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What To Make Of The Obama Administration “*Initiatives*”

17 December 2014 through 17 December 2016

Has the United States business community gained value from the actions of the Obama Administration? Yes, it has.

Has the United States business community gained value from the actions of the government of the Republic of Cuba? Yes, it has.

However, because each government has created value does not mean that each government has created success... has not maximized the opportunity. They have not.... yet.

When President Barack Obama addressed the nation on 17 December 2014, he wore a dark suit, stood at a podium, and used **2,283** words to share with specificity what he wanted to do to, with, and for the citizens of the Republic of Cuba.

When President Raul Castro addressed his nation the same day, he wore a military uniform, sat at a desk, and used **682** words to convey his thoughts.

During the last twenty-four months, there have been opportunities missed, abandoned, and mishandled. The difficult issues have been avoided by both governments- and the United States business community has suffered for it.

The most significant error in judgement by each country: believing the time-frame for opportunity was 17 December 2014 to 20 January 2017 (inauguration day) rather than 17 December 2014 to 8 November 2016 (election day).

The governments have focused upon what was easy rather than what was difficult in part because each believed there would be continuity.

The government of the Republic of Cuba did not believe that Donald Trump would win. The Obama Administration did not believe that Hillary Clinton would lose. They each planned poorly.

For the Obama Administration, there would be a Clinton Administration to pitch the issues that would not need be a part of the twenty-four-month “*legacy-defining*” effort. For the government of the Republic of Cuba, there would be a Clinton Administration- so no requirement to give too much too soon.

The unilateral component of the Obama Administration “*initiatives*” could (should) have commenced in January 2009- when the United States Congress was controlled by the President’s political party; legislative remedies would have likely discovered a pathway to enactment.

Regardless, the Obama Administration retained substantial regulatory latitude from which to create a nearly impervious-to-change commercial, economic and political landscape; leaving only statutes to be addressed by a successor. The President failed to use this power to its capacity and, as a result, failed to truly define a “*legacy*.” Legacy is about doing what is hard, not what is easy.

Senior-level officials of the Obama Administration high-five and fist-pump “*successes*” from “*negotiation*” with the government of the Republic of Cuba. The Obama Administration extracted nothing that the government of the Republic of Cuba believed was essential to retain.

There have been negotiated eleven (11) non-binding agreements (including memoranda of understanding) between the government of the United States and government of the Republic of Cuba, with six (6) more expected by 20 January 2017. “*Non-binding*” is noteworthy. But, it’s better that they exist.

The Obama Administration “*initiatives*” added one (1) item to the list of agricultural commodities eligible for importation to the United States... coffee. One item in twenty-four months. This was not a serious effort.

The Obama Administration “*initiatives*” include the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury refusing to authorize Republic of Cuba government-operated financial institutions to have accounts with United States-based financial institutions. The result, more than US\$180 million in third-party fees paid to financial institutions located in Panama and other countries. Those funds could have been used to purchase more products from the United States. For perspective, United States agricultural commodity/food product exports to the Republic of Cuba in 2015 were US\$170,551,329.00- about the same as the banking fees.

The Obama Administration “*initiatives*” failed to meaningfully impact creating a resolution to the issue of the 5,913 claims valued at US\$1,902,202,284.95 and certified by the United States Foreign Settlement Claims Commission USFCSC). The foundation of the “*embargo*” is the expropriation of assets. It should have been the primary focus. There have been two meetings in two years- and a second meeting was not scheduled after the first meeting and a third meeting was not scheduled after the second meeting. The Obama Administration referred to the meetings as “*negotiations*” while the government of the Republic of Cuba referred to the meetings as “*discussions*.” That’s a problem.

The United States Secretary of Commerce and United States Secretary of Agriculture said that they were prohibited by United States law from having representatives of United States-based companies participate in their visits to the Republic of Cuba in 2015. The United States Department of State included representatives of United States-based companies (and a United States-based subsidiary of non-United States-based company) in an official delegation to the Republic of Cuba in 2016. The United States Secretary of Transportation and, separately, his deputy, traveled aboard, respectively, a Jet Blue Airways aircraft and an American Airlines aircraft on inaugural flights from the United States to the Republic of Cuba this year. So much for consistency.

The United States Department of Agriculture (USDA) requests US\$1.5 million for staff to be dispatched to the Republic of Cuba and ensconced in the United States Embassy in Havana, Republic of Cuba. However, the USDA refuses to provide details about the US\$1.5 million- they simply refuse to provide the data. Astonishing. It’s not classified.

The Obama Administration has been secretive about who has visited the Republic of Cuba and for what purpose the visit was scheduled. This information, especially available in advance, would have provided United States-based companies with opportunities to provide valuable insight that is often absent from public sector representatives. The United States Trade Representative (USTR) visits the Republic of Cuba and no one believes advance notification of this visit would be of interest to the United States business community?

The government of the Republic of Cuba often provides a level of detail about discussions that exceed that espoused by the Obama Administration.

The Obama Administration has often been punitive, secretive, selective, insular, churlish, and devoid of transparency relating to its Republic of Cuba-focused “*initiatives*.”

As often with representatives of the government of the Republic of Cuba, the Obama Administration has too often embraced a 100%-with-us or 100%-against-us conversational framework.

The Obama Administration has been dishonest with the use of data. On 14 December 2016, The Honorable Josh Earnest, Assistant to the President and Press Secretary, shared at a daily press briefing: “*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.*” During the last twenty-four months, the total value of United States exports (not donations) to the Republic of Cuba is approximately US\$370,807,660.00. The term “*trade*” connotes exports and imports-what is the value of the imports?

The following day, a representative of Mr. Earnest shared when asked about the genesis of the statement “*The Department of Commerce will be best to answer this question, as it is based on their data on authorized exports.*” Authorized exports are different than actual exports; and making the statement that the “*trade*” has been “*initiated*” and “*has an important economic benefit here in the United States*” is clearly intended to imply far more than is reality. Noting aspiration is important; defining aspiration as fact is wrong.

Of the thirty-four (34) United States-based companies with an announced presence in the Republic of Cuba, including those donating products/services, twenty-six (26) focus upon hospitality-transporting, funding, communicating, and lodging for visitors. They are sources of revenue for the Republic of Cuba.

From June 2016 through the end of calendar year 2017, travel-related revenues to United States-based companies could be as high as **US\$720 million**- airlines (US\$300 million), cruise ships (US\$300 million), hotels (US\$40 million), tour operators/travel agents (US\$80 million). The potential value to the Republic of Cuba could be **US\$1 billion**. Blog Post: <http://www.cubatrade.org/blog/2016/5/1/the-commercial-political-impact-of-cruise-ships-from-the-us-to-cuba?rq=carnival> Blog Post: <http://www.cubatrade.org/blog/2016/7/7/there-are-20-routes-us-airlines-want-70-us-airlines-request-34-million-seats-dot-will-authorize-11-million-seats-cuba-has-64000-hotel-rooms-with-80-occupancy-rates?rq=airlines>

If the Trump Administration does not impede travel to the Republic of Cuba by individuals subject to United States jurisdiction, more than **400,000** could visit in 2017, not including hundreds of thousands of individuals of Cuban-descent visiting family.

The Obama Administration “*initiatives*” and the (limited) acceptance by the government of the Republic of Cuba of those “*initiatives*” have represented potentially US\$12 billion in value to the Republic of Cuba since 17 December 2014. Blog Post: <http://www.cubatrade.org/blog/2016/11/18/were-obama-administration-initiatives-worth-us12-billion-to-cuba-during-last-23-months-trump-administration-impact?rq=US%2412%20billion>

Of the thirty-four (34) United States-based companies with an announced presence in the Republic of Cuba, including those donating products/services, there has been **one** (1) reported purchase by a Republic of Cuba government-operated entity of a durable product (valued at approximately US\$125,000.00) from a United States-based company.

The government of the Republic of Cuba has not permitted United States-based companies to directly engage with independent entities (businesses or individuals), has not permitted United

States-based companies to establish offices (other than airlines), and has not permitted United States-based companies to create and participate in a wholesale marketplace.

For the government of the Republic of Cuba, the goals are to remove what has crumbled, repair what is crumbling, and construct the future.

As of 12:00 pm on 20 January 2017, they will now have to do so with a new “*initiator-in-chief*.”

All the opportunities that could have been, but were not easily digestible during the last twenty-four months, will soon look far more appetizing, but also now unavailable at a palatable cost.