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Terrorists Targeted Macy's (40 years ago)

by Humberto Fontova

Holiday shoppers went berserk last week. In Michigan doors to a Wal-Mart had just swung open when the mob stampeded, bowling over and trampling several shoppers. Two were hospitalized. Same thing in Orlando Florida were local news ran pictures of an elderly lady being helped from the pavement as the frenzied mob surged around her. In Beaumont Texas scuffles featuring yelling, fisticuffs and swinging handbags erupted as the eager multitudes tried squeezing through the doors of a just-opened Wal-Mart. Panicked security guards resorted to pepper spray and tear gas for crowd control.

"Black Friday" they call the day after Thanksgiving, traditionally the busiest shopping day of the year when Holiday shoppers pack malls and department stores to suffocation. Last Friday they rang up \$17.8 million in sales.

Intrepid terrorists could get maximum bang for their buck on Black Friday. A few well-placed bombs and the carnage would easily shame 9-11's. Macy's, for instance, get's 50,000 shoppers on that one day. If nothing else, the theme would make for a hair-raising Hollywood drama or disaster blockbuster. Credibility might be a problem however. After all, even the most bloodthirsty and psychopathic of terrorists seek government or semi-military targets: The Pentagon, The U.S.S. Cole, Marine barracks in Lebanon, embassies in Kenya, Saudi Arabia, etc. Typecasting one who craved massive civilian carnage for the malicious sake of massive civilian carnage might edge the movie over into a James Bond or Austin Powers comedy genre.

Yet the movie could be based on a terrorist living today who planned this very type of civilian carnage barely 40 years ago. He's not holed up in some Pakistani cave either, or in some basement amidst the rubble of the Sunni Triangle. This terrorist is feted by visiting dignitaries ranging Kofi Annan, to Steven Spielberg to Jimmy Carter. He occasionally grants interviews to starstruck luminaries of the Beltway Media. Dan Rather and Barbara Walters count themselves among The Chosen. Ted Turner refers to his terrorist friend, Fidel Castro, as "one helluva guy!" Just last week at the Miami International Book Fair, Andrea Mitchell, commenting on the unexpected honor of interviewing Castro, referred to him as "an absolutely fascinating figure!"

Ms Mitchell might find what Fidel Castro planned for Manhattan on the Friday after Thanksgiving 1962, equally fascinating. On November 17th 1962 J Edgar Hoovers' FBI cracked a terrorist plot (though the term "terrorist" was not used at the time) by Castro-Cuban agents that targeted Macy's Gimbel's, Bloomindales and Manhattan's Grand Central Terminal with a dozen incendiary devices and 500 kilos of TNT. The holocaust was set to go off the following week, the day after Thanksgiving.

A little perspective: for their March 2004 Madrid subway blasts --all ten of them--that killed and maimed almost 2000 people, Al Qaeda used a grand total of 100 kilos of TNT. Fidel Castro's agents planned to set off five times that explosive power in the three biggest department stores on earth, all packed to suffocation and pulsing with holiday cheer on the year's biggest shopping day. Thousands of New Yorkers, including

women and children--actually, given the date and targets, probably mostly women and children-- were to be incinerated and entombed. (for details see; Fidel; Hollywood's Favorite Tyrant. Chapter one.)

This godfather of terrorism still lives 90 miles from our shores in tropical splendor for all to see. Yearly he makes Forbes' list of the world's wealthiest. But forget any Hollywood movie about him--at least as a villain. That role is reserved for such as Joe Mc Carthy, Richard Nixon or J Edgar Hoover. Indeed Castro reigns as a veritable icon for many of Hollywood's Best and Brightest. Oliver Stone refers to Fidel Castro as "a very moral, very humane man." Jack Nicholson gushes about his frequent Cuban host as "a genius!" and his island Gulag as "a paradise!" Francis Ford Coppola penned a love letter to him. "Fidel I love you," it starts, "we both have the same initials and both use our power for good." (Fidel: Hollywood's Favorite Tyrant. p. 11)

Castro planned his Manhattan holocaust short weeks after Nikita Khrushchev foiled his plans for an even bigger one. "Say hello to my little friends!" Castro dreamt of yelling at the hated Yankees in October of 1962, right before the mushroom clouds. But for the prudence of the Butcher of Budapest (Nikita Khrushchev) Castro might have pulled it off. "If the missiles had remained," Fidel's sidekick Che Guevara confided to The London Daily Worker in November 1962 regarding the Cuban Missile Crisis, "We would have used them against the very heart of the U.S., including New York."

Some think Fidel and Che's genocidal fantasy was a bigger factor in Khrushchev's decision to yank the missiles than Kennedy's so-called blockade.

Castro's Manhattan bomb plot was far from "irrational." He's no suicide bomber-- not by a long shot. Castro wanted to blast Manhattan to heat things up again, to rekindle all those thrills he'd experienced the previous weeks during the Missile Crisis. Given the temper of the times, he knew his Soviet sugar daddies would be implicated too. Then the U.S. might retaliate. Then Castro would have exactly what he'd dreamed about and tried to provoke a few weeks earlier: an intercontinental nuclear exchange

Millions dead in the U.S. Millions dead in The Soviet Union. And almost certainly, millions dead in his own Cuba. But Castro himself would be nowhere near harms way. Soviet ambassador to Cuba during the Missile Crisis, Alexander Alexeyev, reports a fascinating--if unsurprising--datum about those days. While Castro was begging, threatening, even trying to trick Khrushchev into launching a pre-emptive nuclear strike against the U.S.--while he was ranting and yelling and waving his arms about grabbing his Czech machine gun and "fighting the Yankee invaders to the last man!" --while frantically involved in all this, a "fearful" (Alexeyev's term) Castro was also making reservations with Alexeyev for a first-class seat in the Soviet embassy's bomb shelter. Thus he'd emerge into the smoldering rubble and millions of incinerated bodies and realize his lifelong dream: his name stamped in history as the gallant David against the yankee Goliath.

Castro's agents for his Manhattan Thanksgiving bomb plot were members of the Cuban mission to the United Nations working in concert with members of the Fair Play For Cuba Committee, an outfit that became much better known a year later when member Lee Harvey Oswald really racked up some headlines.

Incidentally, at the time of the Manhattan Terror plot, the Fair Play For Cuba Committee also included among its members, CBS correspondent Robert Taber, (an early version of Dan Rather who conducted Castro's first network television soft-soaping on August 30, 1957) along with The Nation magazine co-owner Alan Sagner. In 1996 President Clinton appointed the obviously unbiased Alan Sagner head of the scrupulously even-handed Corporation for Public Broadcasting.

In November 1995 Castro was on triumphant visit to Manhattan. He was the star speaker and main attraction at the United Nation's 50th anniversary bash--the guest of honor. "The Hottest Ticket in Manhattan!" read a Newsweek story that week, referring to the social swirl that engulfed him.

After his 'whoopin, hollering, foot-stomping ovation in the General Assembly, Castro was feted by the Beltway's Best and Brightest, hob-nobbing with dozens of Manhattan's glitterati, pundits and power brokers.

First, dinner at the Council of Foreign Relations. After holding court there for a rapt David Rockefeller along with Robert McNamara, Dwayne Andreas and Random House's Harold Evans, Castro flashed over to Mort Zuckerman 5th Avenue pad, where a throng of Beltway glitterati including a breathless Mike Wallace, Peter Jennings, Tina Brown, Bernard Shaw and Barbara Walters all jostled for brief tryst, cooing and gurgling to the Comandante's every comment. All clamored for autographs and photo-ops. Diane Sawyer was so overcome in the mass-killer's presence that she rushed up, broke into that toothy smile of hers, wrapped her arms around Castro and smooched him warmly on the cheek.

"You people are the cream of the crop!" beamed the bearded Cuban man of the people to the smiling throng that surrounded him.

"Hear-hear!" chirped the delighted guests while tinkling their wine glasses in appreciation and glee. And the mass-murderer and terrorist had barely scratched the surface of his fan club. According to the U.S.-Cuba Trade and Economic Council, on that visit, Castro received 250 dinner invitations from Manhattan celebrities and power-brokers Many a millionaire, pundit and socialite who narrowly escaped incineration (twice!) at his hands 36 years earlier now pouted at his RSVP. That November of 1995 TIME magazine, referring to the adulation and acclaim by Manhattanites for the man who twice tried to incinerate Manahattan, hailed Castro as "The Toast of Manhattan!"

On Thanksgiving week-end of 1962 Fidel Castro planned on toasting Manhattan alright.

**National Journal
Washington, D.C.
15 November 2005**

TRADE

White House Rejects Compromise On Cuba Trade Provision

The White House has rejected compromise language in a contentious Cuban agricultural trade provision in the FY06 Transportation-Treasury appropriations bill, Sen. Byron Dorgan, D-N.D., said Monday.

Both the House and Senate versions of the spending bill contained language that would have denied funds to the Treasury Department's Office of Foreign Assets Control to enforce tighter regulations the Bush administration placed on agricultural trade with Cuba earlier this year.

Those restrictions require Cuba to pay in advance for any agricultural products it buys from the United States, rather than follow regular trading practices, whereby payment is made after products are shipped but before they are unloaded in the port of destination. U.S. sales to Cuba have declined this year and farm groups have blamed the new regulations.

Last Thursday, House conferees voted to strip the Cuba language from the final measure, but Senate conferees refused to agree and conference talks broke down. House Transportation-Treasury Appropriations Subcommittee Chairman Joseph Knollenberg, R-Mich., who is chairing the conference, said White House officials had told him in five conversations that President Bush would veto the bill if the Cuba language remains in it.

Dorgan, the author of the Senate amendment, said over the weekend he had agreed to a compromise under which OFAC would be denied \$5 million until it changed the rules. Dorgan said both Senate and House conferees agreed to the change, but that the White House rejected it and Republican conferees now want to remove the Cuba language from the bill. Dorgan said Republicans "will just not stand up for family farmers' interests. The majority party doesn't want to do anything that isn't in perfect sync with anything that President Bush wants. Obviously, the president has more sway with leaders in Congress than farmers do." Despite the repeated White House warnings, Dorgan said he does not believe Bush would veto the Transportation-Treasury spending bill over the Cuba provision.

Separately, 43 House members led by Reps. Jo Ann Emerson, R-Mo., and Ted Poe, R-Texas, sent conferees a letter last week asking them to retain the language. "If this policy change was meant to be a warning shot at Fidel Castro, it misses the mark entirely and lands smack in the middle of the American Heartland," Emerson said in a statement. "Instead of buying agricultural commodities from U.S. producers with cash, Cuba has turned to Vietnam and other countries where these goods can be bought on credit." The letter noted that since the imposition of the new payment-in-advance rule, U.S. rice sales to Cuba had declined 43 percent, apples 79 percent, soybean meal 68 percent, poultry 19 percent, wheat 13 percent, dairy products 43 percent, fresh fruit 79 percent, cotton 55 percent, pasta 84 percent and seafood 46 percent.

Agricultural lobbyists continued Monday to urge conferees to keep the Cuba language in the final bill. It "has significant symbolism," John Kavulich, the senior policy adviser of the U.S.-Cuba Trade and Economic Council, said in an e-mail to his membership Monday. But Kavulich added that members of Congress should not expect an increase in agricultural exports if the measure becomes law because it would not repeal the underlying legislation and would not prevent other officials such as U.S. attorneys from trying to enforce the law.

Kirby Jones, president of the U.S.-Cuba Trade Association, urged his members in an e-mail Monday evening to continue lobbying because the bill would not be filed until late today. "There are some senators who are refusing to sign the bill unless and until Cuba is resolved," said Jones.

**By Jerry Hagstrom
Des Moines Register
Des Moines, Iowa
11 November 2005**

W.D.M. firm sells \$8 million in corn to Cuba
FCStone has been selling commodities to the island nation since 2001.

By Jerry Perkins
REGISTER FARM EDITOR

FCStone, a West Des Moines-based grain merchandiser, sold about \$8 million of corn to Cuba last week during the 23rd Havana International Fair.

Chris Aberle, director of sales for FCStone, said the corn sale totals 75,000 metric tons, or almost 3 million bushels, that will be delivered in January, February and March.

FCStone has sold a total of \$92 million in corn and other commodities to Cuba since 2001, when U.S. trade restrictions were eased to allow the sale of food and agricultural products to that nation.

Although the Bush administration has imposed restrictions on credit that can be extended to Cuba, Aberle said FCStone's sales haven't been hurt.

"Fortunately for us, we continue to get our fair share of the Cuban business," he said.

FCStone's sales to Cuba represent about 9 percent of Cuban food purchases since 2001, said John Kavulich of the U.S.-Cuba Trade and Economic Council Inc. in New York. That makes FCStone one of the leading sellers of food and agricultural products to Cuba.

Kavulich said U.S. exports to Cuba in 2005 have been running behind a year ago, but September's sales were double what they were a year ago.

Pedro Alvarez Borrego, head of Alimport, the Cuban government's foreign food purchasing agency, has said Cuba will buy as much or more U.S. food in 2005 as it did in 2004, Kavulich said.

Don Mason, director of grower services at the Iowa Corn Promotion Board, also attended the international trade fair in Havana.

"I think Cuba is still a promising export market, but we have to be realistic," Mason said. "We have a shipping cost advantage over other countries, but we're going to have to compete with Venezuela, Argentina and Canada."

Forty countries were represented at the fair, and 150 companies from the United States had booths, Mason said.

"There's no love lost between our governments, but I believe Cuba is worth paying attention to," he said. "Iowa farmers can't afford to ignore any market."

**Reuters Americas
London, United Kingdom
10 November 2005**

Cuba trade dispute snags talks on US transport bill

WASHINGTON (Reuters) - Final negotiations between the Senate and U.S. House of Representatives on a bill to fund the Transportation and Treasury Departments snagged on Thursday over food sales to Cuba.

Rep. Joseph Knollenberg, a Michigan Republican and chairman of the House transportation appropriations subcommittee, said the Cuba provision and language on business reforms for the national passenger rail service, Amtrak, were the only outstanding issues in \$141 billion legislation.

The disagreement over Amtrak -- whose president, David Gunn, was fired on Wednesday in a dispute over plans to restructure the railroad -- is likely to be resolved quickly. Gunn was at odds with the Bush administration and Amtrak's board and accused them of wanting to bankrupt the railroad.

Amtrak is slated to receive more than \$1.3 billion this fiscal year.

Knollenberg had hoped to wrap up negotiations on the massive bill on Thursday. And with lawmakers out of town for the Veterans Day holiday on Friday no agreement was expected before next week.

Both houses passed measures this year to overturn a Treasury Department ruling that U.S. farm and trade groups say has slashed agricultural exports to Cuba by making it more difficult for the Communist-ruled nation to pay for shipments.

Congress authorized food sales to Cuba in 2000 if Havana paid in cash, an exception to the four-decade-old U.S. trade embargo. But a Treasury Department rule issued in February requires Cuba to pay for American goods before they leave a U.S. port.

Farm sales to Cuba have slipped. Sales were \$261 million between January and September this year compared with \$392 million for 2004, according to tracking by the U.S.-Cuba Trade and Economic Council.

House members of the transportation conference committee voted overwhelmingly to maintain the rule, while Senate counterparts voted to drop it. The split created deadlock and a new round of closed-door talks.

Knollenberg stressed the White House had made it clear President George W. Bush would veto the bill if the pre-payment provision for Cuba was overturned. Senate lawmakers were firm, with Democrats saying Bush has yet to veto a bill and was unlikely to derail the spending plan over one provision.

**Chicago Tribune
Chicago, Illinois
5 November 2005**

Havana trade show short on U.S. sales
Deals taper off under Bush payment rules

By Gary Marx
Tribune foreign correspondent

HAVANA -- It's been three long years since scores of American businessmen flocked to Havana to cut deals during a raucous trade show whose honored guests included former Minnesota Gov. Jesse Ventura and Cuban President Fidel Castro.

This week, more than 180 American companies are back in Cuba for the 23rd Havana International Fair, but the euphoria is gone and business for U.S. executives is harder to come by, according to executives and experts.

Castro's crackdown on internal dissent along with his alliance with Venezuelan President Hugo Chavez--a fierce critic of the U.S.--has battered the island's image in Washington and made some executives cautious about promoting trade with the communist nation.

President Bush also has made it more difficult for U.S. agricultural and food companies to do business in Cuba by tightening payment guidelines and by making it clear to executives Washington frowns upon the sales.

The result is that U.S. agriculture and food sales to Cuba in 2005 are stagnant after registering huge increases each year since the agricultural exemption to the U.S. trade embargo was enacted five years ago, according to Cuban officials and other experts.

"Cuba began to return to places like Brazil, Argentina and the Far East for products that they were buying from the U.S.," said Jay Brickman, vice president at Crowley Liner Services, a Florida-based firm that ships U.S. goods to Cuba. "It's not that they are not getting the products," added Brickman, who attended the trade fair. "It's just we are not selling it to them. We in the U.S. shot ourselves in the foot."

Anti-Castro opponents view the sale of U.S. agricultural products to Cuba in a different light, arguing that American executives have no business selling products to a nation where neither free speech nor political dissent is allowed. "These people are putting profits ahead of the suffering of the Cuban people," said Alfredo Mesa, executive director of the Cuban American National Foundation, a powerful exile group.

For his part, Pedro Alvarez, a top Cuban trade official, said U.S. participation at the trade show was larger than last year and their presence demonstrates American farmers "favor normalization of relations" between the two countries. Alvarez said U.S. agricultural sales could quickly rise from about \$480 million this year to more than \$750 million annually if trade restrictions were eased.

The ongoing debate over whether U.S. agricultural sales to Cuba help the Cuban people or merely strengthen the Cuban government is part of the larger ideological clash between supporters and opponents of the four-decade-old U.S. trade embargo.

The first sales of U.S. agricultural products to Cuba took place shortly after Hurricane Michelle devastated the island in 2001. The agricultural exemption to the embargo, passed by the U.S. Congress while President Clinton was still in office, requires Cuba to pay cash for the goods.

Since then, Cuba has purchased about \$1.5 billion in U.S. rice, chicken, soybean, wheat and other products, according to Alvarez. FCStone, Cargill Inc., and Decatur-based Archer Daniels Midland Co. are among a handful of agribusiness giants that dominate sales to Cuba.

"It's an important market because of its close proximity (to the U.S.)," explained ADM Vice President

Gregory Webb, sitting at the company's exposition booth featuring boxes of soybean-based macaroni, taco mix and other products. "It's a place that delivers one of the best sales values for us and one of the best purchase values for the Cubans," he said.

Like many U.S. executives attending the trade fair, Webb declined to comment on whether he supports lifting the U.S. economic embargo against Cuba and, instead, argued that ADM generally backs "free trade."

John Kavulich, senior policy adviser at the U.S.-Cuba Trade and Economic Council, a private group closely monitoring trade between the two nations, said U.S. businesses selling to Cuba are getting squeezed by politicians on both sides of the Florida Straits.

While Cuban officials often favor American companies that publicly oppose the embargo, U.S. executives are reluctant to challenge the Bush administration's opposition to trade with the island, fearing it could threaten agribusiness' far more lucrative U.S. government contracts.

"For many U.S. companies, their business with the U.S. government exponentially exceeds any amount of opportunity in Cuba," Kavulich said.

Some American executives also say the effort and expense of selling products to Cuba has made the market less attractive than countries such as China. They complain that Cuban officials initially roll out the red carpet only to ignore follow up e-mails and telephone calls by U.S. executives trying to close a deal.

"We got no value out of it the last time," said one U.S. executive who attended the 2002 trade fair but skipped this week's show. "It's too difficult doing business down there."

Executives say the sales process is further complicated by a clarification in U.S. Treasury Department regulations in March requiring Cuba to pay for products before they leave U.S. shores using "letter of credit"--bank-backed credit that guarantees payment before the product is delivered. Previously, Cuba could pay for the majority of the farm products after the goods left U.S. ports or arrived in Cuba.

"It's a roadblock that's made it harder and more risky for U.S. firms to conduct business," said Chris Aberle, FCStone's director of sales. "It's just slowed up the whole process. The Cuban banking system is overwhelmed."

U.S. executives say ships have sat idle for two weeks or longer in U.S. ports waiting to load their cargo because Cuba failed to deliver the letter of credit on time. The delays have cost U.S. shippers and Cuba hundreds of thousands of dollars.

Despite the complaints, many executives attending the trade fair, which ends Saturday, said they wanted a presence in the Cuban market because it could provide an advantage if, or when, U.S. trade and travel restrictions are lifted.

At the fair, several hundred American executives rubbed shoulders in a humid pavilion and hawked products ranging from Wrigley's chewing gum to cattle feed to canned peaches to California wine.

Some U.S. executives said business remains strong with Cuba.

Aberle said FCStone signed deals worth \$8 million at the fair, bringing its total sales of corn, soybeans, wheat and other products to Cuba to \$92 million since 2001.

**Reuters Americas
London, United Kingdom
4 November 2005**

United States now Cuba's biggest food supplier

By Marc Frank

HAVANA, Nov 4 (Reuters) - The United States will be Communist-run Cuba's biggest food supplier this year, despite trade restrictions and onerous regulations, the head of the state's food importing monopoly said on Friday.

Alimport Chairman Pedro Alvarez said in an interview that about \$500 million of his \$1.5 billion budget this year went to buy U.S. cereals, grains, poultry and other products. That compares with second place Vietnam at more than \$150 million, in large part due to its sale of 600,000 tonnes of rice to the Caribbean island.

China, Canada, Argentina, Brazil, Venezuela and some European countries were important suppliers as well, Alvarez said, with many at around \$100 million.

Food sales to Cuba on a cash basis only were approved by Congress in 2000 as an exception to the U.S. trade embargo enforced against President Fidel Castro's leftist government since 1962.

In five years, Cuba has become the 26th largest market for American agricultural exports, up from 225th, purchasing more than 6 million tonnes of products valued at more than \$1 billion, Alvarez said.

Early this year the Bush administration announced tougher payment procedures that require letters of credit before shipments can leave U.S. ports.

"The food we buy goes directly to our people and the measure created delays and insecurity, forcing us to divert \$150 million to other suppliers," Alvarez said, insisting existing restrictions meant Cuban food purchases were half of what they could be.

Nevertheless, it appears the United States will once again dominate the Cuban market again in 2006, he said.

Alvarez said that during this week's Havana International Trade Fair, with more than 150 U.S. companies in attendance. Alimport had purchased a million tonnes of U.S. products, valued at \$180 million, for delivery next year.

At least half the contracts went to such big agribusinesses as Archer Daniels Midland <ADM.N>, Cargill and FC Stone, he said.

Cuba has purchased products from more than 100 U.S. companies in more than 30 states, but at least 80 percent of the trade is with around 15 big corporations, according to the New York-based U.S.-Cuba Trade and Economic Council, which monitors the business.

**Corpus Christi Caller-Times
Corpus Christi, Texas
21 October 2005**

Companies to talk energy with Cuba
Cancun setting could pave way for negotiations

By Nick Nelson Caller-Times

For the past six years, Kirby Jones has used Cancun, Mexico, as a sort of tropical Switzerland - a neutral ground where Cuban and American companies can sidestep travel restrictions to meet and discuss their industries.

Jones, president of Washington, D.C.-based Alamar Associates and consultant to U.S. and Cuban businesses, said previous Cancun meetings paved the way for the U.S. Congress and Cuban officials to lift agricultural trade restrictions.

This time, he's hoping a meeting between Cubans and Americans in Cancun will do the same for the energy industry. U.S. law prohibits American companies from doing business from Cuba.

Alamar will host a U.S.-Cuba Energy Summit from Dec. 1 through Dec. 3 at the Westin Spa & Resort in Cancun. Jones visited the Congressman Solomon P. Ortiz International Center on Thursday to promote the summit to local energy officials.

Cuba already has struck deals with energy companies from Canada, Spain, China and India for exploration and drilling of oil and natural gas - this following Cuba's recent announcement that 100 million barrels of crude oil were discovered offshore.

He said U.S. companies risk falling behind those countries if they don't act fast to establish ties with Cuba. He said the summit would provide a venue for Cuban and American energy officials to meet, though it's likely no deals would be signed there.

"Companies that go to Cancun cannot expect to sign anything or do any business," Jones said. "But they will be able to answer the question of, 'Who do I need to talk to in Cuba to do this business.' "

The Port of Corpus Christi is a co-sponsor of the summit, and port officials said the conference is a unique opportunity for local businesses.

But John Kavulich, senior policy adviser for the U.S.-Cuba Trade and Economic Council Inc., a nonprofit organization based in New York City, said the summit would be a waste of time and money for the port and for energy officials.

"This conference is a red herring that's being used to line the pockets of consultants at the expense of the participants," said Kavulich, who was contacted after the meeting at the Ortiz Center. Attempts to reach Jones after the meeting at the Ortiz Center were unsuccessful.

Kavulich said the previous summits had no impact on Congress' decision to ease trade restrictions and that no amount of networking would ease restriction on energy trade anytime soon. "There is no value to spending promotional dollars today," he said.

He said port and energy officials would benefit more from dealing directly with Cuban officials than from relying on a third-party consultant. "Ports do not want to create a triangle where they can have a straight line," he said. "There's no need to have an intermediary, let alone pay an intermediary with public funds, because the port already has a relationship."

Ruben Bonilla, chairman of the Port Commission, said the Corpus Christi port does indeed have a direct relationship with Cuban officials, but he added that Jones arranged the initial introduction. Bonilla said the summit could provide a venue for energy officials to have similar communication with Cuban companies.

"This is an element of introduction," he said. "We're taking advantage of Mr. Jones' 30 years of relations with Cuban officials."

Bonilla said Jones provided contacts in Cuba's agricultural industry that turned out to be valuable when Congress legalized agricultural trade with Cuba in 2000. "We've had success with Mr. Jones and with Alamar," he said. "We're not going to abandon our friends."

Kavulich said Cuban leaders would use the summit as a propaganda tool for anti-American rhetoric.

"There is no value for the companies in going to a highly charged political event," he said. "What happens at these conferences in Cancun is there are always speeches denouncing U.S. policy."

Bonilla said talk at this summit is about business, not politics. "We don't discuss Fidel Castro. We don't discuss communism versus democracy," he said. "We talk about Cuba identifying Corpus Christi as Cuba's choice for imports and exports. We view it simply from the business and commercial advantages that are gained by establishing a rapport with the Cuban leaders."

At Thursday's meeting at the Ortiz Center, Rafael Tenreyro, vice president of Cuba's government-owned oil and natural gas venture, spoke to those in attendance via telephone conference call. Tenreyro narrated a PowerPoint presentation about Cuba's efforts to explore and drill and to recruit foreign developers.

**Chicago Tribune
Chicago, Illinois
10 October 2005**

Tougher U.S. policy curtails aid to Cubans
Humanitarian groups cite difficulty getting medicine, supplies to needy

By Gary Marx
Tribune foreign correspondent

HAVANA -- It's not every day that you see 50 American volunteers dressed in T-shirts and shorts assembling a state-of-the-art playground in the working-class neighborhood of Santa Amalia.

But there they were late last month, straining to finish the climbing wall and monkey bars as a crowd of astonished schoolchildren, teachers and residents looked on.

Among the volunteers building four playgrounds around Havana was Mike Mazza, a 27-year-old landscaper from Chicago's Roscoe Village neighborhood who joined the project to help Cuban children while relishing the opportunity to visit a country that is increasingly off-limits to Americans.

"How many chances in your life are you going to be able to come to Cuba?" Mazza asked. "It's just a unique opportunity to get to know the people and the country."

American humanitarian organizations such as the one building the playgrounds are permitted to operate in Cuba under an exemption to the 43-year-old trade embargo if they can secure a special license from the U.S. government.

For years such groups delivered medicine for HIV/AIDS patients, wheelchairs and walkers for the disabled, bicycles for hospital workers and other goods that are in short supply.

But two years ago, President Bush tightened trade and travel restrictions to Cuba in an effort to cripple the local economy and topple President Fidel Castro.

While it is impossible to quantify the impact on the amount of American humanitarian aid delivered to Cuba, many aid groups say the current environment has hindered their ability to operate on the island.

"We've been working in Cuba for 10 years, and this is the most difficult time we've had," said Rusty Price, president of World Reach, a North Carolina-based group that ships donated medical supplies to Cuba.

Price said it took eight months to get his latest license from U.S. authorities to ship goods to Cuba. In previous years it usually took 60 days. On the Cuban side, Price says he senses a "change in climate. There's more scrutiny at customs and immigration."

The air of distrust was underscored in July when Castro rejected an offer of U.S. government assistance after Hurricane Dennis plowed into Cuba, causing about \$1.4 billion in damage and killing 16 people.

Last month U.S. officials turned down Castro's offer to send more than 1,500 Cuban physicians to Gulf Coast areas devastated by Hurricane Katrina.

"There were two hurricanes and two offers of aid and they both got turned down for political reasons," said Philip Peters, a Cuba expert at the Lexington Institute, a Washington-area think tank. "That's too bad."

Cuban officials blame the increased tensions on the Bush administration, which has sharply curtailed the number of U.S. visitors to Cuba while increasing support for the island's struggling opposition movement.

U.S. visitors, aid down sharply

In a report issued last month, Cuban officials said the number of American visitors fell to about 108,172 last year from 200,859 in 2003.

But Cuban authorities say the tightened sanctions also have cut U.S. medical, food and other humanitarian assistance from \$10 million in 2000 to about \$4million this year.

The number of U.S. groups providing assistance to Cuba also has fallen, from about 160 to about 20 during the same period, according to Cuban authorities.

"There has been a lot of repression against these groups," said Raciél Proenza, an official at Cuba's Ministry of Foreign Investment and Economic Cooperation. "We consider that these measures are part of a hardening of the blockade taken by the Bush administration."

Molly Millerwise, a spokeswoman for the U.S. Treasury Department, which issues humanitarian licenses to Cuba under the Office of Foreign Assets Control, denied that the Bush administration is restricting aid to Cuba.

Millerwise said authorities only act against organizations that are abusing the humanitarian licenses by allowing Americans to travel to Cuba as tourists, which is illegal under the embargo.

"The Bush administration supports the export of humanitarian aid to Cuba, much of which they are starved for under Castro's rule," Millerwise said. "We of course want to ensure that aid is benefiting the Cuban people and not the Castro government."

But John Kavulich, senior policy adviser at the U.S.-Cuba Trade and Economic Council, a private group closely monitoring trade between the two nations, said he believes the goal of U.S. officials is to eliminate all contact between the U.S. and Cuba.

"They knew they couldn't do that, but they seized on the abuses of humanitarian licenses to substantially restrict and hinder a lot of legitimate groups," he said.

David Wald, co-founder of the California-based non-profit USA/Cuba InfoMed, said U.S. officials told him last month that he no longer could ship used computers to Cuban medical facilities after his humanitarian aid license expires at year's end.

Wald said old computers no longer qualify as a humanitarian item even though he has sent about 3,000 of them to Cuba, with U.S. approval, during the last decade. "They've been saying it's a medical device for years, and now they're saying its not," Wald said. "Computers are essential in medical institutions throughout the world."

Bob Schwartz, executive director of the New York-based Disarm Educational Fund, said his group no longer can bring surgeons to Cuba to teach pediatric reconstructive surgery--something it has done since 1997 under a humanitarian license.

Oxfam America said the Treasury Department last year rejected a proposal to rebuild about 25 Cuban homes damaged by a hurricane, even though Oxfam had done similar work in Cuba with U.S. approval.

"This is a change in policy," said Don Zarin, a lawyer representing Oxfam America. "The view was that this was the responsibility of the Cuban government and that U.S. projects to fund infrastructure would free up money for the Cuban government to spend on repressing its own people."

Group cuts off donations

A Cuban group affected by the stepped-up U.S. enforcement is ACLIFIM, a cash-poor agency representing 66,000 disabled people across the island.

Ana Ibis, a spokeswoman for the group, said a major source of goods ranging from office supplies to medicine to wheelchairs came from the Cuban American Alliance Education Fund, a Washington-based non-profit organization.

But the donations ended last year after Delvis Fernandez, president of the U.S. group, said U.S. officials requested an accounting of the scores of Americans who traveled to Cuba under the group's humanitarian license over the last five years. "It was just beyond what we could supply. I felt what they were doing was a witch hunt," said Fernandez, an outspoken critic of the U.S. trade embargo.

Millerwise said she could not comment on individual cases but noted that Treasury Department regulations require licensed organizations to keep financial records for five years and produce them on demand.

In addition to increased scrutiny from the U.S., some aid workers say Cuban authorities also have made it more difficult for them to provide assistance.

Costa Mavraganis, coordinator of the New Jersey-based Cuba AIDS Project, said that for a decade his group carried an unlimited supply of donated medicine to HIV/AIDS patients throughout the island. But Mavraganis said Cuban officials told him last year that volunteers no longer can visit hospitals and AIDS clinics and limited the amount of medicine each volunteer can donate to 22 pounds.

"Why would you want to limit people bringing in medicine that they are going to give away to AIDS patients?" he said. "It doesn't make any sense."

Proenza, the Cuban government official, said the country does not need as much donated medicine as it did in the past and needs to control goods entering Cuba.

Sun-Sentinel
Fort Lauderdale, Florida
11 September 2005

LATIN AMERICA

Cuba's latest lifeline
Chávez-Castro accords counter strengthened U.S. embargo

By Ruth Morris
Staff writer

HAVANA · When Cuba's Fidel Castro and Venezuela's Hugo Chávez took to the airwaves for a six-hour presidential chat show late last month, their chummy relationship was on open display.

Dressed in military fatigues, the two patted shoulders, joked about Chávez's driving, and reminisced about how they had been dining together during a raid on assassination plotters.

But the cozy friendship, and the economic bonds that cement it, are increasingly irksome to U.S. government officials. In addition to launching frequent verbal attacks on U.S. "imperialism," Castro and Chávez have deepened a trade agreement that brings 90,000 barrels of Venezuelan crude to the communist island a day -- at rock-bottom prices and on relaxed payment schedules.

Now, as crude prices soar, analysts say the preferential treatment Cuba receives from oil-rich Venezuela is providing a veritable lifeline -- not only keeping the Cuban economy afloat, but also subverting tightened U.S. economic sanctions on the island.

"Venezuela is the banker," said John Kavulich, a senior policy advisor to the New York-based U.S.-Cuba Trade and Economic Council. He said the financial aid had allowed Cuba to scale back economic reforms that had been designed to counter the impact of the U.S. embargo on trade and travel to Cuba.

"Without Venezuela, Cuba would have been forced three years ago not only to continue previously instituted commercial reforms, but to expand commercial reforms," he said.

That's frustrating news for the Bush administration, which had hoped to push Cuba toward democracy by choking off more than \$500 million in annual tourism revenues from U.S. visits. Analysts estimate the market value of the Venezuelan crude sent to Cuba is more than twice that amount.

In June 2004, the Bush administration stepped up long-standing embargo regulations against Cuba, limiting Americans to one visit every three years, from one a year. Other guidelines capped the amount of money Cuban-Americans can spend here to \$50 a day. U.S. students saw their access to the island narrowed, too.

As part of the trade agreement Castro and Chávez have negotiated, Cuba has dispatched more than 20,000 doctors and teachers to Venezuela to work in hardscrabble barrios. Cuba also treats thousands of Venezuelan eye patients at island hospitals and clinics.

Chinese investments, particularly in nickel production, also provide a boost as Cuba confronts storm damage and housing shortages. On the streets of Havana, it is unclear how the economic boosts play out for average citizens.

"Food is very expensive. Nobody has enough for food," said Miguel Lopez, a retiree who supplements a meager pension by patching bicycle tires. Standing at the doorway of a tiny workshop, with three inner tubes hanging on nails, he said he is optimistic that his situation will improve. "Everything comes little by little," he said.

Earlier this year, Castro promised to distribute rice cookers, improve rations and prop up an ailing electricity grid as the economy rebounds. But for now, store shelves still offer a paltry selection of goods, and the average monthly wage still hovers around \$15.

Maria Virginia de los Arcos said remittances from a daughter living in Spain, and dollar-denominated tips earned by her husband as an airport deliveryman, keep her family going. She is not sure whether Venezuelan oil is making a difference for average residents.

"I wish everyone had a little more," she said, "but without changing the system. Fidel has done a lot of good things." Arcos said the monthly \$100 transfers from her daughter more than doubled the family income, but she noted that not everyone is so fortunate.

"You can't keep saying the economy is growing," said Paolo Spadoni, a researcher at the University of Florida, of Castro's upbeat assessments in televised speeches. "[If] you raise people's expectations ... you have to show that the improvements are tangible. That hasn't occurred so far."

James Cason, chief of mission at the U.S. Interests Section in Havana, predicted the economic leg-up would have little relevance in Cubans' workaday lives. "Venezuela's oil subsidies will prop up Castro's failed economy a bit longer," he said. "Unfortunately, little of Chávez's largesse to Castro will reach the Cuban people who will continue to suffer acute economic hardships."

Chávez did not discuss the oil agreement during his weekly Alo Presidente telecast, transmitted from Cuba during a four-day state visit. The two leaders focused instead on the tens of thousands of Venezuelan eye patients who have undergone treatment in Cuban clinics, starting with a precise cataract count.

Cuba's expanding medical mission has prompted grumbling among some here, who say their hospitals lack sheets and medicines, and don't have the resources to offer special treatment to Venezuelans.

U.S. officials, meanwhile, have expressed concern over Chávez, who, with his spectacular oil wealth and

his populist touch, is promoting economic integration in Latin America to offset U.S. influence. His partnership with Castro serves as a political base camp for this campaign.

"It's given new life, and of course great resources, to this fear that's hung around Washington for decades, of [Cuba] exporting revolution," said Michael Shifter, senior analyst for the Washington-based Inter-American Dialogue.

The leaders' anti-American discourse is finding new resonance in Latin America, where U.S.-supported market reforms have failed to alleviate deep poverty or improve public services.

Shifter said he doesn't think the Chávez-Castro partnership will translate into a fundamental political shift in the region, although he said the United States had fallen out of step with Latin American priorities, leaving a vacuum.

"This is a clear challenge to the U.S. agenda," he said, "and Washington basically doesn't know how to deal with it."

**The Miami Herald
Miami, Florida
9 September 2005**

DIPLOMACY

U.S.-Cuba trade advocate tells of disappointment

John Kavulich, former head of an organization advocating U.S.-Cuba trade, explained how he became disillusioned.

BY NANCY SAN MARTIN

CHEEKTOWAGA, New York - John Kavulich's voice dripped with sarcasm as he summarized his decade as a top U.S. expert on the Cuban economy.

"I went from being the anointed one to the disappointed one," said the former president of a group whose members included huge U.S. companies interested in trade with Cuba.

Since the mid-1990s, Kavulich was the virtual poster boy for those who argued that U.S. commerce with Cuba could pry open its communist system. He had done just that in the former Soviet Union and figured he could do the same in Havana.

But earlier this year he resigned as head of the U.S.-Cuba Trade and Economic Council, bitterly complaining about U.S. and Cuban officials who put politics before profits, sleazy business practices and naive media reporting.

His recollections in an interview with the Herald touched on some of the dynamics within the Cuban government that could affect its post-Castro policies, and his belief that Havana's economic reports are not always truthful.

EXPERIENCE IN USSR

Kavulich's idea for spearheading a trade invasion of Cuba emerged from his experience in the perestroika-era Soviet Union in the 1980s, when he first represented U.S. companies that wanted to do business with Moscow and then worked as a marketing consultant for the Soviet government until 1991.

He first traveled to Cuba in 1992 to check on openings for American businesses -- the trade embargo on Cuba does not ban U.S. exports of medicine and medical supplies -- and launched the U.S.-Cuba trade council after a U.S. client asked for marketing data on Cuba.

"Basically, there was none," said Kavulich during an interview in this small town near Buffalo N.Y.. Born and raised in Buffalo, Kavulich, now 43, earned a business degree from George Washington University.

The council was founded as a New York-based nonprofit to merely monitor trade opportunities with Cuba on behalf of members such as Archer Daniels Midland, the world's largest grain processor; General Motors; Riceland Foods Inc. of Arkansas; Wal-Mart Stores, and The Sherwin-Williams Co.

But some of its members openly pushed for throwing the doors wide open. And the Cuban economic data that Kavulich gathered from about 30 contacts on the island and disseminated through a newsletter, the Economic Eye on Cuba, was long considered to be more reliable than Havana government figures.

Kavulich also kept up with U.S. laws and regulations on Cuba, and at times even offered friendly advice to Havana on how to sell the image of a pro-business Cuba.

For one of the council's first executive luncheons in New York City, Cuba's then-Foreign Minister Roberto Robaina turned up for a preliminary meeting wearing a sports jacket with rolled-up sleeves, loafers with no socks and a T-shirt with a tie printed on it.

"I said to him, `With all due respect, I humbly suggest that you can't wear this," Kavulich said he told Robaina. The foreign minister arrived at the luncheon in a three-piece suit and delivered a 40-minute speech, not once mentioning Cuban leader Fidel Castro and instead insisting that Cuba was ready for business.

FAVORABLE MESSAGE

"This is what everybody wanted to hear, that it isn't all Castro-centric, that the whole country isn't about one man," Kavulich recalled

By 1995, Kavulich had a reputation as a dapper entrepreneur with a sharp mind who had access to the highest levels of the Cuban government. He was sought after by U.S. executives, policy makers, politicians and journalists.

But as his success grew, so did his problems.

U.S. competitors began complaining to Cuban officials that the trade council should be actively lobbying to ease U.S. sanctions on the island, Kavulich said, declining to identify them. And some Cuban officials began trying to block his efforts.

"There were people in both the Foreign Ministry and the Ministry of Foreign Trade who knew that the more change that came to Cuba, the less power, influence and job security they would have," he added.

By 1998 Kavulich had made up to 70 trips to Cuba. But he was clearly wearing out his welcome.

DENIED CUBAN VISA

He was denied a Cuban visa for Pope John Paul II's visit in 1998, even though members of the trade council donated \$100,000 for some of the activities.

In 1999, he was excluded from meetings between U.S. businessmen and Cuban officials in New York and Washington. And in 2000, he was denied a visa to attend a Havana exhibition of U.S. healthcare products that he had helped to organize.

"My biggest frustration from the standpoint of [the trade council] . . . was that U.S. companies were restricted by U.S. law and regulation," he said. ``But from a personal standpoint, the vast majority of my difficulties were manifested in Cuba."

To win permission for the healthcare exhibition, Kavulich said, he went directly to Castro's then-personal assistant, Jesús Montané Oropesa. But foreign ministry officials accused him of going behind their backs, he added.

The trade council chief nevertheless seemed to be achieving his dream of vibrant U.S.-Cuba trade.

In 2000, the U.S. Congress approved a law allowing for the sale of American food and agricultural products to Cuba. And after Hurricane Michelle in 2001 destroyed much of Cuba's crops, Havana began importing American products. U.S. trade with the island has since averaged \$300 million a year.

FINAL TRIP

In 2002 Kavulich made his final trip to Cuba, for the U.S. Food & Agribusiness Exhibition, an unprecedented event that attracted 293 exhibitors from 32 American states. Sales contracts worth about \$93 million were signed at the week-long event.

But as Cuban imports of U.S. goods increased, Kavulich began going public with controversial issues. The trade council's newsletter was first to report that Havana was buying goods from specific U.S. states in order to push their congressional representatives to vote for easing U.S. sanctions on Cuba.

It also first reported in 2003 that Havana was requiring U.S. firms and some U.S. politicians to sign "advocacy agreements" -- promising they would lobby Congress to ease the sanctions -- before Cuba would buy their goods.

"These agreements are a corruption of the commercial process," Kavulich complained at the time. "Once you include an advocacy clause, they're no longer commercial agreements; they're political documents."

Kavulich also began alleging that Havana was manipulating its economic statistics -- and that too many U.S. journalists were using those figures without questioning them.

Cuban officials in retaliation began to suggest to trade council members that they should drop out and instead join more aggressive ease-the-sanctions groups, he said.

His interest in Cuba dwindled and his frustrations grew. So he quit the trade council.

"I am frustrated with the government of the United States, the government of the Republic of Cuba, members of the United States Congress and their staffs, representatives of organizations, state and local officials and with journalists," he wrote in a scathing resignation letter.

"I am witnessing an increasing lack of ethics . . . both in the United States and in Cuba."

In Moscow, he told The Herald, "there was far more . . . honesty, far less ideology, far more pragmatism. But with Cuba, and it's not just in Cuba, it's with people in Washington and the organizations involved with the Cuba issue, it gets so personal and it gets so mean spirited and it gets so childish that I don't miss it at all."

Rutland Herald
Rutland, Vermont
22 August 2005

Situation in Cuba worse since U.S. embargo

By Bruce Edwards
Herald Staff

HAVANA — The old Woolworth's name remains embedded in the sidewalk on Galliano Street in what was once this city's bustling commercial district. But that's about the only vestige of the store — an icon of American capitalism — that remains intact from the pre-Castro days 46 years ago.

Inside, the former five-and-dime store would never be confused for a Wal-Mart. Like much of Cuba the store is frozen in time and in a state of disrepair: cracked floors and mirrors, missing ceiling tiles and escalators that long ago stopped running. Slow moving ceiling fans have replaced air conditioning.

Now a peso store, the shelves and display cases are mostly empty. Much of what's for sale is a grab bag of mostly used merchandise — from clothes and toys to plumbing fixtures and lawn furniture. People line up at the food counter at the back of the store to buy chicken and bread. The old lunch counter remains in business with Cubans occupying almost every stool on this particular Friday — a typical sweltering August afternoon in the capital city of 3 million.

At another peso store across town, a long line of shoppers reportedly queued up early that day when word spread that eggs — a rationed commodity — would be going on sale. At a small Havana pharmacy, aspirin and condoms were in stock but not ibuprofen or Vaseline.

In a country known for its 1950s vintage American cars, few Cubans can afford to own one or for that matter any kind of vehicle. There's little traffic congestion but plenty of the human kind. Hitchhiking for men and women is a necessary mode of transportation from one end of the island of 11.3 million people to the other. Others wait in long lines or sit on curbs at all hours of the day and night for buses that are packed to the seams. "You spend half the day standing in line," said one American observer of Cuba. Such is life in an economy that still clings to a Soviet-era system of government control over all things.

The economy here operates on two levels: the peso and hard currency. Cubans receive their housing, health care and education for free. A monthly ration book provides each citizen with about a two-week supply of basic food items (depending on availability). Among the items included on each person's monthly ration card are: 5 pounds of rice, 6 ounces of beans, 5 pounds of sugar, 6 eggs every 15 days and 6 ounces of chicken every 20 days.

Cuban workers are paid an average of \$12 a month in regular pesos with 24 pesos equal to about \$1. The government also issues what's called convertible pesos that tourists exchange for their foreign currency. Currently, Cuba has pegged the value of each convertible peso at \$1.08.

For several years the U.S. dollar was Cuba's unofficial currency. Walk off the plane and you could use your dollars without exchanging them for convertible pesos. But Cuba dropped the dollar in November and tacked on a 10 percent penalty on the exchange. That penalty is now 20 percent, making the dollar an undesirable currency in Cuba. (Because of the trade embargo, U.S.-issued credit cards are not valid in Cuba).

Access to the convertible peso, or hard currency, is the life blood for many Cubans, who would find it hard to subsist on their rations and regular peso pay alone. Many receive money from relatives abroad, especially from those living in the U.S., though the legal amount that can be remitted has been cut by the Bush administration to put pressure on the Castro regime.

The tourism industry — Cuba's No. 1 cash cow — is also a source of convertible pesos. Chambermaids, waiters, bartenders, tour guides and taxi drivers etc., who make their living on tips, are the highest paid workers in the country, far surpassing the wages earned by most professionals like doctors and lawyers. As a consequence, jobs in the tourism industry are the most sought after jobs in the country. That's the flip side in the U.S., where many of those jobs are shunned as low paying and undesirable.

Cubans use those convertible pesos in the hard currency or former dollar stores. These government-run stores carry a variety of food and other merchandise unavailable or hard to find in peso stores. But they come with a hefty price tag. Food imports from the U.S. are especially welcome, though again, those items are pricey. "It's not as expensive as it may be from other countries, the quality is wonderful, but most of the things are sold in stores that are very, very expensive," said one Havana resident, who asked not to be identified. When items can't be found in the hard currency stores, Cubans with cash can turn to the black market for their needs at even higher prices.

Life isn't easy on the island, which is slightly smaller in area than Pennsylvania. That's especially true since

the collapse of the Soviet Union — which pumped \$6 billion a year in aid to its communist ally. But many Cubans will tell you that they get by and that the 43-year-old U.S. trade embargo — designed to topple Castro's rule — has only made things worse.

Following a devastating hurricane in 2000, the U.S. eased the embargo to allow food and agricultural sales to Cuba on a cash-only basis.

Since then, Cuba has paid \$1.3 billion (including shipping and banking fees) for 4.5 million tons of food and agricultural products from the U.S. Food imports from the U.S. have dropped significantly this year since the Treasury Department reinterpreted the definition of cash payments. Instead of a letter of credit prior to shipment, Cuba must pay in advance prior to ships leaving U.S. ports. From January through June of this year, U.S. exports to Cuba were down 24 percent to \$190 million (excluding shipping and banking fees) when compared to the same period last year, according to the U.S.-Cuba Trade and Economic Council in New York.

Food imports and who benefits can be a touchy subject. Pedro Alvarez, the head of Alimport, the government agency that oversees foreign imports, recently took a reporter to task for a story that quoted a high ranking U.S. diplomat alleging that most food imports go to feed tourists. Alvarez bristled at that suggestion, countering that given the volume of imported food, it would be impossible for the 2 million tourists who visit the island each year to consume that much.

Lincoln Star Journal
Lincoln, Nebraska
14 August 2005

Cuba trip's payout: \$17 million

BY NATE JENKINS / Lincoln Journal Star

A Nebraska trade group led by Gov. Dave Heineman struck gold in Cuba on Tuesday, penning what may be the largest deal of its kind since U.S. states resumed some trading with the communist country five years ago.

Cuban officials agreed to buy \$17 million in Nebraska agriculture products, including corn, wheat, soybeans and beef, over the next 18 months.

"This is truly a historic day for Nebraska agriculture," Heineman said via telephone from Cuba. He was the fifth governor to visit Cuba since a 40-year-old trade embargo against the country was loosened in 2000 to allow for the trade of food and medicine.

The 10-member delegation planned to return from Cuba today. Heineman won't stay long before flying back to the island country some have criticized him for visiting.

He plans to return in November with hopes of finalizing sales of 25,000 tons of wheat, the same amount of corn, and possibly 15,000 tons of soybeans or soy meal.

The \$17 million represents commitments, but not a guarantee, of future Cuban purchases. Just one actual sales contract was signed in Havana — that for 5,000 tons of edible Great Northern beans. Three members of the delegation are bean producers, and the commodity was expected to be the focus of the trip.

Members of the delegation would not disclose the purchase price of the beans, but Lincoln radio station KFOR, which sent a reporter with the Cuba delegation, reported the bean sale was worth \$2.5 million.

The 5,000 tons represents about 10 percent of the total amount of Great Northern beans annually produced in Nebraska, according to Chuck Hibberd of the University of Nebraska Panhandle Research and Extension Center.

Nebraska was the top producer of Great Northern beans last year. Faced with more competition from other countries that have begun producing beans, Nebraska bean growers have been shopping for another customer.

"This purchase signals we're back on track," Hibberd said.

The 25,000 tons each of corn and wheat that could be sold to Cuba in coming months represent a small percentage of the total amount of each annually produced in the state. But ag representatives said the importance of reaching a new market shouldn't be understated.

"It's been a great day for Nebraska agriculture," said Mark Jagels of the Nebraska Corn Board and member of the delegation.

Republican U.S. Sen. Chuck Hagel, who in 2000 co-sponsored legislation that opened the door for U.S. exports of food and medicine to Cuba, said the agreement reached by the team "exceeded expectations." Democratic Sen. Ben Nelson coined the deal a "win-win-win" for the state, benefiting ag producers, the economy and the future of ag trade in the state.

Trade talks began as soon as the Nebraska group was off the plane in Havana, said Greg Ibach, director of the Nebraska Department of Agriculture, and negotiations lasted late into the night Monday.

The \$17 million deal with Alimport, the purchasing arm of the Cuban government, was finalized Tuesday morning.

An expert on U.S.-Cuba trade said that before the Nebraska agreement, Louisiana's \$15 million deal with the country reached earlier this year was the largest.

John Kavulich, senior policy adviser for the U.S.-Cuba Trade and Economic Council, said the \$17-million bar set by the Nebraska delegation may have political underpinnings. The Cuban government, he said, recognizes that the political costs of visits there are rising because of increasing friction between the two countries. That's caused by a variety of factors, including Cuba's ties with countries including Venezuela and actions by the administration of President Bush.

A U.S. Defense Department official, for example, said last month Cuba and Venezuela are working together to install leftist governments throughout Latin America.

Bigger deals, therefore, are needed to "mitigate the unpleasantness" experienced by government officials who visit Cuba, Kavulich said.

The chances Cuba will finalize orders for \$17 million in Nebraska products over the next 18 months?

"The Cuban government generally has fulfilled the terms of their commitments," Kavulich said, "however, there more often than not have been extensions given ... and there has been prodding required by state officials to remind the Cubans of their commitments."

**Columbus Telegraph
Columbus, Nebraska
15 August 2005**

Ag producers, officials look past politics of Cuba trip

By The Associated Press

Politics aside, Nebraska's farmers and others in the agriculture industry are hoping Gov. Dave Heineman's trip to Cuba provides them with more outlets for their products and paves the way for future trade.

A decades-old U.S. embargo against Cuba severely limits travel and trade, but an exception created in 2000 allows food and agricultural products to be sold to Cuba on a cash-only basis.

Many members of the Nebraska delegation, which includes representatives of several bean cooperatives and companies, the Nebraska Farm Bureau and the Nebraska Corn Board, have heard that some people are concerned about their trip to sell dry edible beans, including Florida's lawmakers.

Producers back in Nebraska, such as dry bean grower Ken Thomas of Mitchell, are looking forward to a new trade partner. Thomas said he would appreciate anything that would boost what he calls a terrible price for Great Northern beans of 16.5 cents per hundredweight. He's hopeful trade will develop. "I think it's a good deal," Thomas said. "I don't think people should have to suffer because of politics."

Lynn Reuter, based in Scottsbluff with the Nebraska Dry Bean Commission, said she sees the trip as purely for business and not for political reasons. "They're going there strictly because of very, very good hopes of some dry edible beans being sold," Reuter said. "And that's their full purpose for it."

Also on the trip are Greg Ibach, the state's agriculture director, and Stan Garbacz, who represents Nebraska's export interests abroad. Ibach said developing a market for the western part of the state, where dry beans are very important, is a top goal. The trip, which ends Wednesday, could create future trade opportunities for grain and livestock, he said.

"This appears to be the opportunity we had hoped it might be. I am hopeful that Cuba can grow quickly into a market for Nebraska products," Ibach said from Cuba in a statement released by Heineman's office late Sunday.

Garbacz said it would not be easy to estimate how much money the trip could be worth to Nebraska. But in 2002, North Dakota Gov. John Hoeven left a similar trade mission with a deal to sell \$2 million worth of peas, lentils, malt barley and other products, said Eric Aasmundstad, president of the North Dakota Farm Bureau. Hoeven refused to appear in a photograph next to busts of Cuban revolutionaries and participate in other political ventures, but the deals went through, Aasmundstad said.

Since then, deals to sell about \$8 million worth of products have been reached between North Dakota and Cuba, he said.

Heineman is the fifth U.S. governor to visit Cuba on a trade mission, said John Kavulich, senior policy adviser and former president of the U.S.-Cuba Trade and Economic Council. The other states, besides North Dakota, are Illinois, Minnesota and Louisiana. Since 2001, U.S. companies from more than 20 states have sold about \$1 billion in agriculture products to Cuba.

Hendrik Van den Berg, a Latin American specialist at the University of Nebraska-Lincoln who is not going on the trip, said people on the trip should not worry about the political concerns of people at home. "I don't think they need to feel the least bit guilty about going down and establishing commercial relationships between essentially ordinary citizens and Cuba," Van den Berg said.

Lincoln Star Journal
Lincoln, Nebraska
14 August 2005

Trade mission to Cuba controversial

By ART HOVEY and NATE JENKINS / Lincoln Journal Star

Even before the plane left the ground, Nebraskans Charlie Witmer, Brett Morrison and Bryce Kelley could see that Sunday's flight to Cuba to sell dry edible beans to Fidel Castro's government was catching flak.

They did what many people would do under the circumstances. They hunkered down. They deflected the questions tossed at them from reporting ranks.

"I'd just prefer to stay out of the press," said Kelley when he was approached at his Scottsbluff office about a trade mission headed by Nebraska Gov. Dave Heineman. He cited "some nasty letters to the governor" from members of Florida's congressional delegation who strongly identify with anti-Castro feelings in Miami.

Morrison, of Clearwater, and Witmer, of Bridgeport, were also keeping a low profile as Heineman emphasized trade and downplayed politics. Nevertheless, old arguments flared up about doing business with a repressive, communist regime. Witmer politely declined to speculate on how many beans it would take to constitute a significant trade success.

"When we return," he said, "we will have a whole lot more knowledge about what we're doing." Restrained replies make it easy to lose sight of the agricultural dimensions of the trip, such as:

* Nebraska is the nation's leading producer of Great Northern beans and third overall in production of beans that are called dry, because they are harvested at a point when, unlike string beans, the pods have dried out and the seeds inside are the food buyers consume.

* Although a prominent crop in 27 counties in western Nebraska, dry edible beans barely register in comparison with corn or soybeans. A recent Great Northern Harvest of 827,000 hundredweight wouldn't make much of a pile next to a 2004 Nebraska outpouring that yielded 739 million hundredweight of corn of 133 million hundredweight of soybeans.

Still, Sunday's trade mission has attracted more positive reviews from a variety of Nebraska observers than it's getting from anti-Castro hardliners in Miami. Dry bean grower Ken Thomas of Mitchell would appreciate anything that would boost what he calls a terrible price for Great Northerns of 16.5 cents per hundredweight. "It doesn't even pay to grow them right now," he said.

Hendrik Van den Berg, a Latin American specialist at the University of Nebraska-Lincoln, sees the trade trip as a refreshing alternative to 40 years of sanctions against Cuba that have failed to oust Castro. "I always joke in class that Castro is about to fall from power any day now," Van den Berg said.

Lynn Reuter, based in Scottsbluff with the Nebraska Dry Bean Commission, is always behind anything that might boost demand. She also has a recipe for chocolate chip cookies that turn out deliciously moist when you include a can of Great Northerns in the mix. It could be a big hit in the Castro kitchen. Reuter edged a bit closer to the political fires — if only for purposes of denial — than the private-sector portion of the bean delegation was willing to do. "They're going there strictly because of very, very good hopes of some dry edible beans being sold," Reuter said. "And that's their full purpose for it."

Along with Heineman, Nebraska will be represented in a trip that ends Wednesday by state Agriculture Director Greg Ibach and Stan Garbacz, who has carried the state Agriculture Department's export desires to such distant points as Vietnam and Bulgaria over the past 15 years. "If you're from the western part of the state, the Panhandle, this is a pretty important crop there," Ibach said. "And to develop a market for that part of the state is important, just as important as developing markets for mainstream products."

Could this trip create some spin-off opportunities for more prominent grain and livestock categories? "There are definitely possibilities for that," Ibach said. "And that's part of the discussion we've asked for as part of this trip." Accordingly, representatives for Nebraska corn and wheat growers will tag along.

Garbacz said it's not easy to estimate the dollar value of any trade trip, including this one. "I'd hate to say at this point. I think the people in Cuba are interested in working with us, in buying from us. It's all going to boil down to business and what they need and the quality they think they're getting — and the price they think they can or cannot pay."

Van den Berg, who won't be going to Cuba, is quick to defend the motives of those who are. "I don't think they need to feel the least bit guilty about going down and establishing commercial relationships between

essentially ordinary citizens and Cuba. "In general, there is good potential for Nebraska," he added. "Agriculture is our strongest suit. Cuba is an economy feeding a population. Clearly, the potential for commerce is there."

Bean grower Ken Thomas agrees. "I think it's a good deal," he said. "I don't think people should have to suffer because of politics."

Nebraskans advised to be careful in Cuba

Be ready for negotiators to cut the small talk short and get down to business, and when officials ask you to participate in seemingly innocuous ceremonial events, be aware that sometimes nothing is as it seems.

That's the advice state officials who have sealed deals with the Cuban government and experts on U.S.-Cuban trade relations have for Nebraskans who will land in Havana Sunday for trade talks. According to one expert, the delegation led by Gov. Dave Heineman has already broken the latter rule. The Nebraskans plan to visit the Genetic and Biotechnology Research Institute in Cuba.

"That's not a good idea," John Kavulich said.

Cuban officials are savvy arrangers of events and statements designed to make it appear that such high-level state officials as Heineman favor the Cuban government and endorse changes in U.S. policy, said Kavulich, senior policy adviser and former president of the U.S.-Cuba Trade and Economic Council. The not-for-profit organization provides commercial information about Cuba.

While Nebraska officials said the trip to the research institute would help build a relationship that could lead to future sales of medical supplies, Kavulich said Cuban officials likely will use it to make a political statement, with Heineman as an unwitting spokesman.

Medical supplies are one of the few categories of goods the United States can export. But there's a catch: Exportable medical supplies cannot be used for biotech purposes.

Heineman's presence at the facility could be twisted, Kavulich said, to make it look like he disagrees with U.S. policy.

"If the governor's is going to that facility, he's being used for political purposes by the government of Cuba," Kavulich said. Officials from other states have been asked to tour the facility, but have refused, he said.

Heineman, the fifth U.S. governor to visit Cuba on a trade mission, according to Kavulich, has repeatedly said the delegation's focus is on opening trade for Nebraska products, not engaging in foreign policy issues. Illinois, North Dakota, Minnesota and Louisiana have sent governors to Cuba. Companies from each ended up signing export deals.

According to state officials and a consultant who have visited Cuba, which was mostly off limits to U.S. exports until a 40-year-old trade embargo was loosened about five years ago, striking a deal while in Havana is likely for the Nebraska group. Since 2001, U.S. companies have sold roughly \$1 billion in ag products to the island country near the Florida coast. Companies from more than 20 states have done business with the Cubans.

"I tell companies that when they go . . . be prepared to sit down at the table and have Pedro Alvarez (Cuba's main purchasing agent) say, within the first five minutes, 'Give me a quote on the amount of beans,'" that could be sold, said Kirby Jones, founder and president of the U.S.-Cuba Trade Association and a consultant for U.S. companies that wish to do business with Cuba.

"It would surprise me," he said of the Nebraska delegation, "if there wasn't a deal signed in Havana."

A primary focus of the Nebraska group is dry edible beans. Three of the 10 people on the trip are in the bean business, but representatives of the state's corn and wheat boards are on the trip as well.

They should be ready to discuss what Nebraska producers of those products can offer, said Kavulich, because Cuban officials often commit to buying a variety of products as a sign of appreciation. Sometimes the commitments — made in addition to signed contracts for purchases — are fulfilled, he said. Sometimes not.

"When a governor goes to Cuba, generally the Cuban government will agree to purchase (millions of dollars worth of products) in a 12-month period, and that's basically a thank you for the governor coming," Kavulich said. "It's a big PR coup for the Cuban government."

"Hopefully," he added, "the governor will not sign any sort of advocacy document." Cuban officials repeatedly tried to get North Dakota state officials to sign documents stating, among other things, that they supported the Cuban government, said one who made the trip a few years ago.

North Dakota Governor John Hoeven reciprocated the gamesmanship, said Eric Aasmundstad, president of North Dakota Farm Bureau, by saying he would sign the documents only if he was allowed to interview political dissidents. "He knew he wouldn't get any," said Aasmundstad. No such papers were signed, but that didn't kill the trade deal in the works. Nor did Aasmundstad's refusal during an earlier trip to be photographed at a Cuban farm holding a bouquet of roses near marble busts of Cuban revolutionaries including Fidel Castro.

The North Dakotans left Havana with a deal to sell \$2 million worth of peas, lentils, malt barley and other products in 2002. Since then, they have signed deals for roughly \$8 million more in ag products.

The attempts by Cuban officials to make political and public-relations hay from the trip was not indicative of how they negotiated trade deals, said Aasmundstad. He described Alvarez as experienced, shrewd, tough and fair. Price, not the quality of the products, was the top concern, according to Aasmundstad and Lance Gaebe, Hoeven's adviser on agriculture policy.

A delegation from Minnesota went to Cuba in 2001 and left with a deal for cheese, edible beans and other products. While there, said Kurt Markham, marketing director for the Minnesota Department of Agriculture, they leveraged the "international, rockstar status" of then-Gov. Jesse Ventura to reach a trade agreement.

During follow-up trips, Minnesota companies have sold more products, including a co-product of ethanol production used as livestock feed. "More than half the companies we took had signed contracts at the end of the (ag) show," said Markham.

Kavulich said Nebraska has its own big name in Sen. Chuck Hagel, R-Neb., who supports normalizing trade with Cuba and could pursue the U.S. presidency, which would give his opinion extraordinary weight.

Both Markham and Aasmundstad expressed disappointment in what they described as a reluctance by in-state companies to aggressively maintain trade ties with Cuba. While dealing with the country can be a bureaucratic hassle — financial transactions must be handled in countries other than the United States, for example — there are benefits, too. Companies don't have to worry about credit because U.S. law requires Cubans to pay in advance.

Aasmundstad suspects another reason for the sluggish approach to more Cuban trade: Fear of political retribution at home for doing business with Cuba. He called the fear unfounded.

One more note of caution from those who have made the trip: Be prepared for fast, intense negotiation. "They hammered out so much stuff while we were there — more than I was comfortable with," said Gaebe of North Dakota. "There's great potential there, but it takes savvy businesspeople to make it work."

The Miami Herald
Miami, Florida
31 July 2005

AGRICULTURE

Agricultural sales to Cuba clarified

A top-ranking senator on the Finance Committee has ended a deadlock with the Treasury Department over U.S. exporters' agricultural sales to Cuba.

BY PABLO BACHELET

WASHINGTON - A top senator ended a seven-month standoff on Treasury Department nominees last week after the Bush administration clarified new rules that the lawmaker said made it harder for U.S. companies to sell food to Cuba.

"I pushed the Treasury Department hard so that ag exporters could continue to sell their products to Cuba," Sen. Max Baucus, the ranking Democrat on the Senate Finance Committee, said in a statement on Friday. "I'm optimistic that this clarification will provide U.S. ag exporters in Montana and elsewhere with another option to restart ag sales to Cuba."

Agricultural sales to Cuba fell by about 25 percent in the first five months of the year compared with the same period in 2004 after the Treasury Department ruled in February that Cuba had to pay U.S. companies before the shipment left a U.S. port, instead of after docking in Havana.

Baucus says the new requirement -- an interpretation of "cash in advance" regulations governing sales to Cuba -- was especially difficult for small exporters.

Under the deal, the payment will still have to be made before the boat leaves a U.S. port, but Treasury clarified that it can be held in a foreign bank that acts as a seller's agent until the shipment reaches Cuba.

The change doesn't amount to much because companies were already using foreign banks to trade with Cuba, said John S. Kavulich, a senior policy advisor for the U.S.-Cuba Trade and Economic Council, Inc., a New York-based institution that monitors trade.

"It is always useful when the Treasury Department puts something in writing," he said.

Reuters Americas
London, United Kingdom
29 July 2005

US clarifies Cuba food rules, sales impact unclear

WASHINGTON, July 29 (Reuters) - Exporters may face fewer complications in selling U.S. farm goods to Cuba under a Treasury Department clarification issued on Friday, one trade group said, but another doubted it would make any difference.

The clarification said vessels could leave U.S. ports as soon as a foreign bank confirmed receipt of payment. That could be slightly faster than rules in effect since February, experts said, and would spare sellers the expense of using letters of credit.

"It should speed the process up and, therefore, facilitate additional trade," said Kirby Jones of the U.S.-Cuba Trade Association. "The unknown is how the buyer (Cuba) reacts."

Sales of U.S. food exports to Cuba have fallen 25 percent since new rules took effect, requiring Cuba to pay for U.S. foods before they were shipped. Farm groups and their allies in Congress are campaigning for a return to rules under which ships could sail while exporters awaited payment.

The Treasury issued its clarification in order to free five nominees to senior Treasury jobs blocked by Sen. Max Baucus. The Montana Democrat said he hoped the clarification would provide "another option to restart ag sales to Cuba."

John Kavulich of the U.S.-Cuba Trade and Economic Council, which monitors trade between the nations, said the option highlighted by Treasury was "nothing new."

Cuba was unlikely to increase its cash purchases, Kavulich said, because it can get food from other nations for free or on credit. And, he said, Cuba's goal openly "remains to influence U.S. policy" by weakening the embargo.

Cash sales of food have been permitted to the Communist-ruled island since 2000 in a rare exception to the U.S. trade embargo dating from 1963. But shipments have fallen 25 percent since rules were tightened in February.

"This is a good interim move that should provide some relief to U.S. producers, but the underlying issue of cash payments from Cuba remains," said Bob Stallman, president of the largest U.S. farm group. Stallman said the American Farm Bureau Federation "will continue to work with Congress to legislatively overturn the Feb. 22 rule."

A Senate Appropriations subcommittee voted on July 19 to overturn the February rule.

**Hispanic Business
Santa Barbara, California
July/August 2005**

Waiting Game

Keith Rosenblum

The United States bans trade with Cuba, but agricultural producers ship about \$400 million worth of goods there every year, thanks to a humanitarian exception to the embargo. Besides this legal trade, companies employ "gray" methods by shipping goods through foreign partners in Canada, Spain, or Mexico.

The big question is how companies can prepare for full and open trade with a nearby market of 11 million. Officially, few U.S. corporations acknowledge having marketing plans for Cuba on the day that President Fidel Castro's heart stops. Unofficially, it is an open secret that many companies have plans for the Cuban market once the 45-year-old embargo ends.

Spain and Canada have already staked their claims in the hospitality industry. Cuba hosted more than 2 million visitors last year, and the principal beneficiary was the Spanish company Sol Melia, which controls some 20 percent of the island's 45,000 hotel rooms.

"There is a lot of prime beach real estate dedicated to tourism that has been overtaken," says Isaac Cohen, former director of the Washington bureau of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and now a business consultant on Latin America. "In many ways, the embargo has given a head start to companies from other nations. There is a finite amount of property."

Mr. Cohen adds that U.S. companies in agriculture, mining, oil exploration, and tobacco, among others, should make contingency plans for an open Cuban market. As time passes, U.S. companies lose ground, he points out, "and no one likes being second in line."

The U.S. Chamber of Commerce and other trade groups oppose the embargo, arguing it puts U.S. companies at a competitive disadvantage and does nothing to hasten Mr. Castro's departure. Legislation to normalize relations with Cuba introduced by Congressman Jeff Flake, a Republican from Arizona, has yet to garner enough support to overcome resistance in the House of Representatives, much less the threat of a presidential veto.

Meanwhile, the Castro government has tried to circumvent the embargo by a de facto lobbying of individual states, according to Hans de Salas, a research associate at the University of Miami. "Initially, [Mr.] Castro refused to buy anything unless the embargo was lifted," Mr. de Salas says, "but he quickly realized that this opening could be used to his strategic advantage. Cuba has masterfully spread its purchases among states run by Democrats, who are traditionally conciliatory, but also in Republican states where there has not been that sympathy."

John Kavulich, former head of the U.S.-Cuba Trade and Economic Council, recalls a time in the mid-1990s when U.S. corporations "were ready to enter the Cuban market and had boxes in Spanish waiting to go in South Florida warehouses." But as hopes faded for normalization, so Cuba became a lower priority in a global economy teeming with other opportunities, setting the stage for the current game of waiting for Cuba's opening.

MercosurPress
Montevideo, Uruguay
19 July 2005

US travellers to Cuba drops drastically

The number of United States travellers to Cuba has dropped drastically over the past year reported Monday the Miami press.

The 60% reduction is a direct consequence of tougher restrictions imposed on dealings with the island by President George W. Bush's administration to "promote a democratic transition on the island", the El Nuevo Herald newspaper said.

For Cuba the fall in the number of visitors from the US translates into a reduction of 95 million US dollars in revenue, but also has a cost for U.S.-based airlines and travel businesses money, adds the newspaper.

In the past 12 months, according to official figures, some 55,000 people travelled from the United States to Cuba, about 35.7% of the number that had been visiting the island annually before the travel restrictions imposed June 30, 2004.

The Office of Foreign Assets Control (OFAC) issues specific licenses to Cubans living in the United States, who are allowed to visit relatives in Cuba once every three years.

Since the restrictions became effective, OFAC has processed more than 30,000 travel permit applications of which 20,000 were approved and the rest rejected.

The US-Cuba Trade and Economic Council estimates some 154,000 people travelled legally to Cuba in 2003, some 85% for family reasons.

About 23,000 travelled to the island under specific licenses for business, religious functions, cultural and sports exchanges, and as members of humanitarian groups.

El Nuevo Herald
Miami, Florida
18 July 2005

WILFREDO CANCIO ISLA

La reducción de más del 60 por ciento de los viajeros de Estados Unidos a Cuba desde el pasado julio constituye el resultado de mayor impacto tras las medidas impuestas por el presidente George W. Bush para agilizar un tránsito democrático en la isla.

En términos financieros: unos \$95 millones en pérdidas para la precaria economía cubana, sin entrar a considerar otras medidas restrictivas aplicadas a los paquetes y remesas familiares.

De acuerdo con estadísticas del Departamento del Tesoro y de organizaciones vinculadas a la industria de vuelos fletados, la cifra de pasajeros alcanzaría apenas los 55,000 durante los últimos doce meses, lo que representa un 35,7 por ciento de las personas que anualmente viajaban a Cuba antes de la entrada en vigor de las restricciones, el 30 de junio del 2004. Los pronósticos del Ministerio de Turismo de Cuba fijaron entonces las pérdidas por la disminución de viajeros de EEUU entre los \$93 y 104 millones.

El Consejo Económico y Comercial EEUU-Cuba (USCTEC) situó en 154,000 las personas que viajaron legalmente desde territorio norteamericano en el 2003, el 85 por ciento de ellas por motivos familiares. Unas 23,000 lo hicieron entonces con licencias especiales por negocios, asuntos religiosos, intercambios culturales y deportivos, y organizaciones humanitarias.

Pero desde que la Oficina de Control de Bienes Extranjeros (OFAC) emitió un nuevo formulario para otorgar las llamadas "licencias específicas" por motivos familiares, las cifras de viajeros a Cuba comenzaron a caer vertiginosamente. Las cifras de licencias familiares procesadas desde el 1ro. de julio de 2004 hasta la fecha supera las 30,000, de las cuales han sido otorgadas unas 20,000 y otras 9,000 fueron denegadas. La respuesta de las autoridades oscila entre 8 y 12 semanas después de la petición.

Los efectos se han hecho sentir fuertemente en la industria de vuelos fletados hacia Cuba, controlado por siete compañías operadoras y centenares de agencias viaje en Miami, Los Angeles y Nueva York. Los tradicionales abarrotamientos del verano se han diluido en esta temporada debido a las nuevas reglas de juego.

Sólo la firma Marazul --líder del mercado en Miami-- ha tenido que cortar dos tercios de sus empleados y durante el primer semestre de este año apenas contó con el 25 por ciento de los pasajeros procesados en el mismo período del 2004.

"Los cambios en las regulaciones puestas en vigor por OFAC han provocado un decrecimiento notable de las licencias de viaje y en las operaciones de vuelos fletados", indicó John S. Kavulich, consejero principal del USCTEC, con sede en Nueva York. "En cada instancia, los resultados deseados por la administración Bush han sido alcanzados: un declive en los contactos entre EEUU y Cuba".

Si el número de viajeros no se ha desplomado totalmente, se debe a que un significativo número de cubanoamericanos y otros estadounidenses han usado las licencias religiosas y de organizaciones humanitarias para trasladarse a Cuba. Se estima que hasta 30,000 personas podrían haber apelado a esas alternativas para viajar legalmente a la isla, lo que ha desatado ya controversias en la comunidad exiliada ante los llamados "viajes de santeros".

En el caso de esas licencias especiales, OFAC ha recibido en el período unas 1,300 peticiones, de las que han sido aprobadas unas 450 y otras 450 han sido rechazadas. Las restantes solicitudes se hallan en diferentes niveles de procesamiento.

"Debe aclararse que el número de las licencias especiales otorgadas (no familiares) para viajar a Cuba no equivale al número de viajeros", explicó Molly Millerwise, vocera de OFAC. "Muchas de estas licencias sirven a múltiples viajeros, particularmente en las categorías de religión, actividades educacionales y proyectos humanitarios".

La funcionaria aclaró que el alto número de rechazo de solicitudes para viajes no familiares se atribuye a información incompleta, y estos casos OFAC reenvía la planilla al solicitante ``para que facilite los datos y podamos hacer una determinación más favorable".

Sin embargo, el endurecimiento de la política de viajes y las irregularidades operativas de OFAC están ahora bajo fuego cruzado de activistas políticos y sectores de la comunidad cubana que consideran prudente, cuanto menos, una moratoria para paliar los destrozos causados en la isla tras el huracán Dennis.

A comienzos de julio, varias propuestas legislativas para flexibilizar los viajes a Cuba fueron derrotadas en el Congreso, pero el paso de Dennis ha potenciado nuevas interrogantes sobre el tema.

Grupos como el Movimiento Democracia, Puentes Cubanos y Comisión Cubanoamericana de Derechos Familiares han pedido a Washington una excepción para los viajar con respaldo a los parientes necesitados. "Si el argumento es que la ayuda puede ir a parar a manos de Fidel Castro, pues es el momento de que vayamos a entregarle directamente dinero y provisiones a nuestros familiares allá", argumentó Silvia Wilhelm, dirigente de Puentes Cubanos, quien encabeza una campaña cívica por el levantamiento de las restricciones.

Los congresistas cubanoamericanos del sur de la Florida se oponen a un cambio de la política y sugieren que la ayuda llegue a través de las organizaciones humanitarias con licencia vigente. Pero las críticas contra las limitaciones de viajes familiares apuntan también a la "insensibilidad de la ley" para resolver situaciones humanitarias de emergencia. "El proceso burocrático es horrible, sin ninguna provisión para casos de emergencia", comentó Armando García, vicepresidente de Marazul. ``La comunicación directa con el organismo que procesa los casos resulta nula'.

Como sucedió a Marinil Boza, empleada de correos en Miami-Dade, quien se vio imposibilitada de visitar a su madre, de 77 años, enferma de cáncer en Cuba. La anciana murió el pasado 30 de junio. "Para mí es muy chocante vivir en el país de las libertades y no poder viajar para despedirme de mi madre", afirmó Boza, de 45 años, exiliada en 1981. ``Estas restricciones respondieron a un momento político, pero no contemplan ni situaciones humanitarias ni derechos constitucionales... y no quiero que en las oficinas de los congresistas me repitan la ley, sino que resuelvan problemas como el mío".

**El Nuevo Herald
Miami, Florida
1 July 2005**

PABLO BACHELET / The Miami Herald
WASHINGTON

Cambiando una tendencia de varios años en que los esfuerzos del Congreso por suavizar las sanciones norteamericanas contra Cuba ganaron fuerza, la Cámara de Representantes rechazó ayer tres de esas proposiciones y otorgó una victoria categórica a los partidarios de una línea fuerte contra el gobierno cubano.

Una enmienda que buscaba anular los límites de viajes familiares de cubanoamericanos a la isla fue rechazada por un voto de 211-208, la primera vez que tal iniciativa es derrotada en un voto congressional. Una enmienda similar, también presentada el año pasado por el demócrata de la Florida Jim Davis, fue aprobada con una votación de 225-174.

Opositores y partidarios de las sanciones acreditaron el cambio a la tenaz campaña de cabildeo de legisladores cubanoamericanos y a las peticiones hechas por disidentes en la isla comunista, como Martha Beatriz Roque, que recientemente se dirigió a los miembros del Congreso en una conversación telefónica desde La Habana. Otras dos enmiendas --las tres eran parte de un proyecto de gastos de los departamentos del Tesoro, Vivienda y Transporte-- fueron eliminadas por desproporcionados márgenes.

Una proposición para aliviar las restricciones a los viajes de estudiantes a Cuba, presentada por la representante Barbara Lee, demócrata por California, fue derrotada 233-187. El año pasado tuvo tanto respaldo que fue aprobada por un simple voto a viva voz. Y una enmienda que habría levantado completamente el embargo contra Cuba, presentada por el representante demócrata, Charles Rangel, fue rechazada 250-169.

El representante republicano de Arizona, Jeff Flake, un fuerte crítico de las restricciones, retiró varias enmiendas después de la derrota de la iniciativa de Davis. Los republicanos de Miami Lincoln y Mario Díaz-Balart e Iliana Ros Lehtinen elogiaron los votos como "históricos" en una declaración conjunta. "La sólida derrota de estas enmiendas envía un mensaje definitivo de apoyo a la política del presidente Bush sobre Cuba", dijeron.

Desde el 2001, un grupo de republicanos moderados, de estados agricultores, se han unido a los demócratas para aprobar enmiendas a los proyectos de gastos que trataron de debilitar el embargo y especialmente las restricciones de viajes. Incluso después que los agentes de seguridad de Fidel Castro arrestaron y encarcelaron a 75 disidentes en 2003, una enmienda para levantar las restricciones de los viajes fue aprobada por un cómodo margen de 30 votos.

Las enmiendas nunca fueron implementadas porque negociadores congresionales, bajo una amenaza de veto de la Casa Blanca, las sacaron del proyecto final. Pero cada año parecía que el próximo vería una significativa debilitación de las sanciones.

Sin embargo, este año grupos cubanoamericanos que apoyan las sanciones dicen que han recuperado algo de la influencia política que la comunidad tuvo cuando Jorge Mas Canosa dirigía la Fundación Nacional Cubano Americana (CANF). Otros también dicen que se despreocuparon con el presidente Bush en la Casa Blanca y su hermano Jeb en la mansión del gobernador de la Florida.

"El vacío que ocurrió con la muerte de Jorge Mas Canosa ha comenzado lenta pero firmemente a llenarse de nuevo", manifestó Ignacio Sánchez, un miembro del Consejo por la Libertad de Cuba. Muchos de sus miembros se apartaron de la CANF para abrazar una línea más dura contra Castro. En marzo, los legisladores cubanoamericanos y sus aliados congresionales hicieron los arreglos para que tres disidentes cubanos --Martha Beatriz Roque, René Gómez y Félix Bonné-- apoyaran las restricciones de Bush en un testimonio telefónico ante un panel de la Cámara.

Los votos de ayer llegan después de otras derrotas para los que favorecen suavizar las restricciones. Una enmienda para apoyar los viajes humanitarios perdió el miércoles en una votación en el Senado. El mes pasado, una iniciativa de Flake para levantar el embargo al envío a Cuba de artículos de higiene, como papel sanitario y pasta dental, también fue derrotada en la Cámara.

Y ayer, Bush amenazó con vetar una estipulación en el proyecto de gastos que habría anulado las regulaciones que dificultan a los agricultores de EEUU recibir pagos de Cuba por las exportaciones.

"La administración se opone a cualquier esfuerzo por debilitar estas regulaciones y si la versión final del proyecto contenía tal estipulación, el Presidente vetaría el proyecto", dijo la Casa Blanca. La representante Jo Ann Emerson, republicana por Missouri, dijo que ``continuará para ver qué pasa".

John Kavulich, asesor del Consejo Económico y de Comercio de EEUU-Cuba, dijo que el gobierno de Castro ha comprado menos alimentos estadounidenses desde que las nuevas restricciones fueron adoptadas, pero sólo para presionar a los legisladores norteamericanos que quieren que los agricultores en sus estados se beneficien del comercio con Cuba.

"El gobierno cubano tiene una necesidad genética de ser parte de las discusiones políticas de EEUU", dijo Kavulich.

U.S. CONGRESS

House blocks efforts to ease U.S. sanctions against Cuba

The U.S. House, reversing a years-old trend, dealt a heavy blow to supporters of easing sanctions on Cuba by rejecting three proposals.

BY PABLO BACHELET

WASHINGTON - Reversing years of congressional votes that showed supporters of easing U.S. sanctions on Cuba gaining strength, the House on Thursday rejected three such proposals and gave a categorical win to supporters of a tough line on Havana.

An amendment seeking to overturn limits on Cuban-Americans' family travel to Cuba was defeated 211-208 -- the first time such an initiative was beaten back in a congressional vote. A similar amendment, also submitted by Florida Democrat Jim Davis, was approved last year on a 225-174 vote.

Both opponents and supporters of the sanctions credited the turnaround on a determined lobbying drive by Cuban-American lawmakers and the entreaties made by dissidents in the communist-ruled island such as Martha Beatriz Roque, who recently addressed the Congress members on a phone link from Havana.

Two other amendments -- all three were part of a spending bill for the treasury, housing and transportation departments -- were shot down by lopsided margins.

A proposal to ease restrictions on U.S. student travel to Cuba, presented by Rep. Barbara Lee, D-Calif., was defeated 233-187. Last year it was so heavily backed that it passed by a simple voice vote.

And an amendment that would have completely lifted the U.S. trade embargo on Cuba, submitted by Rep. Charles Rangel, D-N.Y., was rejected on a 250-169 vote.

Arizona Rep. Jeff Flake, a Republican and always one of the strongest critics of the U.S. restrictions on travel to Cuba, withdrew several amendments after the defeat of the Davis initiative.

Miami Republicans Lincoln and Mario Díaz-Balart and Ileana Ros-Lehtinen hailed the votes as "historic" in a joint statement.

"The solid defeat of these amendments sends a definitive message of support for the president's Cuba policy," Ros-Lehtinen said.

EMBARGO PROTECTED

Since 2001, a group of moderate and farm-state Republicans have annually joined with Democrats to pass a series of amendments to spending bills that tried to chip away at the embargo, and especially the travel restrictions. Even after Fidel Castro's security agents arrested and jailed 75 dissidents in 2003, an amendment to lift the travel restrictions passed by a comfortable 30-vote margin.

The amendments were never implemented because congressional negotiators, operating under a veto threat by the White House, would strip them out of the final bill. But each year it seemed that the next would see a significant weakening of the sanctions.

But this year Cuban-American groups that support the sanctions say they have recovered some of the political weight the community had when Jorge Mas Canosa ran the Cuban American National Foundation. Some say they let down their guard with President Bush in the White House and his brother Jeb in the governor's mansion.

"The void that occurred with the death of Jorge Mas Canosa has slowly and steadily started to be filled again," said Ignacio Sánchez, a member of the Cuban Liberty Council. Many of its members broke off from CANF to espouse a tougher line on Castro.

In March, Cuban American lawmakers and their congressional allies arranged for three Cuban dissidents - - Martha Beatriz Roque, René Gómez and Félix Bonné -- to endorse Bush's restrictions in a phone-link testimony before a House panel.

Thursday's votes came atop other recent setbacks by those who favor relaxing U.S. restrictions. An amendment to ease humanitarian travel lost in a procedural vote in the Senate Wednesday night. Last month, a Flake initiative to lift a ban on sending personal hygiene items such as toilet paper and toothpaste to Cuba was also defeated in the House.

U.S. EXPORTS

And on Thursday, Bush threatened to veto a provision in the spending bill that would reverse recently enacted regulations making it more difficult for U.S. farmers to be paid by Cuba for U.S. exports. "The administration is strongly opposed to any efforts to weaken these regulations, and if the final version of the bill contained such a provision, the President would veto the bill," the White House said in a statement.

Rep. Jo Ann Emerson, a Missouri Republican who has been leading the charge to overturn the restrictions, said she would ``keep plugging forward and see what happens."

John Kavulich, a senior policy advisor with U.S.-Cuba Trade and Economic Council, which tracks economic trends in Cuba, said the Castro government has been purchasing less U.S. foodstuff since the new restrictions were adopted, but only to put political pressure on U.S. lawmakers who want their farmers back home to benefit from trade with Havana.

"The Cuban government has a genetic need to be a part of the U.S. political discourse," Kavulich said.

**Reuters Americas
London, United Kingdom
23 June 2005**

US exporters lament that Bush policy cut Cuba trade

HAVANA, June 23 (Reuters) - U.S. food producers who sell to Cuba complained on Thursday that a payment rule introduced by the Bush administration has cut their exports to the Communist-run island by 25 percent.

"What is disturbing for producers is that we are losing solid exports to Cuba every week," U.S. Rice Producers Association President Dwight Roberts said on a visit to Cuba.

U.S. food businesses sold almost \$400 million to Cuba last year, mainly in bulk shipments of corn, wheat and soy, under an exception to a trade embargo enforced for four decades against President Fidel Castro's government. But sales fell to \$131 million in the first four months of this year compared to \$173 million in the same period of 2004, according to U.S. Department of Agriculture figures. Exporters blame a U.S. Treasury Department rule issued in February that requires Cuba to pay for food imports from the United States before they leave port, pushing up costs.

Cuba's food importing agency Alimport said it has turned to other countries for \$300 million worth of rice, chicken and other meat, fruit, powdered milk and supermarket goods that would otherwise have been purchased from the United States. Alimport President Pedro Alvarez said Cuban food imports from the United States could have doubled this year "but we are forced to buy from other countries."

Due to a severe drought, Cuba will increase rice imports by 300,000 tonnes this year to between 750,000 and 800,000 tonnes, Alvarez said. The new business is likely to go to traditional suppliers Vietnam and

China, he said. Vietnamese companies have signed contracts to sell Cuba 425,000 tonnes of rice this year. Cuba became the third market for U.S. rice producers last year, with 160,000 tonnes sold, but sales are down 30 percent in the first four months of this year, Roberts said.

"The cost of transactions is starting to keep companies away from doing business with Cuba," said Louisiana Economic Development Secretary Michael Oliver, visiting Havana. Small and medium-sized companies are most affected by the new payment rule, not agribusiness giants such as Archer Daniels Midland Co. and Cargill, Oliver said.

Three U.S. companies account for 60 percent of all sales to Cuba since U.S. exports began in December 2001, and 15 account for 90 percent, according to the U.S.-Cuba Trade and Economic Council, which monitors trade with Cuba from New York.

The U.S. House of Representatives Appropriations Committee voted on Tuesday to undo the payment regulation. The amendment, which would allow ships to be dispatched while awaiting payment, is attached to a bill funding the Treasury Department and must still be considered by the full House and Senate. U.S. farm interests have been pushing for a broader easing of trade restrictions with Cuba, such as letting American banks handle sales. They also want Washington to make it easier for agribusiness representatives to travel to Cuba.

**El Nuevo Herald
Miami, Florida
15 June 2005**

WILFREDO CANCIO ISLA

Luego de cuatro años de crecimiento, las ventas de productos agrícolas de Estados Unidos a Cuba están experimentando un notable declive durante el 2005.

De acuerdo con datos del Consejo Económico y Comercial EEUU--Cuba (USTEC), entre enero y abril de este año el comercio entre empresas estadounidenses y el gobierno de la isla ha caído en un 25 por ciento frente al mismo período en el 2004.

La actividad comercial en el primer cuatrimestre del pasado año alcanzó los \$173.6 millones, mientras que en esta ocasión la cifra equivalente es de \$131.4 millones.

Los descensos más ostensibles se produjeron en marzo y abril últimos (apenas \$79 millones), justamente después de que la Oficina de Control de Bienes Extranjeros (OFAC) del Departamento del Tesoro implementó nuevas medidas sobre los pagos de la empresa estatal Alimport a los bancos norteamericanos. En ambos meses del 2004 los envíos agrícolas a Cuba llegaron a \$115.7 millones.

El pasado febrero, OFAC emitió una orden indicando que todos los embarques a Cuba debían ser pagados "por adelantado y en efectivo", antes de que la mercancía saliera del puerto donde fue cargada. Hasta ese momento, Alimport abonaba el monto convenido con la firma estadounidense después que el cargamento llegara a los puertos cubanos.

Pero el consejero principal del USTEC, John S. Kavulich, consideró que esta curva decreciente está influida mayormente por una decisión política de Cuba.

"La caída en las compras no es un resultado de los cambios en la forma de pago decretados por OFAC y el Departamento de Comercio, sino que se corresponde con los esfuerzos del gobierno de Cuba para presionar a las compañías y organizaciones norteamericanas, los miembros del Congreso y los medios de comunicación, a cabildear a su favor y lograr cambios en las leyes y la política de Washington hacia La Habana", opinó Kavulich en conversación con El Nuevo Herald.

La recién creada Asociación de Comercio EEUU--Cuba (USCTA) con sede en Washington, admitió la disminución de operaciones con la isla, pero dijo que podrían estabilizarse en los próximos meses.

De acuerdo con las cifras de Alimport --que incluyen el costo de los embarques--, el monto de los intercambios comerciales de este año ascienden ya a \$233 millones.

"Evidentemente éste es un proceso que se ha visto afectado por las regulaciones del Departamento del Tesoro", consideró ayer Kirby Jones, presidente de USCTA. ``La situación es totalmente diferente con relación a los años anteriores". Jones encabezará una delegación de empresarios y funcionarios estadounidenses que viajará a Cuba a finales de este mes con el propósito de reanimar el comercio bilateral, explorar oportunidades de negocios y discutir opciones de pagos.

La virtual desaceleración del comercio bilateral se produce en momentos en que Cuba anunció que comprará \$412 millones en alimentos y bienes a Venezuela como parte de los acuerdos de cooperación suscritos con Caracas. Según publicó esta semana la Gaceta Oficial de Cuba, los productos venezolanos importados "estarán exentos de pago de todo impuesto, tasa o arancel aduanal" y "tendrán un tratamiento preferencial en la política de desarrollo económico" de la isla.

En una cumbre sobre Cuba celebrada durante el fin de semana en Mobile, Alabama, el presidente de Alimport, Pedro Alvarez, informó mediante una teleconferencia que su gobierno cuenta con unos \$1,400 millones para adquirir alimentos en el mercado internacional con precios competitivos.

"El precio del huevo, por ejemplo, está muy bajo, pero Alimport no está comprando", acotó Kavulich. ``El gobierno cubano no tiene suficiente dinero para comprar en Venezuela, pero tampoco lo necesita, porque allí recibe regalías".

Una delegación de Alimport se encuentra actualmente de visita en el estado de Vermont para viabilizar la adquisición de 100 terneras lecheras, a un precio de \$2,000 por cabeza.

Jones confía en que los proyectos legislativos a favor de flexibilizar el comercio y los viajes a Cuba puedan avanzar en el Congreso en los próximos meses. "Estoy muy positivo", agregó el periodista y empresario.

Una propuesta legislativa liderada por el senador republicano Larry Craig, de Idaho, facilitaría las operaciones comerciales y las transacciones bancarias entre Cuba y EEUU. El proyecto, respaldado por 20 senadores bipartidistas, buscará también apoyo en la Cámara.

"Me extraña que alguien pueda albergar esperanza sobre estos proyectos", dijo anoche el representante republicano Lincoln Díaz-Balart. ``A estos señores hay que recordarles que en noviembre pasado no fue John Kerry quien ganó las elecciones presidenciales, sino George W. Bush".

Bush ha reiterado que vetará cualquier proyecto de ley que intente favorecer las relaciones con Cuba.

El comercio con Cuba se inició en el 2001, y en los últimos cuatro años las transacciones financieras han ascendido a los \$1,000 millones.

Mobile Register
Mobile, Alabama
12 June 2005

Cuba summit meets for final day despite storm soaking area
Attendance was cut nearly in half

By KATY WILLIS
Staff Reporter

Despite the imminent landfall of Tropical Storm Arlene, the second day of the National Summit on Cuba met in Mobile on Saturday morning to address the influence of religion and culture on the relationship between Cuba and America.

"It'd be a shame if we couldn't utilize what we have here," said Lissa Winneman, an event organizer from the World Policy Institute, which sponsored the summit.

Attendance at the summit was cut nearly in half; organizers had expected 100 people, but 50 or fewer were present. The audience squeezed into the Players Lounge of the Riverview Plaza, the hotel where summit speakers and organizers were staying.

The original schedule ran from 9 a.m. to 4:30 p.m. and included an invocation by Mobile Catholic Archbishop Oscar Lipscomb, presentations and panel discussions by 10 participants and a tour of Mobile, including several landmarks and museums.

An abrogated tour and historical session stayed on the schedule, but many participants had either already left town in the face of the storm or were cut from the morning program, which ran from 10 a.m. until noon. Only two of the originally planned presenters spoke during that time.

Joan Campbell Brown, former general secretary of the National Council of Churches of Christ of the USA and a negotiator in the Elian Gonzales case, spoke first. In a talk titled "Behind the Elian Story," she charged American journalists with "never having been interested in the full story." The impact, she said, was to "present ordinary Americans with an ordinary Cuban family.

"That humanized Cuba," said Brown, who for many years was an advocate to Castro of the Cuban churches and a promoter of "solidarity" between churches in the two countries.

"I think that without the 75-year relationship and the trust built up between churches in Cuba and America, Elian would still be here," Brown said.

She told stories about her time in Cuba negotiating with Castro and the American government to bring Elian back to his "strong, connected" Cuban family. She called the move to give Elian American citizenship "insane."

Brown also remembered the visit of Pope John Paul II to Cuba in 1998 -- the first faith-related event to be permitted air time on Cuban broadcasting in more than thirty years. "He had challenges for both countries, America and Cuba, which neither country has met," she said.

Nell Johnston, elder of St. Charles Avenue Presbyterian Church in New Orleans, described her parish's outreach efforts to other Protestant parishes in Cuba. She painted a picture of an active network of prayer and assistance to the poor.

Johnston also spoke about a warming of the religious atmosphere in Cuba, which, she said, was once "discouraging" of Christianity but has become more tolerant in recent years. She outlined the history and explained that many pre-1992 restrictions of the once-atheist, now-secular state had been relaxed.

"It used to be that you couldn't advertise for a church or its charities in any way," Johnston said. "Now, many churches have signs on the street. The state is offering to cooperate, even asking the churches' help for services that it used to provide."

Though trade policy and the embargo of Cuba were not a focus of Saturday morning's discussions, it certainly remained in the background. The summit itself is part of an effort to thaw that longstanding policy.

Robert Schaefer, a founding member of the Society Mobile-La Habana and a political science professor at the University of Mobile, had been slated to participate in a panel on historical ties between the Gulf Coast and Cuba, but that panel was cut.

Talking in the lobby of the hotel during the lunch break, Schaefer said, "Maintaining the embargo is the perfect way to prevent democracy from growing in Cuba."

George Fowler, vice-president and general counsel of the Cuban-American National Foundation, did not attend the summit, but he called the Register from New Orleans to express "the more conservative view"

of U.S.-Cuban relations. Fowler grew up in Cuba, immigrated to America and, in 1995, worked on the Elian Gonzales case.

He called Castro's style of government "morally reprehensible" and said he was concerned that the summit's portrayals of the situation in Cuba would minimize or ignore Castro's human-rights violations.

"Castro has destroyed and divided a very prosperous nation," Fowler said. "The people of Cuba are effectively his slaves; they have no civil liberties, no freedom of speech, no freedom of press." Fowler concluded that Castro's regime "holds the Cuban people at the point of a gun" and that "the only one who benefits from trade with Cuba is Castro."

The summit has also come under some criticism because of ties to the U.S.-Cuba Trade Association, a nonprofit organization.

According to the U.S.-Cuba Trade and Economic Council, USCTA leaders have jeopardized their organization's claims to neutrality and nonprofit status.

A statement by the USCTEC alleges that some members of USCTA leadership have been engaged in political lobbying and commercial consultation in conjunction with their organization.

Arkansas Democrat-Gazette
Little Rock, Arkansas
2 June 2005

Farmers question policies on Cuba

BY NANCY COLE

The battle over U.S. foreign policy toward Cuba reached Arkansas last week during a two-day visit to the state by the U.S. secretary of agriculture.

When several Arkansas farmers asked Mike Johanns why the Bush administration made it harder for U.S. companies to export food and agricultural products to Cuba, few felt that they got an answer. "He deferred it, saying it was a Treasury issue," said Robert Carruthers, a Morrilton farmer.

The federal policy in question consists of regulations issued by the U.S. Treasury Department's Office of Foreign Assets Control, which since 1963 has administered the U.S. embargo on trade with Cuba.

When the Trade Sanctions Reform and Export Enhancement Act of 2000 authorized food and agricultural exports to Cuba, the Office of Foreign Assets Control required U.S. exporters to receive "payment in advance." And when the first sales were processed in December 2001, the rule was understood to require payment before Cuba took ownership of the goods — often after the cargo had already reached Cuba. On that basis, U.S. companies sold the island nation nearly \$800 million worth of food and agricultural products during the next three years.

Wheat, soybeans, chicken, corn and rice have been the leading exports, and Riceland Foods Inc. and Tyson Foods Inc. have been among the top 15 U.S. exporters, according to John Kavulich, a senior policy adviser for the New Yorkbased U.S.-Cuba Trade and Economic Council Inc.

In November the Office of Foreign Assets Control began to question the definition of "payment in advance." In February the federal agency issued a clarification saying that as of March 24 "payment in advance" would mean "prior to shipment of the goods from the port at which they are loaded."

Carruthers, like many Arkansas farmers, sees the new policy as wrongheaded. "I agree that back in the '60s, when we had the Cuban missile crisis, that Cuba was a real threat to the United States and we didn't need to be trading with them. But I don't see them being a threat now," he said.

According to Kavulich, "the goal of the new Treasury Department regulations was to discourage U.S. companies from engaging in commerce with Cuba by making the transactions more problematic, less efficient."

Kirby Jones, president of the recently formed U.S.-Cuba Trade Association in Washington, said first-quarter sales to Cuba are down 21 percent compared with the corresponding period in 2004. "The law of the land is you can sell food and agricultural products to Cuba, and what the administration seems to be doing is making that as difficult as possible," Jones said.

All six members of Arkansas' U.S. congressional delegation are co-sponsoring legislation that would reverse the Treasury rule and facilitate the sale of agricultural products to Cuba.

Sen. Blanche Lincoln, D-Ark., who hosted Johanns during his Arkansas visit, said the new policy "is a step in the wrong direction because it creates self-imposed obstacles that are both unnecessary and stifling."

Rep. Marion Berry, D-Ark., said that "the policy is outdated and is keeping billions of dollars in business from Arkansas farmers." Rep. Vic Snyder, D-Ark., agreed, saying, "It is senseless to continue a failed policy that only hinders the sale of our products to a nation in need."

Lining up against them are pro-embargo members of Congress who want to keep the Bush administration's restrictions in place. The Cuba Democracy Caucus plans to focus attention on human-rights violations in Cuba and on the dissident movement trying to challenge the rule of Fidel Castro.

Bob Cummings, vice president for international policy at USA Rice Federation in Arlington, Va., said the new Treasury rule has had a chilling effect on Cuban purchases, and that trade statistics support that viewpoint.

During the first quarter of 2005, the United States exported 30,161 metric tons of rice to Cuba, according to the Department of Agriculture's Foreign Agricultural Service. That represents a decline of more than 66 percent from the year-ago period, when U.S. rice exports to Cuba totaled 88,945 metric tons.

Bill Reed, a spokesman for Stuttgart-based Riceland Foods Inc., said the farmer-owned cooperative now makes sales to Cuba by using letters of credit, "which are acceptable under the clarified rules." That financial instrument adds an estimated 7 percent to 8 percent to the cost of any sale, he said, and makes it that much harder for Riceland to compete with Asian exporters for Cuba's business.

Reed said Riceland believes the rule change has hurt its Cuban sales, "but it's obviously very difficult to quantify." "With the big rice crops of the last couple of years, the business with Cuba has been very important to Riceland," Reed said. "Since the market was opened in 2001, Riceland has sold about half of the milled rice and about 30 percent of the total rice that Cuba has purchased from the U.S." He said the company is working on a sale to Cuba of consumer size packages of Riceland brand rice.

Lawton Garrett, director of international sales for Springdale-based Tyson Foods Inc., said the new regulations haven't affected Tyson's sales of chicken-leg quarters to Cuba because the company has always required payment before its shipments leave the United States. "The letter of the law, as far as we were concerned, already read that way," Garrett said. In 2004, \$2.1 billion of Tyson's \$26.4 billion in sales was export sales. "While it's not one of the largest markets, it's fairly valuable," Garrett said of Cuba.

Jim Sumner, president of the USA Poultry and Egg Export Council in Stone Mountain, Ga., said the new Treasury regulations have put a damper on U.S. exports to Cuba. At least one ship that transported 4,200 metric tons of poultry monthly to the Caribbean island nation no longer operates, he said. Sumner said the council opposes the use of food sanctions for political leverage against foreign governments. "We cannot understand why the Department of Treasury has put these additional restrictions, which do seem to go well beyond Congress' intent in opening up agricultural trade," he said.

The Miami Herald
Miami, Florida
27 May 2005

Art Deco group debating whether to hold world congress in Cuba

BY CASEY WOODS

An international network of Art Deco design enthusiasts that has roots in Miami is grappling with another South Florida obsession: the bitter, seemingly endless, battle over how to deal with Cuba.

Members of the International Coalition of Art Deco Societies, a loose association of groups dedicated to preserving the streamlined architectural style, are locked in a battle over whether to hold the group's 2007 World Congress on Art Deco in the island nation.

Those who support the notion say that politics shouldn't thwart efforts to save the country's imperiled architecture. Others say it would be morally wrong to go and, for members from the United States, almost certainly illegal.

In recent weeks, the conflict has exploded into a hostile volley of e-mails -- one of which alleged that an ICADS member was accepting handouts from the Cuban government in exchange for striving to "deliver" the convocation. The accused member has threatened legal action in response.

The rancor has astonished members on both sides of the divide. Many wonder if their once-genteel organization, which has hundreds of members in countries as far away as New Zealand and Australia, is forever changed.

"It's been a mean two years, and I've never experienced anything like this in my 50 years doing volunteer work," said Rex Ball, the president of the Tulsa Art Deco Society, who has held the ICADS leadership post since 2003. "Before, the organization was such a pleasant social comrades kind of thing, and I certainly hope this won't split it for good."

By most accounts, the current conflict took root more than four years ago, after several ICADS members went on a tour of Havana and became impassioned about the need to save the country's crumbling Art Deco buildings. At the group's last world congress in South Africa two years ago, a bid was lodged to hold the 2007 gathering on the island nation.

But a selection committee later threw out the Cuban bid after deciding the island's Art Deco group couldn't accommodate a full-scale ICADS conference. Its nod went instead to Melbourne, Australia.

Pro-Cuba ICADS members launched a vehement protest, and the issue is slated to be resolved this week during the group's 2005 world congress in New York.

The event is currently in full swing, with at least 250 delegates from 12 countries set to tour an Art Deco amusement park, eat soul food at Harlem's Lenox Lounge, and toast the Chrysler Building's 75th birthday. On Saturday, representatives of many of the 26 voting member societies will take up the Cuba matter.

Those on the pro-Cuba side say that the arguments against holding the 2007 congress there are ideological and have no place in ICADS, a non-political organization.

Of more concern for the organization, they argue, is the need to save Cuba's crumbling Art Deco architecture. As in Miami Beach, Cuba's hard times had kept the buildings intact, but now they are decaying with such speed that they could soon be unsalvageable. They need, some group members say, the attention that an international conference would bring.

"If you told me that Fidel loves Art Deco, and wants to save it, I'd say `welcome, pal,'" said Mitzi Mogul, who is the president of the Art Deco Society of Los Angeles but said she spoke only for herself. "I don't have to like you, but when it comes to this organization, if you're saving Art Deco, that's all I need to know."

Opponents cite the potential legal barriers for U.S. members -- and at least one has raised unflattering questions about the pro-Cuba side's motives.

"I believe the pro-Cuba group's primary motivation is to save Art Deco architecture -- that I don't dispute," said Tony Fusco, president of the Art Deco Society of Boston, and one of ICADS' most involved leaders. "But I question what their motives are in pushing so hard specifically for this congress."

On May 13, Fusco fired the first salvo in a scorching exchange of open letters in advance of Saturday's showdown. In his eight-page missive, Fusco detailed the legal obstacles to the congress and asserted that because the representative of the Cuban Art Deco Group, Alina Perez, was an employee of the Cuban Ministry of Culture, she was by definition an agent of Castro. He also implied that Mogul, the most ardent supporter of a Cuban congress, was receiving "entitlements" from Castro's government in exchange for her work to "deliver" the event.

Pro-Cuba members fired off heated emails in response. Mogul told the Herald that she is considering a slander suit against Fusco. "I have an international reputation to defend and I will, because I have done as much or more for Art Deco than Tony has," she said.

Key among the arguments against a convention in Cuba is the fact U.S. policy would most likely prevent U.S. citizens from attending.

Over the past two years, the Bush administration has dramatically reduced the number of travel licenses it grants to Cuba, with the goal of staunching the flow of foreign money into the country, according to an expert.

"In this case, it is quite likely the administration would say, while the people's interest in the architecture is sincere, that interest is outweighed by the financial and propaganda benefits to Cuba," said John Kavulich, a senior policy advisor at the New York-based U.S.-Cuba Trade and Economic Council. "Individuals subject to U.S. law would likely not be able to attend."

No matter the outcome this weekend, the Cuba debate is not likely to go away. Some delegates are already talking about a Cuba bid for the 2009 world congress. But some wonder if the Art Deco group as it is today can survive that long. "This organization is all about a mutual network of people drawn together in a common bond, and this issue is the most divisive it has ever faced," Fusco said. "I don't want this to destroy it."

**Columbia Daily Tribune
Columbia, Missouri
1 May 2005**

Missouri's stake in Cuba

Despite economic benefits of trade with Cuba, leaders disagree whether it advances democracy or bolsters Castro's dictatorship.

Story by Abraham Mahshie

Increasingly, when Cuban families sit down for dinner, the chicken and rice they eat and the milk they drink comes from Missouri.

That's because American capitalism has crossed the Florida Straits for the Port of Havana in the form of cargo ships full of agricultural goods from big business and small farmers alike. For the past four years, Fidel Castro has been playing political poker, betting he can influence U.S. policy toward Cuba by going to farmers and local decision-makers. But now, the Bush administration has raised the stakes, and Missouri farmers could be among the players to lose their chips.

In 2000, Congress approved the Trade Sanctions Reform and Export Enhancement Act (TSREEA) to allow cash-only sale of food and medicine to Cuba for the first time since President John F. Kennedy imposed an embargo in 1962. Since then, 38 U.S. states have established trade relations with Cuba, with sales nearly doubling every year and reaching \$391 million in 2004.

Missouri farmers have eagerly grabbed a piece of that pie, and many experts believe a larger slice remains. Yet, a “clarification” of the law pushed by a vehemently anti-Cuba Bush administration in February is risking a lucrative export market in Cuba.

“Cuba has always been looking for (our dairy products),” said Larry Purdom, a family farmer who has been milking a herd of 140 cows in southwestern Missouri for 43 years. “If the government doesn’t let us be a reliable source, we’ll lose that market — and it’s hard to gain those markets.”

“The bottom line is we’re in a global market,” said Barry Steevens, a dairy specialist at MU’s Animal Science Research Center. “If we didn’t have an opportunity to sell agricultural products to Cuba, then that would have some impact on a lower price to the farmers.” Steevens said low prices have forced a lot of small family farmers in the Midwest out of business in recent years.

SIFTING RICE: Farmers in the Bootheel unload their rice at the Riceland processing mill in New Madrid. Missouri’s location along the Mississippi River is beneficial for trade. Rice from the mill can be loaded onto barges and sent to the port of New Orleans for export. (ABRAHAM MAHSHIE/Missourian)

“Dairy America (a marketing company for dairy co-operatives) reported selling 180 million pounds of dried milk to Cuba under the current system, and now the government is trying to change the system,” said Purdom. He explained that if markets aren’t found for dried milk, the U.S. government will use taxpayer dollars to buy it. In the end, that leads to lower prices for farmers.

The U.S. Treasury Department “clarification” prevents shipments to Cuba from leaving port until payment is held in specially licensed U.S. banks. But those payments must first pass through a third country at a surcharge of roughly 5 percent in addition to processing and paperwork delays.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, explained that the administration previously allowed up to three days from the time a ship left port for Cuban money to be wired to a bank in Europe, then to the United States. Custody of the goods would not be transferred until U.S. banks possessed the cash.

Kavulich has overseen trade since the first cargo vessel left the Port of New Orleans for Havana in December 2001. Since then, he said, “\$790 million (has) moved through the banking system without a hiccup.”

Senate Bill 328, sponsored by a bi-partisan group of 22 mostly farm-state senators, would remove the Treasury Department’s “clarification” and restore the previous arrangement.

U.S. Rep. Sam Graves, R-Mo., is among those in Congress who want to ease trade and travel restrictions with Cuba. “Studies show that Cuba could become a billion-dollar market for agricultural products,” he said in an e-mail interview.

In March, the Missouri Department of Economic Development reported record exports in 2004 of close to \$9 billion. Nearly \$700,000 of that went to Cuba, a 298 percent increase from the previous year. That means big gains for Missouri farmers of products such as rice. Ed Williams, director of operations for Riceland Foods’ mill in New Madrid, said half of all the rice it processes could be exported.

Charlie Kruse, president of the Missouri Farm Bureau and a staunch Republican on most issues, illustrates the political divide within the GOP on this issue. Kruse took a stance against the administration when he testified last month before the House Agriculture Committee. “This is a tremendous opportunity for Missouri agriculture,” said Kruse, who represents more than 103,000 farming families. “A lot of the agricultural products they have an interest in, we produce here in the state of Missouri.”

Fred Ferrell, recently appointed by Republican Gov. Matt Blunt to direct the Missouri Department of Agriculture, agrees. "It could be a great market for produce out of Missouri," Ferrell said. Thanks to Missouri's strategic position along the Mississippi River, the state had strong sales to Cuba before the 1962 embargo.

Propping up a dictator or promoting democracy?

For 46 years, Castro has used a mix of antagonism, nationalism and sacrifice to maintain the support of the Cuban people. By going against a pledge not to buy "one grain of rice" from the United States, Castro also effectively turned several members of Congress whose constituents could benefit into avid proponents.

Missouri's Riceland Foods made the first agricultural sale to Cuba in November 2001. The rice cooperative sold 12,500 tons of U.S. rice to Cuba after it was processed at the New Madrid mill in Missouri's Bootheel. At the time, Castro said the purchase was intended to be a one-time deal to replenish supplies lost after a hurricane, but Cuba has since become the No. 5 export market for U.S. rice.

"Trade with Cuba in rice is certainly an important factor for Missouri rice producers," said Bill Reed, vice president of corporate, community and public affairs at Riceland Foods. The cooperative represents 850 Missouri farmers and 9,000 in the Mississippi Delta region.

"The opportunity in Cuba for U.S. rice, frankly, is significant," Reed said. "Cuba purchases 600,000 metric tons every year from the world rice market. If trade with Cuba is normalized, you would expect a significant increase in exports from the U.S."

U.S. Rep. Jo Ann Emerson, R-Mo., who has joined the fight for normalized relations with Cuba, believes a boost in trade would also bring a turn toward democracy in the island nation. Emerson recently submitted House Bill 719, a toned-down version of the Senate bill that would overturn the Bush "clarification." "I believe that trade is a fundamental vehicle for diplomacy, and the best way to introduce democracy to the people of Cuba is through travel and trade to that nation," Emerson said in an e-mail interview.

Opponents, however, say Castro is abusing the humanitarian goals of the TSEERA by using food purchases for profit in the tourist industry and by buying congressional votes to strengthen his government. That's because some of the purchased food is sold to tourists at high profit instead of at low cost to help Cuban citizens. The Cuban government also selectively purchases agricultural goods from U.S. congressional districts, then asks members of Congress to sign letters stating they will work to change U.S. policy toward Cuba.

"They're getting political points in the American heartland," said Tom Suber, president of the U.S. Dairy Export Council in Washington, D.C. "Cubans know what they're getting when they buy...Through economics they're trying to change the politics, and we agree."

Suber said some of our exported food is made available to Cubans at subsidized prices while some is sold only in restaurants and hotels where Cuban citizens aren't permitted. "Agricultural products have both a humanitarian purpose and go to the tourist industry — they're two sides of the same coin." Cuba's political agenda is no secret. That's why the State Department stopped granting marketing visas to Cuban state officials who often met with representatives and held news conferences in an effort to change U.S. policy.

"It doesn't affect Cuba's buying," Kavulich said of the visas. "Cuba is still buying."

And they're buying in cash. Kavulich said U.S. agribusiness representatives attending a food show in 2002 learned Cuba was defaulting on its payments to Europe and Asia to the point of more than \$12 billion but paying all its U.S. bills on time.

Yet, because of the Bush administration's recent ratcheting up of tough policies on Cuba, farmers such as Purdom fear export markets could dry up. A similar situation hit rice growers earlier this month when Vietnam agreed to provide Cuba with 425,000 metric tons of rice in 2005 — far more than the United States was providing.

“I don’t think those folks in Washington understand,” Purdom said, noting that a shortage of powdered milk on the world market gave the United States a selling advantage in the world market because of a relatively high domestic supply. Cuba’s proximity and eagerness to buy make it an obvious prime customer.

“We have to find a home for agricultural goods,” Kruse said. “About 25 percent of what we produce has to find a home in a market outside of the U.S.” Cubans represented the biggest buyer of rice before the embargo, but now they purchase most of their rice from southeast Asia, where quality is lower and the shipping cost is 30 percent higher, Kruse said.

“I fail to see the logic, especially when a market for U.S. agriculture is so close,” Emerson said. “We have a golden opportunity to influence the democratization of Cuba after the death of Castro, but instead of opening a dialogue with Cubans, we have closed many doors.”

A waiting game?

The potential boon to U.S. agriculture, and to Missouri farmers, will be enormous once Castro is gone. “We’re ready as an agricultural organization to hit the ground running,” said Lowell Mohler, former director of the Missouri Department of Agriculture. “I think it’s a waiting game — when things happen with Congress and with the Cuban government.”

Kavulich agrees. “President Castro’s death will have an effect, as much of U.S. policy toward Cuba is Castro-centric,” he said. “It’s quite likely there will be less opposition. Much depends on whether it results in a transition or a succession.”

But waiting, many farmers and agribusiness experts say, means losing market share and weakening trade relations that have improved in the past four years. “Put it this way, we’ll continue to make progress even with Castro still there,” Kruse said. He said Castro is a problem, but advances can still be made, especially if Cuba is opened to American tourists.

“Most of the tourists in Cuba are Europeans or Canadians,” Suber said. “Their interests are to see their products. If the travel ban is lifted, there’s reason to believe a lot of Americans will go down there and build (the Cuban) economy. We could see our products increase sharply.”

Tourist industry products mean more expensive cuts of meat, processed foods and value-added goods, not just the grains that comprise most of Cuba’s purchases. But Kavulich doubts we’ll see big gains overnight.

“The argument is that when U.S. visitors go to Cuba, they will spend money, and then Cuba will get more,” he said. “But it would take years to get any substantive numbers.”

Kavulich said Cuba lacks the modern tourist infrastructure that exists in other Caribbean destinations. Hotels, for example, are already at 70 percent occupancy without American tourists.

Small farmers or big business?

Purdom, who has been milking cows in the Ozarks for more than 40 years, has survived despite devastatingly low milk prices in 2002 and 2003 that caused many dairy farmers to sell their land or leave the dairy industry.

A short drive through the Purdy countryside provides evidence of the loss. “Everywhere you look this country is beef cattle now,” Purdom said. “Thirty years ago they were all Holsteins.” Missouri continues to lose dairy farmers at a rate of 10 percent a year, leaving the rolling hills of southwest Missouri dotted with abandoned dairy barns. Today 1,777 dairies remain in the state. As chairman of the Missouri Dairy Association and of his local dairy political action committee, Purdom has helped keep many dairy farmers afloat. He also says he has a lot of faith in newly elected Gov. Blunt, who, he says, has a soft spot for agriculture.

But it’s unclear whether U.S. agribusiness giants might be in a better position than small farmers to influence legislative changes and tip the balance in their favor.

“Approximately 15 companies are doing approximately 90 percent of the business. Three account for about 70 percent,” Kavulich said. “Farmers don’t export. If you have a farmer with 500 acres of corn, he doesn’t go around exporting to people.”

Farmer-owned cooperatives such as Purdom’s do export, but often giant agribusiness corporations can do this more efficiently. They employ better lobbyists in Washington and undercut the co-ops in price. When it’s no longer in Cuba’s strategic interest to buy from diverse sources, co-ops might be the first to lose.

“Recently, you had these farmers going to Cuba — it’s ridiculous,” said Kavulich, referring to local farmers who visited in hopes of increasing their share of trade with the island. “They should be going to Illinois, Iowa and Indiana to lobby the executives of Archer Daniels Midland, Cargill and FC Stone.” Archer Daniels Midland and Cargill executives did not return calls requesting interviews to discuss their role in increasing the market share for small farmers, and Missouri’s Farmland Foods executives declined to comment.

“A lot of politicians use Cuba for publicity,” Kavulich said. He said representatives often mention or visit Cuba in association with gains to local farmers. However, most gains go to large corporations, not to the small farmers the representatives speak to.

Still, Missouri farmers such as Purdom believe in the power of their co-ops and their ability to keep family farms competitive by finding and keeping export markets. “Farmers are eternal optimists,” Purdom said, but “sometimes the government makes a law that goes further than it intends to.”

The Washington Times
Washington, D.C.
21 April 2005

Rules slow burgeoning trade with Cuba_

By Jeffrey Sparshott
THE WASHINGTON TIMES

Radlo Foods sold more than \$1.5 million in eggs, about 3 million dozen, to Cuba from September through February, said David Radlo, the company's chief executive officer.

Exports from the Watertown, Mass., firm to the communist-ruled island were rising steadily until Bush administration regulations took effect at the end of March and limited the way Cuba's government can pay U.S. food and commodity producers. "Now we have no orders," Mr. Radlo said, though the company is trying.

Agriculture and food companies sold almost \$392 million worth of goods to Cuba last year under a special export program. Industry representatives fear the tighter rules will diminish that market.

"This is a big deal to the companies that are in this business," said Richard Lobb, spokesman for the National Chicken Council, an industry group that listed Cuba as its seventh-largest overseas market. Corn, rice, wheat, soybean, dairy, pork and other farm commodity groups also are concerned.

Congress in 2000 loosened an embargo that had stifled U.S.-Cuba trade since 1963, allowing limited exports under carefully controlled terms. In February, the Treasury Department's Office of Foreign Assets Control, which is responsible for administering and enforcing economic embargoes and sanctions, announced a change to that law, effectively tightening conditions for export. The Treasury Department says the change provides a much-needed clarification for financial institutions, and is not related to broader policy on Cuba. "The new guidance does not affect the ability of U.S. companies to ship goods to Cuba," said Molly Millerwise, a Treasury spokeswoman.

The Bush administration, though, has opposed closer commercial relations with Cuba. President Bush last year called increasing trade with the country the "wrong decision" because it would help maintain a "tyrant" in power.

The privately funded group Human Rights Watch in March said the Castro government "systematically denies its citizens basic rights to free expression, association, assembly, movement and a fair trial." Police warnings, surveillance, detentions, arrests and other methods are used to crush dissent, including well-publicized crackdowns in 2003 and 2004.

Treasury last month implemented a seemingly small change to Cuba trade regulations. U.S. companies had been able to ship products to Cuba and accept payment just before unloading. The new regulations require cash or a letter of credit from a non-U.S. bank before the goods leave an American port.

Companies say the new "cash-in-advance" definition means that Cuba would take ownership of the goods while they are in the United States, allowing anyone with a legal claim against Cuba, for property expropriation for example, to try to seize the goods as payment. Terms for the letters of credit were not changed, but such payments were never as popular as cash because bank charges add to the expense of the transaction.

"The new regulations are an impediment, but they are not prohibitive," said John Kavulich, a senior policy adviser with the U.S.-Cuba Trade and Economic Council in New York. "The statements [by exporters] have more to do with currying favor with the government of Cuba than actually reflecting any lost sales."

Cuba reportedly has required companies to lobby on its behalf in order to receive contracts. The farm groups and their supporters in Congress say that is not the case. Rather, the administration is trying to appeal to Florida's Cuban community, a politically potent force that wants Mr. Castro to remain isolated.

"With our farmers and processors facing difficult times ... it is perplexing that bureaucrats, still stuck in a Cold War mentality, continue to try and curb one-way export markets," said Sen. Larry E. Craig, Idaho Republican.

Mr. Craig, with 29 co-sponsors, introduced legislation that would define "cash in advance" to the agreement of farmers, ease Cuba travel restrictions and allow direct payments from Cuba to US. banks.

Mr. Craig and his allies are trying to attach the law to a larger bill, though they failed yesterday to include it in legislation to fund U.S. operations in Iraq and Afghanistan.

In the meantime, U.S. farm groups are hoping that Cuba keeps buying American goods. "Our industry has faced hard times, a lot of red ink. We cannot afford to lose this market," Mr. Radlo said.

**The Miami Herald
Miami, Florida
5 April 2005**

CUBA'S ECONOMY

Experts question sense of revaluing Cuban peso

The Cuban currency has gained ground against the U.S. dollar as Fidel Castro tries to bridge the gap between Cubans who earn pesos and those who get U.S. dollars from abroad.

By NANCY SAN MARTIN

Cuba's recent strengthening of its currency is designed to close the gap in the purchasing power of those who earn only pesos and those who receive U.S. dollars from abroad, analysts say.

But the peso's revaluation makes no economic sense because the communist-ruled island's economy is not strong enough to back up the 7-8 percent increase in the value of its currency, the experts added.

When coupled with a government decision in November to charge a 10 percent fee on all dollars converted into pesos, the changes amount to a 17-18 percent strengthening of a currency that is not accepted anywhere outside Cuba.

The currency shifts -- the first changes in the peso's official exchange rates since 2001 -- came in two critical decisions: • On March 18, the value of the common peso was strengthened by 7 percent, from 27 to 25 to the dollar. • Effective Saturday, April 9, the value of the convertible peso -- a paper chit known as a chavito and introduced in 1994 as equal to the dollar -- will strengthen in value by 8 percent.

The common Cuban peso generally is used only for state salaries and the purchase of goods deeply subsidized -- and rationed -- by the government. Dollars and convertible pesos are required to purchase non-rationed goods, such as extra food and clothing, and electronics.

Cuban leader Fidel Castro has said the convertible peso's one-to-one peg to the dollar had to be changed because the U.S. currency has been losing huge ground against other world currencies. "Every day using the dollar gets riskier," Castro said. "The dollar isn't behaving well."

Strengthening the peso is now possible, Havana officials claim, because of an economic surge due in large part to help from Venezuela, which is providing oil at below market prices, and China, which is investing in the island's valuable nickel industry.

EMBARRASSING GAP

But the real goal behind the currency shift, the experts said, was to close the gap between those Cubans who earn only pesos and those who receive the \$400 million to \$1 billion sent a year by Cubans abroad -- an embarrassing gap in a communist-ruled island.

Havana resident Rafael Guerra, for example, recalled how his machine operator's salary once was enough to cover his family expenses in the 1980s.

'THINGS GOT TOUGH'

"I lived very well with the money I earned. But then things got tough, the peso lost its value and a lot of people left their jobs because the salaries weren't worth it," Guerra, 34, said in a telephone interview. "With the peso worth more [now], people will want to go back to work."

But the currency shifts also will have a negative effect on Cubans who receive remittances from abroad.

"People who rely on dollars see themselves really affected," said Oscar Espinosa Chepe, a dissident Havana journalist who was released from prison in November. "Since I got out of jail, prices have gone up tremendously. People are very worried."

Experts on the Cuban economy say, in fact, that the peso revaluations make no sense given the long, near-catastrophic state of the island's economic system.

'SYMBOLIC, POLITICAL'

A study released recently by Carmelo Mesa-Lago, one of the top U.S. experts on Cuba's economy, called the currency changes "a symbolic, political decision geared to the outside world and . . . Cubans who only have pesos." The report was released at the University of Miami's Institute for Cuban and Cuban-American Studies.

"The most important facet of what's going on here is that the basis Castro is using to trumpet these successes is solely the generosity of others" such as Venezuela and China, said John Kavulich, who monitors Cuba's economy. "How is that a sustainable economic policy and how can they be proud of that rationale?"

'HAVE TO SEND MORE'

The currency shifts also created an additional burden for Cubans in the United States who send money to their relatives on the island.

"I have to send more, so that my family in Cuba doesn't end up with less," said José Vela, a Miami handyman who has increased his monthly remittances to his son on the island to \$120 from \$100. "Things have gotten very expensive over there. They can't afford to lose any money."

EFE
Madrid, Spain
16 March 2005

Legisladores piden revisión de reglas comercio agrícola con Cuba

Por María Peña

Washington, 16 mar (EFE).- Líderes demócratas y republicanos de la Cámara de Representantes de EEUU instaron hoy a la Casa Blanca a que anule un reglamento que restringe el comercio agrícola con Cuba y que, a su juicio, perjudica a los agricultores y exportadores.

Durante una audiencia en el Comité de Agricultura de la Cámara de Representantes, los legisladores, provenientes de estados agrícolas de EEUU, criticaron el nuevo reglamento que exige a Cuba pagar por adelantado para la entrega de productos, incluso antes de que zarpen de puertos estadounidenses.

El reglamento emitido por la Oficina para el Control de Bienes Extranjeros (OFAC), del Departamento del Tesoro, entra en vigor el próximo día 24 pero ha chocado con la oposición de intereses económicos de EEUU. "No queremos que el sector agrícola estadounidense se vea innecesariamente restringido", dijo el republicano Bob Goodlatte, presidente del Comité de Agricultura. "Quisiéramos que la administración Bush sea un socio en la búsqueda de soluciones a este problema", agregó.

El director de la OFAC, Robert Werner, insistió en que la misión de su oficina es hacer cumplir el embargo y demás restricciones contra Cuba. La modificación es el resultado de consultas con los departamentos de Agricultura, Estado y del Tesoro, tras la petición de ciertos bancos para aclarar el reglamento sobre "pagos por adelantado", indicó Werner. Antes de esta revisión, los productos agrícolas de EEUU eran descargados en puertos cubanos una vez que los exportadores de este país confirmaban el recibo del pago.

Con el nuevo reglamento, los productos no podrán siquiera salir de EEUU, y los legisladores temen que esta nueva traba ahuyentará futuros contratos con Cuba. Minimizando el posible impacto del reglamento, Werner indicó que La Habana aún tendrá la opción de comprar los productos mediante "cartas de crédito" emitidas por bancos de terceros países. Sólo que estas cartas acarrear mayores costos para La Habana, y los agricultores y exportadores de EEUU creen que esta maniobra del Gobierno termine cerrando por completo el mercado cubano. Werner admitió que Washington es más flexible en sus ventas con Irán y Sudán, los cuales, al contrario que Cuba, sí tienen la opción de "cuentas abiertas" para realizar sus transacciones.

También insistió en que los cubanos no deben temer que sus bienes, una vez pagados, sean confiscados por EEUU. Expertos consultados por EFE consideran que, ante el clima político en Washington en contra del Gobierno cubano, es casi seguro que se mantendrá el nuevo reglamento.

"Técnicamente, la OFAC sería la que determine un cambio en los reglamentos, pero toma sus pautas de la Casa Blanca y el Departamento de Estado", dijo John Kavulich, presidente del Consejo Económico y de Comercio entre EEUU y Cuba. "Desde 2003, el Gobierno de Bush ha tomado diversas medidas que restringen el comercio con Cuba y todo apunta a que continuará poniendo trabas", agregó.

Además del nuevo reglamento, Washington denegó en 2002 una licencia para realizar una segunda exposición agrícola estadounidense en La Habana; alargó el proceso para tramitar licencias de viaje a la

isla, y exige que los bancos estadounidenses obtengan permiso para recibir los pagos de la isla. Como ninguna de estas decisiones ha tenido consecuencias negativas más allá de las críticas -los cubanos siguen comprando de EEUU y los exportadores siguen enviando sus productos-, no hay presión política para efectuar cambios, según Kavulich. Un proyecto de ley presentado por varios senadores el mes pasado para ampliar las ventas agrícolas a Cuba no ha avanzado en el Senado. EFE

**The Times Argus
Barre, Vermont
17 March 2005**

Red tape, new rules hold up trade with Cuba

Associated Press

BRATTLEBORO — The state's agricultural trade agreement with Cuba is being threatened by new regulations and visa delays. In November, the state signed a deal to sell powdered milk, apples and cows to the Caribbean nation.

The powdered milk, which comes from a national pool, began being shipped last month, according to Vermont Secretary of Agriculture Steve Kerr.

But Cuban farmers, who were to travel to Vermont, as well as to New York and Maine, to pick out the apples, could not get their visas in time. Kerr said the Cubans informed him last week that they have decided to wait until next year.

Visa problems also are holding up the deal to send 50 Jerseys and 50 Holsteins to Cuba. Cuban inspectors have been trying to travel to Vermont for a number of months, but they cannot secure the necessary documents, Kerr said.

"The Bush people are playing this game and it is making commerce difficult for Vermont farmers," said Kerr.

Last month the U.S. Treasury Department also issued new regulations that require Cuba to pay for agricultural exports before they leave U.S. ports. The regulation went into effect Feb. 22.

"This is another of Bush's attempts to tighten the screws even more," Kerr said. "It is clearly designed to make trade difficult."

The rule also prohibits Cuba from using financing or credit for agricultural goods and makes it more difficult for Cuban officials to inspect the products before they are shipped.

Gerardo Quaassdorff of the Holstein Association said he still expects the heifer deal to be completed.

But he said the visa problems and U.S. Treasury regulations are holding it up.

"It makes it a little more difficult, and it is going to cost more," he said.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, downplayed the effects of the Treasury Department rule. He said it does not prohibit Cuba from doing business with the United States, but would make it more costly and imposes a different set of rules on transactions.

In 2000 Congress passed a law allowing U.S. farmers to sell agricultural products to Cuba. After Hurricane Michelle destroyed much of the island nation's farms, the demand for U.S. goods spiked. Between 2001 and 2004, Cuba purchased almost \$800 million in goods, according to the American Farm Bureau. Cuba is now the 25th largest market for U.S. agricultural products out of 228 trade partners, the farm bureau reports.

Brattleboro Reformer
Brattleboro, Vermont
16 March 2005

State-Cuba farm deal threatened

By HOWARD WEISS-TISMAN
Reformer Staff

Wednesday, March 16, 2005 - BRATTLEBORO -- Visa problems and new U.S. Treasury Department regulations could derail the historic agreement to sell powdered milk, Vermont apples and cows to Cuba.

In November, the state inked a deal to sell the Caribbean nation the agricultural products. The powdered milk, which comes from a national pool, began being shipped last month, according to Vermont Secretary of Agriculture Steve Kerr.

But Cuban farmers who were to travel to Vermont, as well as to New York and Maine, to pick out the apples, could not get their visas in time. Kerr said one of the other states ran out of apples and he said the Cubans informed him last week that they have now decided to wait until next year. Kerr said he hopes to sell the apples next season.

But last month the Treasury Department's Office of Foreign Assets Control issued new regulations that require Cuba to pay for agricultural exports before they leave U.S. ports. The regulation went into effect on Feb. 22.

"This is another of Bush's attempts to tighten the screws even more," Kerr said. "It is clearly designed to make trade difficult. It serves no purpose but retribution."

The rule also prohibits Cuba from using financing or credit for agricultural goods. Kerr said Cubans could be hesitant to pay up front for products that could be seized as payment by parties that might have legal claims against Cuba. The regulation also makes it more difficult for Cuban officials to inspect the products before they are shipped.

The deal is not exceptionally large, Kerr points out, and if the Vermont products fail to make their way to Cuba, he said the state's agricultural industry is secure. But he said any lost sale hurts the state, and he said he was frustrated with the way politics are getting in the way of potentially improving the lives of Cubans.

"It is a tragedy that our government is treating people this way," he said. "The only people who will be really hurt is the Cuban people."

Kerr said visa problems are also holding up the dairy cow deal. He said the agreement is to send 50 Jerseys and 50 Holsteins to Cuba. Cuban inspectors have been trying to travel to Vermont for a number of months but they cannot secure the necessary documents. "The Bush people are playing this game and it is making commerce difficult for Vermont farmers," said Kerr.

Gerardo Quaassdorff of the Holstein Association said he expects the heifer deal to be completed, but he said the visa problems and U.S. Treasury regulations are holding it up. "It makes it a little more difficult, and it is going to cost more," he said. The Holstein Association is helping facilitate the agreement and will be traveling with the Cubans around the state when they come to inspect the cows.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, downplayed the effects of the Treasury Department rule. He said it does not prohibit Cuba from doing business with the United States, but Kavulich admitted that agricultural business between the two nations would likely be impacted. "It is going to make it more costly and it imposes a different set of rules on transactions," he said.

In 2000 Congress passed a law allowing U.S. farmers to sell agricultural products to Cuba. After Hurricane Michelle destroyed much of the island nation's farms, the demand for U.S. goods spiked. Between 2001 and 2004, Cuba purchased almost \$800 million in goods, according to the American Farm Bureau. Cuba is now the 25th largest market for U.S. agricultural products out of 228 trade partners, the farm bureau reports. The United States supplies more commodities to Cuba than any other country.

**The Miami Herald
Miami, Florida
16 March 2005**

TRADE

U.S. Cuba trade expert quits

A leading expert on trade with Cuba resigned out of frustration with what he called opportunists in both countries.

BY NANCY SAN MARTIN AND JUAN O. TAMAYO

WASHINGTON - A top expert on U.S.-Cuba trade announced Tuesday that he had resigned, saying he was "tired" of dealing with the Cuban and U.S. governments, careless journalists and "two-bit hustlers."

"I don't care what conclusions people draw; I would just like them to use accurate information," said John Kavulich, head of the New York-based U.S.-Cuba Trade and Economic Council (USCTEC). "Integrity, accuracy, ethics seem to be increasingly less important."

Kavulich and USCTEC have been regarded as the leading experts on U.S. trade with Cuba and the Cuban economy since it was established in 1994. Its members are largely major U.S. companies exploring business opportunities in Cuba. In a USCTEC report to members Tuesday, Kavulich wrote that the final reason for resigning as president was the death in August 2003 of his father in upstate New York.

But Kavulich had been hinting at a resignation long before, privately admitting his growing frustration with a Cuban government that he believed was not interested in free and fair trade but more bent on using the lure of trade to force U.S. companies to lobby for policy changes in Washington. Cuban officials repeatedly refused him visas to travel to the island, and even his last visit in 2002 for a trade show of U.S. producers he helped organize was controversial.

"Since 2002, I had struggled with maintaining interest, frustrated with conflict, heartfelt toward certain individuals," Kavulich wrote in his resignation letter.

Cuban purchases of American agricultural products have soared since a change in U.S. law in 2001 allowed American firms to sell agricultural products to Havana, totaling \$392 million last year alone.

But Kavulich's USCTEC reports regularly pointed out Havana's increasing practice of requiring its U.S. business partners to sign letters promising to lobby against the U.S. trade embargo. At the same time several new U.S. groups popped up to take what the USCTEC reports portrayed as unscrupulous advantage of the new openings for trade with Cuba -- the groups that Kavulich's letter called "two bit hustlers."

Kavulich's reports also repeatedly complained about media reports that contained erroneous information on Cuba or misstated U.S. policies on Havana -- and challenged others that simply reported Cuban government economic figures at face value and with little questioning.

Compared to those frustrations, his reports on Clinton and Bush administration policies toward Cuba focused largely on politically driven measures and bureaucracies that made trade more difficult.

**Chicago Tribune
Chicago, Illinois
10 March 2005**

Cuban trade exemption remains in effect

By Gary Marx
Tribune foreign correspondent

HAVANA -- A U.S. agricultural crisis with Cuba was narrowly averted after U.S. exporters discovered a way to comply with the Treasury Department's new rule that requires cash payment in advance of shipment.

Under an exemption to the U.S. trade embargo, the Cuba government has purchased \$731 million of corn, wheat, soy, chicken and other American agricultural products between 2001 and 2004, according to New York-based U.S.-Cuba Trade and Economic Council. As the No. 1 American exporter to Cuba, Decatur-based Archer Daniels Midland Co. has benefited the most under the embargo exemption. But all that was set to change last month.

In a move to tighten sanctions and increase pressure on Cuban President Fidel Castro, the Treasury Department clarified existing trade regulations that require Cuba to pay for the products in cash before they leave U.S. ports. The guideline is scheduled to go into effect in late March. Until now, Cuban officials have paid for the majority of the farm products after the goods left U.S. ports or arrived on the island. But the clarification raised a storm of protest among farm state legislators who feared the new payment method could put exports at risk. One concern was that the American products could be seized as compensation for lawsuits brought by Cuban exiles against Castro's government if Cuba was forced to purchase the products before leaving U.S. shores.

So last Friday, a handful of American exporters and farm groups met with Robert Werner, chief of the Treasury Department's Office of Foreign Assets Control, or OFAC, to clarify what was acceptable under the new guidelines. The meeting resulted in an agreement that Cuba could pay for products before they leave U.S. shores using a "letter of credit," bank-backed credit that guarantees payment before the product is delivered. The cash would be turned over after the loaded ship is in transit to Cuba. "As long as a standard letter of credit is in place a shipment can move forward," said Molly Millerwise, a U.S. Treasury Department spokeswoman.

The clarification came as Pedro Alvarez, a top Cuban trade official, signed an agreement Wednesday in Havana with Louisiana Gov. Kathleen Blanco committing Cuba to purchase \$15 million in state agricultural goods over the next 12 months. Of that amount, \$2 million worth of rice and powdered milk was purchased Wednesday by Cuba under terms using a letter of credit. Because of banking and other fees involved, the new process is more expensive. "A letter of credit is a standard international practice," Alvarez said after Wednesday's signing ceremony. "But, of course, it costs more and puts U.S. producers at a bigger disadvantage."

Van Yeutter, director of international business relations with Minneapolis-based Cargill, said he, too, is concerned about banking and other costs associated with a letter of credit. But he's happy to have the trade between the two countries. "We are hopeful that a letter of credit arrangement will be workable," said Yeutter, whose company is among the top U.S. sellers of farm products to the island.

American agricultural sales to Cuba have been one of the few bright spots as relations between the U.S. and Cuba continue to deteriorate. President Bush has instituted a series of measures designed to squeeze Castro, including further restricting American travel to Cuba and limiting how much money Cubans in the U.S. send to relatives on the island.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the measures have reduced U.S. travel to Cuba by about 30 percent and lowered the amount of money sent by relatives to the island by

between 5 and 10 percent. But Kavulich said the measures have not hurt the Cuban economy as much as anticipated because Venezuela continues sending huge amounts of crude oil to Cuba at a discount. Cuba also has benefited from the high international price for nickel, a key export, and increased Chinese investment on the island.

On Tuesday, Castro said he felt so confident about Cuba's future that the government would distribute 100,000 pressure cookers each month at subsidized prices. He also promised to distribute rice cookers and perhaps small electrical stoves. "I am working more than I ever have in my life, and I feel more enthusiastic than ever," Castro said in a five-hour speech to the Federation of Cuban Women.

**Reuters Americas
London, United Kingdom
9 March 2005**

Cuba skirts U.S. payment rules on food purchases

By Anthony Boadle

HAVANA, March 9 (Reuters) - Cuba has resorted to letters of credit issued by third-country banks to beat tightened Bush administration rules for cash in advance payment of its U.S. food imports, officials said on Wednesday.

Cuba's food import agency Alimport signed contracts with two Louisiana companies for 10,000 tonnes of milled rice and 160 tonnes of powdered milk to be paid for with letters of credit. "We will use letters of credit. This is an internationally accepted business practice," Alimport president Pedro Alvarez said at the signing during a trade-promotion visit to Havana by Louisiana Gov. Kathleen Blanco.

Most of the \$800 million in agricultural produce sold to communist-run Cuba since U.S. food exports began three years ago have been paid for with cash against documents before delivery. But the Bush administration, which has tightened sanctions against Cuba to undermine President Fidel Castro's 45-year rule, last month decided Cuba must pay for goods before they are loaded onto ships in U.S. ports, instead of prior to delivery in Cuba. With letters of credit, U.S. exporters can proceed to load their shipments for Cuba as soon as a foreign bank notifies their bank that the money has been deposited. Alvarez said the new method will push up Cuba's costs, but Alimport will continue buying from the United States.

U.S. agribusiness firms were relieved politics would not obstruct their growing trade with Cuba, which last year became the 25th largest U.S. agricultural export market, out of 228.

"It makes it much more cumbersome, but at least we can still do business with Cuba. There is a lot more paperwork," FC Stone sales director Chris Aberle said by telephone from his Des Moines, Illinois, headquarters. "We still think we are doing the right thing, and I am just happy it looks like we will be able to continue," he added. FC Stone, which accounts for eight percent of total sales to Cuba, has used letters of credit for a small portion of shipments. U.S. food sales, mostly wheat, corn, soy and rice, were permitted in 2000 in an exception to the U.S. trade embargo against Cuba, but have to be paid for in cash in advance.

U.S. TREASURY MEETING

Aberle and other agriculture, dairy and shipping executives met last Friday in Washington with the director of the U.S. Treasury's Office of Foreign Assets Control, Robert Werner, who is responsible for enforcing trade sanctions on Cuba. Werner made it clear that cash on presentation of documents would no longer be allowed when the new payment rules take effect March 24, but standard letters of credit could be used.

"The change is going to be inconvenient but not prohibitive," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, which monitors exports to Cuba. Letters of credit issued 3 to 4 days before transactions will also provide protection of goods going to Cuba, because the U.S. shipper can continue to retain ownership title until the vessel leaves U.S. waters, he said. Cuban authorities

feared the new payment rules would put their goods at risk of being seized in lawsuits filed against Cuba by exiles in the United States.

This was the fourth hurdle the Bush administration has placed in the way of trade with Cuba in two years. In 2003, Washington denied a license for a second U.S. food industry fair in Havana. Then it increased from one week to 30 to 45 days the time required to get a travel license for a business trip to Cuba. Last November, the Treasury required U.S. banks to be licensed to receive money from sales to Cuba.

"The Bush administration will not stop. It is going to continue to seek ways to disrupt commercial transactions with Cuba," Kavulich said.

**The Times-Picayune
New Orleans, Louisiana
10 March 2005**

Cuban officials, Blanco sign a \$15 million deal
They hail the revival of old relationship

By James Varney
Staff writer

HAVANA -- In what both sides hailed as the renewal of an old friendship, the Cuban government and Gov. Kathleen Blanco inked a contract Wednesday that commits the island to buying \$15 million of Louisiana products over the next 18 months.

The figure represented the high end of the deal Blanco hoped to strike when she and an entourage of elected officials, state bureaucrats and business leaders announced the official visit to the island nation, the first foreign trade mission of her administration and the first visit to Cuba ever made by a Louisiana governor.

Sitting on a dais with Pedro Alvarez, chairman of Alimport, the Cuban ministry that controls agricultural imports, Blanco said she was pleased by the outcome of her trip so far.

"On behalf of the citizens of the state of Louisiana, I want to tell you we're very proud to be here working with all of you," Blanco said.

Fanned out behind her were the other elected officials on the trip, state Sens. Ken Hollis, R-Metairie, Robert Barham, R-Oak Grove, and Noble Ellington, D-Winnsboro, and state Rep. Gil Pinac, D-Crowley.
Payment questions

Alvarez noted that the agreement, intended to boost the purchase of Louisiana-produced goods, as opposed to goods produced elsewhere that merely pass through the state, marks the rebirth of ties between Louisiana and Cuba. Those ties were severed some 40 years ago with the imposition of a U.S. embargo as the Castro regime allied itself with the Soviet Union. At one time, Havana was New Orleans' largest trading partner, Alvarez and the Louisianians acknowledged.

As local and international reporters peppered Alvarez with questions about how Cuba would be able to pay cash in advance for shipments from the United States, as required after recent adjustments to the embargo, Alvarez put the contract, formally known as a "memorandum of understanding," in the context of free-market competition.

"No doubt as more restrictions are put in place, these will have an impact on American producers because their goods become less competitive," he said. "Therefore, if I was an American producer I would work toward the elimination of these restrictions."

Ducking questions about Cuba's cash reserves, Alvarez reiterated that the regime would use letters of credit, commonplace in international trade, and would honor the commitments it signed with Louisiana.

Those commitments included purchases of powdered milk and rice from two Louisiana companies, AnPro Trading LLC and Louisiana Rice Mill.

Touchy subject

Both the State Department and John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York-based nongovernmental research group, have been critical of trade deals that call for the U.S. governments involved to lobby for increased relaxations of the embargo. It's a dangerous quid pro quo, in the view of Castro critics.

Blanco and the port's executive director, Gary LaGrange, said Wednesday's memorandum contains no such language.

"We've heard a lot of desire expressed by the other side that conditions be normalized, but it's not in the contract," Blanco said. "There is no clause that asks for that."

U.S. attachés assigned to the Interests Section in Havana, the office that functions as an embassy in a country with which the United States does not have formal diplomatic relations, praised the contracts.

"Great, we made a sale," said Chief of Mission James Cason, an outspoken foe of Castro. "It's perfectly legal for elected officials to come here if you're going to support trade, and it sounds like (Blanco) was coming here to do business and the sales sound good."

Cason said Cuba should be able to pay its bills with Louisiana. "Congress has stipulated cash in advance, but that shouldn't bother the Cubans," he said. "They like to buy from us because they get quality goods at the best price, and generally they can get the money through French banks and they've been doing lots of business that way for a long time now."

Whether Cuban leader Fidel Castro would make an appearance with the Blanco group remained an open question late Wednesday. Many members of the delegation and some Cuban experts in the United States predicted he would appear at some point, a prediction Blanco and her staff have assiduously downplayed. Such a meeting was never sought, Blanco's team said.

Mass in Old Havana

Before signing the trade memorandum, Blanco attended Mass Wednesday morning at La Iglesia de la Merced, an Old Havana church dating to 1755. The service was conducted by the Rev. Gilberto Walker, a priest in the Vincentians order whose family roots are in both New Orleans and Cuba and who once served in a Baton Rouge parish.

The two chatted afterward, with Walker expressing delight over the Blanco visit. The embargo has hurt the Cuban people, Walker said, and in any event, the longstanding ties between the city and the island deserve rejuvenation.

Blanco continued to distance herself from the political tenor of such remarks. "I think it's important not to get involved in the politics," she said after leaving the church, stressing again that her mission was purely in the interests of building trade.

"It's not to our advantage to stay away from potential markets," she added. "Louisiana has a history of missed opportunities, and I'm trying to stop that wherever possible, and that includes here."

The Advocate
Baton Rouge, Louisiana
9 March 2005

Blanco cites value of trip
She says Cuba good market; \$15 million deal pledged

By NED RANDOLPH
Advocate business writer

HAVANA -- The head of Cuba's largest buying agency on Tuesday pledged to Gov. Kathleen Blanco to buy up to \$15 million of Louisiana agricultural products.

Pedro Alvarez, chairman of Alimport, also said that Louisiana could expect much more investment if the trade restrictions by the U.S. government are lifted. "We are certain that trade would grow drastically without restrictions," he said. "The American public will eventually sweep away the voices against" the restrictions, Alvarez said.

Grady Brown, left, president of Panola Pepper Corp. of Lake Providence, shows his bottled pepper sauce to Jose Ramon, a commercial department employee of Cuban purchasing agency Alimport, Tuesday during the Louisiana trade mission in Havana.

Blanco said her trip would "go a long way to the eventual barriers being broken. But Cuba has already become important to U.S. agriculture." She added that normalized relations will take the work of a lot of people. "Perhaps more than are here today. Your goals are admirable and something your country and ours should sit down and find a way to make happen."

Blanco is Louisiana's first governor and one of only four in the United States to visit communist Cuba. Blanco was met at the airport in Cuba by reporters asking why she ventured to the communist nation. "We think Louisiana needs to be poised on the markets of the entire world," Blanco said. "We believe Cuba brings value, and I don't want to ignore any value to Louisiana. "Certainly there were vocal opponents, but just as important there were many supporters from the Cuban exile community. On the balance, it's important for us to step forward," she added. "The products we are attempting to trade are primarily food products, which is good for our people and Cuba."

Already about 14 business delegation members that arrived Monday had spent Tuesday morning and afternoon with Alimport buyers to negotiate purchase agreements by the state-run agency. Some businesses appeared close to a deal, especially those selling rice, dairy products and hot sauce, said Felipe Martinez of Louisiana's Department of Economic Development. The list of products businesses are trying to sell also ranges from cattle vaccinations to fish feed stock and timber.

Cuba, which is taking advantage of a 4-year-old law that makes agricultural and humanitarian export exceptions to a 1963 U.S. trade embargo, buys most of its agricultural products in bulk from large sellers. The Caribbean nation has steadily increased its purchases since 2001, so much so that in less than four years Cuba has jumped from 144th to become the 25th-largest market of U.S. goods, with \$400 million in sales last year, the New York-based U.S.-Cuban Trade and Economic Council reported recently.

Blanco's arrival was welcomed by the Cuban government, looking to score public relations points. She and the other two women in the delegation were handed a bouquet of flowers to commemorate "International Women's Day" in Cuba. "We hope your port is the first one to send American tourists to Cuba, and we are also looking for Louisiana to become a major contributor in trade investment and tourism," said Pedro Alvarez, chairman of Alimport, the Cuban buying agency.

"The doors of Cuba are open for Louisiana businesses," Alvarez said. "Cuba will not establish resistance or limitations to Louisiana businesses coming." He added later, "Don't worry, we will not be exporting sugar." "The sugar farmers of Louisiana appreciate that message," Blanco responded. "If you need any sugar, you can buy it from us." "We heard Louisiana sugar farmers were worried, we want to say to them they should not worry," Alvarez said.

Trying also to sidestep controversy at home, which includes growing tension between the Bush administration and Cuban leader Fidel Castro, Blanco has insisted that her trip is purely commercial. To that end, she has not accepted a briefing invitation by the U.S. senior diplomat in Cuba, John Casen, who insists on meeting Blanco in a "secure" location. That would be either at the U.S. Interests Section, which is technically part of the Swiss embassy, or at Casen's home. "We have no scheduled plans to meet with

anyone except Alimport, who invited us," said Michael Olivier, Louisiana's secretary of economic development.

Olivier said later he would be pleased to meet with Casen for a briefing at the delegation's hotel, the Melia Cohiba, but did not come to Cuba to meet with the U.S. State Department. Blanco said she was not aware of a written invitation from Casen. "I'm simply following my schedule," she said.

Casen makes little attempt at diplomacy with Castro. In December, during Cuba's food conference that drew 400 business delegates from various U.S. states, including Olivier and a Louisiana delegation, Casen scrawled a giant 75 in Christmas tree lights on the side of his office building to protest Castro's roundup of 75 political prisoners in 2003. Fourteen of those prisoners have so far been released, said Collette Christian, a spokeswoman for the U.S. Interests Section.

Blanco and the Louisiana trade delegation were scheduled Tuesday night to attend a welcome dinner hosted by Alvarez. Among the possible business deals, "I think the dairy guys will come away with an order," Martinez said. "And Gary Brown with Panola (Peppers), I think he'll come away with an order. They liked his prices. "But the best chance for a sale is rice. They're dying to buy direct," Martinez said. Most of the Louisiana businesses that sell to Cuba currently have to go through second- and third-party brokers, and this trip will help cut out the middleman, Olivier said.

"We're just trying to do business the same way other states are doing it," Olivier said. "We are not supporting a dictatorship," Olivier said. "Does the U.S. not do business with China?" Olivier said Blanco plans to continue making trade missions abroad, starting with Brazil, the Far East and South America. "I'm loading up her travel schedule," he said.

Traveling with Blanco on Tuesday were state Sens. Ken Hollis and Noble Ellington; former Sen. Sammy Nunez; state Rep. Robert Barham; Port of New Orleans Executive Director Gary LaGrange; and Deputy Attorney General Nick Gachissan.

The Advocate
Baton Rouge, Louisiana
8 March 2005

Blanco: La. needs to be poised on world markets

By NED RANDOLPH
Advocate business writer

HAVANA — The head of Cuba's largest buying agency greeted Gov. Kathleen Blanco Tuesday at Havana's airport, where a crush of reporters were asking why she decided to wade into the political controversy that surrounds the communist nation. She is Louisiana's first governor and one of only four in the United States to visit communist Cuba.

Advocate staff photo by Richard Alan Hannon

Louisiana Gov. Kathleen Blanco, right, receives a welcoming handshake from Cuba's Alimport Chairman and CEO Pedro Alvarez shortly after she arrived at Jose Marti International Airport in Havana Tuesday.

"We think Louisiana needs to be poised on the markets of the entire world," Blanco said. "We believe Cuba brings value, and I don't want to ignore any value to Louisiana," she said. "Certainly there were vocal opponents, but just as important there were many supporters from the Cuban exile community. On the balance, it's important for us to step forward," she added. "The products we are attempting to trade are primarily food products, which is good for our people and Cuba."

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Blanco's arrival was welcomed by the Cuban government, looking to score public relations points. She, along with the other two women in the delegation were handed a bouquet of flowers to commemorate "International Women's Day" in Cuba. "We hope your port is the first one to send American tourists to Cuba, and we are also looking for Louisiana to become a major contributor in trade investment and tourism," said Pedro Alvarez, chairman of Alimport, the Cuban buying agency. "The doors of Cuba are open for Louisiana businesses," Alvarez said. "Cuba will not establish resistance or limitations to Louisiana businesses coming." He added later, "Don't worry, we will not be exporting sugar." "The sugar farmers of Louisiana appreciate that message," Blanco responded. "If you need any sugar, you can buy it from us." "We heard Louisiana sugar farmers were worried, we want to say to them they should not worry," Alvarez said.

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Blanco and the Louisiana trade delegation were scheduled Tuesday night to attend a welcome dinner hosted by Alvarez, the Alimport chairman. The delegation already appeared Tuesday to be nearing some business deals. "I think the dairy guys will come away with an order," Martinez said. "And Gary Brown with Panola (Peppers), I think he'll come away with an order. They liked his prices.

"But the best chance for a sale is rice. They're dying to buy direct," Martinez said. Most of the Louisiana businesses that sell to Cuba presently have to go through second- and third-party brokers, and this trip will help cut out the middleman, Olivier said. "We're just trying to do business the same way other states are doing it," Olivier said.

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Traveling with Blanco Tuesday were State Sens. Ken Hollis and Noble Ellington; former Sen. Sammy Nunez; state Rep. Robert Barham; Port of New Orleans Executive Director Gary LaGrange; and deputy Attorney General Nick Gachissan.

Reuters Americas
London, United Kingdom
8 March 2005

U.S. States, Exporters Seek to Boost Cuba Food Sales

By Anthony Boadle

HAVANA (Reuters) - Louisiana's governor began a trade-promotion visit to Cuba on Tuesday, at a time when U.S. food exporters are seeking to boost sales to the communist-run island despite new Bush administration restrictions.

Gov. Kathleen Blanco arrived with a delegation of 30 business leaders, state officials and legislators intent on boosting exports to Cuba for Louisiana's farmers and ports. "We believe it is important for us to be here to explore what opportunities can be developed," Blanco said. "We think Louisiana needs to be poised on the markets of the entire world." She said she had no plans to meet Cuban President Fidel Castro or U.S. diplomats in Havana. Blanco, a Democrat, is only the fourth U.S. governor to visit Cuba since Castro's 1959 revolution, and the first since a crackdown on Cuban dissidents in March 2003.

Anti-Castro exiles in the United States criticized her trip. The Cuban American National Foundation based in Miami called the visit a public relations victory for the Cuban leader. Iowa Gov. Thomas Vilsack postponed a trip to Cuba in April 2003 following the jailing of 75 dissidents in Cuba, but is considering visiting Havana later this year.

Since a four-decade-old trade embargo was eased in 2000 to allow agricultural exports to Cuba, the island has quickly regained its traditional place as a market for American farmers. Cuba has so far bought some \$800 million in U.S. products, mainly wheat, corn, soy and rice, but also lumber, newsprint and supermarket goods, making it the 25th largest U.S. agricultural export market last year, out of 228. However, the growing trade has been threatened by tightened sanctions adopted by the administration of President Bush to undermine Castro.

"The Bush administration is using every available regulatory and bully-pulpit opportunity to constrain commerce," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, which monitors exports to Cuba. "The government of Cuba is using all available means to antagonize the Bush administration. In the middle are U.S. exporters. Not a pretty picture," Kavulich said.

CASH BEFORE SHIPMENT

Sales to Cuba are permitted on a cash-only basis. New rules laid down by the U.S. Treasury due to take effect at the end of the month will make Cuba pay for goods before they are loaded on ships in U.S. ports, instead of prior to delivery in Cuba.

Cuba's food import agency Alimport has continued to buy U.S. farm goods, but it warned that they would be at risk of being seized in lawsuits filed against Cuba by exiles. The restrictions hurt the interests of American exporters, Alimport President Pedro Alvarez said.

"Cuba will not halt its trade with the United States, as long as the terms and conditions are consistent with international business practices," Alvarez told reporters as he welcomed Blanco to Cuba. The Bush administration is also making it harder for U.S. exporters to travel to Cuba, with licenses now requiring 30 to 45 days to process instead of one week, trade experts said.

Kavulich said the Cuban government should have used its leverage by suspending purchases of U.S. agricultural products, which would have assisted the passage of legislation introduced by farm state senators in Washington to ease trade with Cuba.

The first shipment to Cuba, corn sold by agribusiness giant Archer Daniels Midland Co. of Illinois, left from the Port of New Orleans in December 2001. Since then, Louisiana port facilities have accounted for 56 percent of the 3.5 million tonnes exported to Cuba, but their share has declined as other U.S. ports compete for Cuban business, Kavulich said.

The first state governor to visit Cuba was George Ryan of Illinois, in 1999. The governors of North Dakota, John Hoeven, and Minnesota, Jesse Ventura, visited Cuba in 2002.

The Advocate
Baton Rouge, Louisiana
8 March 2005

Business delegates from La. reach Cuba

By NED RANDOLPH
Advocate business writer

HAVANA -- A delegation of 17 Louisiana businessmen, hoping to sell everything from rice and timber to cattle vaccinations and catfish to Cuba, touched down Monday at Jose Marti Airport on the island nation 90 miles south of Miami as part of a state trade mission that will last until Friday. Louisiana Gov. Kathleen Blanco is scheduled to arrive today from Cancun, Mexico, along with several state and port officials to promote trade with Cuba. Since the loosening of a U.S. trade embargo to allow agriculture and humanitarian exports, Cuba has purchased nearly \$800 million in U.S. goods since 2001 -- \$400 million just in 2004.

Part of Blanco's reasoning for coming to Cuba is that even though Louisiana ports are the primary channel for U.S. exports to Cuba, few of the exports, with the exception of rice, are actually being produced in the state. By offering to help Louisiana companies and farmers, Blanco can participate in a short trade mission that snares potentially millions of dollars for Louisiana companies, and could lay the groundwork for future deals, said Port of New Orleans official Bobby Landry, who arrived in Havana with the delegation Monday.

And when Alimport, Cuba's state-run food purchasing agency, signs an agreement, the "size of the purchase orders are impressive," said Bobby Hanks, president of Louisiana Rice Mill, which participates in a joint venture with California Rice Co. to sell to Cuba. A previous Louisiana delegation in December snared a \$9 million purchase agreement for red snapper and tilapia from the Kenner company LA Fish, said Felipe Martinez of the state's Department of Economic Development. Martinez, a Cuban American, said he located his grandmother's old home in Havana on the December trip. "It was fairly well-preserved," he said. In fact, Havana is a veritable museum of 1930s architecture.

When Blanco arrives, she will witness an impoverished country, whose landscape is in disrepair. She will see its antique American cars and colonial-era homes, all a collector's dream, and a nation whose people are separated from foreigners. The most-recent example of that came in a February rule that Cubans in the tourism industry should avoid one-to-one contact with foreign tourists. The Louisiana delegation is staying in a foreign-only hotel, the Melia Cohiba, which is partly owned by the Spanish chain Sol Mia Cohiba. Prices for tourists are comparable to U.S. prices, yet the average Cuban, who makes \$10 a month, would blow his year's income on a single night's stay.

Havana, the country's showpiece, has 2.2 million people. Its famous Melacon highway skates along the deep picturesque horizon of the Gulf of Mexico. The Paseo Drive from the airport is landscaped by small cafes, empty factories and billboards of socialist slogans, such as "Defendiende el Socialismo." Public buses in Havana, called Camels, are pulled by 18-wheeler rigs. In outlying towns, buses are horse-drawn. Roads from the main drag are often unpaved. Paint chips from the walls of ramshackle dwellings. A wide highway thoroughfare from the airplane looked as sparse as a Nevada interstate. Yet, the country boasts arguably the highest literacy rate and lowest infant mortality rate in Latin America. Education is compulsory through high school, a tour guide told the state delegation on the air-conditioned bus ride from the airport. "It's not easy to get a job in Cuba if you don't have secondary education," he said. "In our travel agency, it's compulsory for tour guides to have a university degree."

The trade delegation that settled in Monday in advance of Blanco's arrival will begin business negotiations today, with sessions aside for the morning and the afternoon. Blanco is to be welcomed at the airport by the chairman and chief executive officer of Cuba's Alimport, who will participate in business negotiations with Blanco and then host a welcome dinner for the governor and trade delegation. Though some Cuban Americans in New Orleans have objected to the governor's visit -- the third by a U.S. governor since the 1963 trade embargo was loosened four years ago -- Blanco has said that she is coming strictly as the state's chief marketing officer and wants to avoid the political controversy that surrounds Cuba and its 78-year-old communist leader Fidel Castro.

"It's good to separate politics from commerce. In Cuba, there's far too much politics interrupting commerce, too much politics from the U.S. and from Cuba," said John Kavulich, president of the nonpartisan New York-based U.S.-Cuba Trade and Economic Council. "There really wouldn't be a need for the governor to go to Cuba, but the governor of a state is the chief marketing officer," he said.

**Scripps Howard Foundation Wire
Washington, D.C.
8 March 2005**

Exports to Cuba Benefit Cuban Politics, but Residents Remain Poorly Fed

By Lauren Rivera - As U.S. agriculture interests export more food to Cuba, residents are still forced to feed themselves on paltry rations while tourists eat the high-quality imports.

_ HYPERLINK "<http://www.infozine.com/news/topics/op/topicsView/tid/44/>" __ Washington, D.C. - Scripps Howard Foundation Wire - Detractors of the system, including some business owners and members of Congress, say lifting trade sanctions would be a humanitarian act because it might improve Cubans' lives.

Exporting food to Cuba cannot be a humanitarian act, said Antonio Jorge, economics and international relations professor at Florida International University. The Cuban government maintains the tourism industry, he said, with little regard for supplying Cubans with quality food.

Food exports to Cuba have risen from \$4.3 million in 2001 to \$391 million last year, generating nearly a billion dollars for the agriculture sector of the U.S. economy.

But that rising trade has not increased the supply of food available to Cubans, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a business group that tallies Cuba's economy by embedding researchers there.

According to the group's most recent findings, released in a Feb. 28 report, "Economic Eye on Cuba," 10 percent of the imports, by dollar value, are used for hotels and tourism locations and in government-operated U.S. dollar stores, where Cubans can't afford to shop. The other 90 percent is put into Cuba's food distribution system, which includes the ration program, school lunches, work places, hospitals and the military, Kavulich said.

But the tourism food is of much higher quality, said Carmelo Mesa, retired professor of economics and international relations at the University of Pittsburgh.

Cubans get rations allowing them to buy 2 pounds of a ground meat and soy mixture per person per month, Mesa said.

"There is no filet mignon written on the ration cards," Jorge said. "Of course not, because the money wouldn't be going to the government." He said it is clear "most of the choice food stock is sold in restaurants just by the fact that it is not available on the ration card."

The average Cuban earns about \$10 per month and cannot afford to buy food that is not on the ration card. A quart of milk would cost about \$3.75, Mesa said.

But Chris Aberle, who sells commodities in Cuba for FC Stone, offered a different view. He said he has sold 407,000 tons of wheat, soy products and corn worth \$80 million and believes it has significantly contributed to improving the situation. On one visit, he said, "The bellman in the hotel told me how he appreciated what we are doing."

In mid-February, a formal Cuban government decree discouraged tourist-to-native interactions. The Cuban tourism minister ordered hotel workers, who make up less than 1 percent of a population of 11 million, to refrain from mingling with foreigners, the Associated Press reported from Havana, in keeping with the segregation policies of the closed-information society.

Tourism areas are dramatically different from the non-tourism areas, said Loren Reuters, who works for the Indiana-based Rose Acre Farms. He traveled there two weeks ago to meet officials of Alimport, Cuba's state-run trade company.

"There was a lack of infrastructure. There were very few stores, except in the areas that were frequented by tourists," he said. "You see abandoned buildings, and you see what at once must have been mansions occupied by many different families."

This obvious deterioration points to the Cuban government's failure, according to the economists. Before 1959, the year of Fidel Castro's rise to power, Cuba was much less dependent on imports and was much more productive.

To remain afloat, since the late 1980s the government has set economic and political policies that have impoverished its people, Mesa said.

"The regime has found ways to compensate for losses of tourism revenue since the U.S. travel ban went into effect last year, at the expense of Cubans," Mesa said.

The Cuban finance minister decreed a 10 percent price increase in 2004, without a proportional increase in the government-allotted salaries, Mesa said. The government also made the Cuban peso the primary currency and charges 10 cents for every dollar converted to the peso. It accepts the U.S. dollar only with a 10 percent surcharge at government-operated stores, hotels and restaurants, Kavulich said.

"Fidel is a very shrewd guy," Mesa said. Apart from using supplies to gain tourism revenue, he also made a one-way trade good for two-way politics, making advocacy agreements part of the business relationships, Mesa said.

Since 2003, Alimport, has required U.S. members of Congress, agricultural organizations and businesses from South Carolina, California, Montana, Kansas, Vermont, Iowa, Indiana and Florida to sign advocacy agreements, according to the U.S.-Cuba trade council's report.

They promised to seek a change in U. S. policy toward Cuba. Texas-based Sysco is the only signatory to retreat from the agreement, determining that "such documents are an unnecessary politicalization and corruption of the commercial process," the report said.

Aberle began trading before the agreements were required and has not been asked to sign one. Neither has Reuters, who is covered by the agreement that the Indiana Farm Bureau signed with Alimport. But he has not yet completed his first sale because, he said, another U.S. company is selling cheaper eggs, possibly of a lesser quality.

Although Sen. Larry Craig, R-Idaho, voted in 1996 to strengthen the trade embargo against Cuba, he found the policy obsolete by 2004 when he traveled there on a trade mission. Craig and Alimport signed a joint communiqué in which Alimport expressed "a willingness to negotiate and sign contracts" for \$10 million in purchases from Idaho, stipulating that the senator and Rep. C.L. "Butch" Otter, R-Idaho, "further agree

to work with the Idaho congressional delegation to open up trade and travel with Cuba." When he introduced the Export Facilitation Act of 2005 on Feb. 9, Craig said, "Introducing Cuba to the American free market and capitalism is the only way to bring about reform." Craig and other members of Congress say the Treasury Department, which oversees exports to Cuba, has not eased sanctions, but has enforced more strictly the trade regulations of the 2000 Act that opened trade.

Sensing an ideological leak into Congress from these anti-embargo voices, Rep. Ileana Ros-Lehtinen, R-Fla., introduced a bill Feb. 17 to counter Craig's bill. She seeks to hold accountable any members of Congress who advocates a change in U.S. law on behalf of a foreign person or foreign entity. Rep. Robert Menendez, D-N.J., reintroduced an anti-communist bill the same week, seeking 100 percent taxation on amounts received from U.S. export transactions to Cuba if there are explicit agreements drawn up for lobbying in exchange.

**United Press International
Washington, D.C.
8 March 2005**

Analysis: Cuba trip gets mixed reaction:

[World News]: By PHIL MAGERS, United Press International Louisiana Gov. Kathleen Blanco's trade mission to communist Cuba is winning praise in her home state along with criticism from some in the Cuban-American community.

Blanco sees her mission as promoting trade between Louisiana businesses and the island nation, something other states have been doing since Congress loosened the 1963-trade embargo with President Fidel Castro's dictatorship.

Other U.S. states are ahead of Louisiana, and Blanco is not the first governor to make the trip. Govs. Jesse Ventura of Minnesota, George Ryan of Illinois and John Hoeven of North Dakota are on a long list of U.S. visitors in recent years.

"Trade has increased 542 percent with Cuba, and most of the products originate in states other than Louisiana," said Denise Bottcher, Blanco's press secretary, in an interview with the Advocate in Baton Rouge before the trip.

"Congress allowed certain amounts of trade to occur with Cuba, and other states have opened up that line of trade," the spokeswoman said. "The governor believes Louisiana should sell those lines of trade to Cuba."

Congress relaxed the trade embargo five years ago, allowing shipments of medical and agricultural products to the nation of 11 million people. Cuba has since climbed to 25th among export markets for U.S. goods, largely farm products.

Recently, the Bush administration stiffened requirements for trade with Cuba, requiring cash for goods before they leave U.S. shores. The time to process license applications has also lengthened, according to some observers.

On Monday Blanco was in Cancun, Mexico, to assume the presidency of the Gulf of Mexico States Accord, an economic-development group that represents Mexican and U.S. states along the gulf. Her schedule had her arriving in Havana Tuesday to link up with a Louisiana delegation of business leaders.

Blanco is expected to concentrate on business and trade talks during her three-day visit to Cuba. There is no meeting scheduled with Castro, who has ruled the island nation for 46 years, but some observers say he might make a surprise appearance at some point.

Mike Olivier, Louisiana's chief of economic development, said there are 38 states that are already exporting to Cuba and Louisiana is getting left behind. He led a smaller delegation to Cuba last December on a trade mission.

Blanco's 40-member trade delegation is eager to see more Louisiana farm products, such as rice, exported to Cuba, and the ports at New Orleans and Lake Charles are working hard to return to the status they had before Castro's regime.

Ports on the Louisiana coast exported nearly 50 percent of the food and agricultural products that were sent to Cuba last year, according to the U.S.-Cuba Trade and Economic Council. They compete with other U.S. gulf ports for the business.

Much of the cargo that departs from the Port of New Orleans comes down the Mississippi River from Midwestern states. Louisiana wants to see more of its own crops and other products headed to Cuba, even after Castro is gone.

Although Blanco says the mission is only to promote Louisiana trade, there are those who question the Democrat's first foreign trip as governor. The most vocal are some members of the Cuban-American community in New Orleans.

George Fowler, vice president and general counsel for the Cuban American National Foundation, said the trip is a mistake both from a moral and a business standpoint.

"What she is going to do is empower him (Castro), help him with his propaganda war to change U.S. policy," said the New Orleans attorney and Cuban native. "It's kind of like patting him on the back. We think that is inappropriate."

Fowler said Cuba has been designated as a terrorist nation by the U.S. State Department and there are other nations that would have been more appropriate destinations for trade missions. He said the trip has little value for business.

Fowler said Louisiana profits little from the cargoes that come down the Mississippi River from other states bound for Cuba. He said Louisiana might profit from some exports like rice, but he questioned whether it is worth it.

"Is money everything? Do we sell our soul for 30 pieces of gold? I don't think so," he said. "Surely, we are a great moral country and we should be the moral authority in our hemisphere and in the entire world. This is a terrible decision."

The Cuban-American community is not monolithic, though, according to Ana Lopez, director of the Cuba and Caribbean Studies Institute at Tulane University in New Orleans, and not all Cuban-Americans are opposed to the trip.

"She (Blanco) is doing the same thing a lot of other governors have been doing, taking advantage of new economic opportunities for their states," Lopez said. "Cuba has always been historically -- until the revolution -- a natural trading partner for New Orleans." Lopez said Louisiana elected "a very capable, very smart governor" and the state should be comfortable with the decisions she makes on economic opportunities. She said Blanco is doing the job she was elected to do.

"We have to trust her judgment," Lopez said. "She is a smart woman. I don't think Castro is going to bamboozle her, or brainwash her, in three days."

**Sun-Sentinel
Fort Lauderdale, Florida
8 March 2005**

Louisiana governor visits Cuba to peddle food sales

By Vanessa Bauzá

HAVANA BUREAU

HAVANA · Louisiana Gov. Kathleen Blanco arrives in Havana this afternoon for a three-day trade mission aimed at boosting food sales to Cuba at a time when the Bush administration is tightening sanctions and seeking to limit trade with the island.

Louisiana's ports rank first in shipping commodities such as wheat, soy and corn that make up the bulk of exports to Cuba. But most of that food is not grown in Louisiana. State officials and local agribusiness executives are hoping a visit from their chief executive will help cash in on lucrative sales that have made Cuba the United States' 25th largest export market.

Blanco, a Democrat, has faced opposition from exile organizations like the Cuban American National Foundation, which described her trip as a public relations victory for President Fidel Castro.

"When the governor visits someone like Castro you empower and condone him," said George Fowler, a Havana-born attorney and director of the Foundation's Louisiana chapter. "It's no longer business at a grassroots level. If she goes it has a great deal of symbolism."

Blanco's press secretary, Denise Bottcher, said the trip is "strictly trade and purposeful travel," not political. "The Foundation has not been supportive of trade [with Cuba] to begin with so that's something we don't agree on," Bottcher said. "But the rest of the state has been very supportive. We are a farm state."

Blanco will be accompanied by a delegation of 30 state officials and business executives, including rice and cotton growers and catfish farmers. She is the fourth U.S. governor to visit Cuba since Castro's 1959 revolution and the first to arrive since 2003 when Iowa Gov. Tom Vilsack canceled plans for his own trip because of the Cuban government's crackdown on 75 dissidents.

Blanco's itinerary is unclear, but she is sure to meet with members of Cuba's food importing agency, Alimport, and other trade and commerce officials.

Louisiana's ports have consistently topped all others in Cuba trade, shipping a total of \$445 million in goods to Cuba between 2001 and 2004, according to the New York-based U.S.-Cuba Trade and Economic Council, which monitors exports to Cuba. However, Louisiana ports have recently lost some Cuba business to competing ports in Alabama and Texas, which rank second and third. Florida ports rank fourth.

"[Blanco's] state has ranked first every year in terms of port activity, but the over all percentage continues to decline," Council president John Kavulich said.

"As the governor, she is the chief marketing officer of her state. There is some sense to her using the bully pulpit to attempt to reverse that trend."

The Advocate
Baton Rouge, Louisiana
7 March 2005

Blanco skirts political risk in Cuba trip

By NED RANDOLPH
Advocate business writer

Gov. Kathleen Blanco_ [HYPERLINK](#)

http://www.2theadvocate.com/stories/030705/pol_blanco001.shtml \l "#" ____ Gov. Kathleen Blanco, who is in Mexico today on the first leg of a business trip that will take her to Cuba on Tuesday, has left some observers wondering why she would choose such an emotionally charged trade mission to the island nation.

The politics surrounding communist leader Fidel Castro are complicated, as evident Friday in New Orleans news conference by Cuban-American critics of the trip.

Castro's name evokes tremendous passion among those whose property was confiscated and relatives jailed during Castro's 46-year reign. Cuban-Americans opposed to Castro claim such visits only prolong his hold on power.

Others counter that the four-decade-old embargo -- loosened a bit in 2000 to allow agricultural and humanitarian exports -- has done little to unseat Castro, and instead has caused suffering to the 11 million Cuban people, who are among the poorest in the world.

Blanco's trip -- the first by a Louisiana governor to communist Cuba -- also appears to clash with recent national policy directives by the Bush administration.

"I've said from the beginning that there are so many countries you can trade with," said Eugene Schreiber, managing director of the World Trade Center in New Orleans. "I don't like the symbolism that the first trade mission you lead is to a dictatorship." Although a visit with Castro is not on the itinerary, Schreiber, who said he admires Blanco for making such a bold move, poses the question: "Let's be honest, what happens when Castro walks in and she says, 'I don't want to get my picture with you?' They're guests in his country."

Blanco has said she is trying to open export markets for Louisiana farmers and to improve the state's economy. She is scheduled to arrive in Havana on Tuesday, after a stop-off in Cancun, Mexico, to accept the presidency of the Gulf of Mexico States Accord. The 10-year-old economic development body is represented by governors of the U.S. and Mexican states that border the Gulf of Mexico. Blanco will hook up with a 40-member delegation of Louisiana company representatives and trade officials already in Cuba. Among them are representatives of 16 companies with products ranging from long-grain rice and cattle vaccinations to fish feed stock and timber.

Cuba buys into U.S.

Since the passage of Trade Sanctions Reform and Export Enhancement Act in 2000, which loosened the 1963-era trade embargo, Cuba has steadily increased its U.S. purchases, particularly agricultural products. Last year, Cuba was America's 25th-largest export market, rising from 144th in four years, according to the New York-based U.S.-Cuba Trade and Economic Council.

U.S. companies can apply for a license from the U.S. government to sell certain products, which so far are mainly grain, rice, corn and livestock feed.

"Trade has increased 542 percent with Cuba, and most of the products originate in states other than Louisiana," said Denise Bottcher, Blanco's press secretary. "Congress allowed certain amounts of trade to occur with Cuba, and other states have opened up that line of trade," Bottcher said. "The governor believes Louisiana should sell those lines of trade to Cuba." The goods are moving through Louisiana ports on the Mississippi River but few goods originate in the state. "It's not a new idea," Bottcher said.

Yet the U.S. government still considers Castro one of its most-enduring enemies. Nearing 80 years old, Castro is the longest-surviving dictator in the world. Recently, the Bush administration waded into the controversy, taking a harder approach on sanctioned commerce with Cuba. The U.S. Treasury Office issued a rule requiring the Cuban government to pay in cash for American goods before they leave U.S. shores. Until then, the United States had required "cash against documents." That meant the product could be loaded and sent to Cuba, but would not be unloaded until the shipper was paid.

"From December 2001 to November 2004, approximately \$730 million moved through the U.S. banking system without a hiccup," said U.S.-Cuba Trade and Economic Council President John Kavulich.

"The Bush administration has increasingly used every regulatory and bully-pulpit means available to discourage commerce with Cuba," Kavulich said.

"For example, licenses to travel to Cuba, which could be obtained in as little as 48 hours two or three years ago, can now take 30 to 45 days. And license applications are routinely rejected and require additional information," he said.

Through the Office of Foreign Assets Control, the administration redefined cash in advance to receive U.S. exports, as exactly that -- money received before goods leave. In its recent news release, the Office of Foreign Assets Control justified its actions with little subtlety. "The Bush administration is committed to helping the freedom-starved people of Cuba live lives free from Castro's oppression and tyranny," the release said. "OFAC is steadfast in effectively administering the Cuba sanctions program to hasten freedom to the Cuban people," it said.

Since that decision, several members of Congress, including Sen. Mary Landrieu, D-La., have authored a bill calling for a return to the looser interpretation. Landrieu plans to discuss the matter with U.S. Treasury Secretary John Snow, said her spokesman Adam Sharp. "It is a tough issue. You often hear the discussion of supporting Castro or supporting the nation of Cuba. I think there is a distinction and difference between the people of Cuba and (its) leadership," Sharp said. "Rice, soy products and medical supplies -- these are things that will help the people of this country," he said. "It will help them have food on the table. On the other side, it opens up a new market to our farmers so they can make more money and put food on their own table."

Division issue

Since the fall of the Soviet Union, which was Cuba's main benefactor, opening trade with Cuba has become a divisive issue as some in Congress push to open its markets. For the U.S. rice industry and Louisiana ports, the relationship has quickly become a staple of their business. The Port of Lake Charles, for example, counts on Cuba for a third of its export business. Cuba is the third-largest export market for U.S. rice.

Rep. Bobby Jindal, R-Metairie, who was Blanco's opponent in the governor's race, said that while he is in favor of the U.S. embargo, he also doesn't want to see Louisiana losing ground to other states when it comes to a post-Castro Cuba. "We as a state shouldn't be doing anything to perpetuate or legitimize Castro's reign. But at the same time, I don't want to see us losing ground to Miami or Houston," he said. "We need to lay the groundwork for a post-Castro era, and be ready to resume our historic role as a trading partner with Cuba."

Kavulich said Blanco can avoid unwanted controversy by focusing only on commerce while in Cuba. He said she should follow the examples of the trade missions of former Minnesota Gov. Jesse Ventura and North Dakota Gov. John Hoeven, who made the deals and left.

"The governor should not be visiting cultural sites, schools, hospitals or biotech facilities. Her focus should be on what she can do to increase traffic from Louisiana ports to Cuba, and the opportunities for Louisiana-sourced products," Kavulich said. "And most importantly," Kavulich said, "the governor should not sign an advocacy agreement."

A recent trip to Cuba by a San Diego port commissioner whipped up a storm of controversy after he signed an advocacy agreement that committed port officials toward support of lifting the U.S. trade embargo against Cuba. Cuban officials created the nonbinding advocacy agreement for political purposes: the U.S. official commits to helping lift the embargo in exchange for a purchase agreement from Cuba.

"Cuba is seeking to influence the U.S. political process. When they commenced their purchases in 2001, the primary goal was then -- and remains today -- to influence the political process," Kavulich said. There have been cases where Cuba did not deliver on its purchase commitment or where the U.S. entity rescinded its agreement, Kavulich said.

Felipe Martinez, a Cuban-American with the state's Department of Economic Development, said Blanco will not sign such an agreement, but may draw up a "memorandum of understanding" calling for a Louisiana-Cuba Trade Day. "I don't think she's prepared to sign anything that's pro-lifting of the embargo," Martinez said. "The agreements they sign are not binding. We're not interested in signing one. We're interested in selling Louisiana products to Cuba." Her preliminary itinerary has her meeting with Alimport

officials and announcing a trade agreement with Cuba. A planned visit to the Latin American Hospital was canceled.

Blanco 'courageous'

On Friday, a group of Cuban-Americans in New Orleans denounced Blanco's trip, saying it would bolster Castro's image. Anti-Castro exile groups say companies dealing with Castro now will be on the sidelines when Cuba opens up because they will be seen as a "crony of Castro," said Nemesio J. Viso, a second-generation Cuban-American with Stonehenge Capital in Baton Rouge. "There's nothing Castro can do for the ports and businesses of Louisiana; he's strictly doing it for political reasons. It's shortsighted," Viso said. "A lot of exiles or Cuban-Americans like myself are interested in helping the transition in Cuba and think that we can form a positive, productive coalition with these same businesses.

"We think it's a much better investment to wait to work with us instead of against us. Regardless of one's politics, it's obvious that the U.S. embargo, going on 42 years, has not resulted in a street revolution in Cuba," said Bob Papanos, director of the U.S. Rice Producer's Association. Chris Alberle of FC Stone, which has exported \$80 million of corn to Cuba since 2001, said the Cubans appreciate the U.S. products. "There's no grudge, not with the Cuban people. I don't know why you want to make people suffer ...," he said.

State Sen. Robert Barham, who is traveling on the trade mission, said he understands where both groups are coming from, and believes you have to listen to both. "I am certainly not a fan of Castro or his regime, but, by the same token, in a political sense you win people over if you maintain a dialogue," he said. "I know when you stop talking you don't accomplish much. I do not think the embargo has shown much of an impact on Cuba." Schreiber of the World Trade Center worries that the controversy will cloud the actual business component of the trip. "She would deserve all the credit she gets if it expands trade. It's very courageous of her," Schreiber said of Blanco. "I take my hat off to her for doing something different. But there's nothing wrong with traditional relationships where the U.S. has embassies. They're called friends."

**San Diego Union-Tribune
San Diego, California
3 March 2005**

More U.S. companies exporting goods to nation, despite White House unease

By Dean Calbreath
UNION-TRIBUNE STAFF WRITER

San Diego Port Commissioner Khoroush Hangafarin touched off an uproar last week when he signed a trade pact with Cuba, which was almost immediately renounced by the port.

But the controversy surrounding Hangafarin's visit has obscured the fact that a growing number of U.S. ports and companies have been exporting goods to Cuba, overcoming hurdles that have been put in place by the Bush administration.

Since 2000, when a 40-year-old ban on exporting goods to Cuba was altered to allow for shipments of food and medicine, U.S. companies have sent \$792 million worth of goods to Cuba. When combined with donations, the three-year trade figure tops \$800 million.

So far, most of the trade has come from the farmlands of the Midwest, with agriculture giants Archer Daniels Midland and Cargill making most of the exports – mainly bulk supplies of corn, wheat, rice, soy products and dry milk.

But California companies have been angling to get some of the business as well, ranging from Vineyards International, a wine distributor in San Pedro that has sent two shipments of California wine to Cuba, to Lozen International, a food wholesaler in Ventura that has sent 80 tons of California grapes.

For most of the businesses, trade with Cuba is relatively minimal. But they hope that by getting their products into the island nation during the earliest stages of its opening, they will be able to rapidly expand as the economy opens up.

"The average Cuban doesn't have a lot of expendable income, so right now there's a limited market for California grapes, although they've enjoyed what we've shipped so far," said Dean Myring, who oversees Lozen's trade with Cuba. "But when you're in a competitive business, it's nice to be a pioneer in an emerging market. And once it opens up, there's going to be tons of opportunity, since they're only 80 miles away from our southern shores."

The United States imposed sanctions against Cuba in 1963, in the wake of the Cuban Missile Crisis. Those sanctions remained intact until 2000, when Congress voted to allow food and medical sales. But trade did not begin until December 2001. Since those restrictions were lifted, Cuba has become the 25th-largest market for U.S. farm goods. And the United States now ranks as Cuba's seventh-largest trading partner.

"Cuba has increased its purchases steadily over the past three years with the goal of using its purchases to influence U.S. policy, with the hope of encouraging the public to push for greater openings for travel and trade," says John Kavulich, head of the U.S.-Cuba Trade and Economic Development Council, which monitors trade with Cuba.

But the Bush administration – which has a powerful political base among anti-Castro Cubans in Florida – has felt increasingly uneasy about the trade ties. Over the past three years, the administration has tried to slow the growth of trade with Cuba. Business travel licenses that were once issued in 48 hours or less now take as long as 30 to 45 days. U.S. banks are now required to have specific licenses to receive funds that are intended to pay for Cuba exports.

The latest restriction came last week, when the administration said Cubans must pay for goods in cash before they are loaded onto ships in the United States. Previously, the Cubans were required to pay for the goods before they reached the docks in Cuba. "Economic sanctions against rogue nations – including denying them access to the U.S. financial system and hard currency – can prompt real and positive change by pressuring regimes to change behavior or policies," reads a Treasury Department policy statement on Cuba and other nations. But a number of business leaders and economists dispute that view.

"We've had trade sanctions in effect for 40 years, and Castro is still in power," said Jody Frisch, a Cuba specialist with the National Foreign Trade Coalition. "There's no logical reason why we should continue to have sanctions against Cuba when we've dropped them against other countries." Despite the restrictions, trade between the United States and Cuba has been advancing at double-digit rates. And California companies are getting into the action.

City Seafoods, a seafood distributor in Los Angeles, sent the first seafood shipments to Cuba in nearly 40 years when it shipped a 20-foot container of frozen fish in 2003. The company sent another container last year and is planning more shipments. "Considering the percentage of profit we made on the sale, the fact that we received cash in advance and the relative ease we went through in our negotiations, it compares pretty well with our experiences in the rest of the world," said Joe Heidelmaer, vice president of City Seafoods, whose sales to Cuba have totaled \$380,000 so far.

For Chris Nielsen, head of Nielsen Citrus Products in Whittier, recent exports to Havana have restored an old relationship between his company and Cuba. In the late 1950s, before Castro's revolution, Nielsen's father sold lemon and lime juice to Cuban hotels, restaurants and bars. Nielsen returned to Cuba in 2003, making a presentation with the same product, packaging and items. He ended up selling a 20-foot container of juice to the Cubans, and now he's working on a second shipment.

Nielsen said the main difference between selling his goods to Cuba and other markets is that "you're selling to a government that's essentially distributing the product to itself or its people. It's not a free-market distribution where people go into a store and say, 'I want this particular item.' The government decides what they want."

Not all the businesses that have scouted for trade in Cuba have found what they were looking for. Some – such as Bumble Bee Seafoods – felt the market was not yet ready for their goods. Others – such as C-Shore International, a food exporter in Glendale – found the hurdles to doing business a bit too high.

Jacques Isaac, who oversees business development at C-Shore, had a deal to sell 10,000 metric tons of peas and pinto beans to Cuba. But Isaac found it hard to obtain financing or insurance from his traditional sources, including the Small Business Administration and the U.S. Export-Import Bank. "Nobody in the federal government would help me out, because they have a problem with Castro," he said. "In the meantime, there are plenty of farmers in Canada who are shipping pintos and green peas." In addition, Isaac said, California companies are at a disadvantage because West Coast ports do not ship goods to Cuba. All exports from California have to be sent by train or truck to New Orleans or other ports on the Gulf Coast, adding to the cost. "If you put a link between Cuba and a California port – whether it's San Pedro, Long Beach, Los Angeles or Oakland – they'll soon be buying our nuts, wine or any other type of agricultural commodities," he said. In the end, Isaac's deal fell through. But he still touts Cuba as a good market for California farmers. "Cuba's a huge market, with 11 million people who are more than happy to buy California goods," he said. "It's a huge opportunity for exporters not only in California but all over the United States."

Successful Farming
Des Moines, Iowa
4 March 2005

Fidel, W. at odds over Cuba trade again

By Dan Looker_
Successful Farming Business Editor

Fidel and W. are locking horns again, making life more complicated for US companies that export grains and other foods to Cuba.

Late last month, the US Treasury Department announced that after March 24 agricultural goods shipped to Cuba will require payment in advance. And, in spite of a bill in the Senate to override the administrative action that seems at odds with current law allowing ag trade with Cuba, the Bush administration seems to be moving ahead with its plans.

Senate Finance Committee Chair Chuck Grassley (R-IA) isn't a cosponsor of the bill, but Grassley said earlier this week that he has already expressed his displeasure to Treasury Secretary John Snow. The Cuban government has said the new requirement could mean that shipments would be subject to liens before even leaving the US.

The new rules are "the latest attempt to stifle trade with Cuba, trade which is legal by the way. We passed the law," Senator Tom Harkin, ranking Democrat on the Ag Committee said Thursday, referring to legislation passed in 2000 that makes sales of food to Cuba exempt from the US trade embargo.

Harkin is one of a bipartisan group of Senators behind a bill sponsored by Idaho Republican Larry Craig and Montana Democrat Max Baucus to stop what Harkin calls "unlawful restrictions on food and agricultural trade with Cuba."

Finance Committee Chair Chuck Grassley said this week that he has already talked to Snow about the new rules. "I told him at that time that I was not satisfied and he would be hearing from me again," Grassley said. He said that trying to persuade Snow to change the rules is more effective than passing more legislation but he doesn't plan to talk to the President about the issue.

Friday grain company officials were meeting with bureaucrats at Treasury to learn more about how the rules will affect them. "I've got corn and wheat orders out to June," said Chris Aberle, National Sales Manager for FCStone, LLC one of three grain businesses that has been the most active in selling to the Cuban government.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said that the cash in advance requirement might not stop all trade. Some shipments have been made to Cuba under those conditions already. But neither government is making things easy.

In the last year and a half the Bush Administration has made it tougher to travel to Cuba for ag trade and thrown obstacles against financing. The amount of time to get a travel license has gone from 48 hours to about a month in the last year and a half, he said.

At the same time, the Cuban government has been requiring ag company reps to sign agreements to, in effect, lobby for better relations between to the two countries. "It's sad and it's frustrating," Kavulich said. In 2004, Cuba bought \$391 million worth of ag products from the US and ranked 25th out of 228 nations that buy US foods.

**The Oxford Press
Oxford, Ohio
4 March 2005**

Restriction on Cuban trade angers farmers, GOP lawmakers

ByNICOLAS BRULLIARD
Cox News Service

WASHINGTON — A Treasury Department decision that could hamper U.S. exports to Cuba has irked American farmers and lawmakers from rural states who view the communist island as a growing market for their products.

The decision issued last week by the department's Office of Foreign Assets Control forces Cuba to pay for American exports before they are loaded in U.S. ports. Since the United States resumed agricultural shipments to Cuba four years ago, Cuba has generally paid for American products once they had arrived at a Cuban port.

The new restriction puts the Bush administration further at odds with some of its traditional supporters, including several Republican lawmakers and American farmers already critical of the president's decision to cut farm subsidies in his budget released last month.

"On the one hand you have the Bush administration doing everything possible to discourage the transactions, on the other side you have the Cuban government doing everything it can do to antagonize the Bush administration, and in the middle sit the U.S. exporters," said John Kavulich, president of the U.S. – Cuba Trade and Economic Council, a New York-based organization that monitors commercial relations between the two countries.

In anticipation of the ruling, legislation was introduced in both chambers of Congress last month that would counter the Treasury decision and facilitate trade with Cuba by authorizing direct payments to U.S. banks. The bills are sponsored by Republicans Larry Craig of Idaho in the Senate and Jerry Moran of Kansas in the House.

The Senate bill has the support of several farm groups and 24 co-sponsors, and "momentum really continues to pick up on this bill," said a congressional source. Sen. Saxby Chambliss, R-Ga., chairman of the agriculture committee, said in a statement that the Treasury decision will make it harder to reduce the United States' growing trade deficit and that he will "explore all available options to correct this action in the coming weeks."

Cuba has not overtly criticized the latest ruling, and it remains unclear whether it will restrict imports of American products. In 2000, Congress put a partial end to a 40-year embargo on Cuba by authorizing sales of American farm products and drugs. By purchasing increasing amounts of rice, chicken, soybeans and corn from American farmers, Cuba has grown from being the United States' 144th agricultural export market in 2001 to 25th last year, with a value of almost \$400 million. Advocates of increasing trade with

Cuba cite a 2002 study by two professors from Texas A&M University that found that the U.S. economy was losing up to \$1.24 billion each year as a result of the embargo.

Kavulich said the Treasury ruling is problematic, but not insurmountable for U.S. exporters. For Cuba, however, it could mean that goods paid for by the country but still in U.S. ports could be seized by Americans who have a claim against the Cuban government.

Sen. Mel Martinez, R-Fla., the first Cuban-American to be elected to the U.S. Senate, said in a telephone interview that he approved the decision by the Treasury Department and supports the Bush administration's policy toward Cuba. "Staying tough on trade with Cuba only helps to hasten the day when the Cuban people will be free," Martinez said. "The goal ought to be a long-term trade partner that is more viable."

U.S. Rep. Victor Snyder, a Republican from Arkansas, called the Treasury ruling a "ridiculous decision" and said he will support legislation to overturn it. "I don't understand what the administration was thinking," Snyder said. "I don't see how preventing Arkansas rice farmers from selling rice is going to hurt Castro. They can go elsewhere. It just hurts Arkansas rice farmers and American farmers." The restriction will go into effect on March 24.

The Advocate
Baton Rouge, Louisiana
6 March 2005

Group blasts Blanco over plan to visit Cuba

By NED RANDOLPH
Advocate business writer

A Cuban-American group on Friday denounced Gov. Kathleen Blanco's plan to lead a trade delegation next week to the communist nation, saying it would bolster the image of dictator Fidel Castro, a sworn enemy of the United States.

"It's one thing to sell food and medicines and another thing for a governor to go to Cuba because that really highlights Castro," New Orleans attorney George Fowler, general counsel for the Cuban American Foundation, said prior to a news conference. "I know Castro is going to love having a Louisiana governor in Cuba. It's a big coup for him."

Blanco is scheduled to arrive in Havana on Tuesday after a stop-off in Cancun, Mexico, to accept the presidency of the Gulf of Mexico States Accord. That 10-year-old economic development body is represented by governors of the U.S. and Mexican states that border the Gulf of Mexico.

In Cuba, Blanco will hook up with a 40-member trade delegation of Louisiana company representatives and trade officials who arrive on Monday for the four-day trade mission. The visit marks the first by a Louisiana governor since Castro ousted Fulgencia Batista in 1959. Before that, Louisiana was the top trading partner of the Caribbean nation and remains the major channel for U.S. exports through its ports on the Mississippi River.

Fowler said Friday that his group's only objection is that Blanco has elected to go to Cuba personally -- even though he also criticized a delegation trip by Economic Development Secretary Mike Olivier last fall. "It is an insult to us who have advocated change and democracy in Cuba," he said.

To the criticism of renewing ties while Castro is still in power, Blanco says she is trying to help Louisiana farmers, who are losing out to states that have sent trade delegations to Cuba. At the Louisiana School Board's Association meeting in Alexandria, Blanco said she understands the concerns of Cuban Americans, but wanted to make the trip to help Louisiana's economy. "This trip is intended ... to create food supply for Cuban people, and certainly I think that there would be no objection to feeding the people," she said. "I just want to assure our Cuban friends that this is a very important mission. The United States government has authorized this. Other states are doing this, and I would hate to see Louisiana lose out."

Under the Trade Sanctions Reform and Export Enhancement Act of 2000, which loosened the 1963 trade embargo, companies can sell certain agricultural and humanitarian products to Cuba. Since 2001, Cuba has increased its U.S. purchases each year to become America's 25th-largest export market last year, the U.S.-Cuba Trade and Economic Council reports.

Blanco's economic development secretary, Mike Olivier, issued a Friday evening release answering critics of the trip: "Currently over 38 states are exporting to Cuba," his statement said. He also said that New Orleans Cold Storage shipped more than 19 million pounds of poultry products to Cuba in the first two months of 2005.

Many people, especially those shipping goods to Cuba, believe that the embargo has mostly hurt the Cuban people and do not agree with those who are objecting to Blanco's trip. "Castro is just one man. There are 11 million people there, and he's not going to be there forever," said Chris Alberle of FC Stone, which has exported \$80 million of corn to Cuba since 2001. "We've developed strong relationships with the Cuban people. I hate to walk away from that," he said. "The Cuban people are wonderful people, they more than understand the politics."

The timing of the trip is being used by both sides as the main reason for their support or opposition to it. Fowler said the governor's appearance ties Louisiana to a dying monster. "And if the governor goes over there, she will tie Louisiana to this dying monster forever," Fowler said.

Baton Rouge banker Nemesio Viso, whose grandfather was imprisoned by Castro from 1961 to 1981, said in advance of the New Orleans press conference that Blanco's trip is "a thorn in our side. "It will be a dagger in our heart if we see her in a photo with Castro," he said. "For 46 years now, we have all been trying to bring freedom to Cuba, and we hate to see our highest official in the state go down there for purposes that would only improve Castro's standing," said Viso, who works for Stonehenge Capital. "The embargo is starting to take effect ... we think he's depleted his bank reserves," Viso said, adding that Cuba is in default on \$18 billion of debt.

The governor's trade mission, which includes meetings with Cuban foreign ministers and a formal banquet, will last until Thursday when she will return to Louisiana. There is no word yet on whether Castro, who is not on the delegation's itinerary, will make a surprise appearance.

The Advocate
Baton Rouge, Louisiana
6 March 2005

Louisiana to seek trade with Cuba

By NED RANDOLPH
Advocate business writer

Louisiana Pride Catfish is the largest private employer in Franklin Parish with 400 full- and part-time workers. But its two processing plants are running at half-capacity these days because the company can't compete against cheaper imports of catfish coming from Vietnam and China.

Hannah Haring, the sales manager and granddaughter of the company's founder, is hoping that Gov. Kathleen Blanco's four-day trade mission to Cuba this week will help her find buyers outside of the United States. The 16 companies on the trip represent products ranging from long-grain rice and cattle vaccinations to fish feed stock and timber.

Haring called the state Department of Economic Development about the trip after reading of a previous trade delegation last fall that Economic Development Secretary Mike Olivier led to Cuba. "I certainly hope that there's a way we could sell fish over there," Haring said.

Cuba, which is taking advantage of a 4-year-old law that makes agricultural and humanitarian exceptions to a 1963 trade embargo imposed by the United States, buys most of its agricultural products in bulk from large sellers.

The Caribbean nation has steadily increased its purchases since 2001, so much so that in less than four years, Cuba has jumped from 144th to become the 25th-largest market for U.S. goods, with \$400 million in sales last year, the New York-based U.S.-Cuban Trade and Economic Council reported recently.

Advocate staff photo by Bryan Tuck

Leandro Hernandez, an employee of Louisiana Rice Mill in Mermentau, mans a conveyor belt Wednesday to transfer 110-pound bags of rice into a container. Five containers holding 431 bags of rice are headed for Cuba, a market that the company and others on a trade mission hope to tap this week.

Felipe Martinez of the Department of Economic Development said the November Louisiana trade mission landed a \$9 million purchase agreement for fish and seafood products for LA Fish in Kenner.

Such an order would go a long way for Haring, whose 3,200-acre farm can process \$20 million worth of catfish products a year. "Since our government won't raise tariffs to compete (against imports), we're trying to find other markets where we can sell fish. This is a last resort," Haring said. "If this doesn't work, we're not going to be able to stay around much longer." That's the argument -- helping Louisiana farmers and the state economy -- that Blanco is using to justify her unprecedented trade mission this week, the first for a Louisiana governor to communist Cuba.

Blanco is scheduled to arrive in Havana on Tuesday, after a stop-off in Cancun, Mexico, to accept the presidency of the Gulf of Mexico States Accord. The 10-year-old economic development body is represented by governors of the U.S. and Mexican states that border the Gulf of Mexico. She will link up with a 40-member trade delegation of Louisiana company representatives and trade officials who arrive Monday. The Advocate has reporters covering her trip to Mexico and Cuba. Of her Cuba trip, Blanco has said that as long as Congress allows certain lines of trade, Louisiana should be among the 38 states presently exporting to Cuba -- especially since Fidel Castro will not be alive forever.

Because of the exports that traverse the Mississippi River, Louisiana already is positioned nationally as the leader in channeling cargo to Cuba -- valued at \$164.8 million last year, according to the federal government.

Before Castro took power 46 years ago, Cuba was the state's top trading partner, and also the No. 1 destination for U.S. rice, said Bob Papanos, director of the U.S. Rice Producer's Association. "When the Cuban market was lost in 1963 (to the U.S. trade embargo), depending on which old man's story you believe, somewhere between three and seven rice mills in the state of Louisiana went bankrupt directly because of it," he said.

Bobby Hanks, president of Louisiana Rice Mill, sold \$6.5 million of rice to Cuba in 2004, which was 30 percent of his sales. But he used an interim buyer, The Rice Co., based in California. Hanks, who is traveling with the delegation, believes that Cuba may be the answer to boosting the state's and nation's rice business. Cuba is now the third-largest -- or may be again the largest -- buyer of U.S. rice, paying \$65 million for 160,000 tons of long-grain rice in 2004, he said. "This is a really big deal for us," Hanks said.

Cuba also accounted for 20 percent of the Southern pine lumber exports in the United States, said Joe Elder, president and founder of Louisiana-based Elder Wood Preserving Co., which sold \$2.2 million in lumber to Cuba last year.

After hurricanes Isabelle and Lili scoured the island in 2002, the Cuban government started buying lumber supplies from U.S. companies.

But Elder has to sell his wood through a middleman, who is licensed by the U.S. Office of Foreign Assets Control in the Department of Treasury. "They tie your money up big-time," he said of the U.S. government. "I am now going there to see if I will choose to get a license to sell to the Cubans." About 15 percent of Elder's exports go to Cuba. "What we're shipping is untreated wood to Cuba. It's being used for concrete

shoring and things like that because of the last hurricanes and other problems," he said. "I am in awe of how much that country brings in," he said. "We worry about our trade gap ... everything they get has to come in." Under the U.S. trade embargo, when the Cuban government pays for the goods, it sends the money to a bank in France or Switzerland, which in turns wires it to a U.S. bank. When the money arrives, OFAC investigates it, and decides whether to issue a license to the business and release the goods. "It takes a while to get that money cleared," Elder said.

Consequently, approximately 15 U.S. companies account for 90 percent of American exports to Cuba, said John Kavulich, president of the U.S.-Cuban Trade and Economic Council.

"Three of those companies account for 70 percent of the business," he said. "There are few companies involved because of the nature of the commodities. It's in Cuba's interest to buy a lot from few companies." In reality, individual farmers and small companies should not be spending time and money to travel to Cuba, he said, because the big boys are the ones mostly selling to Cuba.

"They should take their money and time, and rather than travel to Havana, travel to Illinois, Minnesota and Iowa and lobby Archer-Daniels-Midland Co., and Cargill and FC Stone to include their products in their shipments to Cuba," he said. "The Cuban government seeks to make purchases based on political gain." Representatives of many of the companies arriving Monday in Havana have their reasons for going, which are as different as the products they sell.

Grady Brown, president of the Panola Pepper Corp. in Lake Providence, who attended the American Food Show in Cuba in 2002, said the buyer from Cuba's purchasing agency, Alimport, "more or less apologized for not buying any of my Panola sauces since he was very limited in funds, but said he would like to try later to buy." Brown is attending this week's trade mission with his eye on the future. "I just keep thinking the market will open there soon and I want to keep a positive profile," he said.

Shipper Gary Frankston, based in Metairie, has been moving products to Cuba from American ports for the last two years. He's going with the trade delegation as an adviser and to meet with his Cuban buyers. Frankston is vice president of Dan-Gulf Shipping, one of only seven U.S. shippers licensed to carry products to Cuba. "The U.S. government gives out licenses," he said. "It's a fairly involved process and takes a while." Once the Cuban buyer, Alimport, signs a purchase agreement for its product, it charters a licensed vessel to pick up the goods and take them to Havana. Frankston said Cuba accounts for 25 percent of his gross revenues a year. "I've been lobbying for two years to get more interest from politicians," he said of Blanco's trip. "I'm glad to see someone finally woke up."

Dr. Gene Luther developed a vaccine at LSU to treat Anaplasmosis, a blood disease that affects cattle in Cuba. "It's a lot of cheaper than losing cattle," he said. "But we have no idea what the market may be for that."

State Sen. Noble Ellington, D-Winnsboro, sells cotton and other agricultural products to Central America, and is going to Cuba for the first time to look into possibilities for all agricultural commodities, he said.

Buddy Ragland, a Baton Rouge architect and entrepreneur, represents a startup company that will start selling protein-rich soybean products used in livestock feed. "The Cuban market has a heavy livestock and hog industry for feed lot products," he said. "For our long-term business model we may look to put processing plants offshore. One day, Cuba will obviously be a country for investment opportunities like that," he said.

Peter Lagemaate, president of AnPro Trading in Metairie, is looking to sell powdered milk products to Cuba. "Cuba is a large importer of dairy products, representing 3 or 4 percent of their imports. Other companies are ahead of the herd. "I think there is a large potential. The U.S. dairy industry has been missing out on trading with Cuba to European companies, in France, Germany and Holland," Lagemaate said.

Richard Chapman, president of Diversified Foods in Metairie, is going on the trip to determine whether he can sell his sauces and packaged food products. "This is our first trip, a fact-finder," he said. "If I come away with anything, we'd be surprised. We're just at the start of developing a potential relationship."

Jason Smith of Cargill Foods in Covington will try to sell aquaculture products to feed fish and shrimp. "As far as where we stand today, we have not made any sales to Cuba and don't have any identified buyers at this point," he said. "We're looking at markets, assessing what the market is and seeing if there are any opportunities that lie there."

State Sen. Robert Barham, R-Oak Ridge, who is a cotton farmer, said he is also representing Kennedy Rice in Mer Rouge. "Cuba is a huge buyer of rice," he said. "It doesn't make sense that Louisiana isn't in their top five of (rice imports). Cuba is buying rice from Bangladesh -- we ought to be competitive."

**The Times-Picayune
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Cuba trip brings hope, concern
Some say she should not visit

By James Varney
Staff writer

On Tuesday, as she steps off a flight to Havana, Gov. Kathleen Blanco will become Louisiana's first chief executive to visit Cuba, an official journey that she says is focused on economic issues but which inevitably is wreathed in political tension.

Opponents of the regime of President Fidel Castro, 78, one of the last redoubts of communism in the post-Soviet era, fault Blanco for dignifying a dictatorship while ignoring lucrative opportunities in democratic Latin American countries. Proponents of more normalized contact with Cuba see wisdom in her positioning Louisiana to take advantage of business opportunities, immediately and even more so after Castro's eventual demise.

Blanco has declined interview requests repeatedly over two weeks and has not answered questions that an aide in late February asked for in writing. But Cuba watchers said the reasons for her visit aren't hard to discern.

"She's looking for trade opportunities and sees some Midwestern states have partnered with Cuba with great success," said Anna Lopez, director of Tulane University's Cuban and Caribbean Studies Institute. "Poor Louisiana could use all the help it can get, and this is all perfectly legal, so why not do it?"

Some Baton Rouge officials involved in planning the trip have steered conversation away from the political issues raised by foes of the Castro regime. The anti-Castro elements in the United States are outspoken and politically active, and support for a trade embargo remains firm in the Bush administration. But although aides say Blanco is aware of the politics surrounding trade with Cuba, her goals are economic, not ideological.

"Everybody involved in this is going strictly to do business and not to do something politically," said one. "We're going to sell our stuff."

Regardless of intent, Blanco and her entourage -- including business leaders as well as other state officials -- will encounter an impoverished nation that has made grudging concessions to free markets while trying to maintain state control of the overall economy, according to recent reports by the U.S. State Department and the CIA.

Suffering economy

The population of about 11 million, spread out on an island slightly smaller than Pennsylvania, boasts high literacy and low AIDS rates, reflecting an aggressive campaign to quarantine the infected. In addition to abundant sugar and tobacco crops, Cuba has natural resources of cobalt, nickel and arable land, as well as

oil reserves that have been a source of recent speculation. Tourism has become the cornerstone of an economy desperate for hard currencies, with Europeans and Canadians making up the largest percentage of visitors.

Cuba's labor force of almost 5 million produced a 2.6 percent increase in gross domestic product in 2003, according to U.S. calculations, or almost double that according to Havana's official statistics. But that same year, the country's national debt topped \$30 billion, and Cuba ran a \$273 million annual deficit. Economically, Cuba still has not recovered from the loss of the gargantuan aid packages from Moscow that kept the island afloat during the Soviet era.

The potential customers for Louisiana exports have felt that pinch. "The average Cuban's standard of living remains at a lower level than before the depression of the 1990s," the CIA says.

The regime's human rights record is equally abysmal. In a Feb. 28 report, the State Department said Cuba routinely continues "to harass, threaten, arbitrarily arrest, detain, imprison and defame human rights advocates and members of independent professional associations, including journalists, economists, doctors and lawyers." On the bright side, the State Department said, there were no reports of summary executions or extrajudicial killings by authorities in 2004, unlike previous years.

Reaching out

Although it will surely take a while for Cuba to begin to realize its economic potential, Louisiana has a vested interest in it. Though other states have whittled away at the state's commanding dominance of maritime traffic, Louisiana remains the departure point for goods sold to Cuba under the embargo relaxations approved by Congress in 2000, according to figures tracked by the U.S.-Cuba Trade and Economic Council, a nongovernmental agency that tracks economic issues from New York.

In December, Michael Olivier, Blanco's secretary of economic development, led a smaller delegation to Havana, and the Port of Lake Charles wound up signing a "memorandum of understanding" with Cuba acknowledging mutual trade interests. The memorandum took effect immediately, but some Lake Charles officials involved caution against making too much of it.

"To be honest, it's really just a ceremonial thing," said Nathan Sukiennik, who leads the marketing arm of the Port of Lake Charles and who inked the agreement in Havana. "They said they will look at Lake Charles as a favorable port, and we said we would look at establishing business with Cuba.

Sukiennik noted that all the port's business would be with U.S. exporters, not Cuban agencies, and that there are no specified dollar amounts or tonnages anticipated. In other words, any money that might eventually flow from the arrangement affirmed in the memorandum of understanding will not prop up Castro's regime, a common complaint of people opposed to business activity between Cuba and the United States. "There weren't any political ramifications," Sukiennik said.

Since the embargo was relaxed to allow shipments of agricultural and medical products to Cuba, Lake Charles has emerged as a port with a foothold in the island market. Last year, about 80,000 tons of agricultural goods, mostly peas that originated in the Pacific Northwest, departed Lake Charles for Cuba. Prior to Castro's revolution and the subsequent embargo, however, shipments of rice alone from Lake Charles to Cuba totaled more than 300,000 tons a year.

Tied to politics?

But Sukiennik's assumption that the deal is politically neutral is naive, according to John Kavulich, who is president of the U.S.-Cuba Trade and Economic Council. Kavulich warned Louisiana officials that the type of understanding the Port of Lake Charles struck with Alimport, the government agency that controls agriculture in Cuba, is "a corruption of the commercial process." The memorandums usually include language that asks the U.S. side to lobby for additional relaxations in the embargo, according to Kavulich and the State Department.

Kavulich labeled the agreement "about as quid pro quo as it gets" and said that the ceremonial value is dear to Cuba because its leaders use the deals as levers to push for further relaxations of the embargo. But Kavulich acknowledged that the trade in agricultural and medical goods is entirely legal, provided the Cubans pay cash in advance for the shipments.

And Lake Charles is not alone in its ambition to regain standing as a gateway to Cuba. The Port of New Orleans is aggressively pursuing business with Havana, which, before Castro took charge, was its single biggest trading partner. The tonnages shipped to Havana have risen steadily during the past three years, making New Orleans No. 1 last year among U.S. ports doing business with Cuba. Gary LaGrange, chief executive of the Port of New Orleans, and four other port officials will accompany Blanco. LaGrange, who has made other trips to Cuba, did not respond to several requests for an interview.

"Port facilities in the state of Louisiana exported 49 percent of all food products and agricultural products to the republic of Cuba in 2004," according to the trade council's Feb. 13 study, "Economic Eye on Cuba." Almost \$194 million worth of goods shipped to the nation came from Louisiana ports, topping the figures from Alabama, Texas and Florida.

Competition emerges

Since December 2001, when the first shipment to Cuba under the relaxed embargo departed from New Orleans in recognition of its trading history with the island, Louisiana has handled almost 56 percent of all U.S. exports to Cuba, the trade council said. Since then, the yearly gross has rocketed from \$2.3 million to just shy of \$200 million.

But Louisiana ports already face competition in their trade with Cuba. Last month, the executive director of the port at Gulfport, Miss., traveled to Havana and renewed an agreement that Gulfport hopes will make it the premier facility for container cargo bound for Cuba. "Competition among ports in the United States is very, very aggressive right now, so when free trade with Cuba becomes a reality, it is going to be equally aggressive," Gulfport's Donald Alle said.

Olivier, who worked in economic development on the Mississippi coast before the Blanco administration hired him to lead the charge for Louisiana, said the group traveling to Cuba has designs beyond ports. The delegation includes 16 private business executives looking for a deal. "We plan to leave with a memorandum of understanding that Cuba will buy a certain amount, somewhere between \$4 (million) and \$5 million, of Louisiana products," he said. "If not specific contracts, at least leave with an indication that a contract will be forthcoming."

But for Kavulich and for foes of enhanced U.S. relations with Cuba, business considerations are less important than the politics. Kavulich said he will be watching to see whether Blanco acknowledges that she is trafficking with a dictatorship. [NOTE: Mr. Kavulich is not a foe and did not discuss trafficking; a published correction has been requested].

"Is she going to have a meeting with the U.S. interests section? Is she going to meet with any dissidents?" Kavulich asked, noting that three Republican governors who preceded her to Cuba -- Jesse Ventura of Minnesota, George Ryan of Illinois and John Hoeven of North Dakota -- did just that on trips between 1999 and 2002, signalling their awareness that life in Cuba is no bed of roses. [NOTE: Mr. Kavulich did not say that Governors Hoeven and Ventura met with dissidents; nor did he said that Governor Blanco should meet with dissidents. A published correction has been requested].

Drawing criticism

It is unclear how a meeting with the Bush administration's top official in Havana, James Cason, would play with the dictatorship. Cason, a hard-liner, has rankled his Cuban hosts with outspoken criticism of Castro's rule. In December, Cason had a large "75" put up in Christmas lights around the interests section building, a twinkly reminder of the number of librarians, journalists and other dissidents Castro jailed in a 2003 crackdown.

Last year, Cuban authorities released 13 of those 75 dissidents. The government said the releases were for health reasons, but pressure from the European Union, which over the past few years has pursued a policy of deepening trade and cultural relations with Cuba, also played a role, according to a variety of U.S. and European newspapers.

Whether or not Blanco will come to face to face with The Bearded One, as Castro is sometimes called, remains an open question. Kavulich said that, historically, Castro has been a master at exploiting the propaganda potential of visits by elected officials as high-ranking as Blanco, and he said it is a near certainty that Castro will seek a meeting. State Department officials in Washington also expressed concerns the delegation's hosts may steer them into events designed purely for political, rather than economic, purposes. Louisiana officials acknowledged they are aware of how Castro might want to play Blanco's official trip, but said they hope the visit can remain politically neutral in appearance as well as spirit.

"What Castro wants to happen, happens, and it could be he will want to meet formally or arrange something so that he bumps into the governor," one official said, requesting anonymity. "I'm not saying we're trying to discourage that or that we've put out word we don't want that to happen, but I want to be very clear that we're not actively seeking such a meeting, and we haven't talked to anyone about trying to set it up."

Some members of Louisiana's congressional delegation said the issues surrounding Cuba make the state's effort tricky. Rep. Bobby Jindal, R-Kenner, said he would stick to his pledge to not critique decisions made by the woman who beat him in the gubernatorial race, but he noted there are both federal and local issues at stake. "America is fighting a war against terror, so we need to be careful any time we engage a country that is a state sponsor of terrorism," he said. "We don't want to lose any ground to Houston or Miami, but while Cuba is a dictatorship and a state sponsor of terrorism, we need to tread carefully."

In New Orleans, the Cuban community opposed to Castro's rule has been less circumspect. At a news conference Friday, local representatives of the fiercely anti-Castro Cuban-American National Foundation blasted the trip. It was follow-up to an open letter to Blanco signed by 150 local Cubans decrying the impending visit. Neither the economy nor the government of Cuba make it an attractive trading partner, the letter said. "To visit Castro is to empower and legitimize him. He only deserves our contempt," it said. "No doubt you will sign some propagandistic agreement that will bring nothing long-term to Louisiana but shame and ridicule. Go to Latin America and establish links with financially viable countries who are not our terrorist enemies."

BNET.Com
New York, New York
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Council's future uncertain following Kavulich resignation

By Larry Luxner

The future of the U.S.-Cuba Trade and Economic Council (USCTEC) is up in the air, now that its founder and president has decided to call it quits.

John S. Kavulich, who established the organization in 1994, announced his resignation in a long and emotional Mar. 14 letter to members, saying he was "angry and indifferent," and that "this is impacting my performance."

For years, Kavulich has been quoted in CubaNews and other publications as a top expert on U.S.-Cuba trade.

"Having the organization become a primary source for journalists was a testament to the work of many," he wrote. "I have so enjoyed reading, listening and watching the organization's (and yes, my) name in newspapers, magazines and on radio and TV. There is satisfaction in having made a contribution."

Yet a combination of political inaction, burnout and his father's death in upstate New York was apparently too much for Kavulich.

"I am frustrated with the government of the United States, the government of the Republic of Cuba, members of Congress and their staffs, representatives of organizations, state and local officials, and with journalists," Kavulich told members.

"The importance of using accurate, consistent and timely information is decreasing; integrity is less important; there are increasing instances of activities by, in my opinion, two-bit hustlers towards whom agencies of the U.S. government, the government of Cuba and media seem indifferent."

Kavulich's three-page, single-spaced resignation letter appeared in Economic Eye On Cuba, a newsletter that goes to USCTEC member corporations which pay \$2,500 a year or more in dues, depending on the size of their revenues.

Kavulich, who wouldn't give his age, also declined to say how many members USCTEC has. He also had no comment on whether someone else would be named to take over the organization, what would happen to the group's website or even whether the Economic Eye will continue to be published.

"The organization remains funded and can continue. There is a question, however, as to whether there needs to be such an organization at this time--given the realities of the commercial, economic, and political relationship" between the U.S. and Cuba, he wrote.

"What is needed more at this time: an organization that provides or an organization that promotes? My vote--the provision of information remains critical. Given the complexities of the U.S.-Cuba relationship, credibility is more necessary than popularity."

In the meantime, Kavulich told CubaNews, he is "totally focused" on his late father's toy and hobby wholesale and retail business, real-estate ventures and philanthropic pursuits.

No reaction on Kavulich's resignation was immediately available from the Cuban Interests Section in Washington, though an astute observer of U.S.-Cuba trade issues told us the Castro regime "seems to have an obsessive hatred" of the man.

"The origins of that remain a mystery. Nobody's really clear why that is--Kavulich himself isn't certain," said the source, who asked not to be named.

One possibility, he said, is that "Cuba refuses to tolerate dissent, and John Kavulich frequently dissented from Cuban official figures, for example food imports under TSRA. Yet to my knowledge, John was never political. I don't recall him ever taking the position that the Cuban government should reform its state industries. His disagreements with Cuba were more on the basis of factual data."

There's no question that Kavulich was not particularly welcome in Cuba, though he denied a Mar. 16 report in the Miami Herald that said "Cuban officials repeatedly refused him visas to travel to the island."

Kavulich insists he hasn't even applied for a Cuban visa since his last trip there in September 2002. That was when he helped put together the U.S. Food & Agribusiness Exhibition in Havana--an event that generated considerable controversy of its own.

Peter Nathan, the Connecticut entrepreneur who organized that show, told CubaNews that Kavulich has made the right choice by stepping down now.

"I've been aware of John's ultimate decision for about a year, and while I think he did a marvelous job as president of USCTEC, his priorities have changed as a result of his father's passing away," Nathan said. "And since his efforts vis-a-vis Cuba seem to have come to a standstill, I think this is the right path for him to take."

**San Diego Tribune
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Commissioner defies port policy
New member signs deal with Cuban firm

By Caitlin Rother
UNION-TRIBUNE STAFF WRITER

The newest member of San Diego's Port Commission defied agency officials yesterday by representing the port on a personal business trip to Cuba and signing an import agreement on its behalf with a Cuban food company.

Kourosch Hangafarin, who was appointed to the commission less than a month ago by Mayor Dick Murphy despite opposition, signed a deal between the San Diego Unified Port District and Alimport, a Cuban food import agency, in Havana.

Although Hangafarin's agreement with Alimport is not binding without the commission's approval at a public meeting, port officials said, his actions have raised a host of questions at the federal and local levels, including whether Hangafarin could gain financially from the deal.

The news stunned Port Commission Chairman Bill Hall, who said he was upset when Hangafarin faxed over the memorandum of understanding between the Port District and Alimport, allowing more U.S. food to be shipped from San Diego to Cuba. "I am concerned by it; I don't like it," Hall said last night. "Basically, he didn't act in accordance with policy, but he's new to the board, so I'm going to look at what the repercussions may be."

Hangafarin's move comes at a sensitive time in Cuba's trade relations with the United States, which have been tenuous since economic embargoes were imposed in the early 1960s. On Tuesday, the Treasury Department announced a new rule requiring that Cuba pay cash in advance of getting any U.S. shipments of food and medicine – a move that Alimport officials say will jeopardize trade between the two countries.

Hall said he asked port staff members to talk with the federal departments of state and commerce about trade deals with Cuba, especially in light of the latest restrictions. Asked whether Hangafarin might face disciplinary action, Hall said: "That remains to be seen." After receiving the fax yesterday, Hall spoke to Hangafarin by phone.

"I said, 'You are not there on port business and you are not to sign anything on behalf of the port,' " Hall said. "He apologized and indicated he didn't understand the ramifications." Hangafarin told Hall that he had gone ahead with the agreement because "he felt that this was a good opportunity to develop trade alternatives for the port of San Diego." "That is certainly one of our goals," Hall said, "but not this way." In a statement last night, Murphy said: "Until we know more, we are referring all questions to the port. However, I would be surprised if Kourosch Hangafarin intentionally did anything wrong." Hangafarin, who apparently was still in Cuba last night, did not respond to a page to his cell phone.

The seven-member Port Commission regulates the San Diego Bay state tidelands and the Imperial Beach ocean front. Members are selected from the district's five member cities, San Diego, National City, Coronado, Chula Vista and Imperial Beach.

Before leaving on a port-authorized trade mission to Australia this month, Hangafarin told port officials he intended to go to Cuba afterward for some personal business. He asked "whether it might be worthwhile to represent the port," Hall recalled, "and we basically said no."

"Before we do something like that we want to look at the ramifications and talk to the right people from a policy standpoint before we go treading into those waters," he said.

A Reuters photo yesterday featured Hangafarin at a news conference with Pedro Alvarez, the head of Alimport; and William Lane, chairman of American Trading Services, a San Diego-based company that imports and exports food and medicine. During the meeting at which Hangafarin signed the agreement with Alimport, Alvarez also signed a deal with American Trading Services to buy \$30,000 in packaged drinks and bread products.

Murphy nominated Hangafarin to replace businessman Peter Q. Davis on the Port Commission after Davis ran against him and lost in the mayoral primary last year. Murphy considered his friend's challenge a betrayal. He said he was nominating Hangafarin in part because Iranian-Americans are underrepresented on city boards and commissions.

Hangafarin's appointment was opposed by those who objected to his behavior while on the county's Planning Commission. County staffers contended that he was verbally abusive to them and commission members said he was contentious at meetings. He also sent e-mails inviting county staff to Republican fund-raising events. The County Counsel's Office told him the invitations were inappropriate and should be discontinued.

Councilwoman Donna Frye, who voted against the appointment along with Councilwoman Toni Atkins, said she was practically speechless at the news of Hangafarin's actions.

"What a bummer," she said. ". . . We never had this type of problem, or alleged problem, with Peter Q. Davis. And certainly I'll be interested to hear both sides of the story, but it seems that there may be a real problem."

Hangafarin, 45, is managing director of The Corbis Group, an international consulting and marketing company. His bio says he has helped raise campaign funds for Republican candidates including George W. Bush, Darrel Issa, Pete Wilson, Bob Dole and Matt Fong. He also has said he contributed to Murphy's mayoral campaign. At the news conference yesterday, Alvarez told reporters that the Treasury Department's rule announced Tuesday "ignores the will of the U.S. Congress," which authorized agricultural sales to Cuba in 2000.

"Goods earmarked to the Cuban people could apparently be liable to court-ordered seizures in the United States to satisfy legally groundless claims against Cuba," he said, adding that U.S. farmers, shipping companies and ports stood to lose Cuban business because of the decision. Trade with Cuba, while restricted, has increased in recent years.

Last year, the United States shipped \$378 million worth of agricultural goods to Cuba – mostly rice, corn, chickens and wheat. Most of the goods were shipped through ports on the Gulf Coast. New Orleans handled \$193 million worth of Cuba-bound exports; Houston and Mobile, Ala., \$77 million each; and Tampa, Fla., \$35 million. By comparison, the port of Los Angeles – the only West Coast port to handle shipping to Cuba – shipped only \$71,000 worth of cargo, according to the U.S.-Cuba Trade and Economic Council.

Gregory Estevane, a former business partner of an American Trading Services official, said there is plenty of room for California ports to become involved in trade to Cuba. "We're already shipping goods through the Panama Canal to places like Jamaica and the Virgin Islands," he said. "It wouldn't be any harder to ship them through Cuba." A State Department spokesman was not available last night to speak about the matter.

In recent years, trade missions of businesspeople, members of Congress and other government officials have routinely gone to Cuba and struck trade deals for apples, raisins, grains and poultry – often meeting over a lengthy dinner with Cuban leader Fidel Castro.

Since 2000, Castro's government has gone from the 226th largest market for U.S. agriculture exports to 21st, with total purchases of \$1 billion, the senators said.

Sun-Sentinel
Fort Lauderdale, Florida
26 February 2005

Cuba threatens to halt trade
Call for cash in advance draws anger

By Vanessa Bauza and Rafael Lorente
STAFF WRITERS

HAVANA · While stopping short of announcing a freeze in multi-million dollar U.S. agricultural purchases, Cuba's food importing agency said the Treasury Department's new rule requiring cash in advance of U.S. shipments is an obstacle jeopardizing trade.

The practice could put exports at risk of being seized as compensation for lawsuits brought by Cuban exiles against President Fidel Castro's government and signals a new step in the Bush administration's efforts to block Cuba exports and tighten sanctions, Alimport president Pedro Alvarez said.

"To purchase from the U.S. under the new measure would be highly unreliable, for the direct food sales to the Cuban population, including its children ... would be at risk," Alvarez said Friday in his first comments since the U.S. rule was announced on Tuesday. "The U.S. Treasury pronouncement places the American producers, carriers and port operators in disadvantage and gives ground to competitors in other foreign markets."

The Treasury Department's clarification of existing trade regulations requires Cuba to pay for American agricultural exports in cash before they leave U.S. ports, rather than while they are in transit, the general practice since 2001.

Cuba has purchased \$792 million in corn, rice, soy, wheat, chicken and other food products from U.S. agribusiness companies between 2001 and 2004, making it the United States' 25th largest export market, according to the New York-based U.S.-Cuba Trade and Economic Council.

On Capitol Hill, the Treasury Department's new rule has angered bipartisan farm-state legislators who argue the Bush administration is redefining international trade norms in an attempt to disrupt food exports. The rule has also sparked increased interest from Republican senators in a proposed bill that would ease restrictions on doing business with Cuba.

The bill, introduced earlier this month by senators from both parties, including Republican senators Larry Craig of Idaho, Pat Roberts of Kansas and Richard Lugar of Indiana, as well as Democratic Sen. Max Baucus of Montana, would allow Cuba to pay for U.S. agricultural products while shipments are in transit and grant permission for direct transactions between Cuban and U.S. banks, something that has been illegal for decades.

Craig said the new Treasury Department ruling could hurt American farmers and put them at a disadvantage. "Alimport's statement further underscores our point that additional restrictions imposed by [the Office of Foreign Assets Control] may completely jeopardize U.S. agriculture products to a much-needed and growing export market," Craig said. "Simply put, backward-thinking bureaucrats buried in Cold War mentality are harming American farmers."

Council President John Kavulich, who monitors trade to Cuba, said Castro's government missed an opportunity to send Congress a stronger message that it would not continue to tolerate tighter trade restrictions by announcing it would halt purchases altogether.

"Today Cuba is vacillating when it shouldn't. There should be a firm response and the response should be until the Bush administration reverses its payment rule ... Cuba will purchase no more food products," Kavulich said. "Until the Cubans say enough, the Bush administration keeps doing what it wants because there are no consequences."

Embargo supporters backed the Treasury Department's ruling, saying it clarified a gray area in the Trade Sanctions Reform and Export Enhancement Act, which legalized Cuba food sales in 2000.

"The congressional intent of the legislation was always cash in advance," said Rep. Ileana Ros-Lehtinan, R-Miami. "I don't know how it got twisted around ... In advance means before any movement of the goods takes place.

"Behind all of this is just a drive by multi-billion dollar agribusiness ... to break the back of the embargo," Ros-Lehtinen said.

The new rule will take effect in one month. Alvarez said he feared food shipments could be seized before they leave American ports to pay for pending U.S. settlements against Cuba.

The seizure of Cuban property does have a legal precedent. In 2002, a judge ordered the seizure of a Russian-made Antonov AN-2 that was used by eight Cuban defectors to fly to Key West. Proceeds from the sale of the airplane were to go to Ana Margarita Martinez as partial payment for a \$27.1 million settlement she won against the Cuban government under an anti-terrorism law. Martinez sued saying she had been used as a pawn by the Cuban government and her ex-husband, Cuban spy Pablo Roque.

The Advocate
Baton Rouge, Louisiana
25 February 2005

Export rule upsets La. farmers

By NED RANDOLPH
Advocate business writer

The Bush administration's new interpretation of how Cuba pays for U.S. food products has drawn an angry reaction from the Cuban government, which is threatening to pull out of the recent trade relationship.

It also puts a damper on Gov. Kathleen Blanco's efforts to sign trade agreements with Cuba's communist regime during her trip there in March.

"It's not a good thing for relations at a time when we're making some inroads," said Felipe Martinez with the state's Department of Economic Development. "It just throws a wrench into the machinery."

Under the 2001 Trade Sanctions Reform and Enhancements Export Act, which makes exception to the 1963 U.S. trade embargo, Cuba can buy certain American food and humanitarian products on a cash-only basis. U.S. companies have since exported \$790 million in agricultural products to Cuba -- chiefly rice, corn, chicken, wheat, soybeans and powdered milk.

The rules require payments to be made in advance. Under the original interpretation, an arriving U.S. ship would wait offshore while the Cuban payment is wired through a third party to a U.S. bank before unloading.

But earlier this week, the Office of Foreign Assets Control in the Treasury Department issued a new interpretation that Cuban payments must be received before the shipment leaves U.S. ports. The interpretation, which will take effect in a month, drew opposition from U.S. exporters as well as the Cuban government, which said Thursday it would leave their goods vulnerable to seizure by Cuban exiles with legal claims against Cuba.

"If they manage to obstruct trade, Cuba will find alternative suppliers," the president of Cuba's National Assembly, Ricardo Alarcon, told Reuters. "They are shooting themselves in the foot."

In 2004, Cuba became the 25th largest export market for U.S. agricultural products with \$400 million in sales, according to the non-partisan U.S.-Cuba Trade and Economic Council.

"This makes it extremely difficult," said Bobby Hanks, president of the Louisiana Rice Mill in Eunice. "Does the interpretation of 'payment before shipment' mean before it leaves the mill or before it leaves the port or before it loads on the vessel?" Hanks, who signed a contract with Cuba on a trade mission in 2003, said he has sold \$6.5 million of long-grain rice to Cuba. The loss of those shipments would take a significant chunk of his business.

U.S. legislators in farm states oppose the change in policy, and Louisiana Sen. Mary Landrieu has signed onto a bill to reinstate the original interpretation. U.S. rice producers are equally incensed: "Even if Cuban buyers were inclined to honor their existing contracts despite these unilateral changes by our government, the new requirements will increase the costs of U.S. exports and add unnecessary paperwork burdens to each transaction," Dwight Roberts, President and CEO of the U.S. Rice Producers Association said in a release. Cuba is the third-largest buyer of U.S. rice, Roberts said.

Pedro Alvarez, head of the Cuban food import agency Alimport, said Cuba would honor its commitments with American suppliers, though trade will inevitably decline if conditions become more difficult. "That's a deal killer if it goes through," DED's Martinez said.

Johns Hopkins News-Letter
Baltimore, Maryland
25 February 2005

FAS 2005 opens with Cuba panel

Speakers focus on American role in easing diplomatic tensions

By Suzanne Nizza

The Foreign Affairs Symposium began its 2005 lineup of speakers Wednesday with a discussion on the political and economic future of Cuba, featuring a panel of experts on the subject. Titled "Recognizing Cuba?," the panel addressed the troubled relationship between the United States and its island neighbor since the rise of Fidel Castro decades ago.

"Since at least 1898, the U.S. has been the primary threat to Cuban independence," said Hopkins professor Wayne Smith, one of the panelists. "The pressures...over the past 40 years have been counter-productive. Castro loves it; he plays David to our Goliath." Smith stressed the need to increase the level of contact and engagement between the two nations if the hope is to bring about change. "The Bush Administration's... objective is regime change, and their primary mode of doing this would be to support the dissidents. But this is exactly the wrong way to do it."

David Mutchler, senior advisor on Cuba at the U.S. Agency for International Development, focused more on the role and motivations of Cuban dissidents than the nation's relationship with the U.S.

"If you look at the past 10 or 15 years in Cuba, you'll see that this very small group [of dissidents] has been growing -- not only in numbers but in courage," said Mutchler. He added that the same motivations bringing students to the presentation in Mudd Auditorium drive the growing number of dissidents in Cuba to risk incarceration or worse in search of political freedom. "They don't have a chance against this government," Mutchler said. "You can't just sit back and say [that] the way things are in Cuba right now are fine because they've been there for 46 years." He claimed that ideological disunity among the dissidents has led to problems, but he cited several examples of highly motivated individuals who have made a difference by taking advantage of available political avenues.

The remaining speaker was John S. Kavulich II, the president of the U.S.-Cuba Trade and Economic Council, a private, not-for-profit and non-partisan organization. Through an outline of the economic history

of Cuba, he sought to demonstrate that U.S. policy toward Cuba was largely driven by campaign politics. In 1992, 1996, and 2000, Congress passed laws regarding sanctions against Cuba, but in each of these years an election was held, Kavulich noted.

He also commented on the recent announcement of the Bush Administration about changes to the ways in which companies are paid for exports from the U.S. While this policy has the potential to be somewhat problematic, "U.S. companies still know that they've been able to sell billions of dollars worth of product that they otherwise wouldn't have been able to sell.

Following the speakers' presentations, students questioned the panelists as to what the death of Fidel Castro will mean for the future of U.S.-Cuba relations. "I have the sense that he wants to hold on to what he has," Smith said. "The Cuban economy is not doing all that well. It's not going to collapse and we certainly aren't going to bring it down."

Mutchler added, "In my view, if they don't begin to address peoples' basic human rights, they're going to have the potential for a social explosion in Cuba, especially once Castro's gone."

The 2005 FAS lineup presents the theme, "Enduring Responsibility: America and the Politics of Conflict Resolution," focusing on regional and ethnic strife and the role the U.S. has chosen to play in their resolution or aggravation. The next event is titled, "Defining Genocide in Africa," and will be held Tuesday, March 8 at the Great Hall in Levering, at 8 p.m.

**The Wall Street Journal
New York, New York
25 February 2005**

AMERICAS BUSINESS NEWS

Cuba Limits Workers' Contacts With Tourists

Reuters

February 25, 2005; Page A16

HAVANA -- Cuba has ordered its tourism workers not to accept tips from foreigners, an effort to defend socialism that threatens to slash earnings of employees whose work provides Cuba's main source of hard currency.

The order, obtained by Reuters late Wednesday, to reject tips and gifts and limit other contact with foreigners was cast as a way to protect the purity of socialist values. But some Cubans said the order was a throwback to Soviet-style control that existed before Cuba opened up to tourism and foreign investment in the early 1990s.

The rules, which took effect last week, also may further undermine the quality of service at Cuban hotels, where tourists frequently complain about cockroaches and bland food -- and don't return, said the head of a U.S.-Cuba trade group.

A resolution signed by Tourism Minister Manuel Marrero ordered the 100,000 Cubans directly employed in tourism to "limit relations with foreigners to the strictly necessary." For two years, President Fidel Castro's government has moved to restore central command over the economy and curb the "corrupting" influence and creeping inequalities brought by foreign business, tourism and access to hard currency.

Cubans working in tourism earn average monthly salaries of \$12 to \$15 paid in Cuban pesos. With tips, tourism work is one of the island's best-paying occupations.

The government reluctantly legalized dollar possession in 1993 as it opened the country to tourism to keep afloat, after losing huge subsidies and aid when the Soviet Union collapsed.

**Reuters Americas
London, United Kingdom
24 February 2005**

Cuba curbs tourism workers contact with foreigners

By Anthony Boadle

HAVANA, Feb 24 (Reuters) - Cuba has ordered its tourism workers to not accept tips from foreigners, in an effort to defend socialism that threatens to slash earnings of employees whose work provides Cuba's main source of hard currency.

The order, obtained by Reuters late on Wednesday, to reject tips and gifts and limit other contact with foreigners was cast as a way to protect the purity of socialist values.

But some Cubans said the order was a throwback to Soviet-style control that existed before Cuba opened up to tourism and foreign investment in the early 1990s. "This is what it was like in 1991, when we weren't allowed to speak to any tourist. We are going back to that again," said a former Varadero hotel barmaid. "I haven't had the courage to read the resolution to my staff yet," said the manager of a five-star hotel in Havana. The new policy may also further undermine the quality of service at Cuban hotels, where tourists frequently complain about cockroaches and bland food, and don't return, said the head of a U.S.-Cuba trade group.

A resolution signed by Tourism Minister Manuel Marrero ordered the 100,000 Cubans directly employed in tourism to "limit relations with foreigners to the strictly necessary." It calls on tourism workers to "maintain a conduct faithful to the fatherland and respect for the constitution, the socialist laws and government policy."

For two years President Fidel Castro's government has moved to restore central command over Cuba's economy and curb the "corrupting" influence and creeping inequalities brought by foreign business, tourism and access to hard currency.

The new rules took effect last week. They will undermine the quality of service by cutting incentives for Cuba's tourism workers, said shocked foreign hotel managers. Cubans working in tourism earn average monthly salaries of \$12-\$15 paid to them in Cuban pesos, and rely heavily on tips to supplement their incomes. With tips, tourism work is one of the island's best-paying occupations. The order says employees must turn over tips and gifts to their bosses. It also calls on employees to remain "vigilant" of actions and conducts that hurt the interests of the Cuban state. Employees have already been informed in Varadero, Cuba's top beach resort, which attracts thousands of mainly Canadian and European tourists each year, the Havana hotel manager said.

The Cuban government reluctantly legalized dollar possession in 1993 as it opened up the country of 11 million to tourism to keep afloat, after losing massive subsidies and aid when the Soviet Union collapsed. Before then, Cubans used their dollar tips to ask foreigners to buy them consumer goods in "diplomatic shops" they were barred from entering. Tourism is now Cuba's main hard currency earner, and 2.1 million tourists visited the Caribbean island last year, an 8 percent rise over 2003. They stayed at dozens of hotels built over the decade at beach resorts and managed by foreign hotel chains. Castro recently said Cuba's one-party state was "rising like the phoenix" from the ashes of its 1990's economic meltdown.

But John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors trade with Cuba, said the new order would hurt the tourism industry. "Employees will be scared to interface with guests," he said. "Cuba's visitor demographic will continue to erode, limited to visitors who seek sun, sand, alcohol and food, not caring about quality, but about low price and quantity," he said.

**El Nuevo Herald
Miami, Florida
23 February 2005**

EEUU aprieta las clavijas al comercio con Cuba

WILFREDO CANCIO ISLA

En una decisión que refuerza el control sobre las ventas a Cuba, Estados Unidos indicó ayer que el régimen de Fidel Castro deberá pagar por adelantado y en efectivo cualquier envío de productos agrícolas estadounidenses hacia la isla.

'Para los propósitos de esta licencia [de ventas], el término 'pago en efectivo por adelantado' significa que el pago es recibido por el vendedor o el agente de la compañía exportadora antes de que las mercancías salgan del puerto donde fueron cargadas', señaló el documento emitido el martes por la Oficina de Control de Bienes Extranjeros (OFAC) del Departamento del Tesoro.

Hasta el momento, la empresa estatal Alimport abonaba el monto convenido con la firma estadounidense una vez que el embarque de mercancías llegaba a los puertos cubanos.

CRISTOBAL HERRERA / AP

PEDRO ALVAREZ (izq.), presidente de la empresa estatal cubana Alimport, recibe a empresarios del estado de Washington. El gobierno de EEUU indicó ayer que La Habana deberá pagar por adelantado y en efectivo cualquier envío de productos agrícolas.

"Esta aclaración de los reglamentos de ventas no afecta para nada la capacidad de los exportadores estadounidenses para realizar envíos a Cuba, pero sí asegura que ellos reciban los pagos antes de que las mercancías sean embarcadas rumbo a la isla", comentó Molly Millerwise, una portavoz de OFAC.

El texto de ocho páginas de OFAC precisa que la medida se hará efectiva inmediatamente, pero otorgará 30 días a las firmas exportadoras para que realicen sus transacciones pendientes con la isla. Después del 24 de marzo, toda operación deberá proceder bajo la nueva regulación.

"El propósito de estos 30 días es facilitar un período de transición", indicó OFAC, que desde el pasado noviembre anunció que esclarecería los reglamentos de pago establecidos por la llamada ley TSRA (para autorizar las ventas a Cuba), aprobada en el 2000.

El anuncio se produce en momento de un intenso debate en el Congreso, atizado por las compañías exportadoras y líderes políticos de numerosos estados agrícolas, sobre la posibilidad de flexibilizar los vínculos comerciales con Cuba.

El senador Max Baucus, demócrata por Montana y prominente figura del subcomité de Finanzas, reaccionó enérgicamente al conocer las nuevas normas de pago.

"Ahora que han decidido este cambio, cumpliré mi palabra de bloquear la confirmación de cualquier nombramiento para el Departamento del Tesoro, porque es algo que debo a los productores agrícolas de mi estado", dijo Baucus, quien junto a una veintena de senadores auspicia un proyecto legislativo para favorecer las transacciones comerciales a Cuba.

La propuesta bipartidista, presentada por el senador Larry Craig, republicano por Idaho, podría discutirse tan pronto como la semana entrante.

Baucus manifestó que tratará de impedir este procedimiento "porque significa sacar \$15 millones directamente de los bolsillos de los productores agrícolas".

En opinión de John Kavulich, presidente del Consejo Económico y Comercial EEUU-Cuba, las nuevas disposiciones de OFAC "aunque esperadas no son una buena noticia" para las operaciones mercantiles entre ambos países.

"La más poderosa influencia de estas regulaciones es que el gobierno de Cuba decida suspender sus compras en los próximos días", pronosticó Kavulich en conversación telefónica desde Nueva York. "La ironía de todo esto es que la más filosa arma de la política de EEUU hacia Cuba ha quedado ahora en manos del gobierno cubano".

Desde que se iniciaron las ventas de alimentos a Cuba, en el 2001, las transacciones alcanzan unos \$1,000 millones. Sólo el pasado año el monto de las operaciones subió a los \$391.9 millones, un incremento superior al 50 por ciento con relación al período precedente.

Pero Cuba considera que cualquier cambio en las formas de pago es una maniobra de la administración de George W. Bush con la intención de obstaculizar un comercio beneficioso para ambas partes.

El propio presidente de Alimport, Pedro Alvarez, sugirió incluso viabilizar las transacciones financieras directas, sin necesidad de acudir a sucursales bancarias de terceros países, y advirtió que Cuba desviaría su presupuesto para adquirir mercancías en otros mercados.

Influyentes organizaciones agrícolas y firmas exportadoras habían iniciado un intenso cabildeo ante la Casa Blanca para impedir cambios legales "innecesarios y dañinos" a los procedimientos de pago desde Cuba.

Empresarios y expertos coinciden en que esta "reinterpretación de TSRA" es inaceptable, pues comporta el riesgo de que ciudadanos estadounidenses que reclaman compensaciones de Cuba por decisión judicial pudieran entablar querellas para apropiarse de los cargamentos antes de que las embarcaciones abandonen los puertos de EEUU.

Según Kavulich, la decisión de OFAC acelerará la aprobación en el Senado de la legislación favorable a las ventas, presentada por el senador Craig.

"La aclaración parece más una tergiversación del espíritu de la ley aprobada para las ventas a Cuba", dijo anoche Dan Whiting, vocero de la oficina de Craig. "Este cambio anula la competitividad de los exportadores estadounidenses".

**Reuters Americas
London, United Kingdom
22 February 2005**

U.S. Demands Payment Before Food Sails for Cuba

By Charles Abbott

WASHINGTON (Reuters) - The Bush administration on Tuesday demanded that Cuba pay cash for U.S. food items before they are shipped to the island -- a change farm state lawmakers said could choke off lucrative food sales.

Congress authorized cash sales of food to Cuba in 2000, a notable exception to the overall U.S. trade embargo in place since the 1960s. Backers, including some Republican lawmakers, say Cuba is a natural market for U.S. farm goods and that trade will encourage democratic reforms.

Cuba bought about \$392 million in U.S. farm exports last year, chiefly rice, corn, chicken, wheat, soybeans and dry milk. It has spent \$792 million on U.S. food since sales began.

"I'm outraged at this attempt by Treasury Department bureaucrats to choke off U.S. agricultural sales to Cuba," Sen. Max Baucus said in a statement. The Montana Democrat said he would try to block Senate approval of future Treasury Department nominees in retaliation.

Senate Finance Committee chairman Charles Grassley, an Iowa Republican, also said he was considering a response to the new rule. "Treasury's final rule will likely lead to a reduction in U.S. agricultural exports..."

to Cuba. That seems to run counter to the intent of Congress in passing the Trade Sanctions Reform Act of 2000. I can't see any legitimate reason for reinterpreting the law this way," Grassley said in a statement.

The Bush administration has toughened rules on trade and travel to Cuba following a Cuban crackdown on pro-democracy activists. But some skeptics say the administration goal simply is to inconvenience Havana and force Cuba to spend more of its scarce foreign exchange. Farm and business groups have warned since early December that changes were in store on how the U.S. government defined cash payment in advance. They said a requirement of payment before shipment was "contrary to the norms of international trade" and more restrictive than the usual cash sale.

In its announcement, the Treasury Department said it would allow a 30-day transition period from the current system, in which exporters commonly dispatch cargo and await payment before handing it over to Alimport, Cuba's food importer. Exporters say that system cuts freight costs.

"I wrote the law that they are now misinterpreting. It does not require the wrong-headed action they are taking today," said Sen. Byron Dorgan, a North Dakota Democrat.

Export sources and a New York-based group that monitors U.S.-Cuba trade said the future of American food sales to Havana was in the hands of Cuban President Fidel Castro. Cuba might respond to the new terms by halting U.S. purchases.

"Right now, the greatest leverage to seek change ... lies in Havana," said John Kavulich, head of the U.S.-Cuba Trade and Economic Council. If Cuba stops U.S. food purchases, it could spur Congress to approve a bipartisan Senate bill making it easier for agribusiness travel to Cuba and allowing direct transactions between U.S. and Cuban banks on food sales.

At present, cash sales of U.S. food must be made through third-country banks.

**Agence France-Presse
Paris, France
23 February 2005**

US sales to Cuba strictly on cash and carry basis: Washington

WASHINGTON : Cuba must pay in advance for food and medicines purchased in the United States, the US Treasury announced, angering US suppliers.

The US Treasury on Tuesday further tightened rules designed to pressure democratic change in Cuba.

Treasury's Office of Foreign Asset Control said in a statement the new rule "balances OFAC's responsibility to administer effective sanctions against Cuba while ensuring the island can continue to receive food shipments, medicine and medical supplies from US exporters."

The United States has had an embargo against the only Communist nation in the Americas for 40 years. In 2001, food and medicines were exempted.

President George W. Bush has tightened travel and monetary restrictions with the stated goal of forcing change.

"The rule change is not welcomed," said John Kavulich, director [president] of the New York-based US-Cuba Trade and Economic Council.

"The rule change will make existing transactions more difficult (it) will not make impossible transactions," he said.

Bush earlier imposed a rule requiring Cuba pay for all US goods within 72 hours of shipment from the United States.

Now, however, payment must be received before the goods may be shipped, Treasury said.

A 30-day transition period went into effect Tuesday, Treasury said, allowing exporters to ship goods against letters of credit. All payments must be received within the next 30 days.

**Reuters Americas
London, United Kingdom
18 February 2005**

U.S. Gulf Ports Vie for Growing Cuba Business

By Anthony Boadle

HAVANA (Reuters) - Mississippi state officials renewed an agreement with Cuba on Thursday aimed at making Gulfport, Mississippi, the main facility for container cargo to Cuba as U.S. ports seek to secure growing business with the island.

Cuba has agreements with a dozen U.S. ports vying for a bigger share of the trade in agriculture goods to Cuba, amounting to 3.5 million tonnes -- valued at \$792 million -- since food sales began in 2001 under an exception to the four-decade-old U.S. embargo.

"We have a desire to be the premier handling facility of cargoes destined for Cuba," Gulfport Executive Director Donald Alle said at a news conference in Havana. "Competition among ports in the United States is very, very aggressive right now, so when free trade with Cuba becomes a reality, it is going to be equally aggressive," Alle said.

Cuba became the United States' 25th-largest agricultural export market in 2004 as purchases jumped 55 percent, mainly bulk shipments of corn, wheat, rice and soybeans, but also chicken, powdered milk, wine, lumber and newsprint, a report released on Monday said.

Louisiana port facilities have so far accounted for 56 percent of the exports to Cuba, according to the report by the New York-based U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries. The first shipment to Cuba, corn sold by agribusiness giant Archer Daniels Midland Co. of Illinois, left from the Port of New Orleans in December 2001. Ports in Texas, Alabama, Mississippi and Florida have gained sizable shares of the Cuba business, followed by Georgia and Virginia, the report said.

The first U.S. container shipped to Cuba in four decades was dispatched from Gulfport where shipments to Cuba -- including poultry, consumer food products and lumber -- are "rapidly approaching 10 percent of our ship traffic," Alle said.

AUTOMOBILES AND TOURISTS

Gulfport, just 36 hours' sailing time from Cuba, is looking to a future when sanctions are fully lifted to ship automobiles, chemicals and clothing to the island, as well as tourist traffic, Alle said.

That prospect appears unlikely during the current administration of President Bush, who has tightened sanctions on Cuba's communist government, which Secretary of State Condoleezza Rice has called "an outpost of tyranny."

Over the last two years, Washington has further restricted travel and cash remittances to Cuba. The U.S. Treasury Department has also delayed some Cuban payments to exporters as it considers tightening rules on the cash-only trade with Cuba by requiring prepayment for U.S. goods before they are shipped.

Pedro Alvarez, president of Cuba's food import agency Alimport, said the new "hurdles" had cost Cuba \$10 million in extra charges as it turned to other countries for \$150 million in goods it would otherwise have bought from U.S. producers.

On Feb. 9, a group of Senate Republicans from farm states introduced legislation that would stop the Bush administration from tightening rules for exports to Cuba. The legislation would also ease travel restrictions on Americans interested in selling agriculture goods to Cuba and would allow direct transactions between U.S. and Cuban banks for financing food sales. Currently, third-country banks must be used for such transactions.

The Advocate
Baton Rouge, Louisiana
17 February 2005

Cuba growing market for food from U.S., business group says

By Advocate staff and wire services

Louisiana's timing on an upcoming trade mission to Cuba comes as the island nation leaped to No. 25 on the United States' list of food export markets.

The communist government and American food producers are taking advantage of an exception to a long-standing U.S. trade embargo, a leading Cuba-U.S. business group reported this week.

The New York-based U.S.-Cuba Trade and Economic Council Inc. said in a report released Monday that U.S. companies exported \$391.9 million worth of products including wheat, corn, rice, chicken and soybean oil in 2004. Gov. Kathleen Blanco wants to win some of that business for Louisiana during her trade mission to Cuba on March 8-11.

Under the 2000 Trade Renactment and Enhancement Act, Blanco wants to arrange for seafood, agricultural and timber products to be sold to Cuba by Louisiana businesses. A historically strong trading partner before the four-decade-old trade embargo -- especially with Louisiana -- Cuba slipped to last on a list of 226 U.S. food export markets. Since the 2000 exception, which allows agricultural goods and medicines to be sold on a cash-only basis, the island has steadily increased its standing, from 144th place in 2001, 50th place in 2002, and 35th place in 2003 to its current 25th.

"That's a spectacular increase," council president John Kavulich told The Associated Press Tuesday. The council, which tracks trade between the two nations, also reported that port facilities in the state of Louisiana continued to hold steady as the top transportation points, exporting 49 percent of all food and agricultural products leaving the United States for Cuba in 2004.

Facilities in Texas, Alabama, Mississippi and Florida are among other top export points, the report showed.

Under its new ranking, Cuba buys more American food than several other countries in the region with regular U.S. trade ties, including El Salvador, Panama, Venezuela, Peru and Brazil. It also buys more than India, Pakistan, Vietnam and Portugal.

The increase in Cuba's purchases of American food comes despite the tightening of long-standing commercial and travel restrictions against the island by the Bush administration.

At the same time, U.S. lawmakers -- particularly from farm states -- and others are pushing for an end to the restrictions.

"The amount of purchases directly impacts the level of political impact," Kavulich said. "As long as Cuba wants to influence the political process, this is great business."

The Cuban government says it has contracted to buy more than \$1 billion in American farm goods since it began taking advantage of the embargo exception in 2001. The U.S.-Cuba Trade and Economic Council, however, calculates this total to be \$791.8 million. The discrepancy exists because the council includes only the cost of the product, while the Cuban government also counts the shipping and hefty bank fees to send payments through third nations.

FOODCOUNCIL'S REPORT

Cuba becomes US's No. 25 export market

VANESSA ARRINGTON

Havana _ Cuba leaped to No. 25 on the United States' list of food export markets as the communist government and American food producers took advantage of an exception to a long-standing US trade embargo, a leading Cuba-US business group reported this week.

The New York-based US-Cuba Trade and Economic Council, Inc said in a regular report released on Monday that US companies exported \$391.9 million of products including wheat, corn, rice, chicken and soybean oil in 2004. That amount, up from \$256.9 million in 2003, pushed Cuba to its new ranking on a list of 228 food export markets.

Under an exception to the four-decade-old US trade embargo against Cuba, American agricultural goods can be sold to the island on a cash-only basis. Before that law was passed in 2000, Cuba was last on a list of 226 US food export markets.

But since then, the island has steadily increased its standing, from 144th place in 2001, 50th place in 2002, and 35th place in 2003 to its current 25th. ``That's a spectacular increase," council president John Kavulich said in a telephone interview on Tuesday.

The council, which tracks trade between the two nations, also reported that port facilities in the state of Louisiana continued to hold steady as the top transportation points, exporting 49% of all food and agricultural products leaving the United States for Cuba in 2004. Facilities in Texas, Alabama, Mississippi and Florida are among other top export points, the report showed. Louisiana Governor Kathleen Blanco plans to lead a state delegation to Cuba from March 8-11 in an effort to win more business for the state.

Under its new ranking, Cuba buys more American food than several other countries in the region with regular US trade ties, including El Salvador, Panama, Venezuela, Peru and Brazil. It also buys more than India, Pakistan, Vietnam and Portugal.

The increase in Cuba's purchases of American food comes despite the tightening of long-standing commercial and travel restrictions against the island by the administration of US President George W. Bush. At the same time, US lawmakers _ particularly from farm states _ and others are pushing for an end to the restrictions.

``The amount of purchases directly impacts the level of political impact," Kavulich said. ``As long as Cuba wants to influence the political process, this is great business."

The Cuban government says it has contracted to buy more than \$1 billion in American farm goods since it began taking advantage of the embargo exception in 2001. The US-Cuba Trade and Economic Council, however, calculates this total to be \$791.8 million. AP

Voice of America
Washington, D.C.
16 February 2005

Report: Cuba Now Ranks 25th Among US Food Export Markets

A U.S.-Cuba business group says Cuba became the United States' 25th largest food export market during 2004, thanks to an exception to the U.S. trade embargo that allows cash deals for agricultural products.

A report released this week by the New York-based U.S.-Cuba Trade and Economic Council says the United States sold \$392 million in products to Cuba in the past year.

The report says Cuba ranked 35th among U.S. export markets in 2003; 50th in 2002 and 144th in 2001. Congress approved the cash-for-agricultural-products exception to the trade embargo in 2000.

The council reports that wheat, rice, corn, chicken and soybeans account for most of the U.S. products sold to Cuba. The increased trade comes despite new Bush administration travel and commercial restrictions against the island nation.

**Associated Press
Washington, D.C.
15 February 2005**

Cuba No. 25 on List of U.S. Food Exports

By VANESSA ARRINGTON

HAVANA (AP) - Cuba leaped to No. 25 on the United States' list of food export markets as the communist government and American food producers took advantage of an exception to a long-standing U.S. trade embargo, a leading Cuba-U.S. business group reported this week.

The New York-based U.S.-Cuba Trade and Economic Council, Inc. said in a regular report released Monday that U.S. companies exported US\$391.9 million (euro301 million) of products including wheat, corn, rice, chicken and soybean oil in 2004. That amount, up from US\$256.9 million (euro197.37 million) in 2003, pushed Cuba to its new ranking on a list of 228 food export markets.

Under an exception to the four-decade-old U.S. trade embargo against Cuba, American agricultural goods can be sold to the island on a cash-only basis. Before that law was passed in 2000, Cuba was last on a list of 226 U.S. food export markets. But since then, the island has steadily increased its standing, from 144th place in 2001, 50th place in 2002, and 35th place in 2003 to its current 25th.

"That's a spectacular increase," council president John Kavulich said in a telephone interview Tuesday. The council, which tracks trade between the two nations, also reported that port facilities in the state of Louisiana continued to hold steady as the top transportation points, exporting 49 percent of all food and agricultural products leaving the United States for Cuba in 2004. Facilities in Texas, Alabama, Mississippi and Florida are among other top export points, the report showed. Louisiana Gov. Kathleen Blanco plans to lead a state delegation to Cuba from March 8-11 in an effort to win more business for the state.

Under its new ranking, Cuba buys more American food than several other countries in the region with regular U.S. trade ties, including El Salvador, Panama, Venezuela, Peru and Brazil. It also buys more than India, Pakistan, Vietnam and Portugal. The increase in Cuba's purchases of American food comes despite the tightening of long-standing commercial and travel restrictions against the island by the administration of U.S. President George W. Bush. At the same time, U.S. lawmakers - particularly from farm states - and others are pushing for an end to the restrictions.

"The amount of purchases directly impacts the level of political impact," Kavulich said. "As long as Cuba wants to influence the political process, this is great business."

The Cuban government says it has contracted to buy more than US\$1 billion (euro770 million) in American farm goods since it began taking advantage of the embargo exception in 2001. The U.S.-Cuba Trade and Economic Council, however, calculates this total to be US\$791.8 million (euro608 million). The discrepancy exists because the council includes only the cost of the product, while the Cuban government also counts the shipping and hefty bank fees to send payments through third nations.

**Wisconsin Ag Connection
Marshfield, Wisconsin
15 February 2005**

National & World Ag News Headlines

Cuba Becomes United States' 25th Largest Export Market

USAgNet - 02/15/2005

Cuba became the United States' 25th-largest agricultural export market in 2004 with food purchases jumping 55 percent, despite a decline recently as always tense relations deteriorated further, a report released Monday showed.

"With the completion of the 2004 data, Cuba's purchases of \$391.9 million ranks the country as the 25th largest agricultural market for U.S. companies, compared with 35th in 2003, 50th in 2002, and 144 in 2001," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

The New York-based organization monitors trade between the two countries and issues an annual summary based on U.S. government data and other sources. The food sales began in December 2001 under an exception to the four-decade trade embargo that allows agricultural exports for cash, a total of \$792 million to date.

But despite the 55 percent increase, the report is sure to worry farm groups as it showed sales declined 30 percent the last four months of 2004, compared with the same period in 2003. The first such decline since sales began followed new U.S. measures that further restricted travel and family remittances to the Communist-run island just 90 miles south of Florida.

Cuban officials have repeatedly warned they cannot keep increasing their purchases at the same time as Washington denies them the cash to do so, while promising sales could double and triple if sanctions were loosened further. Cuba reported it imported more than \$1 billion in agricultural products last year.

U.S. farm groups have lobbied the U.S. Congress hard over the last few years to defend and expand their new market amid increasingly harsh rhetoric from both side. The Bush administration has branded Cuba an "outpost of tyranny" that needs to be liberated and President Fidel Castro recently called U.S. President George W. Bush "deranged" and his government "fascist."

Kavulich said he doubted the decline was related to sanctions as Cuba continued to express interest in purchases and the political clout they brought.

"The fourth quarter decline has more to do with Cuba's requirements and commodity pricing than with the punitive actions," Kavulich said. Rice, corn, chicken, wheat, soybeans, powdered milk and other soy and wheat based products accounted for around 90 percent of the sales last year, the council reported, the remainder composed of everything from fruit, vegetables and spices to other meats, supermarket items and wood-based products.

"There are approximately fifteen companies accounting for perhaps 90 percent of total yearly exports; with perhaps three of those companies (Illinois-based Archer Daniels Midland Co. (ADM.N: Quote, Profile, Research) , Minnesota-based Cargill and Iowa-based FC Stone) accounting for 70 percent," Kavulich said.

The Council reported Louisiana ports moved 49 percent of the business last year, followed by ports in Alabama, Texas, Florida, and Georgia.

**Reuters Americas
London, United Kingdom
14 February 2005**

Cuba now 25th U.S. agriculture market – report

By Marc Frank

HAVANA, Feb 14 (Reuters) - Cuba became the United States' 25th-largest agricultural export market in 2004 with food purchases jumping 55 percent, despite a decline recently as always tense relations deteriorated further, a report released Monday showed.

"With the completion of the 2004 data, Cuba's purchases of \$391.9 million ranks the country as the 25th largest agricultural market for U.S. companies, compared with 35th in 2003, 50th in 2002, and 144 in 2001," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. The New York-based organization monitors trade between the two countries and issues an annual summary based on U.S. government data and other sources.

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The Council reported Louisiana ports moved 49 percent of the business last year, followed by ports in Alabama, Texas, Florida, and Georgia. Louisiana Governor Kathleen Blanco is scheduled to visit Cuba in March.

Energy Compass
New York, New York
11 February 2005

Cuba: Could oil make Cuba libre?

By James Irwin, Washington

Cuba's decade-long struggle to establish a viable domestic oil industry may finally be paying dividends,

potentially allowing it to wean itself off costly oil imports while simultaneously thumbing its nose at the one-time Texas oilman who now sits in the White House.

Earlier this month, Chinese state giant Sinopec announced it was joining forces with Cuba's Cubapetroleo to explore for -- and hopefully produce -- oil on the Caribbean island, possibly along the coast of western Pinar del Rio province. The deal was the latest in a series signed by China, the most significant of which will see Beijing invest \$500 million to develop Cuba's huge nickel deposits.

In late December, Cuban President Fidel Castro announced that two Canadian companies, Toronto-based Sherritt International and Montreal's Pebercan, had discovered an estimated 100 million barrels of light oil in waters less than 160 km south of Key West, Florida. Last summer, Spain's Repsol-YPF found evidence of oil in Cuban territorial waters, although not enough to be commercially viable. Nevertheless, the American Association of Petroleum Geologists listed it among the "significant finds" of 2004, describing it as "an important well in that it is the first to be drilled in Cuba's deep water, and also because light oil was found." To date, all of Cuba's production has been of heavy, sour oil.

Further discoveries of oil in Cuba, particularly offshore, could present US politicians with a conundrum. American oil firms kept out of the country -- an "outpost of tyranny," according to Secretary of State Condoleezza Rice -- by US sanctions might press for the same access as their Canadian, Spanish and Chinese rivals. "If the recent discovery reveals itself to be a significant find then you might see the API [American Petroleum Institute] going to Capitol Hill and saying we need a change here," says Jonathan Benjamin Alvarado, an expert on Cuban energy with the University of Nebraska at Omaha. "Also, comments from Halliburton last summer change the entire game." The oil field services giant said it thought it was time the Kennedy-era sanctions were lifted.

Both Congress and the administration could be torn -- on the one hand, consolidation of the Republican hold on power last November owed something to oil and gas industry support, on the other to anti-Castro Cuban-Americans.

Newly elected Republican senator Mel Martinez of Florida, the first Cuban-born senator in US history and one of the archest of Cuba's arch-enemies, initially dismissed the Repsol discovery as "not necessarily a big find," before deciding that drilling for oil offshore Cuba "could be potentially a pollution threat to the coast of Florida," according to a recent interview in the Tampa Bay Tribune. Martinez, who sits on the Senate energy and natural resources committee, has vowed to oppose any relaxation of the sanctions regime. Although Alvarado does not expect President George W. Bush to alter his view of the Cuban embargo any time soon, he believes things could change near the end of his term, particularly if "significant" deposits of sweet crude are positively identified offshore the island.

"No one has greater expertise in the deepwater Gulf of Mexico than US companies," says John Kavulich, president of the US-Cuba Trade and Economic Council. Kavulich cautions that Cuba is an "incomplete picture" when it comes to verifying any kind of economic detail, including oil discoveries, but it appears to have made progress developing an oil industry. Since the Soviet collapse in the early 1990s and the catastrophic end of cheap Russian oil, the West's only communist regime has more than quadrupled oil production from an estimated 18,000 barrels per day to more than 75,000 b/d, or over half of demand, he says.

Currently, about half of Cuba's export earnings are used to buy oil products such as gasoline from Venezuela, which provides the products at a discount, and whose leader, Hugo Chavez, has developed close ties with Castro.

Alongside the Chinese, the Venezuelan help has enabled Cuba to pull itself out of recession -- despite the US embargo and Cuba's dependence on oil imports, it last year recorded economic growth of 3.5%.

US senators seek to lift agriculture export restrictions with Cuba

by Laura Bonilla

WASHINGTON, USA (AFP): A group of US senators presented a bill to Congress Wednesday seeking to clarify a law that permits the sale of agricultural produce and food to Cuba, thus ending a controversy that has jeopardized authorized trade with the communist island.

The bill, presented by some 20 Republican and Democratic senators, clarifies details of 2001 legislation that allowed US firms to sell medicines and agricultural produce to Cuba as long as the government of President Fidel Castro pays cash in advance. A dispute in interpreting the law had pitted US exporters since November with the US Treasury Department, which had asked banks to block sale of foodstuffs and medicine to Cuba.

"The Agricultural Export Facilitation Act (2005) will ensure that (agricultural producers ... all over the country) can keep the market and continue to sell their products to Cuba as they have done without incident for several years," said Senator Max Baucus, ranking member of the Senate Finance Committee.

"Today, I will not allow bureaucrats to reinterpret Congress' original intent and obstruct already established legal trade," said Senator Larry Craig, as the bill was unveiled.

The bill defines cash payment in advance as receipt of payment before transfer of title and release of physical control of goods to the purchaser.

The legislation will add to the Trade Sanctions Reform and Export Enhancement Act of 2001 aimed specifically to open Cuba's market to US agricultural produce.

Lawmakers opposed to the bill included Republican Senator Mel Martinez of Florida who said that loosening agricultural trade restrictions in Cuba would only serve to "perpetuate Castro's oppression of his citizens' most basic human rights."

The administration of President George W. Bush had allowed US exporters to trade with Cuba, as long as payment was received within 72 hours. The Treasury Department responded furiously when a small number of payments took longer to go through.

The new bill allows US banks to process payments. Currently the European banks used have been charging Havana up to five percent of the trade deal made.

From December 2001 to October 2004, US sales to Cuba were worth 714.5 million dollars, making Cuba the US' 22nd most important trading partner, according to figures from the US-Cuba Trade and Economic Council.

**Agence France-Presse
Paris, France
10 February 2005**

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Lawmakers opposed to the bill included Republican Senator Mel Martinez of Florida, seen here in 2004, who said loosening agricultural trade restrictions in Cuba would only serve to 'perpetuate Castro's oppression of his citizens' most basic human rights'(AFP/File/Stephen Jaffe)

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**Associated Press
New York, New York
9 February 2005**

Senators seek to clarify rules on food exports to Cuba

By JIM ABRAMS, AP

WASHINGTON (AP) - Farm-state senators, including several senior Republicans, said Wednesday the Bush administration was erecting bureaucratic roadblocks to agriculture exports to Cuba and they said they plan to take legislative steps to protect the growing market.

"Don't put up the artificial barriers, don't create the chilling effect. Clean up your act and abide by the law," was the message of Sen. Larry Craig, R-Idaho, co-sponsor of legislation aimed at clarifying the rules of a 2000 statute making food and agriculture exports an exception to the trade embargo with Cuba.

Craig was joined in promoting the measure by Foreign Relations Committee Chairman Dick Lugar, R-Ind., Intelligence Committee Chairman Pat Roberts, R-Kan., and Sen. Max Baucus of Montana, the top Democrat on the Finance Committee. "The administration's attempt to keep us from selling agricultural products to Cuba is way off the mark," Baucus said. "Cuba is not a threat. That is why we must do more to open Cuba - not less." The administration has been successful in blocking perennial attempts by Congress to ease restrictions on travel and trade with Cuba, but Craig said they were only trying to clarify existing law and there was no White House signal of hostility to their action.

The senators noted that since the 2000 act, which allows cash sales to Cuba, the Castro regime has gone from the 226th largest market for U.S. agriculture exports to 21st, with total purchases of \$1 billion. But they said the Treasury Department's Office of Foreign Assets Control has recently discouraged trade by

such bureaucratic moves as withholding payments due to U.S. exporters from Cuban purchasers and delaying the issuance of export and travel licenses. "They are doing everything they can at this point to shut down the ability to sell agriculture commodities to Cuba. It is just plain wrong-headed," said Sen. Byron Dorgan, D-N.D.

Treasury Department spokeswoman Molly Millerwise said it was a "large misconception" that the Office of Foreign Assets Control was blocking payments. She said it was financial institutions, unclear on the law, that had held up payments while they sought guidance from the office, and that the Treasury Department hoped to issue such guidance in the near future. She had no comment on the legislation offered Wednesday, but said Treasury "will continue to accurately and effectively enforce our sanctions program" with Cuba.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc., said the business community "believes this to be a technical piece of legislation. It's not about changing the relationship: It's pro-U.S. exporter, not pro-Cuban importer." Kavulich said a more accurate figure for sales from 2001 through 2004, reflecting money actually received by U.S. companies, was \$762.6 million. He said that put Cuba 25th out of 228 agriculture purchasers.

The bill would clarify that the requirement for "cash payment in advance" means the receipt of payment before the release of physical control of goods to the purchaser. It would authorize the issuing of general licenses for American agriculture producers to travel to Cuba to sell and market their goods and authorize direct payments to U.S. banks. Currently the American seller and Cuban buyer must use European banks for transactions. Trying to disrupt agriculture trade with Cuba is a "bad mistake," Roberts said. "We're going to help them out by producing some certainty." The bill has 10 Republican and 10 Democratic sponsors. In opposition was Cuban-born Sen. Mel Martinez, R-Fla., who said it was "not the right time to ease embargo restrictions whatsoever."

The Sun-Sentinel
Fort Lauderdale, Florida
9 February 2005

Group seeks to ease food sale transactions to Cuba

By Vanessa Bauzá
And Rafael Lorente Staff writers

Washington · A bipartisan group of U.S. senators wants to keep the Bush administration from making sales of food to Cuba more difficult.

Democratic Sen. Max Baucus of Montana and Republican senators Larry Craig of Idaho, Pat Roberts of Kansas and Richard Lugar of Indiana are to introduce legislation today that would ease restrictions on doing business with Cuba. In part, the legislation is a response to efforts by the Bush administration to change the way Cuba pays American farmers for food.

The administration has been considering forcing Cuba to pay cash in advance of shipment for any food the island purchases from U.S. companies. Such a move, critics say, would jeopardize millions of dollars a year in food sales. In the first 11 months of last year, Cuba purchased \$362.7 million in agricultural products from the United States, according to the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries.

Until late last year, the practice had been for Cuba to pay for agricultural shipments in transit or after they arrived at a Cuban port, but before formal title for the goods exchanged hands. But some opponents of commerce with Cuba argue that the 2000 law allowing food sales called for cash in advance, and not credit, which some administration officials interpret as payment before the goods leave the United States.

The legislation being introduced today would define cash in advance as payment upon transfer of title, the accepted practice until late last year. The Treasury Department's Office of Foreign Assets Control, which enforces trade and travel restrictions with Cuba, held up several sales in November as it looked at the rules.

As an interim fix, OFAC then began issuing individual licenses for each transaction. New regulations are expected soon, said Treasury Department spokeswoman Molly Millerwise on Tuesday.

The proposed legislation also is expected to allow direct transactions between Cuban and U.S. banks, something that has been illegal for decades. Currently U.S. food exporters must wait about 72 hours to be paid through a third country bank. The legislation would allow them to be paid through an American bank in a matter of hours.

But to prevent money laundering, the law would require Cuban banks to provide banking records and other information on sources of revenue, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "Cuban banks would be forced to provide a substantial amount of information that normally the Cuban government desperately tries to keep secret," Kavulich said.

The legislation also would make it easier for U.S.-company representatives to get a license to fly to Havana, a process that has slowed considerably in recent years, Kavulich said. "Two years ago it was possible to obtain a travel license for a business representative to visit Cuba in 24 hours, today it take[s] one to three months," he said.

The legislation will once again pit farm state Republicans eager to do business with Cuba against the Bush White House, which has tried to stall commercial sales.

The Miami Herald
Miami, Florida
9 February 2005

WASHINGTON - Seeking to clarify a law that has delayed payments to U.S. companies for agricultural exports to Cuba, a bipartisan group of senators will introduce a bill today that would allow direct U.S.-Cuba bank transfers.

The proposed legislation comes as Treasury Department officials are still reviewing provisions in the Trade Sanctions Reform and Export Enhancement Act of 2000, which permits limited cash sales of U.S. food and agricultural products to Cuba.

Disagreement over whether Cuba must pay before the shipments leave U.S. ports rather than upon their arrival on the island -- the traditional way -- has led some banks to delay crediting the Cuban payments to the accounts of U.S. exporters.

The proposed bill would eliminate that doubt by allowing payments to be made after the shipments leave U.S. ports and permitting direct banking transactions between Cuban and U.S. financial institutions.

The bill will be sponsored by Idaho Republican Sen. Larry Craig and at least eight other Republican and Democratic senators, mostly from farm states.

Since the U.S. sales to Cuba began in 2001, Cuba has been using transfers from banks in third countries to comply with the U.S. requirement for cash payments, a process that takes about 72 hours. With direct banking, payments could occur within four hours, said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council.

"This is a pro-U.S. exporter bill, not a pro-Cuba importer bill," Kavulich said. U.S. sales to Cuba last year topped \$362 million.

The Indianapolis Star
Indianapolis, Indiana
9 February 2005

Senators to seek fewer restrictions on U.S.-Cuba trade
Indiana Sen. Richard Lugar, other farm-state lawmakers plan to introduce legislation today.

By Vanessa Bauza and Rafael Lorente
South Florida Sun-Sentinel

WASHINGTON -- A bipartisan group of U.S. senators, including Sen. Richard Lugar, R-Ind., wants to keep the Bush administration from making sales of food to Cuba more difficult.

Sen. Max Baucus, D-Mont.; Sen. Larry Craig, R-Idaho; Sen. Pat Roberts, R-Kan.; and Lugar are to introduce legislation today that would ease restrictions on doing business with Cuba. In part, the legislation is a response to efforts by the Bush administration to change the way Cuba pays American farmers for food.

The administration has been considering forcing Cuba to pay cash in advance of shipment for any food the island purchases from U.S. companies. Such a move, critics say, would jeopardize millions of dollars a year in food sales. In the first 11 months of last year, Cuba purchased \$362.7 million in agricultural products from the United States, according to the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries.

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The proposed legislation also is expected to allow direct transactions between Cuban and U.S. banks, something that has been illegal for decades. U.S. food exporters now must wait about 72 hours to be paid through a third country's bank. The law would let them be paid through a U.S. bank in a matter of hours.

But in order to prevent money laundering, the law would require Cuban banks to provide banking records and other information on sources of revenue, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

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The Kansas City Star
Kansas City, Missouri
8 February 2005

Senators seek to ease restrictions on doing business with Cuba

BY VANESSA BAUZA AND RAFAEL LORENTE

WASHINGTON - (KRT) - A bipartisan group of U.S. senators wants to keep the Bush administration from making sales of food to Cuba more difficult.

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**The Post and Courier
Charleston, South Carolina
1 February 2005**

Cuba-S.C. trade deal at dead end
'04 trip fails to yield much business for state's exporters

BY KRIS WISE
Of The Post and Courier Staff

A controversial push to open trade between South Carolina and Cuba has failed to deliver on its promises of a new, potentially rich market for state exporters. Three state officials flew to Havana last year and

returned with what were supposed to be \$10 million in trade leads. None of those commitments, however, has turned into a deal.

The delegation's trip took place as the four-decades-old U.S. embargo on trade with the communist country has eased slightly. Certain food and agricultural products can now be exported to the communist nation. But while some states have found success breaking into the new market, South Carolina's efforts stalled before they really got started.

"Nobody's really taking the reins," said Jack Maybank Sr., a Charleston shipping executive who was part of the trade delegation. "States have been making deals, but South Carolina? Not to my knowledge. I don't think anybody has really pushed them." A contingent of five people, including Maybank and his son Jack Maybank Jr., former Agriculture Commissioner Charles Sharpe, state Rep. Chip Limehouse and Lt. Gov. Andre Bauer went on the scouting mission to Havana last January.

In exchange for signing an agreement pledging they would push for more trade reforms in the United States, the delegation secured a commitment that Cuban officials would buy \$10 million worth of South Carolina goods, specifically agricultural exports such as cattle and chicken. People involved in the negotiations say the contracts haven't panned out for several reasons. Primarily, the political relationship between the United States and Cuba has become increasingly strained in the past year or so, largely because social reforms by the island nation have yet to transpire. Also, leadership changes in South Carolina have put the Cuban agenda on the back burner. Sharpe, the Department of Agriculture's point man for the trade negotiations, was indicted for extortion just a few months after the delegation went to Havana. He later resigned from his post as commissioner, and pleaded guilty Jan. 20 to extortion and lying to law enforcement authorities.

"There were things that possibly could have advanced if (Sharpe) had been in a situation to follow up on some of the personal contacts he made," said Wayne Mack, assistant marketing commissioner for the Agriculture Department. "I followed up on some of the interests (in Cuba), but to my knowledge I have not received any response from them. With the situation with Mr. Sharpe and the problems with that, maybe the Cuban officials elected not to correspond back."

Last year's four-day jaunt to Cuba started as a goodwill trip and unexpectedly turned into a high-profile political summit. The trade delegation was surprised by an unscheduled, late-night meeting with Fidel Castro, whose communist regime has been at the center of repeated human rights violations and political unrest for more than 40 years. Castro's 1959 takeover provoked the U.S. embargo on trade with Cuba, a policy that held fast until 2001, when some restrictions on food and agriculture products were lifted.

South Carolina officials returned from their Cuba trip with hopes that the state would become one of a few states taking advantage of the relaxed rules. Their plan got a chilly reception from some who felt South Carolina should not be embracing economic ties with the communist country.

"There were some people who were unhappy, but we weren't endorsing Castro," said Limehouse, a Charleston Republican. "I don't expect his regime to be around that much longer. We were there a year ago laying the groundwork. I see it as a major step in preparation so that when Cuba opens up as a potential trading partner, we'll be poised to be first to take advantage of it." Limehouse and other officials who made the trip are hard-pressed today to say whether any state producers and exporters have benefited from the deal so far. "Nothing has happened in the past year and if anything, relations are worse," Limehouse said. "For trade to flourish, we have to get the political situation better. It seems like every foot we go forward we take a step or two backward."

Some South Carolina shipping lines have managed to form ties to Cuba, transporting U.S. goods there, sometimes even moving them through the Port of Charleston. The products, however, mostly come from other states. Charleston's Maybank Shipping makes frequent deliveries to Cuba, but the company's ships are stocked with food, lumber and other goods from states such as Texas, Georgia and Florida.

"(South Carolina) could be supplying stuff we don't know about, but I don't think anybody has really pushed them," said Maybank Sr., the company president. "I really would like to see South Carolina do more down there. There's a natural market there. They've got 12 million people down there, and I hate to see China be the one to get in there."

The state trade delegation's trip became even more controversial after it signed an advocacy agreement: a written pledge that its members would work toward ending the U.S. embargo on trade with Cuba. Bauer and Sharpe signed those papers.

A handful of states have signed similar agreements, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Kavulich criticized the contracts. He said they amount to a promise by the Cuban government to buy U.S. goods in exchange for political support, and he questioned how much they actually help either domestic exporters or Cuban consumers.

"Some (agreements) have been fulfilled, and some have not by the Cubans," Kavulich said. "They are not recommended. They are a corruption of the commercial process, and they don't help Cuba in developing its commercial and economic systems. But those who sign an advocacy agreement should be held accountable for the success or failure in terms of the document."

Bauer did not return phone calls to comment. His spokesman, Jay Phillips, said the lieutenant governor's connection to the project has been limited since the Havana trip.

"He was glad to have gone and was honored to have been involved," Phillips said. "But after his initial involvement, he was not asked to do anything else. More may come of it, but very little has happened since then."

Bill Quinby, director of Charleston's Mayflower International Ltd., a frozen-food exporter, said he has had few dealings with South Carolina exporters trying to get goods to Cuba. Other states are shipping goods such as poultry and soybeans in droves, Quinby said. "It's mostly the big companies in the Gulf that have benefited," he said. Quinby said he thinks the advocacy agreement "was politically induced ... without any real plan for how to do it." Mack said the Agriculture Department still hears plenty from South Carolina producers and exporters who want to tap into the Cuban market.

Newly appointed Agriculture Commissioner Hugh Weathers is trying to determine whether a relationship with Cuba should be a priority for the state, Mack said. There's concern about the country's continued human rights violations and uncertainty about whether exporters can count on being paid for their products, he added. "We are in a position that if there's a feeling from the commissioner's standpoint that he would like to move forward with it, we can reopen that book," Mack said. "But particularly with Cuba, we have a lot of exporting concerns."

**ABC News
New York, New York
28 January 2005**

U.S.-Cuba Spat Spills Into the New Year
Holiday Political Displays Spark Discord Around Havana

Commentary by MARC FRANK

With the Bush administration branding Cuba an "outpost of tyranny" and Havana yelling "fascists" back, the longtime foes seem in no mood to compromise these days.

U.S. diplomats huddle in their offices planning acts of political theater they say are aimed at drawing attention to Cuban human rights violations and getting President Fidel Castro's goat. The Caribbean island's leaders plot their counterattacks somewhere in Revolution Palace, headquarters of both the government and ruling Communist party.

The two countries are still going at it in a bitter tit-for-tat holiday dispute that has spilled into the New Year and been marked by almost daily youth rallies and other activities in front of the U.S. diplomatic mission, a harbinger, analysts say, of the extremely tense relations expected during President Bush's second term.

"With Secretary Rice at the State Department, Secretary Gutierrez at the Commerce Department, a Cuban-American senator and four Cuban-Americans in the House, and Republicans already jockeying for the 2008 presidential nomination, there will most certainly be an increased harshness in the tone and implementation of U.S. policy toward Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors relations between the two countries.

Washington broke off diplomatic relations with Havana and imposed sanctions on Cuba after Castro's 1959 revolution, but the two countries maintain lower-level Interests Sections in each other's capitals.

The Christmas quarrel erupted over the U.S. mission's traditional holiday lights display depicting Santa, Frosty and candy canes. The display also included a big 75, which symbolizes a group of pro-democracy activists serving long prison terms.

The government charged the display was provocative and demanded it come down, but the United States refused.

Cuba then erected billboards around the mission with photographs of hooded and bloodied inmates at Iraq's Abu Ghraib prison, U.S. soldiers accosting children, and bold red swastikas and the word "fascists." Lampoons of U.S. foreign policy also went up and peace music was blared at the building.

"The U.S. is definitely not being diplomatic and the Cubans are being childish. It is like a very bad divorce that never ends," said a European diplomat of the scene.

"Who's the worse abuser in Cuba? We for protecting our country from subversion or you at Guantanamo and elsewhere?" young orators screech at events outside the mission as part of what they call "the battle of ideas" between the official ideology and what they say is U.S. imperialist thought.

When the Christmas lights went up, so too did a 6 ½ foot-long, 6 ½ foot-high and 3 foot-wide model of a prison cell. The United States says it is an exact replica of where physician Oscar Elias Biscet, who has spent more than four years in Cuban prisons for opposing the government, is held.

Frosty and the 75 came down when the holiday season ended. Cuba reciprocated by removing from a nearby apartment building a two-story lampoon of top U.S. diplomat James Cason as Santa riding a sled pulled by soldiers and dropping bombs. The music was toned down, but the U.S. Interests Section is still besieged.

A tall and thick iron fence surrounds the building. Cuban police are posted every 15 feet outside. Youth rally and stage political events at an outdoor amphitheater just a few hundred feet from the front door. Huge billboards of Iraq torture scenes face the mission and a tired-looking eagle with a big "B" for Bush is painted across the highway outside where it is run over thousands of times each day.

Cuba wants the mock prison cell, located inside the fence near where hundreds of Cubans pass in search of visas removed, according to U.S. diplomats. The United States is refusing.

"It seems the Cuban government doesn't like the battle of ideas. Here's our idea: that political prisoners shouldn't be kept in sub-human cells, that they shouldn't be incarcerated at all and that average Cubans should know what their government does. And Castro's response: remove that cell from public view so I can keep my human rights abuses secret," a U.S. Interests Section official said.

Cuban youth will stage a televised rally tonight at the Interests Section to mark the 152nd anniversary of national hero Jose Marti's birth. "The event will be a response of our youngest generations to the threats and provocations of the U.S. government," says a call to the rally front by the official media.

This work is the opinion of the columnist and in no way reflects the opinion of ABC News.

**Tampa Tribune
Tampa, Florida
18 January 2005**

Cuban Oil Drilling Could Put U.S. Embargo Over An Economic Barrel

By KEITH EPSTEIN

WASHINGTON - Is Cuba on the verge of an oil bonanza that could pump financial life into Fidel Castro's regime and soften U.S. trade policy toward the island?

If so, new U.S. Sen. Mel Martinez could find himself at the intersection of conflicting agendas - as a loyalist to President Bush, who draws support from energy interests as well as from anti-Castro Cubans, as a hard-line refugee who fled the dictatorship, and as a member of a Senate committee that weighs energy development against environmental protection. Martinez dismisses the possibility.

"It's not necessarily a big find," the Florida Republican said last week about reports of oil discovered in Cuba-controlled waters. And even if it is, he said, "I don't think there's any likelihood there'd be any successful pressure on the administration to change things."

Martinez, the nation's first Cuban-American senator, said he would oppose any relaxation of trade barriers with his native country. "I definitely would not like to see it," he said.

Other Cuba watchers, however, said the hunt for oil barely 100 miles off Florida's coastline - depending on the quality and quantity of the find - could fuel the easing of barriers by the end of Bush's second term.

Two Canadian energy companies have discovered what Castro claims is 100 million barrels of oil in waters just off the island's northwestern shores. Wildcatters from Canada and Spain have been busy in the region where, by law, U.S. energy companies cannot drill, explore or even help.

The explorers aren't saying much, at least publicly. But if further work yields results, "the cry from the American Petroleum Institute and other actors in Washington will be very loud," predicted Jonathan Benjamin Alvarado, a Cuba energy specialist and political science professor at the University of Nebraska at Omaha.

"The Americans won't want to be on the sidelines as French, Spanish and Canadian investors descend on Cuba," he said. "If different oil companies like Halliburton make a big enough beef, the president will listen - maybe not until the final third of his term, but he will."

During decades of prohibitions against U.S. trade, Cuba has enlisted trading partners from Argentina to Monaco on projects that include mining and biotechnology.

Many U.S. companies dislike being deprived of the nearby market. And increasingly, Americans have been undermining the ironclad intent of the original embargo.

Four years ago, Congress allowed the sale of agricultural products to Cuba. Last month, delegations from Alabama, Louisiana and Maine toured the island in an attempt to encourage the Castro government to buy their agricultural products.

The issue is especially sensitive in Florida, where most Cuban-Americans support bans on business with Castro - and support Republican politicians such as Bush and Martinez.

In Florida, even Democrats including U.S. Rep. Jim Davis of Tampa are careful about their positions. Davis has not opposed the trade embargo, for instance, even as he has called for "dialogue" and lesser restrictions on travel to Cuba. Martinez rejected speculation that oil could be the next U.S. trade exception.

“Sen. Martinez may well be correct right now,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. “But then, who would have expected the tectonic plate shift in public opinion subsequent to allowing food and agriculture purchases in 2001?”

“The Bush administration has done everything it can, from the regulatory standpoint to the bully pulpit, to make food and ag exports difficult. But despite everything, exports continue and the bipartisan interest level in Congress is high.”

Martinez, as a member of the Senate Energy and Natural Resources Committee, said his goals include not only maintaining the embargo but protecting Florida waters.

Oil drilling off Cuba “could be potentially a pollution threat to the coast of Florida,” he said.

“We’ve been very vigilant in Florida to maintain the pristine nature of our coastline and not allow drilling. It’s troubling when a neighboring state might do it.”

Cuba lost Soviet-subsidized oil imports in 1990, and it depends heavily on Venezuela for fuel.

One of the Canadian companies involved, Sherritt International, the largest foreign oil producer in Cuba, confirmed it had demonstrated a 1,300-barrel-per-day find near Santa Cruz del Norte.

Repsol YPF of Spain, meanwhile, is drilling in a separate, 4,132-square-mile tract. The American Association of Petroleum Geologists listed the Repsol find as among the most “significant discoveries” worldwide in 2004.

**The Business
London, United Kingdom
16 January 2005**

US firms ponder embargo as Cuba celebrates oil find

Joe Lauria

IT WAS portrayed as a gift to the Cuban nation. Fidel Castro has revealed that two Canadian oil exploration companies working with the government found a deposit of nearly 100m barrels of oil under the Gulf of Mexico in waters controlled by Havana.

It is a deposit that could supply all of Cuba's domestic oil needs for about two years. When production begins sometime in 2006, it could also lead American oil companies to put pressure on Washington to relax its stringent trade embargo against the island.

Discovery of oil deposits in North America is rare. This was the first find in Cuba since 1999. If more is found, American oil producers might want a piece of the action. That could lead some in the oil industry in Houston to call in some of their chips with the former Texas governor and oil executive who today sits in the White House.

The Bush administration prohibits American oil companies from drilling more than 100 miles off the Florida coast. The ban is part of the 43-year old US embargo, which much of the world ignores. So American oil executives have to watch while Canadian, Brazilian and Spanish oil companies sign deals with Castro to explore for oil.

Sheritt International and Pebercan, the Canadian companies that made the discovery, have seen their share prices soar. The companies have joint ventures with Cubapetroleo (Cupet), the state oil company, and already produce 60% of Cuba's oil and gas. The Canadian firms will drill two test wells this year and explore three additional deposits in the area. Repsol YPF, a Spanish firm, has so far unsuccessfully drilled in deep water and plans to try again in 2006. It spent \$20m last year leasing a Norwegian rig. Ramon Blanco,

chief executive, told his investors the company has proven the presence of "high-quality reservoirs" that are not yet commercially viable.

The exploration contracts Havana has signed with these companies, as well as with French and Swedish firms, shares the risk, which could run to hundreds of millions of dollars, with no guarantee that more marketable oil will be found. A typical joint venture with Cuba sees the private oil company putting up the funding and then sharing future profits.

American oil companies are a long way from entering the fray in Cuba. John Kavulich, president of the non-partisan US-Cuba Trade and Economic Council, said: "Today, are US upstream and downstream energy companies going to use their financial and political resources to lobby the Bush administration for a change in policy? No, because there is not enough proven [in Cuba]."

Kavulich told *The Business*: "If the discovery is confirmed to be substantial; if the quality of the product is deemed to be marketable; if the current global energy environment remains, meaning high prices, and if the Bush administration initiatives such as drilling in Alaska don't bear fruit, US companies would lobby to at minimum be able to purchase Cuban-origin oil."

The quality of the petroleum is important. Castro's Christmas Eve revelation was significant because he dwelled on the fact that the crude oil discovered within Cuban waters is high grade. "The oil has a density of 18 API ... and contains less than 5% sulphur," he declared, explaining that it was better than most oil found in Cuba. The higher grade can be refined into petrol while the lower grade is good only for power plants and factories. The sulphur content in Cuban oil has been so high that power plants have had to be upgraded.

**Financial Post
Toronto, Canada
12 January 2005**

Canadians' oil find off Cuba irks U.S. firms: Stung by U.S.-Cuba policy

HOUSTON - On Christmas Day, Fidel Castro, the Cuban President, said he had information to lift the spirits of Cuba's 11 million people: Two Canadian energy companies, Pebercan and Sherritt International, had discovered oil in the Gulf of Mexico in an area under Cuba's control.

Mr. Castro, in an announcement that raised eyebrows in the executive suites of U.S. energy companies, disclosed the Canadian companies had discovered estimated reserves of 100 million barrels. That was the good news. It was also the bad news.

The deposits, which are expected to produce oil as early as next year, might provide Cuba's government with some relief as it presses forward with efforts to use hard currency for purposes other than petroleum purchases from abroad. Shortly after Mr. Castro announced the discovery, the central bank said it was tightening measures intended to centralize the control of U.S. dollars circulating in the Cuban economy.

"Cuba simply needs the money," said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York, which tracks trade activity in that country.

The discovery, while considered something of a lifeline for a country still recovering from the loss of Soviet-era subsidized oil imports more than a decade ago, is no panacea. The prospective output by the Canadian companies would cover only about three to four years of oil production by Cuba, which now imports much of its oil from Venezuela on favourable terms.

Yet the deposits showed how tantalizingly close Cuba has come to altering the dynamics of oil exploration in the Gulf of Mexico, an area that also provides one of the largest sources of oil for the United States.

The economic outlook for Cuba is not as dire as it was 10 years ago, with economic growth reaching 5% in 2004, according to government estimates; at least a small part of that growth was spurred by investments by international energy companies searching for oil.

Last month's discovery has Cuba watchers in the United States and officials in Cuba pondering potential changes in relations with the United States. U.S. companies are prohibited from drilling in waters 160 kilometres or so from the coast of Florida.

U.S. energy companies quietly chafe at restrictions that make Cuban territory off limits to them while Canadians, Spaniards and Brazilians search Cuban waters for offshore wildcatting possibilities. A significant oil discovery, one that could turn Cuba into an oil exporter from an importer, might prompt calls for reviewing policies that exclude the great majority of U.S. companies from trading with Cuba.

"The Canadians aren't there because they like Castro's aunt or a good Cuban coffee," remarked Jorge Pinon Cervera, a Miami-based consultant who closely follows Cuba's energy industry. "They're in Cuba because it's almost a virgin exploration province right in the backyard of the U.S."

The New York Times
New York, New York
11 January 2005

Oil Find Hints at a Less Dependent Cuba

By SIMON ROMERO

HOUSTON, Jan. 10 - On Dec. 25, President Fidel Castro said he had some information to lift the spirits of Cuba's 11 million people: two Canadian energy companies, Pebercan and Sherrit International, had discovered oil in the Gulf of Mexico in an area under Cuba's control.

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Remarks by President Fidel Castro suggested that the find by Canadian companies might yield export-quality oil.

The deposits, which are expected to produce oil as early as next year, may provide Cuba's government with some relief as it presses forward with efforts to use hard currency for purposes other than petroleum purchases from abroad. Shortly after Mr. Castro announced the discovery, the central bank said it was tightening measures intended to centralize the control of dollars circulating in the Cuban economy.

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Still, the discovery, while considered something of a lifeline for a country still recovering from the loss of Soviet-era subsidized oil imports more than a decade ago, is no panacea. The prospective output by the Canadian companies would cover only about three to four years of oil production by Cuba, which now imports much of its oil from Venezuela on favorable terms.

Yet the deposits showed how tantalizingly close Cuba has come to altering the dynamics of oil exploration in the Gulf of Mexico, an area that also provides one of the largest sources of oil for the United States. The economic outlook for Cuba is not as dire as it was a decade ago, with growth reaching 5 percent in 2004, according to government estimates; at least a small part of that economic growth was spurred by investments by international energy companies searching for oil.

Last month's discovery already has Cuba watchers here and officials there pondering potential changes in relations with the United States. American companies are currently prohibited from drilling in waters 100 miles or so from the coast of Florida.

American energy companies quietly chafe at restrictions that make Cuban territory off limits to them while Canadians, Spaniards and Brazilians search Cuban waters for offshore wildcatting possibilities. A significant oil discovery, one that could turn Cuba into an oil exporter from an importer, might prompt calls for reviewing policies that exclude the great majority of American companies from trading with Cuba.

"The Canadians aren't there because they like Castro's aunt or a good Cuban coffee," remarked Jorge Piñón Cervera, a Miami-based consultant who closely follows Cuba's energy industry and a former high-ranking executive in Latin America for Amoco. "They're in Cuba because it's almost a virgin exploration province right in the backyard of the U.S."

The Cubans, since introducing policies in the early 1990's aimed at encouraging investment by foreign energy companies, have increased oil production to more than 75,000 barrels a day in 2004 from 18,000 barrels a day in 1992. The discovery last month by Pebercan of Montreal and Sherritt of Toronto illustrates how companies from other countries stand to benefit from the American embargo on most dealings with Cuba.

Shares in Pebercan soared on the Toronto Stock Exchange after Mr. Castro's announcement, climbing nearly 50 percent in the two and a half weeks since; thanks in part to the Cuba find, the company's stock performance ranked second in 2004 among North American energy-exploration companies tracked by John S. Herold of Norwalk, Conn., an energy analysis company.

Sherritt, a diversified minerals company, is a minority partner with Pebercan in the discovery and is already Cuba's largest oil producer through exploration ventures elsewhere on the island. Its stock also appreciated after the oil find was made public, rising more than 15 percent since Christmas.

A spokeswoman for Sherritt declined to comment on the discovery, citing limits on such disclosures from securities regulators. A spokeswoman for Pebercan, Cynthia Lane, also would not comment.

Mr. Castro, however, seemed eager to discuss details of the oil find, pointing out in comments carried in the official media that the deposits were lower in sulfur than those from Cuba's other oil fields.

Thus, the Canadians may have discovered lighter-grade, higher-quality oil than the mostly heavy oil now produced in Cuba. This in turn may enable the Cubans to refine the oil for use in vehicles or to export crude oil in exchange for hard currency.

Most oil now produced by Cuba is used largely for fueling power plants or producing cooking oil - 75,000 to 80,000 barrels a day, according to Cuban government estimates for the first half of 2004. It imports at least 53,000 barrels a day from Venezuela, much of it already refined into gasoline, under an agreement that allows it to have the oil at below-market prices.

Energy analysts say that Cuba separately imports as much as 25,000 barrels of oil a day to meet growing transportation demands; Venezuela is thought to supply much of this fuel.

In one of the most closely followed wildcatting efforts in the Gulf of Mexico last year, Repsol YPF of Spain spent more than \$20 million to lease a Norwegian drilling rig to search for oil in Cuban waters. Ramón Blanco, Repsol YPF's chief operating officer, told investors in July that the first well drilled had "met partially our initial expectations," but was not considered commercially viable.

Pepe Varela/Digital Press Photos

Pumping oil offshore near Havana. Much of what is now produced is heavier-weight, more suitable for power plants than for use in automobiles.

Still, Mr. Blanco said in comments on a conference call with investors that the company had been able to prove the presence of "high-quality reservoirs." Analysts following Cuba's energy industry said they expected Repsol YPF to continue drilling in Cuban waters later this year or in early 2006, together with Unión Cubapetroleo, an energy concern controlled by the Havana government. In the meantime, news of the find by the Canadian companies and the potential for larger discoveries of oil in the portions of the Gulf

of Mexico controlled by Cuba are fueling speculation about how the emergence of Cuba as a promising oil exploration area might affect relations with the United States.

"If Cuba is able to show that it has higher-quality crude at sufficient levels," Mr. Kavulich of the U.S.-Cuba Trade and Economic Council said, "the Bush administration would come under pressure to permit, at a minimum, purchases of Cuban-origin oil."

"Politically in Cuba, the stakes are even higher," he added. "Even if Cuba needed all the oil that was found, the government might sacrifice energy independence to sell oil to the U.S. and other countries."

The Canadian oil discovery underscored the importance of hard currency for Cuba. In the days after the announcement, Cuba said that all revenue from state-run ventures must be channeled through the central bank, a move further tightening the control of hard currency. Francisco Soberon, the central bank president, said in a statement that revenues related to the oil discovery, as well as those from recent agreements with China and Venezuela, "must be tightly controlled to ensure their optimum use."

**International Herald Tribune
London, United Kingdom
12 January 2005**

Oil find opens door to a less dependent Cuba

By Simon Romero
The New York Times

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Houston: On Christmas Day, President Fidel Castro said he had some information to lift the spirits of Cuba's 11 million people: two Canadian energy companies, Pebercan and Sherritt International, had discovered oil in the Gulf of Mexico in an area controlled by Cuba.

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The economic outlook for Cuba is not as dire as it was a decade ago, with economic growth reaching 5 percent in 2004, according to government estimates; at least a small part of that growth was spurred by investments by international energy companies searching for oil.

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