United States and Cuba complete deals as Trump era set to begin

By Marc Frank | HAVANA

The Obama administration and Cuba continue to sign cooperation agreements this week, scrambling to complete negotiations on a range of issues with just days to go until Donald Trump is sworn in as U.S. president, potentially bringing a chill to relations.

An agreement to cooperate on air and maritime search and rescue in the Florida Straits was signed on Wednesday in Havana, and another setting territorial limits in contested Gulf of Mexico waters was scheduled for signing on Wednesday or Thursday, according to diplomatic sources.

A third agreement on health protocols for dealing with issues such as bird flu was scheduled for signing on Wednesday, but postponed for later this week. It would be the last of 22 accords that have been concluded in the last 18 months.

Seeking to reverse more than 50 years of U.S. efforts to force Communist-run Cuba to change by isolating it, Democratic President Barack Obama agreed with Cuban President Raul Castro in December 2014 to work to normalize relations. Since then the two countries have restored diplomatic relations and Obama has taken a number of steps to increase travel and trade with Cuba.

Trump, a Republican who will be sworn in on Friday, has threatened to end the detente if Cuba does not make further political and other concessions, although he has not specified what these should be.

The prospect of a fresh chill has prompted both governments to wrap up negotiations on five agreements since the November election, including one on fighting international crime and another on preventing and containing oil spills.

The Obama administration last week ended a 21-year-old special arrangement by which all Cubans arriving in the United States, including without visas, were entitled to stay and seek residency. The policy had long been criticized by the Cuban government.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council which has followed business ties between the two countries for two decades, noted that while there had been a large array of recent agreements and memorandums of understanding, not all were binding treaties.
“The commercial, economic and political bilateral relationship between the United States and Cuba remains tentative, fragile, and immensely subject to the impact of winds from the north and winds from the south,” Kavulich said.

The Trump transition team has included five Cuban-Americans who are vocal opponents of detente and who have close ties to Cuban-American lawmakers calling for a return to efforts to isolate Cuba. A number of Trump appointees, including his national security advisor, Michael Flynn, have expressed opposition to the effort to normalize relations.

Obama has used executive orders, which can be scrapped by Trump, to circumvent the longstanding U.S. trade embargo on Cuba and ease some restrictions on travel and business. The embargo can be lifted only by the U.S. Congress, which is controlled by Republicans.

The head of the U.S. Chamber of Commerce met with Cuban President Raul Castro and in separate meetings with members of Castro’s economic cabinet on Friday, as they prepare for the advent of a more hostile Trump administration next week.

The chamber has been urging the Cuban government to sign a number of agreements with major companies such as General Electric (GE.N), negotiated over the last 18 months, before President-elect Donald Trump takes office on Jan. 20.

A brief government statement said chamber President Thomas Donohue and Castro discussed “issues of mutual interest.”

“The goal of the U.S. business community has shifted from seeking more from Cuba to preserving what exists from the soon-to-be Trump administration,” John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said.

“U.S. companies need the Cuban government to quickly and substantially expand its purchases of products and services and permit a highly visible presence of companies,” he said.

Donohue was accompanied by Maurice Greenberg, chairman and chief executive officer of C.V. Starr & Co Inc, a major U.S. insurance company.

The chamber has opposed the U.S. trade embargo for decades and is a strong supporter of the normalization process begun by President Barack Obama.

That process has included the signing of 17 agreements between the two former Cold War foes and the use of executive orders to punch holes in the embargo, which can be lifted only by the U.S. Congress, now controlled by Republicans.

Travel to the Communist-run Caribbean island from the United States has increased, with the start of direct flights and cruises and roaming agreements signed, but there have been no manufacturing or trade deals inked.

Cuba and the Obama administration have been scrambling to deepen and cement their detente, through bilateral agreements and commercial links, since Trump's election in November.
Cuba agreed earlier this month to export charcoal to the United States, the first export in half a century, and in December Google (GOOGL.O) reached an agreement to place servers on the island to quicken access to its products.

Trump has said he will dismantle the still-fragile detente unless Cuba gives the United States a better deal, while providing no specifics. Trump is expected to review Cuba policy upon taking office and has named Jason Greenblatt, a Trump Organization executive and chief legal counsel, as negotiator for sensitive international issues, including Cuba.

The Miami Herald
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5 January 2017

U.S. trade with Cuba figures don’t add up

Cuban fishermen look at the U.S. Maybank Shipping Company vessel, Helen III arriving to Havana harbor, 11 July 2003, with 1.5 million dollars cargo in paper and wood from Alabama. This is the first time in 43 years that a ship with U.S. flag arrives to Cuba ADALBERTO ROQUE AFP/GETTY IMAGES

Nora Gámez Torres

The Obama Administration has said that trade with Cuba could reach up to $6 billion under its new policies, but U.S. companies in fact exported barely $380 million worth of goods to the island since the beginning of the thaw in bilateral relations two years ago.

Commerce Secretary Penny Pritzker said early last year that her department had issued 490 licenses to companies trying to do business with Cuba valued at $4.3 billion. More recently, White House spokesman Josh Earnest said that since late 2014 “more than $6 billion in trade has been initiated between Cuba and the United States since then, which obviously has an important economic benefit here in the United States.” Experts said the administration is exaggerating, and that those numbers must be put in better context.

They are doing it because they want to exaggerate and demonstrate how much progress and success there is.
John Kavulich, U.S.-Cuba Trade and Economic Council

“While there may be licenses which total that value … in no way do the value of those licenses equate to actual economic activity” with Cuba, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which has monitored bilateral trade since its founding in 1994.

Kavulich said the George W. Bush administration, trying to ease the bureaucracy, allowed companies to seek licenses for commerce with Cuba with declared amounts that are “aspirational” rather than real.

A U.S. company wanting to export goods to Cuba can then base its license application on its negotiations with the Cuban government, rather than the real value of a purchase. The new procedure voided the need to seek a new license if the final amount of the deal changed, Kavulich added.

Kavulich, who keeps detailed tallies of U.S. exports to Cuba, estimated that from December of 2014 to October of 2016 the total of U.S. agricultural and medical exports to the island barely reached $370.6
million. In fact, he added, all U.S. exports to Cuba since 2001 do not reach the $6 billion figure used by Earnest.

U.S. Census data showed the exports to Cuba over the past two full years totaled $380 million. One Commerce Department official confirmed that the numbers used by Pritzker and Earnest reflect the paper value of the licenses issued and other operations allowed under the new Obama policies, and do not necessarily reflect real exports.

“Sometimes the companies obtain the licenses when they are still working on the details. The final agreement may be for a different amount, or the deal can die along the way,” the official added.

Cuba, whose economy grew by a meager 0.9 percent in all of 2016 and actually shrank during the last part of the year — going into recession for the first time since 1993 — also simply does not have the money to pay for the level of imports claimed by the Obama administration.

U.S. exports to Cuba — principally food items such as chicken, soya and corn — indeed fell since Obama began easing sanctions on Cuba.

“When the Obama Administration pulls out these numbers without explaining the background, the perception is a). that there is a huge amount of activity between the U.S. and Cuba; b). that Cuba is spending all this money with U.S. companies and c)...When the numbers do not equate with reality, the perception is that Cuba has refused to engage… and it puts them in the position of them saying no to all this stuff, when they are not,” said Kavulich.

“They are doing it because they want to exaggerate and demonstrate how much progress and success there is,” he added. “But lying to make a marketing point is not a good strategy, especially for a government.”

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**Bloomberg BNA**

New York, New York

5 January 2017

**Cuba Hobbled by Fickle Internet Service—A Look at U.S.-Cuba Trade**

**From Daily Report for Executives**

Daily Report for Executives provides in-depth coverage of unfolding legislative, regulatory, and judicial news from the nation’s capital, the states, and around the world. This daily news service...

**By Stephanie Beasley**

If Cubans were to list recent U.S.-Cuba trade policy changes that seemed good in theory but were unlikely to have a significant impact on their daily lives anytime soon, they might start with online shopping, according to interviews with Bloomberg BNA in Havana.

The Obama administration released the last of six packages of executive orders in October. Within it was a provision that permits online retailers in the U.S. to sell products directly to Cubans for their personal use including items like televisions, toothpaste, clothing and soap.

In its two-year effort to normalize relations between the two countries, the administration has said it tried to prioritize humanitarian engagement and improvements in the lives of average Cubans.

“The theory is that more openness and more interconnectivity benefits the Cuban people,” one senior administration official said during an Oct. 14 press call announcing the most recent policy changes.
President-elect Donald Trump has threatened to roll back the policy changes unless Cuba makes concessions, which has dismayed lawmakers and lobby groups who say that, among other benefits, the new policies have helped foster Cuban entrepreneurship.

Policy Meets Reality

Some Cubans told Bloomberg BNA that they were dubious about the prospect of online shopping. It presents a logistical quandary, they said.

Wi-Fi on the island remains limited to designated outdoor hotspots. On any given day, one can walk through Havana and see people making international internet calls and checking e-mails from benches. At one Wi-Fi hotspot at the intersection of two main streets, Linea and L, a young woman who identified herself only as Adriana was selling Wi-Fi access codes. The pay-per-hour access cards are generally sold at government-run kiosks. But the supply can start to run low by early afternoon, presenting an opportunity for people like Adriana to make black market sales.

Bloomberg BNA, whose interviews with Cubans involved a translator, asked Adriana what she thought of the prospect of buying U.S. products online.

“Yes, yes, if you can do that it’s always good,” she said. “As long as it is good for the economy of the country, I think it is good.”

Adriana said she looked forward to buying clothes and shoes, which are expensive and often of low quality in Cuba. But she also said she worried about the slow, spotty connections in Havana.

Cuba’s telecommunications agency, Empresa de Telecomunicaciones de Cuba (ETESCA), offers 2G standard mobile services capable of handling phone calls and text messages for approximately 85 percent of the population. ETESCA also has roaming agreements with more than 100 foreign telecom carriers, including Sprint Corp. and Verizon Communications Inc., and it recently signed a deal with Alphabet Inc.’s Google to expand services. Also, the government announced in December that it would launch a two-month trial that would connect 2,000 homes to the internet in the Old Havana colonial district.

However, ETESCA has not yet established continual access along the major thoroughfares of Havana, which has a population of more than 2 million, according to a recent report from the U.S. International Trade Commission (USITC).

Signed, Sealed, Delivered
Internet connections are just one concern. Once Cubans successfully navigate slow internet connections and purchase products online, the next question is: Will the products actually get to them?

The U.S. Postal Service resumed direct mail service to Cuba in March. But a U.S.-Cuba agreement to resume flights between the two countries applies only to passengers and parcel post, Ivan Chacon, the head of international relations at Cuba’s Ministry of Transportation, told Bloomberg BNA. Cargo packages are not included. That’s one of several challenges, he said.

“Really, purchasing through eBay, through these online systems, is subject to a number of things,” he said. “First, that we have the online platform to access this market. Second, that we have [a way] to make payments. And third, that we agree on the shipping terms, which would have to be by plane so that it can actually be considered e-commerce because it does not make sense to pay for an item if it’ll take as long to get here as if it were coming by boat.”

The reason U.S. packages are not currently being shipped to Cuba by plane is that the Cuban government has not permitted it, John Kavulich, president of the U.S-Cuba Trade and Economic Council, said. The civil aviation arrangement between the two countries allowed for United Parcel Service and FedEx to extend operations to Cuba. But the Cuban government has not authorized the services, he said.

Further, he noted that the Obama administration has granted U.S. companies, including retailers, permission to establish distribution centers on the island but they also need approval from Cuba, which they have not received.

Other Complications

If packages arrived, they would need to go through Customs, a prospect that some Cubans said they also found discouraging.

“In Customs, when they see a confusing package they will never deliver it and they will never give any explanation for that,” said one young man at the hotspot on Linea and L, who declined to give his name. “Probably only 1 percent of the people who buy on the internet will get their packages here,” he said.

All of these complications reflect the Obama administration’s eagerness to push through changes without really negotiating with the Cuban government about how they would be implemented, Kavulich said. The administration was working under the assumption that Hillary Clinton would win the election and as president would continue talks with Cuba, he said. The Cuban government also thought Clinton would win, he added.

The policy changes look good but lack substance and the majority of Cubans have not been directly affected, Kavulich said.

“Theyir lives have not improved nor will they until the government of the Republic of Cuba adopts far-reaching commercial, economic and political reforms,” Kavulich told Bloomberg BNA. “A primary reform must be a reunification of the two currencies.”

Cuba has a dual currency system that includes the Cuban peso (CUP) paid to Cubans and the Cuban convertible peso (CUC) used by tourists. Neither are exchangeable in foreign markets, and it is unclear if they would be accepted by U.S. online retailers.

The National Retail Federation, whose membership includes online stores, did not respond to a request for comment. Amazon.com Inc. and eBay Inc. also did not immediately respond.

Paying for Goods, Services

Discrepancies between the two countries’ banking systems have plagued attempts to re-establish normal business relations.

“We have a group of procedures, which are certainly not 100 percent compatible with the American system,” Chacon said. He added that the banking system and payment methods are subject to a series of
resolutions from the Ministry of Commerce, which decides what regulations should apply to imported goods.

The lack of a modern banking system in Cuba, the government’s unfamiliarity with the market economy, and the dearth of investment-related regulations on the island are real concerns, Deitra Crawley, a partner at the Atlanta-based Taylor English Duma LLP, said.

Crawley leads the Atlanta-Cuba Direct Investment Exchange, which fosters conversations between Cuban government officials and businesses in Atlanta. She said her firm has been advising the Cuban embassy as it works to establish new business practices. Some of the items that must be settled before normal business relations can begin include agreeing on basic contract terms and deciding which country’s laws govern partnerships, Crawley said.

“In helping them understand how we, as a business community, operate it doesn’t suggest that our way is the better way or vice versa,” she told Bloomberg BNA. “It’s just that we have to find that medium ground whereby both parties benefit.”

Looking Ahead

But more steps will need to be taken before the average Cuban benefits from the trade policy changes, the young man at the Linea and L hotspot said. For example, most Cubans don’t make enough money to even think about shopping online or buying U.S. products, he said.

Cuba’s average salary is $20 per month, according to USITC. Only Cubans with relatives outside the country who could buy the items for them would really reap the rewards of online shopping, the man said. “They have to increase salaries,” he said. “What we actually need is for President Obama to become president here. I would vote for him.”

El Nuevo Herald
Miami, Florida
4 January 2017

**Gobierno de Obama infla cifras de comercio con Cuba**

Nora Gámez Torres

La Casa Blanca se ha referido a un potencial de $6,000 millones en comercio con Cuba, pero la realidad es que las compañías estadounidenses apenas exportaron mercancías por cerca de $380 millones a la isla desde el inicio del deshielo, en diciembre del 2014.

A principios de año, la secretaría de Comercio Penny Pritzker declaró que el departamento que dirige había otorgado 490 licencias a compañías interesadas en hacer negocios con Cuba por un valor de $4,300 millones de dólares. Más recientemente, el vocero de la Casa Blanca, Josh Earnest dijo que, desde diciembre del 2014, cuando se anunció la nueva política hacia Cuba, “se había iniciado comercio por más de $6,000 millones entre Cuba y Estados Unidos, lo que obviamente ha tenido un importante beneficio económico aquí en los Estados Unidos”.
Sin embargo, expertos consideran que la Administración exagera y que esas cifras deben ser puestas en contexto.

“Aunque puede haber licencias por el total de ese valor...de ninguna manera el valor de esas licencias equivale a la actividad económica real” con Cuba, considera John Kavulich, presidente del U.S.-Cuba Trade and Economic Council, una organización que monitorea las relaciones comerciales con la isla desde su fundación en 1994.

Según Kavulich, para “aliviar el papeleo”, la Administración de George W. Bush permitió a las empresas solicitar licencias con valor en dólares que no necesariamente equivalen al monto real de las operaciones sino a las “aspiraciones”.

De este modo, una empresa estadounidense interesada en exportar alimentos a Cuba podría basar la solicitud de su licencia en promesas de la compañía estatal importadora Alimport, pero no en el monto real de la compra, lo cual ahorraría, además, volver a solicitar una nueva licencia, explica el experto.

Kavulich, quien recopila sistemáticamente las cifras de las exportaciones a Cuba, calcula que entre diciembre del 2014 y octubre del 2016, las exportaciones a la isla de productos agrícolas y médicos apenas llegaron a $370,663,863, una cifra muy inferior a los $6,000 millones mencionados por la Casa Blanca. De hecho, todo lo exportado a la isla desde el 2001 está por debajo de esa cifra.

Según las cifras oficiales de la Oficina del Censo de Estados Unidos, las exportaciones a Cuba en los últimos dos años alcanzaron los $380 millones.

Un funcionario del Departamento de Comercio confirmó al Nuevo Herald que las cifras citadas por Pritzker y Earnest se corresponden con los montos de las licencias especiales expedidas o con operaciones autorizadas gracias a excepciones en las sanciones a Cuba, y que no necesariamente se corresponden con las exportaciones reales.

“Algunas veces las compañías obtienen las licencias cuando todavía están ultimando detalles. El acuerdo puede que no sea por esa cantidad o puede que se descarrile por el camino”, aclaró el funcionario.

La economía cubana, cuyo Producto Interno Bruto decreció en 0.9 por ciento en 2016 y entró en recesión por primera vez desde 1993, tampoco podrá absorber semejante volumen de exportaciones provenientes de Estados Unidos, por lo que los exportadores tendrán que buscar modos de financiar las ventas. Desde que el presidente Barack Obama anunció su nueva política de acercamiento a Cuba, las exportaciones a la isla –principalmente de alimentos como pollo, soya y maíz– decrecieron, contrario a la lógica de unas mejores relaciones entre ambos países.

“Cuando la Administración Obama saca estos números sin explicar su trasfondo, la percepción es: a) que hay una enorme cantidad de actividad entre Estados Unidos y Cuba; b) que Cuba gasta todo ese dinero con empresas estadounidenses; y c) cuando los números no se corresponden con la realidad, la percepción es que Cuba le ha dicho ‘no’ a todas esas oportunidades cuando no ha sido así”, comentó Kavulich.

“Lo hacen porque quieren exagerar y demostrar cuánto progreso se ha alcanzado, pero mentir para hacer marketing no es una buena estrategia, especialmente para un gobierno”, opinó.

The Washington Times
Washington, DC
3 January 2017
Donald Trump crackdown looms for Cuba as repression continues after Obama outreach

Cuban President Raul Castro and his government have benefited more than his people from the Obama administration’s detente. (Associated Press)

Page A1

By Dave Boyer

President Obama’s historic move to normalize relations with Cuba hasn’t slowed repression by the Castro regime, and the incoming Trump administration is likely to take a tougher stand on restricting tourism, recovering stolen U.S. assets and demanding human rights reforms by Havana, analysts say.

In the two years since Mr. Obama announced a thaw in the United States’ half-century policy of isolating the island nation, the administration has paved the way for increased engagement, approving such measures as daily commercial flights, direct mail service, cruise ship ports of call and the reopenings of long-shuttered embassies in Washington and Havana.

But Mr. Obama’s policy has not been fully embraced on Capitol Hill and is vulnerable to reversal under the Trump administration, though the president’s aides say his detente is already bearing fruit in Cuba and beyond.

“We’re seeing real progress that is making life better for Cubans right now,” said White House Deputy National Security Adviser Ben Rhodes. “Sustaining this policy will allow for further opening, further travel, further U.S. business opportunities.”

But critics say the U.S. money now flowing to Cuba is being pocketed directly by the military and the Cuban intelligence services, not benefiting Cuban entrepreneurs. They also say the government of President Raul Castro has become more repressive since the formal resumption of diplomatic ties with Washington.
“This year, they’ve had over 10,000 politically motivated arrests,” said Ana Quintana, an analyst on Latin America at the conservative Heritage Foundation. “During President Obama’s visit [in March], there were 498 people arrested in those three days.”

Judging by the standards Mr. Obama laid out in December 2014, she said, “the policy has been a failure.”

“It was originally intended to help the Cuban people by providing greater freedoms,” Ms. Quintana said. “It’s been diluted, because they found that they’re not going to get the concessions from the Cuban government that they expected. The vast majority of people who have benefited from this have been the Cuban military and the Cuban government.”

President-elect Donald Trump is likely to take a less rosy view than Mr. Obama of the U.S. engagement with Cuba, say those familiar with his team’s thinking. During the presidential campaign, Mr. Trump criticized Mr. Obama and Democratic rival Hillary Clinton for “turning a blind eye” to Cuba’s human rights violations and denounced Mr. Obama’s initial deal with Havana as a “very weak agreement.” Several anti-Castro Cuban-American conservatives are part of Mr. Trump’s transition team.

Despite making a strong pitch for Florida’s Cuban-American vote, Mr. Trump has kept his options open — aside from pressing harder for human rights.

“All of the concessions that Barack Obama has granted the Castro regime were done through executive order, which means the next president can reverse them — and that is what I will do unless the Castro regime meets our demands,” Mr. Trump said during a Florida campaign swing in September. “Those demands will include religious and political freedom for the Cuban people” — demands that the Castro government has rejected as a condition of the detente negotiations.

In a Twitter post Nov. 28, three weeks after his election, Mr. Trump said, “If Cuba is unwilling to make a better deal for the Cuban people, the Cuban/American people and the U.S. as a whole, I will terminate deal.”

Although Mr. Trump isn’t expected to shut down the revived relationship entirely, he will push harder for U.S. businesses and individuals to recover the estimated $8 billion worth of property expropriated by the Cuban government, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc.

“I don’t see anything expansive [toward Cuba] until there’s movement on the claims,” said Mr. Kavulich, who has been conferring with Mr. Trump’s transition officials. “The Obama administration was suggesting; the Trump administration is going to be requiring.”

Said Ms. Quintana, “Trump is somebody who recognizes that the Cuban government has expropriated about $8 billion of U.S. business assets and U.S. private citizens’ assets. There is no rule of law in Cuba. How can a business exist without property rights?

“You have a military regime that controls everything,” she said. “This is an anti-business environment.”

Targeting tourism

Mr. Trump is also expected to take a sterner approach toward tourism. Although the U.S. has outlawed tourism to Cuba, the Treasury Department’s 12 categories for permitted travel include “educational activities,” and the Trump team says the Obama administration has stretched the definition too far.

“They feel that some of the individuals who are going to Cuba are doing so for purposes of tourism,” Mr. Kavulich said. “They’re looking at the marketing materials of the travel agents, the cruise lines taking tourists. They are not ideologues; they are taking strict legal viewpoints that there are 12 categories, and tourism isn’t one of them. That’s not what the Obama administration is doing.”

The White House is warning Trump officials not to reverse course and says Cubans are worried about the next administration’s intentions. The recent death of Cuban revolution leader Fidel Castro and the impending retirement of his 86-year-old brother, Raul Castro, also mean an unprecedented political transition on the island in the next few years.
“Turning it off would hurt the Cuban people,” Mr. Rhodes said. “It would cut off a lifeline to independent businesses. It would cut off a lifeline to Cuban families who depend on remittances. The new administration will have its own priorities to that engagement, but what we would not want to see is turning back the clock to an approach that had completely failed for over 50 years.”

Mr. Kavulich said Mr. Trump and his advisers also are anticipating the symbolism of elections in Cuba in February 2018 when Mr. Castro will be replaced, likely by Vice President Miguel Diaz-Canel, a civilian. That means Mr. Trump will be in office when Cuba is no longer ruled by the Castro family, regardless of the pace of democratic reforms.

“Trump is going to be in office as the first president in 59 years who will preside over a succession and a transition from a Castro to someone else,” Mr. Kavulich said. “If you’re in the White House you’re salivating at something like that. The bottom line will be, there’s not one [Castro] as president of the country anymore. And President Donald Trump will be the guy who’s in the White House when that happens. They absolutely get that.”

Intelligence fears

The Obama administration’s reopening of ties with Cuba is also raising concerns about Havana’s vaunted intelligence services and espionage against the U.S.

Ms. Quintana calls Cuba “a known seller of U.S. intelligence.”

In a little-publicized case in 2014, a spy for Cuba was sentenced to 13 years in prison in the U.S. The spy, who hasn’t been identified, worked out of the National Reconnaissance Office in Chantilly, Virginia.

Chris Simmons, a retired official from the Defense Intelligence Agency, said spying on the U.S. can be a lucrative business for Cubans, with clients such as China and Iran.

“Cuba doesn’t have a satellite program,” Mr. Simmons said. “So why would Cuba invest in sustaining someone who could only tell them everything about U.S. spy satellites? Because the countries we were targeting would undoubtedly pay a lot of money. There is an international audience for the barter and sale of U.S. secrets. Whether it’s Russia or China, there’s an insatiable appetite for what they can steal from us.”

Mr. Simmons also pointed to the case of Ana Montes, the “Queen of Cuba,” an American who stole U.S. military secrets for Havana from 1985 to 2001 while working as a top analyst for the DIA. Among her most damaging acts, she passed information on the location of U.S. Special Forces in El Salvador in the 1980s and provided the identities of four U.S. covert intelligence officers working in Cuba.

“For most of its history, Cuban spies have been volunteers, so there’s never a money trail. Ana Montes never got a salary,” Mr. Simmons said. “As long as we perpetuate the myth that Cuba’s not a threat, they’re going to clean our clocks and give that information to our enemies.”

He said he is concerned that three former high-level spies for Cuba are involved in their country’s engagement with the U.S. They include Nestor Garcia Iturbe, who was Cuba’s master spy as director of the Superior Institute of Intelligence (ISI), where Cuban intelligence officers are trained.

“We’re negotiating with people we threw out for espionage,” Mr. Simmons said. “The bigger concern is, over the years, after the Cold War, the intelligence services and the military have become key players in the economy. The [Castro] brothers were very clever in terms of putting those two services in charge of key sectors, such as tourism. You’ve got the intelligence and military services becoming profit-making centers in their own right.”

He doubts that freedom will come to Cuba as Mr. Obama envisions.
“There is an elitist attitude around Washington that more exposure to Americans will introduce democracy and all these great values,” Mr. Simmons said, “as if the Canadians and Europeans weren’t able to do that. It hasn’t happened. There’s nothing we’re going to bring to Cuba that our allies weren’t able to introduce.”

Ms. Quintana said the Obama administration and its allies also have been misleading Americans with a narrative that Cuban-Americans’ attitudes are changing and that they no longer support the U.S. trade embargo of Cuba. She pointed to the election victories this year of candidates such as Sen. Marco Rubio, a Florida Republican and a Cuban-American who is an outspoken opponent of the Obama administration’s policy toward Cuba.

“A big indicator of how successful President Obama’s legacy has been is, look at the South Florida elections,” she said. “Every candidate who was a pro-embargo candidate won. It’s only through a positive political transition on the island that Cuba will become successful. You cannot have a successful economy without the rule of law. That’s not going to exist with the Castro regime in place.”

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**CUBA COUNCIL CHIEF: PRE-TRUMP CUBA FOCUS COULD YIELD SPATE OF DEALS:** U.S. companies have been racing to finalize deals before the president-elect takes office on Jan. 20, and about seven or eight “meaningful” announcements could be made before Inauguration Day, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. Kavulich told Morning Trade that the business community would be hardest hit if Donald Trump moves quickly after Inauguration Day to reverse President Barack Obama’s push to normalize relations with Cuba, an initiative that is vulnerable because Obama furthered it mainly through executive actions.

“The council and others have been pushing the administration since the ninth of November to issue every license for which there’s been an application as fast as possible — because licenses that are issued are less likely to be rescinded; because generally they're good for one to three years; and, more importantly, a license that has been implemented is even more so likely to be renewed,” Kavulich said during a recent interview at POLITICO’s Rosslyn, Va., headquarters.

But the bigger question is whether the Trump administration will actually undo any of Obama’s executive actions or whether Trump would leave them in place but not move further toward rapprochement, Kavulich said. With travel to the island, for example, “I think they’re prepared to not necessarily dig deeply, but by simply digging at all, the perception is going to help create the narrative that they want,” he said, referring to the incoming administration. “Which will be that there’s more enforcement, so therefore less encouragement of somebody to want to visit Cuba, so therefore Cuba earns less money.” Read the full Q&A with Kavulich here.

**POLITICO Pro Q&A: John Kavulich, president of the U.S.-Cuba Trade and Economic Council**

By Megan Cassella

As President-elect Donald Trump prepares to enter the White House, business groups and advocates in favor of normalizing relations and strengthening commercial ties with Cuba are racing to finalize deals they fear the president-elect will seek to tear up.

Trump has come down on both sides of the issue: As a presidential candidate, he said rapprochement was "fine" and that "50 years is enough" for an economic embargo, but he pledged in a tweet late last month to "terminate" ties with Cuba if it does not agree to a "better deal" than what it committed to in the talks that preceded the diplomatic opening.
With questions swirling as to which way Trump will go on Cuba once he enters the White House, POLITICO sat down in our Rosslyn, Va., headquarters with John Kavulich, 23-year president of the U.S.-Cuba Trade and Economic Council, a private nonprofit that provides commercial and economic information on Cuba to the U.S. business community, to discuss Trump's possible steps and what could happen to Obama's diplomatic legacy once he leaves public office.

This interview has been edited for length and clarity.

What contact have you had with the Trump team so far, and what's your take on where things stand now in regards to Cuba?

The council was contacted during the campaign by individuals associated with the campaign to provide information and analysis, which we did, and then has continued to be contacted post-election for analysis and data, and so we provided that. They've asked for what we've done, and then [for] background in terms of why we think some decisions might have not been made by the Obama administration, why some were, what Trump administration might do. ... But I think that they're focusing on a lot of issues, and Cuba isn't top of the list — nor should it be. ... It does have significance to some members of Congress, transition team members, landing team members and individuals, advocates, but from a macro standpoint, I think few taxpayers want the Trump administration to put Cuba in their 100-day portfolio.

What do you see as the state of play in terms of the U.S. stance toward Cuba policy right now? How much do you think the Obama administration has accomplished, how much is set in stone, and where do you see the Trump administration taking things from here?

Nothing is set in stone, because there are no statutes, there are no statutory foundations to anything the president has done during the last 24 months nor, for that matter, anything he's done since Jan. 20, 2009. People often forget this occupant of the White House had a House and Senate majority for two years and did nothing relating to Cuban statutes when he could have, and likely may have changed some Cuban statutes but didn't choose to do so. He chose the regulatory path, which was always fraught with potential peril.

The challenge is that neither the Obama administration nor the government of Cuba prepared for an outcome whose last name wasn't Clinton. And in the business world, we prepare for unexpected outcomes. It's what you do, especially when we risk money.

Where do you see the Trump administration, once it's settled in, taking things from here?

Generally, they'll be reactive as opposed to proactive. If Cuba does something to warrant a column in POLITICO, The Hill, Roll Call, The Washington Post, The New York Post (because the president reads that), The New York Times, MSNBC, if Joe Scarborough starts talking about it, they're going to react, unless they change, and unless the president-elect changes the way he has behaved during the last two years of the campaign. So I think that they will be reactive.

There are individuals in the landing teams, the various departments and agencies, at the transition team within 725 Fifth Ave. in New York, and individuals within the purview of the campaign who want to be aggressive, who believe that primarily the travel-related initiatives of the Obama administration are the ones that need to be constrained. Some of them believe that they should be constrained because they violate the letter and the spirit of [Trade Sanctions Reform and Export Enhancement Act]. And they sincerely believe that the president has gone too far in terms of how he has defined who can go and under what conditions they can go.

There are others who are looking at it from an ideological standpoint, and they simply are feeling as long as there is a Castro breathing that the goal should be not to reward, enrich or sustain, it should be to deny, constrain and kill — kill the species that is the commercial, economic and political system led by Fidel and now Raul.

So you have one group that is based on firm belief in statute and presidential prerogative and the other is based on ideology. You put those two together — which is what the Trump administration is going to have — and it can be toxic. Meaning the result can be unpredictable. But, overall, the individuals surrounding
the president-elect, they want to do something, and it’s almost certainly going to be travel-related. And they will do so with the foundation that they're simply upholding U.S. law where President [Barack] Obama violated U.S. law.

*What are the biggest questions in your mind in regards to Cuba when you think about the incoming administration?*

Will they be proactive or reactive? That would have to be ... everyone’s first focus. Second is how deep they want to penetrate into being proactive or reactive. Do they simply want to not permit any more, or do they want to remove some of what exists? I think with travel, they’re prepared to not necessarily dig deeply, but by simply digging at all, the perception is going to help create the narrative that they want, which will be that there’s more enforcement, so therefore less encouragement of somebody to want to visit Cuba, so therefore Cuba earns less money.

*You mentioned at the start that nothing is set in stone. How much do you think feasibly or realistically Trump can or will undo Obama’s executive actions?*

All he needs is ink in the pen.

*But what about these commercial ties and the seemingly widespread popular opinion that voters are in favor of normalization?*

The polls really don't mean much. They generally will be seen as meaningful when they’re supporting the president’s position, and will be dismissed as not important when they’re not. And for President Obama, [Deputy National Security Adviser] Ben Rhodes would often quote them as a reason for the initiatives. But while the numbers are probably accurate, they’re wide but they’re not deep. Very few people truly care about Cuba. It’s just that if you ask somebody a question, depending on how you frame it, you're going to get an answer that generally is: "Yes, I don't see why we're still doing [the embargo], and now Fidel’s dead."

But how much passion is there behind it? There isn’t. And my basis for that statement … is, what action has there been in 16 years in the United States Congress relating to Cuba? What law has changed ... in 16-plus years? None. So, for those that say that the will of the American people wants there to be change with Cuba, that may be true, but the only passion are some advocates that thus far have failed at their one stated purpose, which is to change U.S. law. So what have you got?

I know that it may sound dispassionate and surgical and medical-like to be saying this, but if you’re an accountant, you have sales, you have expenses, you have net profit. With legislation, you have how many [lawmakers] for it, how many you have against it, what’s the outcome? Well they’ve had 16 years. Then they had two years where the president’s party controlled the Congress with substantial majorities. Then they had the last 24 months where the president has made it a legacy issue, they didn't do anything on any of it. So that’s the reality that’s going to confront these people.

So if President Trump tries to claw back at the commercial, the argument is going to be, "Don’t harm U.S. business opportunities." Their [the administration’s] argument is going to be, "Please list the business opportunities. What have they done? Who’s done what? ..."

I don't think that, based on what I’ve heard, there’s not a lot of appetite to reverse any of the commercial engagement. But there is appetite to focus more on what is being permitted and how it's being permitted.

For example, Nespresso, the coffee — when State issued the guidelines of how, under what conditions, coffee would be permitted to be imported to the United States, it was rather specific on the conditions that would need to be in place. But when Nespresso made its announcement, it talked about what it was going to be doing rather than what was in place. So you may see the Trump administration say, "If this stuff’s going to happen, we want to see that what needs to be there is there as opposed to it being aspirational."

*Before Inauguration Day on Jan. 20th, companies are racing to get things finalized. What’s in the pipeline?*

There are probably seven or eight announcements that could take place that are meaningful. The council and others have been pushing the administration since the 9th of November to issue every license for which
there’s been an application as fast as possible. Because licenses that are issued are less likely to be rescinded, because generally they’re good for one to three years. And more importantly, a license that has been implemented is even more so likely to be renewed.

The problem, again, for the administration, is they never expected Hillary Clinton to lose. So no one thought to say to the Cuban government, "Hey gang, remember... ." On Dec. 17, 2014, President Obama should have said to President Castro: "There’s a timeline here. It ends on the 8th of November of 2016. It doesn’t end on the 20th of January 2017, because we don’t know what's going to happen. So therefore, we ... need to plan for the unexpected.”

That conversation never took place. So the Cubans are as guilty of not planning as the Obama administration. And the business community is the one that suffered for that.

What are some of your boldest predictions for what you actually see happening in 2017?

The narrative of 2017 is going to be written by Cuba, and the Trump administration is going to be responding to that narrative because the clock will begin ticking for the transition from Raul Castro in succession to Miguel Diaz-Canel 13 months after Trump is sworn in. And that’s going to become the media narrative, that’s what everybody’s going to start focusing on: What will the U.S. government do either to incentivize the Canel administration or to reward the Canel administration? So incentivize meaning lay out in advance, 'This is what we want to see you do, and then we’re going to do this.' Or reward, meaning, "You do this, we’re going to do this.” So it’s sort of transactional.