuba.

But John Kavulich, president of the U.S.-Cuba Trade and Economic Council, told *Inside U.S. Trade* in an interview that such legislation has little chance of passing because Republican leaders in Congress remain opposed to opening up trade with Cuba. Three Republican House members and three senators are of Cuban descent, he noted, suggesting that GOP leaders are unlikely to rock the boat with those groups by backing a Cuba trade bill.

Crawford, for his part, argued on the call that there is bipartisan backing for the bill and said that once it hits a “critical mass” of support, congressional leaders will understand that it is a “serious initiative.”

Asked on the call if the bill could or should move along with any action to restore the U.S. Export-Import Bank’s quorum to allow it to approve export financing over \$10 million, Crawford said no; tying the two issues together could sap political support from his Cuba bill, he said.

“We’re walking a fairly delicate line here of trying to maintain a balance of garnering a support of a group of folks who have been opposed to what we’ve been trying to do,” he said, referring to lawmakers from south Florida. “They’re at the table with us instead of working against us.”

The bill has 36 cosponsors -- 26 Republicans and 10 Democrats. It was referred to the House Agriculture Committee on Jan. 13.

On a broader Cuba trade issue, the president of Engage Cuba, James Williams, who was on the call with Crawford, said that his conversations with administration officials suggest to him that specific licenses for transactions in Cuba that are already in place are not going to be touched by the Trump administration. Engage Cuba is a coalition of companies pushing to open up trade in Cuba.

General licenses issued under the Obama administration, on the other hand, will be “evaluated” by the Trump administration, but that process is still in its infancy, Williams said.

A general license authorizes particular transactions for an entity without compelling that entity to apply for permission from the Office of Foreign Assets Control in the Treasury Department. A specific license is a document provided by OFAC to an entity authorizing a specific transaction in response to a written license application.

Kavulich, however, argued that it is still too early in the Trump administration to know, or even guess, how U.S. policy toward Cuba will evolve.

Inaction by the Trump administration – in not revoking general or specific licenses granted by the Obama administration, or in cracking down on enforcement – does not necessarily mean Trump is going to take a soft approach to Cuba, he added.

Two factors could make it less likely that Trump officials decide to revoke either general or specific licenses, Kavulich said.

First, revoking either type of license could result in litigation against the government brought by affected companies. Second, Trump may be hesitant to cut the legal legs on which some ongoing business with Cuba stands, Kavulich said. The latter point may incentivize companies to more aggressively expand their footprints in Cuba, he said.

But even without revoking general or specific licenses, the Trump administration could strangle U.S.-Cuba commercial operations, Kavulich noted. For example, the administration could order Customs and Border Patrol to more aggressively enforce regulations governing individuals traveling to Cuba, such as the need to provide a complete journal of a trip or a mandate to provide receipts proving purchases were made from independent Cubans. – *Jack Caporal*

Air Cargo World

New York, New York

6 March 2017

Economic realities slow U.S. aviation ambitions in Cuba

by Lewis King

Following an epidemic of delays and capacity reductions by American carriers, FedEx has filed for a six-month extension to inaugurate U.S.- Cuba scheduled, all-cargo air services. The Memphis-based integrator cited “inextricable dynamics, such as securing and establishing business relationships with Cuban service providers, in relation to air operations support services, customs clearance, and ground/delivery operations.”



777 FedEx C-1 Takeoff

Originally slated to start by April 15, 2017, FedEx is requesting more time to establish operations.

FedEx is the only U.S. cargo carrier with routes to Cuba, and troubled “business relationships” are a further indication that this may be the case for some time. While Cuba still operates under a planned economy dominated by state-run enterprises, private enterprise is taking off at the economic periphery. But the market in Cuba may not yet be able to support the sort of business that U.S. companies hoped for when the market opened.

John S. Kavulich, president of the U.S.- Cuba Trade and Economic Council, explained that there was a simple “lack of demand,” and noted that the latest delay from FedEx was “terrible optics” for trade relations, just as President Trump formulates his administration’s policies between the two countries. “It’s not the market U.S. companies would like to see,” Kavulich concluded.

The Cuban government has remained silent on the matter so far, but there is little evidence that the communist country is going out of its way to facilitate air cargo and general aviation interconnectedness with its northern neighbor.

The US Department of Transportation (USDOT) mandated that FedEx inaugurate its U.S.- Cuba air services within 90 days of its requested Jan. 15, 2017 start-up date, or by April 15, 2017. However, FedEx has now requested that its U.S.- Cuba air services start-up date be extended until Oct. 15.

Tampa Bay Times

St. Petersburg, Florida

20 February 2017

Tampa cruises will add millions to Cuban economy

Paul Guzzo, Times Staff Writer



Associated Press. Carnival's Adonia ship from Miami arrives in Havana, Cuba, on May 2. For 2017 and 2018, 22 voyages are scheduled to Cuba from Port Tampa Bay, which could add millions to the Cuban economy, according to the U.S.-Cuba Trade and Economic Council.

TAMPA — Major cruise lines will start sailing from Port Tampa Bay to Havana in the coming months, with possibly more than 40,000 passengers spread out over 22 voyages who could add more than \$5 million to the Cuban economy this year and next.

These statistics are from a new report by the New York-based U.S.-Cuba Trade and Economic Council, which crunches numbers on business between the two nations. John Kavulich, president of the council, said he based his figures on if the ships are at full passenger capacity.

For 2017, Royal Caribbean Cruises has 10 cruises from Tampa onboard its 1,602-passenger *Empress of the Seas* with a stop of one day and night in Havana. The first departs on April 30.

Last week, Carnival Corp. announced it will have 12 cruises from Tampa for 2017 and 2018 that offer one day and night in Havana. The first departs on June 29 and all will sail on the 2,052-passenger *Carnival Paradise*.

Cruise passengers typically spend \$75 per day on things like meals and souvenirs, Kavulich said. In Cuba, these expenditures can be done with private or state-run businesses.

More than 40,000 passengers can be brought to Cuba on these cruises out of Tampa.

"Added to this is the berthing fee for the vessel, which varies depending upon size, and then payments for tours," Kavulich said.

The porting costs are paid to the Cuban government. Educational sightseeing tours are conducted in partnerships with state-run agencies. It is against U.S. law to visit Cuba purely for tourism. Instead, the trip must fall under one of 12 legal reasons such as research, sports competition or education. Cruise passengers will fit under education.

So, while passengers on these 22 cruises from Tampa can partake in touristy activities such as snorkeling or lying on the beach during other stops on their journey, including Cozumel and Key West, their experience in Havana must include a learning component.

Carnival's website, for instance, says passengers will visit Havana's Central Park and the Cathedral of the Virgin Mary built in the 1700s and then see a cabaret show.

Whether one day is enough time to learn about the nation is up to the passenger, said Tom Popper, president of New York-based InsightCuba, which has been leading American tour groups there since 2000.

"How many questions will they ask? How closely will they listen and watch?" Popper said. "Havana is not a typical Caribbean destination, where larger ships often visit for a day. It has a rich cultural heritage."

Passengers will also have free time to explore Cuba, or they can return to the ship for cruise activities.

In 2015, President Barack Obama restored diplomatic ties with Cuba for the first time in five decades. Air travel has resumed between the nations, and now cruise lines give travelers another way to visit.

Whether Americans' ability to travel to Cuba is temporary or permanent remains unknown. President Donald Trump has stated he will roll back Obama's Cuba initiatives if he doesn't get a better deal out of Cuban President Raúl Castro. Trump has yet to provide specifics.

In late January, Gov. Rick Scott threatened to cut funds from any Florida port that enters into a business agreement with the Cuban government. In response, ports that planned on signing memorandums of understandings with Cuba to seek out future business possibilities decided against doing so. However, this threat has no effect on cruise lines, which are private businesses that lease space from ports.

When the more than 30 cruise ships to Cuba out of Miami for 2017-2018 are added to those sailing from Tampa, more than 110,000 such passengers and an \$11 million economic impact could be brought to the island, according to the U.S.-Cuba Trade and Economic Council.

Miami Herald

Miami, Florida

17 February 2017

Florida ports send \$65 million in goods to Cuba even as governor tries to stop trade expansion



The first true imports from Cuba in more than 50 years arrived at Port Everglades on Jan. 24, 2017. The shipment was small, just two containers of artisanal charcoal. But many other products move back and forth between Florida and Cuba. José A. Iglesias jiglesias@elnuevoherald.com

By Mimi Whitefield

Humanitarian shipments, frozen chicken parts, chocolate bars, empty beer kegs from the U.S. Naval Station at Guantánamo Bay, medicine, even a traveling Bible exhibit.

These items and more have flowed through the state's ports and airports headed to or returning from Cuba even though Gov. Rick Scott doesn't think any Florida port should be doing business with the "Cuban dictatorship."

The governor's statements recently scuttled plans by two Florida ports to sign a cooperation agreement, known as a memorandum of understanding, with the Cuban port administration, and Scott also put wording in his 2017 budget recommendation that would withhold funding for port improvements from ports that expand trade with Cuba.

In a note to a \$176.6 million recommendation for improvements at Florida's seaports, the governor said no state funds can be "allocated to infrastructure projects that result in the expansion of trade with the Cuban dictatorship because of their continued human rights abuses."

Now it's up to Florida legislators to decide whether to leave that wording in the budget when the session convenes March 7.

McKinley Lewis, the governor's deputy communications director, later clarified that the governor's proviso language would only apply to the business a port itself might carry out with Cuba — not to port users. It was "directed at the ports, not private companies," he said. "Any private company will have to make their own decisions regarding their partnership or involvement with the Castro dictatorship."

That means a cruise line that leaves from Port Tampa Bay or PortMiami with ports of call in Cuba wouldn't jeopardize state funding for those ports. Neither would a shipment of frozen chickens carried by a Crowley ship from Port Everglades to Mariel, Cuba. But a port signing an MOU with Cuba or agreeing to joint marketing studies would be verboten if Scott's proviso language stays in the budget.

John Kavulich, president of the U.S.-Cuba Business Council, said the budget wording is confusing: "The vagueness of the wording was precisely what Gov. Scott and his staff sought — to create uncertainty and, as a result, negatively impact the desire of exporters in the United States to engage in commerce with Cuba."

It's important to note that Florida ports don't actually trade with Cuba. Their private customers do. "We don't have any authority to tell port users who they can do business with," said Ellen Kennedy, a Port Everglades spokeswoman. "We just have land leases with them. The port is like a shopping mall. We lease the space to tenants but we don't sell the T-shirts."

The U.S. embargo against Cuba limits trade between the United States and the island, but an analysis for the Miami Herald by Datamyne, a trade data company, shows steady traffic between several Florida airports and seaports and Cuba. It totaled almost \$65 million last year.

Humanitarian donations, as well as food and agricultural products and pharmaceuticals and medical supplies can be legally exported to Cuba. So can products exported to support the services of regularly scheduled airlines flying to the island. Also included in the totals are products shipped to and from the Guantánamo Naval base.

For the entire year of 2015, the Datamyne analysis showed that Port Everglades, PortMiami, Miami International Airport, Jacksonville, Port Tampa Bay and Fort Lauderdale-Hollywood International Airport — tallied \$57.2 million worth of exports to Cuba.

But last year, Datamyne found only three Florida seaports — Port Everglades, Miami and Jacksonville — and MIA sent exports to Cuba, and the total fell to \$46.4 million because frozen chicken shipped from Jacksonville plummeted from \$27.2 million to just \$765,606 in 2016.

What did Florida ports send to Cuba in 2016? The biggest category: frozen chickens and chicken parts. Nearly \$28 million worth headed to Cuba.

Among the U.S. companies that exported to Cuba were AJC International, one of the world's leading poultry marketers; Koch Foods, Intervision Foods, an Atlanta-based company that ships meat and poultry all over the world, and Globex International, a New York supplier of poultry and meat products.

Other products exported to Cuba included \$2.2 million worth of charity and relief donations [although the numbers don't capture products that Cuban Americans personally transport to friends and family in Cuba], more than \$3 million worth of chocolate bars and cocoa preparations, \$4.1 million worth of cookies, and \$1.3 million in medicine in measured doses.

Florida ports sent more than \$1 million worth of clothing donations, more than \$730,000 worth of catheters and medical needles, \$402,000 in pharmaceutical donations, and a smattering of other products ranging from bicycle lights, beer, broths/soups and bread to carpets, hand tools, blankets, artists' paints, whiskey and books.

The U.S. embargo against Cuba precludes most true imports from the island. In 2015, those exceptions added up to \$61.95 million worth of goods from Cuba shipped to five Florida ports — Jacksonville, Miami, Port Everglades, Tampa Bay and Fort Pierce, according to a Datamyne analysis of bills of lading.

In 2016, imports from Cuba handled by Florida ports fell to \$18.5 million.

Import shipments

A rule change last year that allows the import of some products and agricultural goods produced by Cuba's self-employed sector could boost imports from Cuba. Last month, two containers of artisan charcoal produced by a private workers cooperative in Cuba arrived at Port Everglades. It was the first true import shipment from Cuba in more than 50 years.

What has been counted as imports from Cuba over the past two years are mostly returned empty containers, furniture and personal belongings being shipped back from the U.S. Embassy in Havana and from Guantánamo and personal cars — 2005 Chevy Tahoe, 2012 Toyota Prius, 2007 Ford Mustang — used to tool around the base that are coming back home with their owners.

But there are more intriguing entries among the imports from Cuba last year: 13 self-inflating life rafts from Guantánamo, troop gear, stage equipment used in the Rolling Stones' Havana concert in March, and the return of a traveling Bible exhibit.

The exhibit from the Museum of the Bible in Oklahoma City went on display from Feb. 6 to March 13 last year at the Catedral de Nuestra Señora de la Asunción in Santiago de Cuba. It focused on the Bible's impact on Cuba's history and featured rare texts and manuscripts, including the first complete Bible in Spanish. The museum is chaired by Steve Green, president of Hobby Lobby, subject of a landmark Supreme Court case that found corporations controlled by religious families can't be required to cover contraceptives for female workers under the Affordable Care Act.

In partnership with the American Bible Society and the Archbishop of Cuba, the museum also sent 75 artifacts and pieces of art from its collection to Cuba in 2014 for display at the Havana Cathedral.

Some analysts question why the governor's stance on port business applies only to Cuba and not to other Florida trading partners such as China and Venezuela that also have troubling human rights records.

S. Fla airports and seaports

South Florida airports and seaports recorded \$6.7 billion in trade with China last year and it was the region's third most important trading partner. PortMiami also has sister seaport agreements, which are similar to MOUs, with the Port of Xiamen and Shanghai International Port.

Some say Scott is being short-sighted in trying to discourage legal trade with Cuba.

"I don't like to see a state do what's out of step with the federal government. Whatever federal law says on trade, a port should be able to do," said Lee Sandler, who specializes in Customs and international trade law. "I don't think a state should try to limit opportunities."

Sandler said there are "bona fide sensitivities" in the local community about Cuba, but the bottom line is: "Our ports need to be able to compete."

Scott said he is all for trade — just not with Cuba. "Trade is a significant opportunity for us," Scott said during a recent speech at a Coral Gables meeting of the Association of American Chambers of Commerce in Latin America and the Caribbean. "My job is to figure out how we get more trade."

Other states that are in the thick of competition for cargo don't seem to have a problem exploring business opportunities with Cuba. Since the U.S. rapprochement with Cuba began on Dec. 17, 2014, governors from eight states — Colorado, New York, Arkansas, Texas, Virginia, Missouri, Louisiana and West Virginia — have visited the island.

Cuba already has signed MOUs with the Port of Virginia, the Alabama State Port Authority and the ports of New Orleans and Lake Charles.

“Ports are a highly competitive business,” said Kavulich, “and if a state creates impediments, there are state capitols awaiting opportunities to audition for additional revenue — and the economic impact that a thriving port or ports provide to a state, county, city, and town.”

Cuba’s port

As Cuba expands its new container port at Mariel and dredges it so it can handle NeoPanamax vessels, the big ships that now transit the expanded Panama Canal, it is trying to set itself up for a future as a trans-shipment port.

As part of that effort, a Cuban business and port delegation recently concluded a 12-day visit to the United States that took it from Port Houston to the Port of Virginia in Norfolk with stops at New Orleans, Port Everglades, the Port of Palm Beach, Washington D.C. and the Port of Tampa Bay.

The Cuban port delegation’s recent visit to New Orleans concluded with a dinner with Louisiana Economic Development Secretary Don Pierson and officials from the five deep-water ports on the Lower Mississippi River. “We have an unmatched port system here in Louisiana, and the leaders of those ports continue to prioritize trade with Cuba on many fronts,” said Pierson.

Louisiana is the top U.S. exporting state to Cuba and has cumulatively sent more than \$1.4 billion in legal exports to the island. Like Florida, it is a big exporter of frozen poultry.

“We want Louisiana to be first in line to any new opportunities with Cuba, particularly the import, export and foreign direct investment possibilities that could range into the billions of dollars in the coming years,” Gov. John Bel Edwards said when a business delegation from his state visited Havana last October.

Politico Arlington, Virginia 13 February 2017

FIVE FOR CUBA: Senate Agriculture Committee members Thad Cochran (R-Miss.), Michael Bennet (D-Colo.) and Patrick Leahy (D-Vt.) are planning to visit Cuba, Feb. 19-22, along with Sen. Tom Udall (D-N.M.) and Rep. Jim McGovern (D-Mass.), a member of the House Agriculture Committee, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc. Cochran, Leahy and Udall have signed on as co-sponsors to one of two bills that would remove restrictions on private financing for agricultural exports to Cuba. Kavulich has a running list of visits to Cuba by lawmakers and government officials. Read that [here](#).

The Miami Herald Miami, Florida 6 February 2017

One of Obama’s parting acts: Suspending lawsuit provision of Helms-Burton

By Mimi Whitefield



Before leaving office, former President Barack Obama suspended the lawsuit provision of the Helms-Burton Act for six months. Otherwise, properties such as the Port of Santiago, shown here, could be caught up in potential lawsuits. Mimi Whitefield mwhitefield@MiamiHerald.com

In his last month in office, former President Barack Obama preempted what could have been one of President Donald Trump's first actions on Cuba: he suspended a section of the Helms-Burton Act that allows former owners of commercial property expropriated by Cuba to sue foreign companies "trafficking" in those confiscated holdings.

President Bill Clinton signed the Helms-Burton Act, which among other things sets strict conditions that must be met by Cuba before the U.S. embargo against the island is lifted, in 1996 soon after Cuba shot down two Brothers to the Rescue planes, resulting in the deaths of four South Florida pilots.

But no one has ever filed suit because every U.S. president since has routinely suspended the lawsuit provision every six months. The fear has been that letting the lawsuits go forward would alienate important trading partners such as Canada and EU countries whose citizens have invested in Cuba. Opponents contend that Section III of Helms-Burton violates international treaties by attempting to punish foreign companies for business they conduct outside U.S. borders.

On Jan. 4, former Secretary of State John Kerry notified Congress that Obama had suspended the lawsuit provision for another six months, effective Feb. 1. The Trump administration won't be able to take action on the provision until this summer but it could make other changes in U.S. policy toward Cuba.

White House press secretary Sean Spicer said at a briefing Friday that a "full review of all U.S. policies towards Cuba" is under way. "The president is committed to an agenda of ensuring human rights for all citizens throughout the world. And as we review those policies in Cuba, that will be forefront in their policy discussions," Spicer said.

Under Obama, there was a rapprochement with Cuba that included both countries reopening respective embassies, the signing of 22 agreements on topics of mutual interest, the resumption of regularly scheduled commercial airline and cruise service to Cuba, and a limited commercial and travel opening to the island. Trump has said variously that he would get a better deal than Obama and that he might consider shutting down the opening unless Cuba makes certain concessions.

Section III of Helms-Burton was designed to have a chilling effect on foreign investment in Cuba. If the president doesn't exercise a waiver, it would allow the preparation of lawsuits in U.S. federal courts against those using, for example, tourism properties, mining operations or seaports where there are prior claims.

"There are individuals who maintain they have Title III-actionable claims relating to Jose Martí International Airport and the port at Santiago de Cuba," said John Kavalich, president of the U.S.-Cuba Trade and Economic Council. "United States-based air carriers and those from other countries could find their assets attached if they do not avoid the Republic of Cuba. Passenger cruise ships and cargo ships might avoid docking and unloading [in Santiago] for fear of expensive and enduring legal proceedings."

Cuba is actively courting foreign investors and says it needs foreign investment of around \$2.5 billion a year to reach a goal of 7 percent annual economic growth. Since Cuba's new foreign investment law went into effect in 2014, it has only attracted about \$1.3 billion in investments.

Empress of the Seas adds Havana port calls to more cruises

By Tom Stieghorst

Royal Caribbean International said seven additional sailings on the Empress of the Seas will feature port calls in Havana.

Those are in addition to the four previously announced Cuba sailings, one from Miami and three from Tampa, scheduled through May.

Royal Caribbean said the new sailings would run through November 2017. All will depart from Tampa. Royal Caribbean did not say whether it has approval from the Cuban government for additional arrivals.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, in an analysis of the expansion, said the eleven sailings would represent .38% of the total passengers carried by the company in 2016 and represent .37% of gross revenue.

Royal Caribbean said the new four- and five-night cruises would include day and overnight visits to Havana, along with stops in Key West, Fla., and Cozumel, Mexico.

**Argus Media
London, United Kingdom
3 February 2017**

Ports agreement signed between Cuba and Alabama

New York, 3 February (Argus) — The National Port Administration of Cuba and the Alabama State Port Authority signed a five-year Memorandum of Understanding (MOU) between Cuban ports and the Port of Mobile, Alabama on Thursday in Tampa, Florida.

Ports in New Orleans, Houston and Norfolk, Virginia have already signed their own agreements with Cuba, but it was the first such agreement signed on US soil since 1959.

Exports from Alabama to Cuba have primarily been frozen poultry and forest products, two of the items permitted by the Trade Sanctions Reform and Export Enhancement Act of 2000, which re-authorized the direct export of food products and agricultural commodities from the US to Cuba on a cash-only basis.

The Port of Mariel, west of Havana on the island's north coast, has been discussed as a potential shipping hub in the region for Post-Panamax vessels, after the government of Brazil invested more than \$700mn for a new port facility.

But other countries in the region also share this aspiration and are unlikely to cede any advantage, said John Kavulich, president of the US-Cuba Trade and Economic Council. Links between Cuban and US ports could ultimately boost Mariel as a key transshipment and bunkering point for vessels in the Caribbean.

In October, the US Treasury Office of Foreign Assets Control (OFAC) amended the rule that previously prohibited vessels, unless specifically authorized, from calling on Cuba and then entering a US port within 180 days of its departure from Cuba.

A broader trade embargo dating back to 1963 is still in effect and can only be lifted by Congress, although the State Department in 2016 amended some embargo provisions.

Port agreements with Cuban counterparts have met opposition at some US Gulf coast facilities.

The Port of Palm Beach cancelled a planned MOU signing with visiting Cuban port officials after Florida Governor Rick Scott asked the state's ports to "stop short" of signing any MOUs, Port of Palm Beach said in a 25 January statement.

"[The Alabama MOU] is about establishing relationships and continuing to push for normalized trade with Cuba," said Judith Adams, VP of Marketing for the Alabama State Port Authority.

The Street New York, New York 3 February 2017

Royal Caribbean Adds Seven More Sailings to Cuba in 2017

Royal Caribbean (RCL) was approved to increase its Cuba sailings for 2017 to 11 from the four reported in January, John Kavulich, President of U.S.-Cuba Trade and Economic Council said.

Lindsay Rittenhouse

Updated at 2:56 p.m. from original 12:47 version.

Royal Caribbean Cruises (RCL) increased its Cuba sailings for 2017 to 11 from four, allowing 11,214 more U.S. travelers to take advantage of improved relations with a country that was largely isolated from trading with the U.S. for more than 50 years.

On Friday, Royal Caribbean received approval to open up 11 trips on its 1,602-passenger *Empress of the Seas* ship to Cuba from Tampa, Fla., plus one from Miami, up from its one trip from Miami and three from Tampa originally announced on Jan. 26, John Kavulich, President of the U.S.-Cuba Trade and Economic Council, said in an email to *TheStreet*.

The added trips allow Royal Caribbean to carry 17,622 passengers to Cuba from the original potential of 6,408. The company [Council] estimated that it will generate \$22.9 million from its Cuba sailings now, compared to the \$8.3 million expected with only four trips, according to Kavulich.

Royal Caribbean's Cuba sailings commence in April and are so far scheduled to continue through November.

After President Barack Obama announced in December 2014 that he would lift the longstanding U.S. trade embargo on Cuba, cruise companies including **Carnival** (CCL), **Norwegian Cruise Line** (NCLH) and Royal Caribbean took advantage of the business opportunities the revived relations opened up.

Two months ago, Royal Caribbean and Norwegian received approval from the Cuban government to add sailings to the island.

Shares of Royal Caribbean rose slightly to \$94.70 midday on Friday.

Politico Arlington, Virginia 3 February 2017

MISSING THE BOAT — “Port of Alabama signs agreement with Cuba that Florida ports can’t,” by Tampa Bay Times’ Paul Guzzo: “Alabama came to Tampa on Thursday to sign an agreement with Cuba. The sea port in Mobile and the sea port near Havana have pledged to do business with one another in the future — the kind of deal that three ports in Florida had worked toward until Gov. Rick Scott scuttled

them last week by threatening to pull their funding. 'This feels like Cuba's way of saying if Florida doesn't want our business, Alabama does,' said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. 'And they are coming onto your turf to do it.' <http://bit.ly/2kXp6CD>

Miami Herald

Miami, Florida

2 February 2017

Bill allowing private financing of food/agriculture exports to Cuba introduced in Senate



In this file photo, Ben McClure examines a wheat stalk in a Reno County, Kan., wheat field. Wheat growers in the Midwest could benefit from a bill that would lift restrictions on private financing of agricultural exports to Cuba. Travis Heying AP

By Mimi Whitefield

Two farm state senators reintroduced a bill Thursday aimed at making U.S. agricultural exports more competitive in the Cuban market by allowing private financing of ag exports.

It was the first Cuba-related bill introduced since President Donald Trump has been in the White House. Three Cuba-related bills were reintroduced in the House in January before he took office.

North Dakota Democratic Sen. Heidi Heitkamp and John Boozman, R-AZ, and a bipartisan group of 12 senators reintroduced the Agricultural Export Expansion Act, which would lift a ban on private banks and companies offering credit for agricultural exports to Cuba.

Current law requires upfront cash payments for agricultural exports to the island, which farm state legislators say puts them at a disadvantage when competing against exports from other countries whose exporters sell to Cuba on credit.

"This small step would help level the playing field for American farmers and exporters while simultaneously exposing Cubans to American ideals, values and products. This bill is a win-win for American farmers and the Cuban people," said Boozman.

"Our farmers rely on exports, and exports help create more American jobs," said Heitkamp. "Cuba is a natural market for North Dakota crops like dry beans, peas, and lentils, and there's no good reason for us to restrict farmers' export opportunities—which support good-paying American jobs—by continuing this outdated policy."

Our farmers rely on exports, and exports help create more American jobs.
Sen. Heidi Heitkamp, D-ND

Since 2001 when the first exports of agricultural and food products were allowed under the Trade Sanctions Reform and Export Enhancement Act, more than \$5.3 billion worth of U.S. agriculture products have been sent to the island, according to the U.S.-Cuba Trade and Economic Council.

In recent years such exports have dropped off from a high of \$710.1 million in 2008 to \$202.1 million last year. The main U.S. products exported in 2016 were frozen chicken, corn, and soybeans and soybean products.

Cuba imports about \$2 billion worth of food annually.

“Being able to sell our commodities to Cuba just as easily as we sell to other markets like Mexico and Canada would be huge, especially for U.S.-grown rice,” said Jeff Rutledge, a Newport, Ark. rice farmer and president of the Arkansas Rice Council.

Other factors that have impacted the level of U.S. food and agricultural sales to Cuba have been Havana’s lack of foreign exchange, shifting commodity prices, restrictions based on an avian flu outbreak in the United States that affected poultry exports in 2015, and a Cuban government policy that at times has rewarded companies that lobby for the lifting of the embargo.

Senators Tom Udall (D-NM), Patrick Leahy (D-VT), Dick Durbin (D-IL), Amy Klobuchar (D-MN), Angus King (I-ME), Susan Collins (R-ME), Debbie Stabenow (D-MI), Tammy Baldwin (D-WI), Ron Wyden (D-OR), Mark Warner (D-VA), Thad Cochran (R-MS) and Joe Donnelly (D-IN) joined in cosponsoring the agricultural financing bill, which was first introduced in 2015.

Alabama Today

Montgomery, Alabama

2 February 2017

Florida ports drop trade with Cuba, Port of Mobile to pick up slack



By Staff Writer

Alabama officials were in Tampa Thursday to ink a trade agreement with Cuba, one that Florida ports cannot.

Seaports in Mobile and Havana are agreeing to do business in the future in a deal similar to one that had been between three ports in Florida.

That is until last week, when Gov. **Rick Scott** threatened to pull funding to ports shipping to Cuba.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, **told the Tampa Bay Times**: “This feels like Cuba’s way of saying if Florida doesn’t want our business, Alabama does ... And they are coming onto your turf to do it.”

Representatives for Alabama and Cuba were attending “Planning for Shifting Trade,” an international conference sponsored by the American Association of Port Authorities, held at the Tampa Marriott Waterside Hotel & Marina.

So far, the U.S. allows only a limited number of exports to Cuba, which is still under a trade embargo imposed half a century ago after Cuban leader **Fidel Castro** established communism on the island nation.

A 2000 law allows some exceptions, such as agricultural goods and food.

Castro died in November 2016.

Mobile has the fifth highest number of exports to Cuba among U.S. ports, Kavulich **told the Times**. Currently, Tampa ports send no shipments to Cuba.

Tampa Bay Times

St. Petersburg, Florida

2 February 2017

Port of Alabama signs agreement with Cuba that Florida ports can't

Paul Guzzo, Times Staff Writer



Delegations from Alabama and Cuba signed a memorandum of understanding to do business together in the future during an international sea ports conference Thursday at the Tampa Marriott Waterside Hotel & Marina. [PAUL GUZZO | Times]

Alabama came to Tampa on Thursday to sign an agreement with Cuba.

The sea port in Mobile and the sea port near Havana have pledged to do business with one another in the future — the kind of deal that three ports in Florida had worked toward until Gov. Rick Scott scuttled them last week by threatening to pull their funding.

"This feels like Cuba's way of saying if Florida doesn't want our business, Alabama does," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. "And they are coming onto your turf to do it."

The occasion Thursday was an international conference called "Planning for Shifting Trade," sponsored by the American Association of Port Authorities at the Tampa Marriott Waterside Hotel & Marina.

Some U.S. exports to Cuba already are allowed as exceptions to the trade embargo imposed more than 50 years ago after the late Cuban dictator Fidel Castro embraced communism. Under a law passed in 2000, they include agricultural commodities and food products. Mobile ranks fifth among U.S. ports in exports to Cuba, Kavulich said. Nothing is shipped to Cuba out of Tampa today.

Port Tampa Bay, Fort Lauderdale's Port Everglades and Port of Palm Beach had planned to sign memorandums of understanding similar to Mobile's during visits to their cities now underway by a delegation from Cuba.

Scott first issued his funding threats in tweets last week, decrying Cuba's "brutal dictator," then followed up in the 2017 budget he submitted this week with a provision denying state money for port infrastructure projects that result in the expansion of trade with Cuba.

A memorandum to do business with Cuba in the future signals intent, but may have limited practical impact, Kavulich said. Without one, Port Everglades was already second in maritime facilities used to ship goods to Cuba in 2016. Norfolk, Va., was No. 1 and has already signed a memorandum of understanding with Cuba.

Ultimately, Kavulich said, considering Tampa's proximity to Cuba and its historic ties with the island nation, whenever Port Tampa Bay decides and is allowed get into the Cuba business, "it likely can."

New York, New York

1 February 2017

Florida Governor Opposes Deals Between State's Ports and Cuba

Scott says he will cut off funding for improvements of ports if they pursue deeper trade ties with Castro regime



The first legal Cuban exports in more than 50 years arrive at Port Everglades in Fort Lauderdale, Fla., on Jan. 24. Photo: Zuma Press

By Erica E. Phillips and Arian Campo-Flores

Florida Gov. Rick Scott threatened in his proposed budget to cut off funding for improvements at the state's ports if they pursued deeper trade ties with Cuba.

The budget bars \$177 million in seaport funding from being put toward projects that "result in the expansion of trade" with Cuba, and comes after Mr. Scott said in a series of tweets last week that he opposed plans by ports in Palm Beach and Fort Lauderdale to sign agreements with visiting Cuban delegations.

Mr. Scott's budget is the latest blow to hopes among many U.S. businesses, ports and transportation firms that the loosening of sanctions in the final days of President Barack Obama's administration would quickly result in a U.S.-Cuba trade boom. The Cuban delegation's visit, which also included trips to ports from Houston to Virginia, was planned before November, when many officials and business leaders in both countries assumed ties between the two countries would continue to warm if Hillary Clinton were elected.

Instead, administrative work to license firms seeking to do business in Cuba came to a virtual halt after the election, as officials and businesses in both Cuba and the U.S. wait to see what policies President Donald Trump will put forward. It is unclear what—if anything—the port authorities' meetings with Cuban leaders this month will achieve until the Trump administration clarifies its plans, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.



Florida Gov. Rick Scott speaks about his budget proposals during a news conference on Tuesday. Photo: Associated Press

"Most companies that are engaged with Cuba are generally preparing for the worst and hoping they're wrong," Mr. Kavulich said.

Late last week, after the governor's tweets, both the Palm Beach and Fort Lauderdale ports said they wouldn't sign planned memorandums of understanding with the Cuban delegation. The Virginia Port Authority signed a cooperation pact with the Cuban National Ports Authority this month aimed at fostering Virginia's agriculture exports to Cuba. The Virginia ports operate under the direction of Gov. Terry McAuliffe, a Democrat.

A spokeswoman for Mr. Scott wrote in an email that "while the governor does not support doing business with the Castro regime, ports receive state funding and private businesses do not."

The delegation visit came alongside the arrival of the first commercial commodity directly exported to the U.S. from Cuba in more than five decades: two 20-ton containers of artisanal charcoal that landed at Port Everglades in Fort Lauderdale last Tuesday.

Scott Gilbert, managing director of Reneo Consulting, whose subsidiary struck the charcoal deal, said the producers of the charcoal were private cooperatives in Cuba, not the government, and that the deal followed “the letter of the law.”

The artisanal charcoal was made by burning an invasive plant that clogs the island’s agricultural fields. Buyers in Europe have snapped up the product for years, using it for pizza ovens, breadmaking and gourmet cooking, Mr. Gilbert said.

Mr. Gilbert said Mr. Scott’s opposition to doing business with Cuba shouldn’t affect future shipments of the product, but that he worried the governor’s statements could make port officials anxious.

Sebastian Bussert, chief executive of Fogo Charcoal in Hialeah, Fla., which is distributing the Cuban product, said there is a market for high-quality charcoal. It is for “people who are particular about barbecue, not your everyday Joe who has a gas grill,” he said. “I would like to continue buying it. I think it’s great stuff.”

Inc. Magazine New York, New York 1 February 2017

Meet the Entrepreneurs Breaking Into This Long-Forbidden Market

Less than 100 miles south of Key West sits a socialist country forbidden from doing business with the U.S. for 57 years. Now it's on the brink of being opened to American entrepreneurs. Meet the ones hoping to cash in first.

By David Whitford
Editor-at-large

"A whole litany of countries are in Cuba doing business, investing hundreds of millions of dollars. This idea that it's not happening? It's happening, but without us." - Darius Anderson, founder of U.S. Cava Exports, a Napa Valley-based company hoping to sell California wines to Cubans. CREDIT: Edel Rodriguez

The Friday before Halloween, Josh Weinstein was set to take his first trip to Cuba: bags packed, visa in hand, leased Beechcraft turbo-prop booked for Sunday pickup at Sarasota Bradenton International. Then the dispatcher called. We have verbal approval to fly to Havana, he told Weinstein, but we're still waiting on one last stamp from the Cuban government. Don't worry, he explained, this happens all the time. Unfortunately, the government offices were now closed for the weekend. "we'll keep pushing," he promised.

Weinstein is president of Witzco Challenger, a \$12 million family business that builds heavy-haul trailers in Sarasota, Florida, and ships them all over the world. Witzco lost about half its sales in '08 and '09 during the Great Recession. That was not long after Weinstein, former treasurer of his local stagehands union and grandson of Witzco's founder, took over the company from his aunt and uncle, and he's been scrambling to recover ever since. Exports are a big part of his business, about 35 percent, but they've been slipping lately. The stronger dollar hasn't helped.

His unlikely solution: Cuba. The forbidden market less than an hour's direct flight from Witzco's central Florida factory is suddenly bursting with pent-up demand. Tourism in Cuba is soaring, on pace to exceed 2015's record 3.5 million visitors, including a growing number of Americans who find a way to qualify for one of 12 exceptions to the Treasury Department's limits on travel. (U.S. tourism is technically still banned.)

Weinstein's betting on a construction boom, spurred by the Cuban government's plan to double the number of hotel rooms in the country by 2020, in pursuit of economic growth. "The first thing they're going to have to do is infrastructure," Weinstein says excitedly. "Water, septic, cable, electricity, communications. They're going to need heavy equipment. My trailer moves the heavy equipment." Not exactly a Cuba expert, Weinstein wants to see for himself. "I don't really know the market, only what I've been able to Google," he says. So he booked a booth at Cuba's international trade show, slated for the fall.

Sunday night, the stamp came through. Monday morning, he was on his way, a day later than hoped. (The first lesson anyone learns when dealing with Cuba: It'll happen when it happens.) Forty-five minutes across the Everglades to Miami to top off the tank--gas is much cheaper in the U.S.--and then another 45 minutes across the Straits of Florida to Havana. Upon landing at José Martí International Airport, Weinstein and his posse of two--all wearing khakis and Witzco golf shirts--were met in an otherwise deserted terminal by unsmiling customs officials, who opened one of Weinstein's bags. In it was a stash of trade-show paraphernalia--candy, logoed pens, and sales pamphlets in Spanish, English, and Russian (in case there were any Russians left in Cuba, Weinstein figured). The pamphlets raised eyebrows. Propaganda, declared one of the officials. Where is your approval? A discussion ensued. Weinstein turned on his charm. Maybe a little bit of money changed hands. "It's the cost of doing business," Weinstein says. "I'm OK with it." And the Witzco delegation was in.



Josh Weinstein, the third-generation president of Witzco Challenger, a Sarasota, Florida-based company hit by the Great Recession, is hoping to rebound by riding the anticipated tourism boom in Cuba. CREDIT: Lisette Poole

When President Obama flew to Havana last March, it marked the first visit to Cuba by a sitting American president since Calvin Coolidge in 1928. His posse numbered more than 1,000. Among them: Brian Chesky, founder of Airbnb, Dan Schulman, CEO of PayPal, and Fubu founder and Shark Tank judge Daymond John. The president drove straight to the Meliá Habana Hotel, where he addressed the staff of what used to be the United States Interests Section of the Embassy of Switzerland in Havana (it's a long story) but is now a full-fledged U.S. embassy. There he spoke of his desire to "forge new agreements and commercial deals" with Cuba, in line with the main thrust of U.S. policy as of December 2014, when the current wave of reforms began.

A lot's happened since then, including the death of Fidel Castro; the removal of Cuba from the U.S. list of state sponsors of terrorism; the restoration of full diplomatic relations; the resumption of regularly scheduled flights by U.S. airlines, including American, Delta, United, and JetBlue; authorization for U.S. hoteliers Marriott and Starwood to pursue Cuba deals; service agreements involving U.S. cell-phone providers; and glory, hallelujah, the granting of permission for American visitors to bring home Cuban rum and cigars.

But that doesn't mean Cuba is open for business. There's still the nettlesome matter of the embargo--a dense web of constraints, restrictions, and outright prohibitions, some in place since 1960, that, despite the recent thaw, prevents anything approaching normal business relations. Most commerce between the United States and Cuba is banned outright. Everything else is a hassle. For instance, while U.S. companies have been permitted to sell food and medicine to Cuba since the Clinton administration, the U.S. government often requires Cuban customers to pay the full amount up front. (That, in a nutshell, is why Cuba buys nearly all its rice from Vietnam, rather than from nearby U.S. growers.) And if you're an American trying to do anything in Cuba, you had better bring plenty of cash, which is all anyone accepts. Unless you happen to have a credit or debit card from Stonegate Bank--a Fort Lauderdale, Florida, institution that has a temporary continental American monopoly on Cuba-ready cards--plastic credit is worthless, and ATMs barely exist.

The embargo is like an argument that's been going on for so long, nobody remembers anymore how or why it started. Initially, under President Eisenhower, it banned only sugar imports. After Cuba responded by confiscating the assets of U.S. companies, it was broadened to cover nearly all trade between the nations. Soon it morphed into a Cold War weapon to punish Castro for aligning with the Soviet Union, and

supporting communist-led insurgencies in Nicaragua and Angola. Cuba's dismal record on human rights didn't help.

But attitudes toward the embargo have changed. In a CBS News/New York Times poll conducted on the eve of Obama's Cuba visit, more than half of Americans (55 percent) said they supported doing away with it. A more recent Florida International University poll of Cuban Americans living in Miami-Dade County--traditionally ground zero for the no-compromise camp--found an even bigger majority who would be happy at this point to move on. But we're still stuck.

Washington, D.C., attorney Robert Muse has been advising U.S. companies on Cuba for 25 years. He says that lifting the embargo is up to the United States. He equates Cuba's position to that of an abused wife whose husband says he'll stop beating her if she'll start putting dinner on the table: "Her attitude, quite rightly, is, 'It's you attacking me! You have to stop. Then we can have normal relations.'"

If and when the embargo is lifted, American companies need to remember what kind of market they're dealing with. Cuba indeed dominates the Caribbean, by landmass (it's roughly the size of Virginia) and by population (11.3 million). But it's poor. The average state salary is \$25 a month. In 2010, according to the CIA's latest estimate, its gross domestic product per capita was \$10,200, one rung up on the world ladder from Swaziland's.

That's partly why John Kavulich, longtime head of the U.S.-Cuba Trade and Economic Council, sees "a lot of inspiration and aspiration chasing very little reality" in Cuba. Americans assume, not unreasonably, that Cubans "need everything, they want everything, and they put a period there," Kavulich says. "But there's a next sentence: Do they have the resources to purchase everything? Dubai isn't 93 miles south of Florida. Cuba is."

Even so, Weinstein and other eager Americans are stubbornly optimistic. Entrepreneurs like Saul Berenthal, for instance, a 72-year-old in Raleigh, North Carolina, who wants to sell small tractors to Cuban farmers. And Darius Anderson, a political consultant, lobbyist, and investor who's been visiting Cuba since he was a college student, and now has a scheme to sell California wines to Cuban restaurateurs. Everybody wants to believe that we're at the beginning of the end of an era; that no one--not unforgetting Cuban émigrés in Miami, not Fidel's ghost, not a brash and unpredictable President Trump--can halt the momentum now. That the embargo must be, will be, swept aside, and the rivers of commerce will flow.

But Cuba is not for innocents or neophytes. "People get besotted with Cuba," Muse warns. "If you're a little guy, you might think that because the big guys aren't there, you can play in those waters. It's exotic. You're a pioneer! All these things combine to make some people abandon basic business principles."

"People get besotted with Cuba. If you're a little guy, you might think that because the big guys aren't there, you can play in those waters. It's exotic. You're a pioneer!" All these things combine to make some people abandon basic business principles." Robert Muse, an attorney who advises U.S. companies on Cuba

The fairground for Cuba's international trade show is 12 miles south of central Havana. It's a slow cab ride, on crowded roads filled with midcentury Fords, Chevys, and Cadillacs, many of them refitted with diesel motors, not one of which would pass a U.S. emissions inspection. A mural of Che Guevara hovers omnisciently over the Plaza de la Revolución, while billboards flaunt slogans like socialismo o muerte ("Socialism or Death") and normalizar no es sinónimo de bloquear ("Normalization and Blockades Don't Go Together"), a blunt reminder of Cuba's all-or-nothing stance on the embargo, which Cubans call "the blockade."

The American pavilion is a hike from the trade show's main entrance, in the farthest corner of the grounds, beyond the scattered remnants of past exhibitions--a petrified pump jack, a stilled windmill, a parked Air Cubana airliner repurposed as a restaurant. JetBlue banners flank the entrance. Inside, ordinary Cubans who have managed to snag coveted trade show credentials graze the American booths, scooping up free hats, pens, and pistachios. Perhaps because there is no conventional advertising in Cuba (it's illegal), Cuban consumers are adept at ferreting out whatever's available, wherever it can be found.

The National Auto Parts Association has a booth, looking toward the day when it can begin populating Cuba with its stores. So do a smattering of state-sponsored trade delegations representing poultry farmers,

soybean growers, and the Port of Virginia; and all manner of small and midsize U.S. manufacturers, displaying motors, electronic controls, and other industrial gear, none of which are yet on the list of permissible products. The U.S. embassy's chargé d'affaires, Jeffrey DeLaurentis, roams the aisles in a seersucker suit, chatting up exhibitors and awkwardly ducking reporters. ("There is still an embargo," his aide explains apologetically.)



Saul Berenthal, a Cuban emigre based in Raleigh, North Carolina, was supposed to be the first American entrepreneur to build a factory in Cuba--until his company got caught in political crossfire. CREDIT: Lisette Poole

Overall, attendance by American exhibitors is lower this year than last, when Obama's first round of reforms created a kind of euphoria that has since dissipated. Those who have returned see the potential but understand the need for patience. Among them is investor Noel Thompson, decked out in a blue blazer advertising his ties to the U.S. Olympic Committee. Thompson is a former Goldman Sachs banker now running his own hedge fund in New York City. He's been coming down to Cuba every few months for the past couple of years, working his way into the culture, gathering intel, developing contacts. He imagines doing a lot of business in Cuba one day--trading currencies, advising on deals, helping privatize government assets, and otherwise capitalizing on the explosion he thinks will surely come when the embargo lifts and America fully engages with Cuba's suppressed capitalist passions. It won't happen tomorrow, he knows, or even next year, but one day. "Maybe it's my Goldman training," Thompson says. "When you see a butterfly flap its wings ... "

Manning a nearby booth with sunglasses propped on his forehead and an unlit cigar clenched in his teeth, another American, Darius Anderson, presides over a winetasting led by his pal Fernando Fernández, Cuba's preeminent blender of rums and cigars. Anderson first visited Cuba in 1986 as a student at George Washington University, where he had a poster of Che Guevara on his dorm room wall. When his pals went to Florida for spring break, he went north to Toronto, from which he was able to get to Havana. His total visits since then: "Somewhere in the mid-60s," he guesses. Every time the border agents run his passport, they ask, "Why so many times?"

Originally, he went because it was forbidden, Anderson says, and now it's because he's long since fallen in love with "all things Cuban: the music, the culture, the cigars, the baseball." After college, Anderson worked for a Democratic congressman on Capitol Hill, was an advance man for Bill Clinton in California, and apprenticed seven years at the right hand of supermarket billionaire Ron Burkle--a useful résumé for navigating a market in which business and politics are inseparable.

With his company U.S. Cava Exports, Anderson, 47, is trying to bring expensive wines from Napa Valley to Cuban consumers. He's been laying the groundwork for years, hosting a seven-day tour of Napa and Sonoma wineries for his Cuban friends, and leading a party of more than 100 California vintners on an educational mission to Cuba, where they met with chefs and sommeliers. Like Weinstein, Anderson is hoping to make money on tourism. Unlike Weinstein, he's peddling an embargo-exempt agricultural product that's not contingent on new construction. This should be easy.

And yet, 2,500 miles northwest of Havana, in a refrigerated warehouse near Napa County Airport, sits a shipping container filled with Anderson's stranded inventory: 1,200 cases of carefully curated California sauvignon blanc, zinfandel, pinot noir, cabernet, and chardonnay. Total value, just under \$400,000. It's been there all fall, costing him at least \$500 per month, and not for want of a buyer. In fact, Anderson has one all lined up, a Cuban state-owned distributor willing to pay full price in advance, per U.S. law. But there's a holdup. Anderson is waiting on final approval from the highest levels of government--in this case, Cuba's foreign ministry.

U.S. Cava Exports is only one of Anderson's ventures at the moment, so he has the luxury to wait this bureaucratic purgatory out. He still sees a chance to have "a real, viable business and grow it over time." The rest of the world is already here, he points out. Not just Cuba's biggest trading partner, China, and

Spain--it's oldest--but also Brazil, Canada, Mexico, the Netherlands. The list goes on. "A whole litany of countries are here doing business," Anderson says. "They trust the system well enough to invest hundreds of millions of dollars. This idea that it's not happening? It's happening, but it's happening without us."

At least twice since the late '90s, emissaries associated with Trump companies have visited Cuba to scope out investment opportunities for hotels and golf courses--acts that may well have violated the embargo.

Saul Berenthal went to high school before the revolution. He was born in Havana, where his parents met after fleeing the Nazis in Eastern Europe. His father worked his way from Holocaust refugee to sole GM parts supplier for Cuba, which helped land Saul at the elite Havana Military Academy. In 1960, his parents sent their 16-year-old son to study in the United States. They visited him the following year, expecting to stay for a few months. Then came the failed Bay of Pigs invasion. Suddenly, they were unwilling to return to Cuba, refugees once again, this time in America.

Bespectacled and trim, still at home in a loose-fitting guayabera, Berenthal has a complicated relationship with his birthplace. He belongs solidly to the generation of exiles whose grim resolve and political clout have defined U.S. aggression toward Cuba. But he's also become a full-fledged American, having had spent 18 years at IBM, where he met Horace Clemons, his future business partner. They bonded over their frustration with IBM's stubborn attachment to proprietary product lines when the future was all about open-source computing. "We worked hard, lived the American dream, created three companies and sold them, and set ourselves up for a nice retirement," says Berenthal.

But, a couple of years into retirement, Cuba beckoned, and starting in 2007, Berenthal was finding excuses to visit his birthplace. "It was curiosity more than anything," he says. The surprise was that he felt instantly at home. The language, the mannerisms, the customs, the operating in a culture where it's hard to make appointments ("You'll be here next week? Look me up") and a meeting might not happen because somebody's car won't start or he can't find gas. Where checking email on the fly means locating a Wi-Fi hotspot and making sure you've got enough minutes left on your government-issued access card. "Not very well organized, but I understand why," says Berenthal, revealing a trace of his native Spanish. "People take care of things as they come up. They don't know where they'll be at any time until it's that time."

Berenthal still knew people who knew people in Havana. He was introduced to professors in the economics department at the University of Havana, organized academic exchanges, and got involved in studies that led to Cuba's accelerated reengagement with the global economy in 2011. But it was Obama's dramatic announcement on December 17, 2014--"Today, the United States of America is changing its relationship with the people of Cuba"--and the policy changes that followed that convinced Berenthal it was time to reunite with his old partner, Clemons, and come up with a business idea for Cuba.

Berenthal knew that an American company could succeed in Cuba only if it was sensitive to the socialist country's motivations for doing business with outsiders. Cuba is not interested in inviting foreign companies in to make a few players wealthy. If Cuba is to embrace capitalism, it will be on socialist terms: to generate revenue and become less dependent on imports, and so protect what Cubans consider the lasting achievements of the revolution--free education, free medicine, subsidized housing, and subsidized food.



U.S. entrepreneurs are beginning to visit Havana in anticipation of trade restrictions being lifted.
CREDIT: Michael Christopher Brown/Magnum Photos

Clemons, a farm boy from Alabama, thought of tractors. Inexpensive tractors designed to meet the needs of small farmers in a poor country that's rich in arable land but where many still work the land barefoot, behind a mule or an ox, without basic equipment. An alternative to a company like John Deere, which could come into Cuba with an expensive, proprietary product. Instead, Cleber, as their company is called, would assemble tractors according to open-source manufacturing principles, using standard components, making them easy to maintain and infinitely customizable. By creating an opportunity for Cubans to build an

ecosystem of products around Cleber's tractor, they would help kick-start the creation of a homegrown agricultural manufacturing industry.

Berenthal and Clemmons proposed building their tractor factory in Mariel, a planned economic development zone about an hour west of Havana. When Cuban officials expressed support, the pair began working to persuade their own government to create an opening in the embargo that would allow them to proceed. "We spent a lot of time in the Office of Foreign Assets Control and the Department of Commerce, trying to get it through," says Berenthal. In February 2016, after months of meetings, they succeeded. Cleber won U.S. approval to build the first American-owned factory on Cuban soil since the revolution. It was a happy story, shot through with hopeful symbolism, coinciding perfectly with the Obama administration's initiatives. They even got a shout-out in a White House press briefing.

But they still needed final approval from Cuba, and by last summer, Berenthal didn't like the signals being sent from officials at Mariel: pushback on environmental standards and workplace safety, and worrisome doubts about whether Cleber fit with the development site's larger goal of promoting high-tech manufacturing. Berenthal was baffled. None of the other projects in the Mariel pipeline--cigarettes, cosmetics, meatpacking, none of them U.S. backed--were obvious ways to achieve that goal. Here he was, trying to persuade higher-ups who opposed a simple, practical idea that somehow threatened them. He had flashbacks to his time at IBM. "Everybody is acting in their own best interests," says Berenthal. "IBM wanted to protect the proprietary lab where they were building the proprietary technology and not accept change, because that would mean loss of power or prestige or even their jobs."

In late October, Berenthal drove to Mariel for a meeting with development zone officials. "They were very cordial," Berenthal says. Then they proceeded to tell him that after much consideration, they had decided not to approve Cleber's proposal after all.

If Cuba were to embrace capitalism, it would be on socialist terms--to protect what Cubans consider the lasting achievements of the revolution.

Weinstein had a good trade show. He didn't arrive until late on the first day--after the delay at customs, and an errant cab ride to the wrong fairground--but he hit the ground running. Within an hour, every bottled-water peddler in the building had a Witzco bumper sticker on his cooler, and most were wearing Witzco baseball caps. He made no actual sales to actual Cubans, of course. The embargo forbade him, which he knew going in. But he met a lot of people there, and went home happy at the end of the week with a long list of proposals to prepare for buyers from Canada, Panama, Mexico, Belgium, and Spain.

Then history happened. Days after the trade show ended, Donald Trump was unexpectedly elected president. Then Fidel Castro died. Suddenly American entrepreneurs with dreams of doing business in Cuba were forced to reevaluate everything.

When it comes to Cuba, Trump the politician appears to have a different mind than Trump the entrepreneur. At least twice since the late '90s, emissaries associated with Trump companies have visited Cuba to scope out investment opportunities for hotels and golf courses--acts that may well have violated the embargo. Since the election, however, Trump's been all bluster and ill will. When the news broke of the former dictator's passing, he tweeted gleefully: "Fidel Castro is dead!" He soon followed up with, "If Cuba is unwilling to make a better deal for the Cuban people, the Cuban/American people and the U.S. as a whole, I will terminate deal."



CREDIT: Edel Rodriguez

In reality, Trump's tough talk is off base. As attorney Muse points out, there is no Obama-era "deal" between the nations. Only a "series of rolling measures" issued from various realms of the federal government that would be next to impossible to untangle one by one, and which few Americans object to anyway. But what

Trump could do, says Muse, is "go big and go unilateral," in a way that plays to his strength. That is, he could leapfrog Obama's measured steps toward normalization by announcing his willingness to negotiate America's \$1.9 billion in outstanding property claims against the Cuban government as a "necessary predicate" to ending the embargo once and for all. "Where the embargo began is where the embargo should end: With a resolution of the certified claims," Muse says.

After the Cuban government derailed Berenthal's factory plans, he was discouraged but not devastated. He understands why his company, in which he and Clemons have invested \$5 million, was used as a political pawn: Cuba wants the embargo gone; as long as it remains in effect, Cuba has little incentive to grant piecemeal exceptions that reduce the pressure on Congress to demolish it once and for all. At least, that's the best explanation he or anyone else can come up with to justify what happened.

So Berenthal and Clemons have shifted plans. Now they're building tractors for export at a factory in Paint Rock, Alabama. Clemons, the more frustrated of the two, is focusing his energy on selling them to other markets--small farmers in Australia, Ethiopia, and Peru. Meanwhile, Berenthal's contacts at Mariel have told him, "Commercialize your tractor and your products, and bring them to Cuba," and he's taking them at their word. Cleber's new business model may in the end be more lucrative, albeit less transformational for Cuba than Berenthal had hoped for.

Still, there's one more wild card. Cuba's current president, Fidel's brother Raúl Castro, is scheduled to end his term in 2018. "In my opinion," says Berenthal, "this will trigger the final removal of the embargo." Castro's likely successor, Miguel Díaz-Canel, was born nine months before the revolution. If there's going to be real change--generational change--in U.S.-Cuba relations, that'll be the turning point. "I hope others will take the long view and continue the efforts to bring the two countries together through commerce," Berenthal says. He understands, as best as anyone can, how it works in Cuba. That things happen when they happen. But, eventually, they do happen.

Palm Beach Post

West Palm Beach, Florida

1 February 2017

Gov. Scott includes 'no Cuba trade' edict for ports in budget

Susan Salisbury
Palm Beach Post Staff Writer



Gov. Rick Scott says Florida ports that trade directly with Cuba risk losing state funding for infrastructure and other needs. (Allen Eyestone / The Palm Beach Post)

Gov. Rick Scott made it perfectly clear this past month that any Florida port that signed a trade pact with Cuba, run by brutal dictator Raul Castro, would not receive state funds for improvements. A delegation from Cuba visited the Port of Palm Beach on Friday, but a proposed memorandum of understanding on commerce was not signed because of the governor's opposition.

Now Scott has taken the stance a step further. His proposed 2017-18 \$83.5 billion state budget released Tuesday says \$176 million designated for port infrastructure projects cannot go to any port that expands trade with Cuba.

None of the money can go to projects “that result in the expansion of trade with the Cuban dictatorship because of their continued human-rights abuses,” the budget states. Since 2011 Scott has overseen the investment of \$1.2 billion in port infrastructure investments support.

While businesses based at the Port of Palm Beach do not trade directly with Cuba, Crowley Maritime Corp. transports goods from Port Everglades to Cuba, and has 16 for years.

“Crowley is authorized to ship licensed cargo to Cuba. Currently, we are sailing to Havana, Cuba from Port Everglades, FL and Jacksonville, FL as an alternate port every week,” the company states on its website.

Asked whether those ports would be cut off from state money because of Crowley’s activities, the governor’s office issued this response: “While the Governor does not support doing business with the Castro regime, ports receive state funding and private businesses do not.”

Almost 17 years ago, the U.S. Congress passed legislation, later signed by the President Clinton into law on Oct. 28, 2000, which changed the U.S.-Cuba trade relationship by enacting certain exceptions from U.S. sanctions legislation for agricultural and medical exports.

The Trade Sanctions Reform and Export Enhancement Act of 2000 was not comprehensive and some prohibitions remain. The ban on U.S. imports from Cuba was not changed by this legislation.

John Kavulich, president, U.S.-Cuba Trade and Economic Council, Inc., said that since the first exports of agricultural commodities and food products in December 2001, the total value of exports has exceeded \$5.2 billion. Since 1992, more than \$16 million in healthcare products has been exported under provisions of the Cuban Democracy Act.

Since 2010, the U.S. has exported more than 4.8 million tons of products to Cuba. Of that, 737,155 tons went to Cuba from Florida ports.

Kavulich said that during the Obama Administration, imports were authorized by changes to regulations. Agricultural commodities included coffee and charcoal, with sourcing restrictions (a non-Republic of Cuba government component) and textiles and crafts created by independent business owners.

There are no specific “bans” on imports from the Republic of Cuba, however, there are statutory impediments relating to duties and tariffs, Kavulich said.

Palm Beach Post West Palm Beach, Florida 31 January 2017

Gov. Scott includes “No Cuba trade” statement in budget released Tuesday



Crowley has been shipping goods to Cuba from Florida since 2001.

Gov. Rick Scott made it perfectly clear last week that any Florida port that signed a trade pact with Cuba, run by brutal dictator Raul Castro, would not receive state funds for improvements.

A delegation from Cuba visited the Port of Palm Beach on Friday, but a memorandum of understanding was not signed due to the governor’s statements.

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Politico Washington, DC 31 January 2016

FROM DENVER TO HAVANA: In other Cuba news, Colorado Gov. John Hickenlooper will head south later this week for a trip to the island nation with a delegation called the Biennial of the Americas, a group that aims to connect Denver with parts of North, South and Central America as well as the Caribbean. The trip, which will last from Feb. 2-5, will lay the groundwork “for cultural and economic exchange between Colorado and Cuba,” a spokeswoman for the governor’s office said in an email to Morning Trade.

The trip will make Hickenlooper the 15th governor to visit Cuba since 1999, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council. Nine of those visits have occurred within the past two years.

The Hill

Washington, DC

31 January 2017

Airlines gearing up to protect flights to Cuba

By Melanie Zanona



© Getty Images

U.S. airlines began lobbying Washington on Cuba last year as they fought to win commercial flight routes to the island nation for the first time in 50 years.

But travel advocates expect to see an even bigger lobbying push around the issue this year, with questions hanging over the new administration's policies, including whether President Trump will reverse the historic opening of relations with Cuba.

Those concerns have the powerful airline industry, which invested a significant amount of time and resources into competing for and setting up the new flight routes, ramping up their efforts in Washington to preserve those changes.

"The airlines will not cease their advocacy with respect to Cuba, but they're going to change their strategy from focusing on seeking more [concessions] to focusing on preserving what they have," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

More than a year after former President Barack Obama announced he was restoring diplomatic relations with Cuba, the U.S. struck a deal with the Cuban government in February 2016 to allow scheduled air service to resume between the two countries.

The announcement sent the airline industry scrambling to secure slots — activity that was reflected in their year-end lobbying disclosure forms, filed last week.

JetBlue Airways, American Airlines, United Airlines, Southwest Airlines and Alaska Airlines all lobbied on Cuba at some point last year, as did the trade group Airlines for America (A4A).

"Our members serve new and emerging markets all over the world, and our focus is on ensuring an adequate framework is in place to help facilitate the movement of people and goods between our two nations," said a spokesman for A4A, which represents most of the nation's major air carriers, with the exception of Delta Air Lines.

None of the companies had previously mentioned lobbying on the issue in the last five years, with the exception of Alaska Airlines, which started working on the "topic of renewal of U.S. commercial air carrier service between U.S. and Cuba" in 2015.

"There was a time when U.S. companies, not just airlines, would do whatever it took legally to avoid the 'C' word in the lobbying disclosure forms," Kavulich said. "It does show quite a bit of evolution to see ... the types of industries that haven't been afraid to show that they have an interest in Cuba."

Delta didn't specifically mention Cuba in its disclosure forms, but said it lobbied on "International Air Service Rights Issues (U.S. Government Bilateral Negotiations)." A spokeswoman for the airline said that includes, but is not limited to, efforts around Cuba.

The competition for a limited number of slots turned fierce as airlines submitted their proposals and took aim at their rivals. Delta, for example, called American's "request for ten (10!) of the 20 flights ... out of proportion," while American called Southwest's application "seriously flawed."

The biggest Cuba lobbying push from airlines came in the third quarter of last year, which is when the Transportation Department finished divvying up the 110 daily flights to the island.

Ultimately, 10 airlines were awarded flight routes, which included 20 daily round-trip flights to Havana and 10 flights to nine smaller airports around the communist country. The carriers are: Alaska, American, Delta, Frontier Airlines, JetBlue, Southwest, Spirit Airlines, United, Sun Country Airlines and Silver Airways.

But being granted a flight route wasn't the only hurdle for those seeking air service to Cuba. Traveling to Cuba is still subject to numerous restrictions, despite the new U.S. policy toward the island.

While the Obama administration loosened travel restrictions for Cuban-Americans who are visiting family, as well as government officials, journalists, students and volunteers on humanitarian projects, tourism is still prohibited.

The airlines also found themselves playing defense against legislation in Congress that would have halted commercial flights to Cuba until an airport security review was conducted. U.S. airlines and A4A all reported lobbying on that bill last year. The measure was advanced by committee but never considered on the House floor.

"U.S. airlines have been critical in helping to lift 55 years of failed policy," said James Williams, president of Engage Cuba. "Now, with newly re-established direct commercial service to 10 Cuban cities, we expect the airline industry will continue to push for changes that will get rid of arbitrary restrictions on traveling to Cuba."

The industry could face even tougher battles this year, however.

Trump has threatened to reverse the opening of relations with Cuba if the communist government doesn't adopt changes, though he has not yet revealed specific plans to change the U.S.-Cuba relationship.

"I have to follow up with you. We've got nothing that we're ready to announce at this point," said White House press secretary Sean Spicer when he was recently pressed on the issue.

Any regulatory rollbacks could mean fewer aircraft passengers, hotel guests and travel customers, which could all result in less revenue for the airlines.

As a result, Kavulich expects air carriers to ramp up their lobbying efforts — especially with lawmakers who represent their headquarters or have Trump's ear — in an effort to convince the new president to keep the current policies in place.

"Last year, they were excited about the potential of getting more," Kavulich said. "This year, they're hysterical over losing what they have."

Sun-Sentinel

Fort Lauderdale, Florida

27 January 2017

**Gov. Rick Scott's tweets lead ports to kill planned agreements with Cuba
Gov. Rick Scott sent his message in a tweet.**

Ron Hurtibise

In light of threatening tweets by Gov. Rick Scott, ports in Broward and Palm Beach counties have canceled plans to sign an agreement for cooperation with the National Port Administration of Cuba.

But spokeswoman for both ports said planned meetings between the seven-member Cuban delegation and local trade and business officials would continue as scheduled.

Port Everglades had planned to sign a memorandum of understanding with the Cubans at 2:30 p.m. today, while the Port of Palm Beach had planned a signing at 10:30 a.m. Friday. Port Everglades spokeswoman Ellen Kennedy said "the Cuban government realized there was sensitivity and they said [signing the memo] wasn't important."

Jarra Kaczwara, spokeswoman for the Port of Palm Beach, said that port "at this time is not scheduled to sign the memorandum of understanding in light of the governor's request," adding, "We are still looking forward to welcoming the Cuban delegation and providing our tenants with the ability to learn more about opportunities to do business [with the island nation]."



JetBlue Airways first flight between Fort Lauderdale and Santa Clara, Cuba, took off Wednesday morning after ceremonial festivities that included a live Cuban band and refreshments.

Adopting a communication style similar to newly inaugurated President Donald J. Trump, Scott took to the social networking app Twitter on Wednesday to threaten withdrawal of funding if the ports proceeded with plans to sign the agreements.

"Disappointed some FL ports would enter into any agreement with Cuban dictatorship," Scott wrote in a series of tweets Wednesday. "I will recommend restricting state funds for ports that work with Cuba in my budget. We cannot condone Raul Castro's oppressive behavior. Serious security/human rights concerns."



Scott threatens ports that do business with Cuba

Scott has been a critic of former President Barack Obama's efforts to restore relations with Cuba's communist government. Trump has not yet announced whether he will overturn Obama's executive orders normalizing relations between the U.S. and Cuba. His aides have said the current policy is under review, Reuters reported. Before taking office, Trump threatened to reverse Obama's moves unless a "better deal" could be struck.

Kennedy said the memo of understanding was "largely ceremonial and not legally binding." Entering into memorandums of understanding, she said, is like becoming sister cities. "It's like, 'If we ask you for information, will you share it with us?' We don't share anything proprietary."

A draft copy of the memorandum Port Everglades planned to sign states "the parties believe it is in their mutual interest to establish an alliance of cooperation aimed at generating new business by promoting the all water route" between Port Everglades and the ports of Cuba.

The parties would also agree "subject to their respective laws and regulations" to "undertake joint initiatives" that would include joint marketing activities, exchanges of data, exchanges of marketing studies, and sharing of information on modernization and improvements, training programs and technological

capabilities and programs. Shared information in market studies “that may be of interest to the other party” would be “treated in a confidential manner, to the extend allowed by the parties’ respective laws and regulations.”

Kennedy compared the agreement to a decision to become “sister cities,” saying, “It’s like, ‘If we ask you for information, will you share it with us?’ We don’t share anything proprietary.” She pointed out that the Cuban delegation is meeting with various ports in the U.S., including Houston and New Orleans.

Humanitarian trade between Port Everglades and Cuba, through the cargo and terminal operator Crowley Maritime Corp., has been ongoing since 2001, Kennedy said. But on Tuesday, Port Everglades hailed the arrival of artisanal charcoal aboard a Crowley container ship, calling it “the first truly commercial shipment” from a Cuban cooperative to a private U.S. business since the U.S.-Cuba trade embargo was established more than 50 years ago.

Crowley is licensed under the Office of Foreign Assets Control of the U.S. Department of the Treasury to ship U.S. agricultural commodities, medicine, medical devices and other products to Cuba. But shipments from Cuba to the U.S. were made possible only under rules established by the Obama administration.

John Kavulich, president of the New York-based U.S. Cuba Trade and Economic Council Inc., asked in an email whether Gov. Scott would also oppose funding for ports that assist with exports to China, Vietnam, Turkey and countries in the Middle East. He noted that \$5.3 billion in agricultural and food products has been exported from the United States to Cuba since 2001. More than a million metrics tons of goods moved through Florida ports, Kavulich said.

Miami Herald

Miami, Florida

27 January 2017

Cuban delegation arrives amid threats by Gov. Scott to cut funding to ports that sign pacts



Rick Scott, Governor of Florida, comments on ports in Florida doing business with the “ruthless dictator” Raul Castro”. The governor was in Fort Lauderdale today to announce tax cuts for this year’s budget. Charlie Trainor Jr. The Miami Herald

By Mimi Whitefield, Amy Sherman and Patricia Mazzei

A high-level Cuban business delegation toured Port Everglades and met with port officials Thursday, although the planned highlight — the signing of a cooperation pact — was canceled after Gov. Rick Scott threatened to cut off state funding to any port that entered into an agreement with the communist-ruled island nation.

The Port of Palm Beach also called off its plans to ink a Cuba deal Friday, citing the governor’s stance.

Scott said Wednesday that he would ask Florida legislators to restrict funds for ports that “enter into any agreement with [the] Cuban dictatorship.” That risked \$37 million over the next five years for Port Everglades, which is in Fort Lauderdale, and \$920,000 over the same period for the Port of Palm Beach.

Although the Legislature, which sets the state budget, could ignore the governor’s request, the possibility was worrisome enough that Port Everglades leaders huddled for most of the day Wednesday considering their options.

At issue was a non-binding memorandum of understanding that was to be signed with the National Port Administration of Cuba. It was to cover future cooperation and could have led to joint marketing studies and training, sharing of data helpful in forecasting future trade flows, and perhaps even joint marketing of Cuban ports and Port Everglades, according to Jim Pyburn, the port's director of business development. Port Everglades issued a statement Thursday morning bowing out of the deal.

"The National Port Administration of Cuba has indicated to Port Everglades administration that there is no need for a memorandum of understanding at this time," the port said. "However, today's business meeting and related activities will continue as planned."

The Port of Palm Beach quickly canceled its signing too, citing "a recent request from Governor Rick Scott."

"The Port of Palm Beach plans to welcome the Cuban Delegation and looks forward to having our tenants learn more about opportunities to expand their businesses," the port said in a statement. "The Port's intent and purpose behind receiving the delegation has always been to explore possibilities to expand commerce and trade for our tenants."

Cuban Ambassador José Ramón Cabañas tweeted a photo Thursday of the Cuban delegation's Port Everglades visit.

#Cuba Ports delegation tours @PortEverglades and exchanges with local executives
pic.twitter.com/HaPhLmUpaq— José Ramón Cabañas (@JoseRCabanas) January 26, 2017

"The Governor appreciates the port choosing not to do business with the Castro dictatorship," Scott spokeswoman Jackie Schutz said in an email to the Miami Herald.

After a meeting with Port Everglades Director Steve Cernak, the seven-member Cuban delegation toured the facilities, viewing the site where the port hopes to dredge so it can handle the big ships that now traverse the expanded Panama Canal, and its cruise facilities.

"I think the event went well ultimately. It was really about putting the business community together for a discussion," said Cernak.

After discussing the MOU with the Cuban delegation, he said, "We agreed to put off the signing." But he said the flap over the MOU pointed up the need for more dialogue.

Members of the Cuban delegation said they would still like to see the MOU signed when it's possible.

"The United States is our natural market and very close to us," said Eradis González de la Peña, president of Almacenes Universales, a Cuban logistics company that oversees the Mariel Container Terminal and the port.

"Our interest is to insert the port of Mariel and the Mariel Economic Development Zone into the logistical corridors of the ports of the United States and become part of their supply chains," she said.

"We thought signing the MOU would be a first step in realizing this goal. We'll keep on working on it," said González.

As for Scott's comments, she said: "As a governor, he has the right – and what's more we respect that." The Cubans lunched with executives from the cruise lines and Crowley Maritime, which has been offering shipping service to Cuba for the past 15 years, and planned to cap the day with a "Doing Business with Cuba" seminar for about 150 members of the local business community.

"The port director was a little upset the way things transpired. Nevertheless he understood the governor's position," Broward County Commissioner Chip LaMarca said Thursday morning, minutes after speaking with Cernak. "With respect to the MOU, it was canceled yesterday afternoon once the governor's position was made."

The draft of the two-page memo of understanding, obtained by the Herald under Florida's public records law, says "the parties believe it is in their mutual interest to establish an alliance of cooperation aimed at generating new business by promoting the all water route between Port Everglades" and the ports of Cuba. "Such new business would help to increase the present level of economic growth by increasing job opportunities and revenues at Port Everglades and increasing revenues at the Ports in Cuba."

Ellen Kennedy, a Port Everglades spokeswoman, called it a "goodwill gesture" similar to sister seaport agreements that the port has in place with five other ports around the world. "It's something we were hoping to have," she said.

When port officials picked the Cuban delegation up at the airport Thursday morning, "they said the MOU wasn't a big deal," Kennedy said. "It seemed like they were more interested in the business meeting and forming business alliances and promoting the port of Mariel."

All container traffic that previously went to Havana has been shifted to the deep-water Port of Mariel. Adjacent to that port, the Cuban government also is developing the Mariel Special Economic Development Zone, where it hopes to attract foreign investment and companies with cutting-edge production capabilities. Crowley Maritime, Port Everglades' largest customer, offers a Port Everglades-to-Mariel route three times a month with continuing service to Honduras and Guatemala. It has been offering service from the Fort Lauderdale port to Cuba for the past 15 years, mainly transporting frozen chicken parts.

Cuba trade is hardly new for Florida.

Under exceptions to the embargo that allow food and other humanitarian exports to Cuba, the United States has exported more than 4,806,368 metric tons of products to the island since 2010.

Of that amount, more than 737,155 metric tons have been transported from ports located in Florida, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council. This represents more than 15 percent of the total transported since 2010.

"Gov. Scott's comments focus upon the ethics of exporting to countries where the United States has diplomatic and commercial relations but does not share the same political system," Kavulich said. "For consistency, would the governor oppose port funding for those that assist with exports to China, Vietnam, Turkey and countries throughout the Middle East?"

But over three posts on Twitter Wednesday, Scott said he would ask state lawmakers to restrict dollars for ports that "enter into any agreement with [the] Cuban dictatorship."

Scott's tweets came a day after the first legal cargo from Cuba in more than half a century — artisanal charcoal — arrived Tuesday in Port Everglades aboard a Crowley ship. The two containers of hardwood charcoal were produced by private Cuban worker cooperatives, making the Cuban exports legal under rules issued by former President Barack Obama in his quest to normalize relations with Cuba.

The Cuban delegation has already paid visits to ports in Houston and New Orleans, and plans on calling on the Port of Palm Beach, Port Tampa Bay and the Port of Virginia in Norfolk before returning to Cuba in early February.

**Miami Herald
Miami, Florida
26 January 2017**

Port cancels signing of pact with Cuba after Gov. Scott threatens to cut funding



Rick Scott, Governor of Florida, comments on ports in Florida doing business with the "ruthless dictator" Raul Castro". The governor was in Fort Lauderdale today to announce tax cuts for this year's budget. Charlie Trainor Jr. The Miami Herald

By Amy Sherman, Mimi Whitefield and Patricia Mazzei

After Gov. Rick Scott threatened to financially cut off Florida ports that do business with Cuba, Port Everglades in Fort Lauderdale canceled its plans to sign an agreement with Cuba.

Broward County Commissioner Chip LaMarca told the Miami Herald on Thursday morning, minutes after speaking with port director Steve Cernak, that Cernak told him the memorandum of understanding with Cuba won't be signed. However, LaMarca said that port officials will still hold their scheduled meeting with the Cuba delegation at the port in Fort Lauderdale on Thursday.

"The port director was a little upset way things transpired, nevertheless he understood the governor's position," LaMarca said. "With respect to the MOU it was canceled yesterday afternoon once the governor's position was made. They are going to still have meeting."

Cuban Ambassador José Ramón Cabañas tweeted a photo of the Cuban delegation visiting Port Everglades on Thursday.

#Cuba Ports delegation tours @PortEverglades and exchanges with local executives
pic.twitter.com/HaPhLmUpaq— José Ramón Cabañas (@JoseRCabanias) January 26, 2017

Port authorities sent a brief email to reporters confirming the meeting would continue.

"The National Port Administration of Cuba has indicated to Port Everglades administration that there is no need for a memorandum of understanding at this time. However, today's business meeting and related activities will continue as planned."

Port leaders could not be reached for comment.

"The Governor appreciates the port choosing not to do business with the Castro dictatorship," Scott spokeswoman Jackie Schutz said in an email to the Herald.

Scott revealed Wednesday on Twitter that he would ask state lawmakers to restrict funding for ports that "enter into any agreement with [the] Cuban dictatorship." Port Everglades planned to do so Thursday, and the Port of Palm Beach on Friday.

"I will recommend restricting state funds for ports that work with Cuba in my budget," Scott tweeted.

The Port of Palm Beach, which is in Riviera Beach, did not immediately react to Port Everglades' decision. Scott's funding threat came a day after the first legal cargo from Cuba in more than 50 years arrived in Port Everglades. The containers contained hardwood charcoal made by private work cooperatives, which are allowed only rules issued by former President Barack Obama in his quest to normalize relations with Cuba.

Broward County Administrator Bertha Henry underscored to the Herald in an email that the meeting with the Cuban delegation was still scheduled Thursday. The seven-member delegation planned an all-day visit. "Members of Administration (Port Staff, in particular) will be joining members of the business community at the meeting today with the Cuban delegation in support of our major cargo tenant, notwithstanding the Governor's tweet," Henry wrote.

The delegation has already paid visits to ports in Houston and New Orleans, and plans on dropping in on the Port of Palm Beach, Port Tampa Bay and the Port of Virginia in Norfolk before returning to Cuba in early February.

The port's deal with the National Port Administration of Cuba was in the works since early 2016 and ready to sign since May.

Trade with Cuba is hardly new for Florida ports. Under exceptions to the embargo that allow food and other humanitarian exports to Cuba, the United States has exported more than 4,806,368 metric tons of products to the island since 2010.

Of that amount, more than 737,155 metric tons have been transported from ports located in the State of Florida, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council. This represents more than 15 percent of the total transported since 2010.

LaMarca said that Crowley Maritime Corporation, the Port Everglades tenant that brought in the cargo of artisanal Cuban charcoal this week, has shipped goods under a humanitarian agreement with the federal government since 2001. That arrangement will continue.

The port has MOUs with five other ports around the world.

The Hill Washington, DC 25 January 2017

Florida company gets OK to ship electric cars to Cuba

By Melanie Zanona



© Getty Images

A Miami-based auto company has received the green light to ship American-made electric cars to Cuba, following an effort by former President Obama to restore diplomatic relations with the island nation.

Premier Automotive Export, which is a subsidiary of an auto dealer headquartered in Cayman Islands, received a four-year license this month from the U.S. Bureau of Industry and Security to ship electrified vehicles and charging stations to Cuba, according to the U.S.-Cuba Trade and Economic Council.

The cars can't be sold to any Cuban government-operated entities, but can be sent to embassies, private enterprises and U.S. businesses on the island. Cuba has still not authorized American companies to directly export products to non-Cuban government-operated entities, even though the U.S. has, the council noted.

Meanwhile, it's unclear whether President Trump, who threatened to reverse the opening of relations with Cuba if the communist government doesn't adopt changes, has plans to change U.S. policy towards Cuba.

"I have to follow up with you. We've got nothing that we're ready to announce at this point," said White House press secretary Sean Spicer when recently pressed on the issue.

Premier Automotive Export plans to ship Nissan Leaf electric cars and install 50 charging locations in gas stations across Havana.

Some of the American companies operating in Cuba are Delta Air Lines, American Airlines, JetBlue and Starwood Hotels and Resorts Worldwide.

"Electric vehicles will be used by the various embassies as their official government vehicle. Premier Automotive Export is seeking a U.S. Export License to ship 100 percent electric vehicles and charge stations to Cuba," the company said in its application. "This new business will not only benefit the Cuban people by reducing the country's carbon footprint, but also by creating jobs and having a positive effect on our economy."

The license only allows the Cayman auto dealer to ship cars through its U.S.-based subsidiary in Florida and stipulates that ownership of the cars cannot be transferred.

Tampa Bay Times

St. Petersburg, Florida

25 January 2017

Gov. Scott warns Florida ports not to do business with Cuba

Paul Guzzo, Times Staff Writer



Governor Rick Scott, touting his tax cuts during a visit Wednesday to Beneficial Blends in Tampa, told reporters that the state's ports should refrain from reaching any agreements with Cuba. [EVE EDELHEIT | Times]

Gov. Rick Scott warned Florida's ports via Twitter on Wednesday not to do business with Cuba, a day before a delegation of Cuban maritime leaders arrive in the state hoping to strengthen business ties here.

"Disappointed some FL ports would enter into any agreement with Cuban dictatorship," Scott wrote. "I will recommend restricting state funds for ports that work with Cuba in my budget."

Whether Port Tampa Bay was planning on entering into an agreement with Cuba remained unclear.

The Cuban delegation visits Tampa on Feb. 1 and 2 and the Tampa port had planned to sign a memorandum of understanding, proposing they start discussing business opportunities allowed under U.S. law, said Patrick Allman, a member of the Tampa port's governing board.

What's more, Allman said, the memorandum had been approved by the Office of Foreign Assets Control, the U.S. Treasury Department agency that administers and enforces trade sanctions against Cuba.

"I was under the understanding that we were doing this," Allman said. "With what the governor said, I'm not sure now."

But another port official, communications vice president Edward Miyagishima, said there were no plans in Tampa to sign a memorandum of understanding, either before or after the governor posted his tweets.

"Not to my knowledge," Miyagishima said. "We are not going to look at an MOU until we get an okay from OFAC. We are taking a very conservative approach."

Miyagishima said the Tampa visit isn't part of an official port tour. Rather, the delegation is headed here for a conference of the American Association of Port Authorities, called "Planning for Shifting Trade," at the Tampa Marriott Waterside Hotel & Marina.

Another observer tracking the Cuban delegation, John Kavulich of the New York-based U.S.-Cuba Trade and Economic Council, said he, too, had received word a memorandum would be signed, from "someone directly involved with the Cuba delegation."

Three of the documents were to be signed during the Cuban delegation's Florida visit, Kavulich said — with Port Tampa Bay next week, Port Everglades in Fort Lauderdale today, and the Port of Palm Beach during a visit there today through Friday.

The two South Florida ports announced last week they would sign memoranda with the Cuban delegation to open discussions on future business possibilities.

Asked how the governor's tweet affected plans by the Port of Palm Beach, executive director Manuel Almira said Wednesday, "We are not ready to answer that question yet." Port Everglades could not be reached Wednesday.

"It would be a shame to see Port Tampa Bay give in to political pressure over what is good for our local economy and businesses, and for the Cuban people," said U.S. Rep. Kathy Castor, D-Tampa, who has been pushing to open relations with Cuba.

A travel and trade embargo was imposed after Cuba embraced communism in the 1960s. Former President Barack Obama moved to normalize relations.

Shortly after issuing the warning, Gov. Scott doubled down during a Wednesday news conference in Tampa where he announced proposed tax cuts for the new state budget.

"I don't believe any port in our state, none of them, should be doing business with a brutal dictator," Scott told reporters.

He clarified that his warning was aimed at seaports only, not airports. Commercial flights serving Havana recently resumed from Tampa and other U.S. cities after more than five decades.

Scott's office later told the *Tampa Bay Times* that the tweets were sent following the news that Port of Palm Beach and Port Everglades would be signing memoranda of understanding this week. Port Tampa Bay was not mentioned by the governor's office.

Scott's threat to cut funding would be reflected in the spending proposal he sends lawmakers, who decide the state budget.

But the governor's tweet also caught the attention of Tampa Mayor Bob Buckhorn, who sits on the governing board of Port Tampa Bay and opposes engagement with Cuba.

"The governor controls the purse strings for a lot of the investment in our port," Buckhorn said. "The state has contributed tens of millions of dollars to port-related infrastructure. We're counting on that money moving forward."

The Maritime Executive

Fort Lauderdale, Florida

25 January 2017

Cuban Trade Delegation Visits Port of New Orleans



Courtesy Port of New Orleans

By MarEx

A group of economic development officials and port operators from Cuba are making a goodwill tour of six American seaports, and on Wednesday, they arrived at the Port of New Orleans to discuss new opportunities for trade.

The delegation met with representatives from local manufacturers, shippers and logistics providers, and the port gave them a tour of the harbor. In return, the delegates gave an overview of investment opportunities at the Mariel Special Economic Zone and the new Mariel Container Terminal, located about 15 nm to the west of Havana.

Delegations of American port executives and economic development officials have already visited Cuba, including representatives from Norfolk, Port Everglades, Tampa, Houston, and New Orleans.

"We're very pleased that Cuba's leading trade ambassadors are visiting Louisiana so soon after our [earlier] business development mission there," said Louisiana economic development secretary Don Pierson. "We have an unmatched port system here in Louisiana, and the leaders of those ports continue to prioritize trade with Cuba on many fronts."

The first legal cargo shipment from Cuba in 50 years arrived in Port Everglades on Tuesday, and other ports are taking notice of the potential for more cargo volume. "For states with port facilities, there is substantial political and commercial interest," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, speaking to Reuters.

The future of U.S.-Cuban trade is uncertain, as President Donald Trump has promised to review and potentially cancel the many diplomatic agreements that former President Barack Obama reached with Havana over the last several years. In September, Trump expressed openness to normalized trade relations with Cuba, but two months later he tweeted that if "Cuba is unwilling to make a better deal for the Cuban people, the Cuban/American people and the U.S. as a whole, I will terminate the deal."

The Cuban trade delegation includes:

René Rolando Fernández Lara, Director of Inland Waterway and Sea Transport;
Ana Teresa Igarza, General Director, Office of Mariel Special Development Zone;
Eradis González Peña, President of Almacenes Universales SA;
Leonardo Sosa Barrios, Assistant Director, Mariel Container Terminal;
Tania Vazquez, Senior Official, Ministry of Foreign Trade and Investment;
Joel Lago Oliva, First Secretary, Embassy of Cuba in Washington D.C.;
Ernesto Viñas Betancourt, Advisor to the Deputy Minister of Transportation.

Reuters
Havana, Republic of Cuba
24 January 2017

Cuban trade delegation visits U.S. as Trump ponders détente



A boy wears the U.S. colors in Havana, Cuba. REUTERS/Stringer

By Marc Frank | HAVANA

A Cuban trade delegation arrived in the United States this week to visit four states and six ports, even as the Trump administration pondered what to do with a fragile detente initiated by its predecessor.

U.S. President Donald Trump has threatened to scrap the move to normalize relations between Washington and Havana, one of former President Barack Obama's signature foreign policy initiatives, if he doesn't get "a better deal".

Port authorities along the U.S. Southern coast are strong proponents of increased trade and travel with Cuba, and some have expressed interest in using Mariel, located on the northwest coast of the Caribbean island, as a transshipment hub.

"We're hopeful that when the Trump Administration conducts a thorough review of U.S.-Cuba policy, they will see how enhanced cooperation between our port terminals and the Port of Mariel, would be very beneficial to U.S. export industries, U.S. ports with access to Mariel's shipping lanes and could create jobs across the country," said James Williams, president of the Engage Cuba coalition that helped facilitate the trip.

Delegations from the ports of Houston, New Orleans, Norfolk, Virginia, and Port Everglades, Palm Beach and Tampa in Florida, have already visited Mariel, often with top local and state executives.

"For states with port facilities, there is substantial political and commercial interest," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which has followed business ties between the two countries for two decades.

"Ports are under the authorities of states, counties and cities, which means governors and mayors seeking value for their respective constituencies and seeking votes," Kavulich said.

Seeking to reverse more than 50 years of U.S. efforts to force Communist-run Cuba to change by isolating it, Obama agreed with Cuban President Raul Castro in December 2014 to work to normalize relations. Since then the two countries have restored diplomatic ties and signed various cooperation agreements.

Obama, a Democrat, used executive orders to circumvent the longstanding U.S. trade embargo on Cuba and ease some restrictions on travel and business. The embargo can only be lifted by the U.S. Congress, which is controlled by Republicans.

Trump, who can reverse Obama's executive orders, has threatened to end the detente if Cuba does not make further political and other concessions, although the Republican businessman-turned-politician has not specified what these should be.

WAITING FOR TRUMP

The Cuban delegation, which includes top executives from the new container terminal and special development zone at Mariel and officials involved with cruise ships and investment and trade, is expected to sign non-binding cooperation agreements with some of the ports, meet with local businesses and visit Washington on Jan. 31.

The Cubans are in New Orleans on Wednesday, after visiting Texas earlier in the week, and will travel next to Port Everglades for a meeting with cruise line executives.

Cuba has avoided criticizing Trump since he took office on Friday and state-run media downplayed Saturday's protests against him in Washington and around the world.

Havana hotels and restaurants are full of U.S. travelers and cruise ships now crisscross Havana Bay almost daily.

"We are all waiting. We don't know what to expect from Trump. A hit on the head or a shake of the hand," said tour guide Paulo Perez, waiting for a group of Americans at the famed Hotel Nacional in Havana.

Cuba Trade Magazine

Miami, Florida

24 January 2017

Cuba debt deal signals re-engagement with international financial markets

By Victoria Mckenzie



Cuba took another conciliatory step toward international financial markets in recent months with a \$40 million payment to its Paris Club creditors to several creditor countries, less than one year after signing a monumental debt restructuring agreement.

Following decades of default, 14 member-states of the Paris Club agreed to waive \$8.5 billion of Cuba's outstanding \$11.1 billion debt. Now, Cuba is expected to pay \$2.6 billion over an 18-year period, including interest and penalties. As part of the implementation process, Cuba signed individual restructuring deals with each creditor nation in 2016, converting a large portion of the remaining debt into cooperative agreements and development credits.

The Paris Club, which began forming in 1956, is a forum of 21 wealthy creditor nations that work collectively to renegotiate official government debts and provide relief to poor and emerging countries. Commercial debts are treated separately by a group of private creditors known as the London Club.

"The creditors in the Paris Club are creditors that have a longstanding interest in Cuba, both in investment interest, and as sort of a sovereign interest," says José M. Gabilondo, a professor of law at Florida International University in Miami. "So if Cuba runs into more problems, these countries will take the long view in terms of making more changes because they are professional creditors and realize that sometimes it takes debtors a very long time to come out of the well."

While the full extent of Cuba's external debt is unknown, Cuban leaders have come to terms with \$50 billion in debt to foreign creditors over the past six years. In 2011, Cuba signed a restructuring agreement with China, its top creditor and second largest trading partner, for an estimated \$4 billion in government and commercial debt (this year, *Granma*—the official newspaper of the Communist Party—reported the debt canceled altogether as part of a bilateral cooperation agreement signed in September). In 2012, Japanese commercial creditors reportedly waived 80 percent of a \$1.4 billion debt, with the rest to be paid over a 20-year period. Following suit in 2013, Mexico forgave 70 percent of Cuba's \$487 million debt to the *Banco Nacional de Comercio Exterior* (Bancomext) amid speculation that Mexico hoped to gain a trade advantage over Brazil.

And just months after Cuba sided with Russia against a 2014 UN resolution to invalidate the annexation of Crimea (in a move that some viewed as being done behind the Paris Club's back) Russia signed an

agreement to waive 90 percent of an outstanding \$32 billion in Soviet-era debt. The remainder was to be invested in Cuba's economy.

Rodrigo Olivares-Caminal, an expert on sovereign debt who represents a group of Cuba's commercial creditors, at the time characterized the Paris deal as "the last step before negotiating with the London Club creditors." In 2016, Olivares-Caminal began negotiating a settlement on approximately \$1.2 billion in commercial debt; Cuba's full debt to private creditors, however, could total up to \$8 billion.

Swapping debt for development

Under the terms of the 2015 Paris deal, member nations are allowed to convert a portion of Cuba's remaining debt into credit for development, a swap that gives creditors a foothold in Cuba's frontier economy. Under the terms of the 2015 Paris deal, member nations can allow a portion of Cuba's debt payments to instead go toward local development projects. These debt "swaps" not only allow creditor nations to strengthen diplomatic relations with Cuba, but are typically coordinated with the expansion of private equity interests on the island as well.

Shortly after the deal was signed, France took the step of converting half of Cuba's remaining debt, over \$225 million, into a joint fund for development projects, and in October opened an *Agence française de développement* (AFD) office in Havana. Subsequent agreements with Spain and Italy both strengthen bilateral economic ties; Italy committed roughly \$90 million of Cuba's debt to socioeconomic development projects, and Spain secured a counterpart fund that will allow its businesses to make medium and long-term investments on the island.

"The importance of the Paris Club agreement to Cuba was first, 80 percent or so of what they owed evaporated [and second] the repayment terms for the remainder were incredibly favorable," says John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. "They were able to use some of the debt as creating incentives, by making it equity that could be used by companies located within the Paris Club creditor nations."

Swapping debt for equity, Kavulich says, "almost allows Cuba to provide their contribution virtually. It doesn't require them to put up a lot of cash in order to get something, and that's Cuba's general commercial, economic and political model."

This past September, Raúl Castro held almost continuous meetings with leaders of Japan, Iran, China, and Russia—all of the nations that had offered large portions of debt cancellation, put funds toward development, and angled for favorable trade and investment deals.

In the midst of the negotiations, Prime Minister Shinzo Abe became the first Japanese leader to visit Cuba since the 1959 revolution.

During his meeting with Castro on September 22, Abe agreed to waive 65 percent of Cuba's sovereign debt, equal to \$1 billion, and keep a third of the remainder in the Cuban economy as an investment fund for Japanese businesses. Just prior to the visit, Japan's Chief Cabinet Secretary Yoshihide Suga told the UN General Assembly that his government "hopes to help Japanese firms expand into Cuba," inspired by the U.S. thaw. During Chinese Premier Li Keqiang's meeting with the Castros two days later, China signed at least 12 cooperative agreements with Cuba, including the cancellation of Cuba's debt, and agreements to finance development projects across several sectors.

Days after Keqiang's visit, Russia's Deputy Minister of Economics Nikolai Podguzov announced that his country was offering Cuba 55 projects worth almost \$4 billion, a figure close to the remaining Soviet-era debt. Priorities for the investment include infrastructure, energy, IT, and transportation sectors—all of which involve Russian exports to Cuba, according to a report by Russian news agency TASS.

While Cuba's credit rating still indicates a 'very high risk,' according to a July 2016 D&B report, its outlook is characterized as 'improving' due to a series of investor-friendly economic reforms, and renewed diplomatic relations with the United States. Highly favorable debt settlements with Paris Club members and other bilateral trading partners show a global interest in Cuba's economic potential, as well as a sense of urgency by other nations to get in before the Cuba's northern neighbor becomes a potentially major competitor.

Reuters

Havana, Republic of Cuba

18 January 2017

United States and Cuba complete deals as Trump era set to begin



President-elect Donald Trump speaks to diplomats at the Presidential Inaugural Committee (PIC) Chairman's Global Dinner in Washington. REUTERS/Jonathan Ernst

By Marc Frank | HAVANA

The Obama administration and Cuba continue to sign cooperation agreements this week, scrambling to complete negotiations on a range of issues with just days to go until Donald Trump is sworn in as U.S. president, potentially bringing a chill to relations.

An agreement to cooperate on air and maritime search and rescue in the Florida Straits was signed on Wednesday in Havana, and another setting territorial limits in contested Gulf of Mexico waters was scheduled for signing on Wednesday or Thursday, according to diplomatic sources.

A third agreement on health protocols for dealing with issues such as bird flu was scheduled for signing on Wednesday, but postponed for later this week. It would be the last of 22 accords that have been concluded in the last 18 months.

Seeking to reverse more than 50 years of U.S. efforts to force Communist-run Cuba to change by isolating it, Democratic President Barack Obama agreed with Cuban President Raul Castro in December 2014 to work to normalize relations. Since then the two countries have restored diplomatic relations and Obama has taken a number of steps to increase travel and trade with Cuba.

Trump, a Republican who will be sworn in on Friday, has threatened to end the detente if Cuba does not make further political and other concessions, although he has not specified what these should be.

The prospect of a fresh chill has prompted both governments to wrap up negotiations on five agreements since the November election, including one on fighting international crime and another on preventing and containing oil spills.

The Obama administration last week ended a 21-year-old special arrangement by which all Cubans arriving in the United States, including without visas, were entitled to stay and seek residency. The policy had long been criticized by the Cuban government.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council which has followed business ties between the two countries for two decades, noted that while there had been a large array of recent agreements and memorandums of understanding, not all were binding treaties.

"The commercial, economic and political bilateral relationship between the United States and Cuba remains tentative, fragile, and immensely subject to the impact of winds from the north and winds from the south," Kavulich said.

The Trump transition team has included five Cuban-Americans who are vocal opponents of detente and who have close ties to Cuban-American lawmakers calling for a return to efforts to isolate Cuba. A number of Trump appointees, including his national security advisor, Michael Flynn, have expressed opposition to the effort to normalize relations.

Obama has used executive orders, which can be scrapped by Trump, to circumvent the longstanding U.S. trade embargo on Cuba and ease some restrictions on travel and business. The embargo can be lifted only by the U.S. Congress, which is controlled by Republicans.

Reuters

Havana, Republic of Cuba

13 January 2017

By Marc Frank | HAVANA

The head of the U.S. Chamber of Commerce met with Cuban President Raul Castro and in separate meetings with members of Castro's economic cabinet on Friday, as they prepare for the advent of a more hostile Trump administration next week.

The chamber has been urging the Cuban government to sign a number of agreements with major companies such as General Electric (GE.N), negotiated over the last 18 months, before President-elect Donald Trump takes office on Jan. 20.

A brief government statement said chamber President Thomas Donohue and Castro discussed "issues of mutual interest."

"The goal of the U.S. business community has shifted from seeking more from Cuba to preserving what exists from the soon-to-be Trump administration," John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said.

"U.S. companies need the Cuban government to quickly and substantially expand its purchases of products and services and permit a highly visible presence of companies," he said.

Donohue was accompanied by Maurice Greenberg, chairman and chief executive officer of C.V. Starr & Co Inc, a major U.S. insurance company.

The chamber has opposed the U.S. trade embargo for decades and is a strong supporter of the normalization process begun by President Barack Obama.

That process has included the signing of 17 agreements between the two former Cold War foes and the use of executive orders to punch holes in the embargo, which can be lifted only by the U.S. Congress, now controlled by Republicans.

Travel to the Communist-run Caribbean island from the United States has increased, with the start of direct flights and cruises and roaming agreements signed, but there have been no manufacturing or trade deals inked.

Cuba and the Obama administration have been scrambling to deepen and cement their detente, through bilateral agreements and commercial links, since Trump's election in November.

Cuba agreed earlier this month to export charcoal to the United States, the first export in half a century, and in December Google (GOOGL.O) reached an agreement to place servers on the island to quicken access to its products.

Trump has said he will dismantle the still-fragile detente unless Cuba gives the United States a better deal, while providing no specifics.

Trump is expected to review Cuba policy upon taking office and has named Jason Greenblatt, a Trump Organization executive and chief legal counsel, as negotiator for sensitive international issues, including Cuba.

The Miami Herald

Miami, Florida

5 January 2017

U.S. trade with Cuba figures don't add up



Cuban fishermen look at the U.S. Maybank Shipping Company vessel, Helen III arriving to Havana harbor, 11 July 2003, with 1,5 million dollars cargo in paper and wood from Alabama. This is the first time in 43 years that a ship with U.S. flag arrives to Cuba ADALBERTO ROQUE AFP/GETTY IMAGES

Nora Gámez Torres

The Obama Administration has said that trade with Cuba could reach up to \$6 billion under its new policies, but U.S. companies in fact exported barely \$380 million worth of goods to the island since the beginning of the thaw in bilateral relations two years ago.

Commerce Secretary Penny Pritzker said early last year that her department had issued 490 licenses to companies trying to do business with Cuba valued at \$4.3 billion. More recently, White House spokesman Josh Earnest said that since late 2014 “more than \$6 billion in trade has been initiated between Cuba and the United States since then, which obviously has an important economic benefit here in the United States.” Experts said the administration is exaggerating, and that those numbers must be put in better context.

They are doing it because they want to exaggerate and demonstrate how much progress and success there is.

John Kavulich, U.S.-Cuba Trade and Economic Council

“While there may be licenses which total that value … in no way do the value of those licenses equate to actual economic activity” with Cuba, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which has monitored bilateral trade since its founding in 1994.

Kavulich said the George W. Bush administration, trying to ease the bureaucracy, allowed companies to seek licenses for commerce with Cuba with declared amounts that are “aspirational” rather than real.

A U.S. company wanting to export goods to Cuba can then base its license application on its negotiations with the Cuban government, rather than the real value of a purchase. The new procedure voided the need to seek a new license if the final amount of the deal changed, Kavulich added.

Kavulich, who keeps detailed tallies of U.S. exports to Cuba, estimated that from December of 2014 to October of 2016 the total of U.S. agricultural and medical exports to the island barely reached \$370.6 million. In fact, he added, all U.S. exports to Cuba since 2001 do not reach the \$6 billion figure used by Earnest.

U.S. Census data showed the exports to Cuba over the past two full years totaled \$380 million. One Commerce Department official confirmed that the numbers used by Pritzker and Earnest reflect the paper value of the licenses issued and other operations allowed under the new Obama policies, and do not necessarily reflect real exports.

“Sometimes the companies obtain the licenses when they are still working on the details. The final agreement may be for a different amount, or the deal can die along the way,” the official added.

Cuba, whose economy grew by a meager 0.9 percent in all of 2016 and actually shrank during the last part of the year — going into recession for the first time since 1993 — also simply does not have the money to pay for the level of imports claimed by the Obama administration.

U.S. exports to Cuba — principally food items such as chicken, soya and corn — indeed fell since Obama began easing sanctions on Cuba.

“When the Obama Administration pulls out these numbers without explaining the background, the perception is a). that there is a huge amount of activity between the U.S. and Cuba; b). that Cuba is spending of all this money with U.S. companies and c)... When the numbers do not equate with reality, the perception is that Cuba has refused to engage... and it puts them in the position of they saying no to all this stuff, when they are not,” said Kavulich.

“They are doing it because they want to exaggerate and demonstrate how much progress and success there is,” he added. “But lying to make a marketing point is not a good strategy, especially for a government.”

Bloomberg BNA New York, New York 5 January 2017

Cuba Hobbled by Fickle Internet Service—A Look at U.S.-Cuba Trade

From Daily Report for Executives

Daily Report for Executives provides in-depth coverage of unfolding legislative, regulatory, and judicial news from the nation's capital, the states, and around the world. This daily news service...

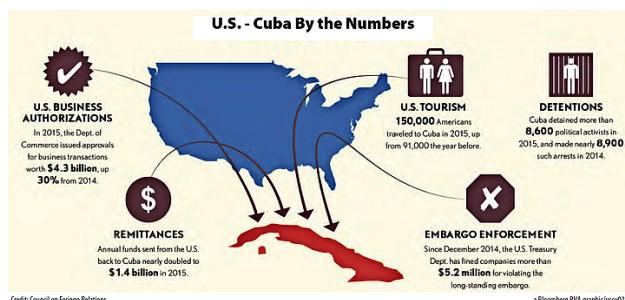
By *Stephanie Beasley*

If Cubans were to list recent U.S.-Cuba trade policy changes that seemed good in theory but were unlikely to have a significant impact on their daily lives anytime soon, they might start with online shopping, according to interviews with Bloomberg BNA in Havana.

The Obama administration released the last of six packages of executive orders in October. Within it was a provision that permits online retailers in the U.S. to sell products directly to Cubans for their personal use including items like televisions, toothpaste, clothing and soap.

In its two-year effort to normalize relations between the two countries, the administration has said it tried to prioritize humanitarian engagement and improvements in the lives of average Cubans.

“The theory is that more openness and more interconnectivity benefits the Cuban people,” one senior administration official said during an Oct. 14 press call announcing the most recent policy changes.



President-elect Donald Trump has threatened to roll back the policy changes unless Cuba makes concessions, which has dismayed lawmakers and lobby groups who say that, among other benefits, the new policies have helped foster Cuban entrepreneurship.

Policy Meets Reality

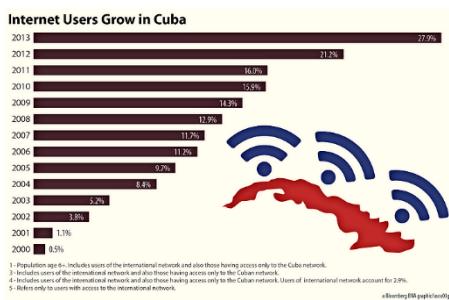
Some Cubans told Bloomberg BNA that they were dubious about the prospect of online shopping. It presents a logistical quandary, they said.

Wi-Fi on the island remains limited to designated outdoor hotspots. On any given day, one can walk through Havana and see people making international internet calls and checking e-mails from benches. At one Wi-Fi hotspot at the intersection of two main streets, Linea and L, a young woman who identified herself only as Adriana was selling Wi-Fi access codes. The pay-per-hour access cards are generally sold at government-run kiosks. But the supply can start to run low by early afternoon, presenting an opportunity for people like Adriana to make black market sales.

Bloomberg BNA, whose interviews with Cubans involved a translator, asked Adriana what she thought of the prospect of buying U.S. products online.

"Yes, yes, if you can do that it's always good," she said. "As long as it is good for the economy of the country, I think it is good."

Adriana said she looked forward to buying clothes and shoes, which are expensive and often of low quality in Cuba. But she also said she worried about the slow, spotty connections in Havana.



Cuba's telecommunications agency, Empresa de Telecomunicaciones de Cuba (ETECA), offers 2G standard mobile services capable of handling phone calls and text messages for approximately 85 percent of the population. ETECA also has roaming agreements with more than 100 foreign telecom carriers, including Sprint Corp. and Verizon Communications Inc., and it recently signed a deal with Alphabet Inc.'s Google to expand services. Also, the government announced in December that it would launch a two-month trial that would connect 2,000 homes to the internet in the Old Havana colonial district.

However, ETECA has not yet established continual access along the major thoroughfares of Havana, which has a population of more than 2 million, according to a recent report from the U.S. International Trade Commission (USITC).

Signed, Sealed, Delivered

Internet connections are just one concern. Once Cubans successfully navigate slow internet connections and purchase products online, the next question is: Will the products actually get to them?

The U.S. Postal Service resumed direct mail service to Cuba in March. But a U.S.-Cuba agreement to resume flights between the two countries applies only to passengers and parcel post, Ivan Chacon, the head of international relations at Cuba's Ministry of Transportation, told Bloomberg BNA. Cargo packages are not included. That's one of several challenges, he said.

"Really, purchasing through eBay, through these online systems, is subject to a number of things," he said. "First, that we have the online platform to access this market. Second, that we have [a way] to make payments. And third, that we agree on the shipping terms, which would have to be by plane so that it can actually be considered e-commerce because it does not make sense to pay for an item if it'll take as long to get here as if it were coming by boat."

The reason U.S. packages are not currently being shipped to Cuba by plane is that the Cuban government has not permitted it, John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said. The civil

aviation arrangement between the two countries allowed for United Parcel Service and FedEx to extend operations to Cuba. But the Cuban government has not authorized the services, he said.

Further, he noted that the Obama administration has granted U.S. companies, including retailers, permission to establish distribution centers on the island but they also need approval from Cuba, which they have not received.

Other Complications

If packages arrived, they would need to go through Customs, a prospect that some Cubans said they also found discouraging.

"In Customs, when they see a confusing package they will never deliver it and they will never give any explanation for that," said one young man at the hotspot on Linea and L, who declined to give his name. "Probably only 1 percent of the people who buy on the internet will get their packages here," he said.

All of these complications reflect the Obama administration's eagerness to push through changes without really negotiating with the Cuban government about how they would be implemented, Kavulich said. The administration was working under the assumption that Hillary Clinton would win the election and as president would continue talks with Cuba, he said. The Cuban government also thought Clinton would win, he added.

The policy changes look good but lack substance and the majority of Cubans have not been directly affected, Kavulich said.

"Their lives have not improved nor will they until the government of the Republic of Cuba adopts far-reaching commercial, economic and political reforms," Kavulich told Bloomberg BNA. "A primary reform must be a reunification of the two currencies."

Cuba has a dual currency system that includes the Cuban peso (CUP) paid to Cubans and the Cuban convertible peso (CUC) used by tourists. Neither are exchangeable in foreign markets, and it is unclear if they would be accepted by U.S. online retailers.

The National Retail Federation, whose membership includes online stores, did not respond to a request for comment. Amazon.com Inc. and eBay Inc. also did not immediately respond.

Paying for Goods, Services

Discrepancies between the two countries' banking systems have plagued attempts to re-establish normal business relations.

"We have a group of procedures, which are certainly not 100 percent compatible with the American system," Chacon said. He added that the banking system and payment methods are subject to a series of resolutions from the Ministry of Commerce, which decides what regulations should apply to imported goods.

The lack of a modern banking system in Cuba, the government's unfamiliarity with the market economy, and the dearth of investment-related regulations on the island are real concerns, Deitra Crawley, a partner at the Atlanta-based Taylor English Duma LLP, said.

Crawley leads the Atlanta-Cuba Direct Investment Exchange, which fosters conversations between Cuban government officials and businesses in Atlanta. She said her firm has been advising the Cuban embassy as it works to establish new business practices. Some of the items that must be settled before normal business relations can begin include agreeing on basic contract terms and deciding which country's laws govern partnerships, Crawley said.

"In helping them understand how we, as a business community, operate it doesn't suggest that our way is the better way or vice versa," she told Bloomberg BNA. "It's just that we have to find that medium ground whereby both parties benefit."

Looking Ahead

But more steps will need to be taken before the average Cuban benefits from the trade policy changes, the young man at the Linea and L hotspot said. For example, most Cubans don't make enough money to even think about shopping online or buying U.S. products, he said.

Cuba's average salary is \$20 per month, according to USITC. Only Cubans with relatives outside the country who could buy the items for them would really reap the rewards of online shopping, the man said. "They have to increase salaries," he said. "What we actually need is for President Obama to become president here. I would vote for him."

El Nuevo Herald

Miami, Florida

4 January 2017

Gobierno de Obama infla cifras de comercio con Cuba



Pescadores en el Malecón habanero observan la entrada al Puerto de La Habana de un buque mercante estadounidense en esta foto de archivo. ADALBERTO ROQUE AFP/GETTY IMAGES

Nora Gámez Torres

La Casa Blanca se ha referido a un potencial de \$6,000 millones en comercio con Cuba, pero la realidad es que las compañías estadounidenses apenas exportaron mercancías por cerca de \$380 millones a la isla desde el inicio del deshielo, en diciembre del 2014.

A principios de año, la secretaria de Comercio Penny Pritzker declaró que el departamento que dirige había otorgado 490 licencias a compañías interesadas en hacer negocios con Cuba por un valor de \$4,300 millones de dólares. Más recientemente, el vocero de la Casa Blanca, Josh Earnest dijo que, desde diciembre del 2014, cuando se anunció la nueva política hacia Cuba, "se había iniciado comercio por más de \$6,000 millones entre Cuba y Estados Unidos, lo que obviamente ha tenido un importante beneficio económico aquí en los Estados Unidos".

Sin embargo, expertos consideran que la Administración exagera y que esas cifras deben ser puestas en contexto.

"Aunque puede haber licencias por el total de ese valor...de ninguna manera el valor de esas licencias equivale a la actividad económica real" con Cuba, considera John Kavulich, presidente del *U.S.-Cuba Trade and Economic Council*, una organización que monitorea las relaciones comerciales con la isla desde su fundación en 1994.

Según Kavulich, para "aliviar el papeleo", la Administración de George W. Bush permitió a las empresas solicitar licencias con valor en dólares que no necesariamente equivalen al monto real de las operaciones sino a las "aspiraciones".

De este modo, una empresa estadounidense interesada en exportar alimentos a Cuba podría basar la solicitud de su licencia en promesas de la compañía estatal importadora Alimport, pero no en el monto real de la compra, lo cual ahorraría, además, volver a solicitar una nueva licencia, explica el experto.

Kavulich, quien recopila sistemáticamente las cifras de las exportaciones a Cuba, calcula que entre diciembre del 2014 y octubre del 2016, las exportaciones a la isla de productos agrícolas y médicos apenas llegaron a \$370,663,863, una cifra muy inferior a los \$6,000 millones mencionados por la Casa Blanca. De hecho, todo lo exportado a la isla desde el 2001 está por debajo de esa cifra.

Según las cifras oficiales de la Oficina del Censo de Estados Unidos, las exportaciones a Cuba en los últimos dos años alcanzaron los \$380 millones.

Un funcionario del Departamento de Comercio confirmó al Nuevo Herald que las cifras citadas por Pritzker y Earnest se corresponden con los montos de las licencias especiales expedidas o con operaciones autorizadas gracias a excepciones en las sanciones a Cuba, y que no necesariamente se corresponden con las exportaciones reales.

“Algunas veces las compañías obtienen las licencias cuando todavía están ultimando detalles. El acuerdo puede que no sea por esa cantidad o puede que se descarrile por el camino”, aclaró el funcionario.

La economía cubana, cuyo Producto Interno Bruto decreció en 0.9 por ciento en 2016 y entró en recesión por primera vez desde 1993, tampoco podría absorber semejante volumen de exportaciones provenientes de Estados Unidos, por lo que los exportadores tendrían que buscar modos de financiar las ventas. Desde que el presidente Barack Obama anunció su nueva política de acercamiento a Cuba, las exportaciones a la isla –principalmente de alimentos como pollo, soya y maíz– decrecieron, contrario a la lógica de unas mejores relaciones entre ambos países.

“Cuando la Administración Obama saca estos números sin explicar su trasfondo, la percepción es: a) que hay una enorme cantidad de actividad entre Estados Unidos y Cuba; b) que Cuba gasta todo ese dinero con empresas estadounidenses; y c) cuando los números no se corresponden con la realidad, la percepción es que Cuba le ha dicho ‘no’ a todas esas oportunidades cuando no ha sido así”, comentó Kavulich.

“Lo hacen porque quieren exagerar y demostrar cuánto progreso se ha alcanzado, pero mentir para hacer *marketing* no es una buena estrategia, especialmente para un gobierno”, opinó.

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Donald Trump crackdown looms for Cuba as repression continues after Obama outreach



Cuban President Raul Castro and his government have benefited more than his people from the Obama administration's detente. (Associated Press)

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By Dave Boyer

President Obama's historic move to normalize relations with Cuba hasn't slowed repression by the Castro regime, and the incoming Trump administration is likely to take a tougher stand on restricting tourism, recovering stolen U.S. assets and demanding human rights reforms by Havana, analysts say.

In the two years since Mr. Obama announced a thaw in the United States' half-century policy of isolating the island nation, the administration has paved the way for increased engagement, approving such measures as daily commercial flights, direct mail service, cruise ship ports of call and the reopenings of long-shuttered embassies in Washington and Havana.

But Mr. Obama's policy has not been fully embraced on Capitol Hill and is vulnerable to reversal under the Trump administration, though the president's aides say his detente is already bearing fruit in Cuba and beyond.

"We're seeing real progress that is making life better for Cubans right now," said White House Deputy National Security Adviser Ben Rhodes. "Sustaining this policy will allow for further opening, further travel, further U.S. business opportunities."

But critics say the U.S. money now flowing to Cuba is being pocketed directly by the military and the Cuban intelligence services, not benefiting Cuban entrepreneurs. They also say the government of President Raul Castro has become more repressive since the formal resumption of diplomatic ties with Washington.

"This year, they've had over 10,000 politically motivated arrests," said Ana Quintana, an analyst on Latin America at the conservative Heritage Foundation. "During President Obama's visit [in March], there were 498 people arrested in those three days."

Judging by the standards Mr. Obama laid out in December 2014, she said, "the policy has been a failure."

"It was originally intended to help the Cuban people by providing greater freedoms," Ms. Quintana said. "It's been diluted, because they found that they're not going to get the concessions from the Cuban government that they expected. The vast majority of people who have benefited from this have been the Cuban military and the Cuban government."

President-elect Donald Trump is likely to take a less rosy view than Mr. Obama of the U.S. engagement with Cuba, say those familiar with his team's thinking. During the presidential campaign, Mr. Trump criticized Mr. Obama and Democratic rival Hillary Clinton for "turning a blind eye" to Cuba's human rights violations and denounced Mr. Obama's initial deal with Havana as a "very weak agreement." Several anti-Castro Cuban-American conservatives are part of Mr. Trump's transition team.

Despite making a strong pitch for Florida's Cuban-American vote, Mr. Trump has kept his options open — aside from pressing harder for human rights.

"All of the concessions that Barack Obama has granted the Castro regime were done through executive order, which means the next president can reverse them — and that is what I will do unless the Castro regime meets our demands," Mr. Trump said during a Florida campaign swing in September. "Those demands will include religious and political freedom for the Cuban people" — demands that the Castro government has rejected as a condition of the detente negotiations.

In a Twitter post Nov. 28, three weeks after his election, Mr. Trump said, "If Cuba is unwilling to make a better deal for the Cuban people, the Cuban/American people and the U.S. as a whole, I will terminate deal."

Although Mr. Trump isn't expected to shut down the revived relationship entirely, he will push harder for U.S. businesses and individuals to recover the estimated \$8 billion worth of property expropriated by the Cuban government, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc.

"I don't see anything expansive [toward Cuba] until there's movement on the claims," said Mr. Kavulich, who has been conferring with Mr. Trump's transition officials. "The Obama administration was suggesting; the Trump administration is going to be requiring."

Said Ms. Quintana, "Trump is somebody who recognizes that the Cuban government has expropriated about \$8 billion of U.S. business assets and U.S. private citizens' assets. There is no rule of law in Cuba. How can a business exist without property rights?"

"You have a military regime that controls everything," she said. "This is an anti-business environment." Targeting tourism

Mr. Trump is also expected to take a sterner approach toward tourism. Although the U.S. has outlawed tourism to Cuba, the Treasury Department's 12 categories for permitted travel include "educational activities," and the Trump team says the Obama administration has stretched the definition too far.

"They feel that some of the individuals who are going to Cuba are doing so for purposes of tourism," Mr. Kavulich said. "They're looking at the marketing materials of the travel agents, the cruise lines taking tourists. They are not ideologues; they are taking strict legal viewpoints that there are 12 categories, and tourism isn't one of them. That's not what the Obama administration is doing."

The White House is warning Trump officials not to reverse course and says Cubans are worried about the next administration's intentions. The recent death of Cuban revolution leader Fidel Castro and the impending retirement of his 86-year-old brother, Raul Castro, also mean an unprecedented political transition on the island in the next few years.

“Turning it off would hurt the Cuban people,” Mr. Rhodes said. “It would cut off a lifeline to independent businesses. It would cut off a lifeline to Cuban families who depend on remittances. The new administration will have its own priorities to that engagement, but what we would not want to see is turning back the clock to an approach that had completely failed for over 50 years.”

Mr. Kavulich said Mr. Trump and his advisers also are anticipating the symbolism of elections in Cuba in February 2018 when Mr. Castro will be replaced, likely by Vice President Miguel Diaz-Canel, a civilian. That means Mr. Trump will be in office when Cuba is no longer ruled by the Castro family, regardless of the pace of democratic reforms.

“Trump is going to be in office as the first president in 59 years who will preside over a succession and a transition from a Castro to someone else,” Mr. Kavulich said. “If you’re in the White House you’re salivating at something like that. The bottom line will be, there’s not one [Castro] as president of the country anymore. And President Donald Trump will be the guy who’s in the White House when that happens. They absolutely get that.”

Intelligence fears

The Obama administration’s reopening of ties with Cuba is also raising concerns about Havana’s vaunted intelligence services and espionage against the U.S.

Ms. Quintana calls Cuba “a known seller of U.S. intelligence.”

In a little-publicized case in 2014, a spy for Cuba was sentenced to 13 years in prison in the U.S. The spy, who hasn’t been identified, worked out of the National Reconnaissance Office in Chantilly, Virginia.

Chris Simmons, a retired official from the Defense Intelligence Agency, said spying on the U.S. can be a lucrative business for Cubans, with clients such as China and Iran.

“Cuba doesn’t have a satellite program,” Mr. Simmons said. “So why would Cuba invest in sustaining someone who could only tell them everything about U.S. spy satellites? Because the countries we were targeting would undoubtedly pay a lot of money. There is an international audience for the barter and sale of U.S. secrets. Whether it’s Russia or China, there’s an insatiable appetite for what they can steal from us.”

Mr. Simmons also pointed to the case of Ana Montes, the “Queen of Cuba,” an American who stole U.S. military secrets for Havana from 1985 to 2001 while working as a top analyst for the DIA. Among her most damaging acts, she passed information on the location of U.S. Special Forces in El Salvador in the 1980s and provided the identities of four U.S. covert intelligence officers working in Cuba.

“For most of its history, Cuban spies have been volunteers, so there’s never a money trail. Ana Montes never got a salary,” Mr. Simmons said. “As long as we perpetuate the myth that Cuba’s not a threat, they’re going to clean our clocks and give that information to our enemies.”

He said he is concerned that three former high-level spies for Cuba are involved in their country’s engagement with the U.S. They include Nestor Garcia Iturbe, who was Cuba’s master spy as director of the Superior Institute of Intelligence (ISI), where Cuban intelligence officers are trained.

“We’re negotiating with people we threw out for espionage,” Mr. Simmons said. “The bigger concern is, over the years, after the Cold War, the intelligence services and the military have become key players in the economy. The [Castro] brothers were very clever in terms of putting those two services in charge of key sectors, such as tourism. You’ve got the intelligence and military services becoming profit-making centers in their own right.”

He doubts that freedom will come to Cuba as Mr. Obama envisions.

"There is an elitist attitude around Washington that more exposure to Americans will introduce democracy and all these great values," Mr. Simmons said, "as if the Canadians and Europeans weren't able to do that. It hasn't happened. There's nothing we're going to bring to Cuba that our allies weren't able to introduce."

Ms. Quintana said the Obama administration and its allies also have been misleading Americans with a narrative that Cuban-Americans' attitudes are changing and that they no longer support the U.S. trade embargo of Cuba. She pointed to the election victories this year of candidates such as Sen. Marco Rubio, a Florida Republican and a Cuban-American who is an outspoken opponent of the Obama administration's policy toward Cuba.

"A big indicator of how successful President Obama's legacy has been is, look at the South Florida elections," she said. "Every candidate who was a pro-embargo candidate won. It's only through a positive political transition on the island that Cuba will become successful. You cannot have a successful economy without the rule of law. That's not going to exist with the Castro regime in place."

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CUBA COUNCIL CHIEF: PRE-TRUMP CUBA FOCUS COULD YIELD SPATE OF DEALS: U.S. companies have been racing to finalize deals before the president-elect takes office on Jan. 20, and about seven or eight "meaningful" announcements could be made before Inauguration Day, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. Kavulich told Morning Trade that the business community would be hardest hit if Donald Trump moves quickly after Inauguration Day to reverse President Barack Obama's push to normalize relations with Cuba, an initiative that is vulnerable because Obama furthered it mainly through executive actions.

"The council and others have been pushing the administration since the ninth of November to issue every license for which there's been an application as fast as possible — because licenses that are issued are less likely to be rescinded; because generally they're good for one to three years; and, more importantly, a license that has been implemented is even more so likely to be renewed," Kavulich said during a recent interview at POLITICO's Rosslyn, Va., headquarters.

But the bigger question is whether the Trump administration will actually undo any of Obama's executive actions or whether Trump would leave them in place but not move further toward rapprochement, Kavulich said. With travel to the island, for example, "I think they're prepared to not necessarily dig deeply, but by simply digging at all, the perception is going to help create the narrative that they want," he said, referring to the incoming administration. "Which will be that there's more enforcement, so therefore less encouragement of somebody to want to visit Cuba, so therefore Cuba earns less money." Read the full Q&A with Kavulich [here](#).

POLITICO Pro Q&A: John Kavulich, president of the U.S.-Cuba Trade and Economic Council

By Megan Cassella

As President-elect Donald Trump prepares to enter the White House, business groups and advocates in favor of normalizing relations and strengthening commercial ties with Cuba are racing to finalize deals they fear the president-elect will seek to tear up.

Trump has come down on both sides of the issue: As a presidential candidate, he said rapprochement was "fine" and that "50 years is enough" for an economic embargo, but he pledged in a tweet late last month to "terminate" ties with Cuba if it does not agree to a "better deal" than what it committed to in the talks that preceded the diplomatic opening.

With questions swirling as to which way Trump will go on Cuba once he enters the White House, POLITICO sat down in our Rosslyn, Va., headquarters with John Kavulich, 23-year president of the U.S.-Cuba Trade and Economic Council, a private nonprofit that provides commercial and economic information on Cuba to the U.S. business community, to discuss Trump's possible steps and what could happen to Obama's diplomatic legacy once he leaves public office.

This interview has been edited for length and clarity.

What contact have you had with the Trump team so far, and what's your take on where things stand now in regards to Cuba?

The council was contacted during the campaign by individuals associated with the campaign to provide information and analysis, which we did, and then has continued to be contacted post-election for analysis and data, and so we provided that. They've asked for what we've done, and then [for] background in terms of why we think some decisions might have not been made by the Obama administration, why some were, what Trump administration might do. ... But I think that they're focusing on a lot of issues, and Cuba isn't top of the list — nor should it be. ... It does have significance to some members of Congress, transition team members, landing team members and individuals, advocates, but from a macro standpoint, I think few taxpayers want the Trump administration to put Cuba in their 100-day portfolio.

What do you see as the state of play in terms of the U.S. stance toward Cuba policy right now? How much do you think the Obama administration has accomplished, how much is set in stone, and where do you see the Trump administration taking things from here?

Nothing is set in stone, because there are no statutes, there are no statutory foundations to anything the president has done during the last 24 months nor, for that matter, anything he's done since Jan. 20, 2009. People often forget this occupant of the White House had a House and Senate majority for two years and did nothing relating to Cuban statutes when he could have, and likely may have changed some Cuban statutes but didn't choose to do so. He chose the regulatory path, which was always fraught with potential peril.

The challenge is that neither the Obama administration nor the government of Cuba prepared for an outcome whose last name wasn't Clinton. And in the business world, we prepare for unexpected outcomes. It's what you do, especially when we risk money.

Where do you see the Trump administration, once it's settled in, taking things from here?

Generally, they'll be reactive as opposed to proactive. If Cuba does something to warrant a column in POLITICO, The Hill, Roll Call, The Washington Post, The New York Post (because the president reads that), The New York Times, MSNBC, if Joe Scarborough starts talking about it, they're going to react, unless they change, and unless the president-elect changes the way he has behaved during the last two years of the campaign. So I think that they will be reactive.

There are individuals in the landing teams, the various departments and agencies, at the transition team within 725 Fifth Ave. in New York, and individuals within the purview of the campaign who want to be aggressive, who believe that primarily the travel-related initiatives of the Obama administration are the ones that need to be constrained. Some of them believe that they should be constrained because they violate the letter and the spirit of [Trade Sanctions Reform and Export Enhancement Act]. And they sincerely believe that the president has gone too far in terms of how he has defined who can go and under what conditions they can go.

There are others who are looking at it from an ideological standpoint, and they simply are feeling as long as there is a Castro breathing that the goal should be not to reward, enrich or sustain, it should be to deny, constrain and kill — kill the species that is the commercial, economic and political system led by Fidel and now Raul.

So you have one group that is based on firm belief in statute and presidential prerogative and the other is based on ideology. You put those two together — which is what the Trump administration is going to have — and it can be toxic. Meaning the result can be unpredictable. But, overall, the individuals surrounding

the president-elect, they want to do something, and it's almost certainly going to be travel-related. And they will do so with the foundation that they're simply upholding U.S. law where President [Barack] Obama violated U.S. law.

What are the biggest questions in your mind in regards to Cuba when you think about the incoming administration?

Will they be proactive or reactive? That would have to be ... everyone's first focus. Second is how deep they want to penetrate into being proactive or reactive. Do they simply want to not permit any more, or do they want to remove some of what exists? I think with travel, they're prepared to not necessarily dig deeply, but by simply digging at all, the perception is going to help create the narrative that they want, which will be that there's more enforcement, so therefore less encouragement of somebody to want to visit Cuba, so therefore Cuba earns less money.

You mentioned at the start that nothing is set in stone. How much do you think feasibly or realistically Trump can or will undo Obama's executive actions?

All he needs is ink in the pen.

But what about these commercial ties and the seemingly widespread popular opinion that voters are in favor of normalization?

The polls really don't mean much. They generally will be seen as meaningful when they're supporting the president's position, and will be dismissed as not important when they're not. And for President Obama, [Deputy National Security Adviser] Ben Rhodes would often quote them as a reason for the initiatives. But while the numbers are probably accurate, they're wide but they're not deep. Very few people truly care about Cuba. It's just that if you ask somebody a question, depending on how you frame it, you're going to get an answer that generally is: "Yes, I don't see why we're still doing [the embargo], and now Fidel's dead."

But how much passion is there behind it? There isn't. And my basis for that statement ... is, what action has there been in 16 years in the United States Congress relating to Cuba? What law has changed ... in 16-plus years? None. So, for those that say that the will of the American people wants there to be change with Cuba, that may be true, but the only passion are some advocates that thus far have failed at their one stated purpose, which is to change U.S. law. So what have you got?

I know that it may sound dispassionate and surgical and medical-like to be saying this, but if you're an accountant, you have sales, you have expenses, you have net profit. With legislation, you have how many [lawmakers] for it, how many you have against it, what's the outcome? Well they've had 16 years. Then they had two years where the president's party controlled the Congress with substantial majorities. Then they had the last 24 months where the president has made it a legacy issue, they didn't do anything on any of it. So that's the reality that's going to confront these people.

So if President Trump tries to claw back at the commercial, the argument is going to be, "Don't harm U.S. business opportunities." Their [the administration's] argument is going to be, "Please list the business opportunities. What have they done? Who's done what? ..."

I don't think that, based on what I've heard, there's not a lot of appetite to reverse any of the commercial engagement. But there is appetite to focus more on what is being permitted and how it's being permitted.

For example, Nespresso, the coffee — when State issued the guidelines of how, under what conditions, coffee would be permitted to be imported to the United States, it was rather specific on the conditions that would need to be in place. But when Nespresso made its announcement, it talked about what it was going to be doing rather than what was in place. So you may see the Trump administration say, "If this stuff's going to happen, we want to see that what needs to be there is there as opposed to it being aspirational."

Before Inauguration Day on Jan. 20th, companies are racing to get things finalized. What's in the pipeline?

There are probably seven or eight announcements that could take place that are meaningful. The council and others have been pushing the administration since the 9th of November to issue every license for which

there's been an application as fast as possible. Because licenses that are issued are less likely to be rescinded, because generally they're good for one to three years. And more importantly, a license that has been implemented is even more so likely to be renewed.

The problem, again, for the administration, is they never expected Hillary Clinton to lose. So no one thought to say to the Cuban government, "Hey gang, remember... ." On Dec. 17, 2014, President Obama should have said to President Castro: "There's a timeline here. It ends on the 8th of November of 2016. It doesn't end on the 20th of January 2017, because we don't know what's going to happen. So therefore, we ... need to plan for the unexpected."

That conversation never took place. So the Cubans are as guilty of not planning as the Obama administration. And the business community is the one that suffered for that.

What are some of your boldest predictions for what you actually see happening in 2017?

The narrative of 2017 is going to be written by Cuba, and the Trump administration is going to be responding to that narrative because the clock will begin ticking for the transition from Raul Castro in succession to Miguel Diaz-Canel 13 months after Trump is sworn in. And that's going to become the media narrative, that's what everybody's going to start focusing on: What will the U.S. government do either to incentivize the Canel administration or to reward the Canel administration? So incentivize meaning lay out in advance, 'This is what we want to see you do, and then we're going to do this.' Or reward, meaning, "You do this, we're going to do this." So it's sort of transactional.