

THE ATLANTIC COUNCIL
OF THE UNITED STATES

**A Road Map for Restructuring
Future U.S. Relations with Cuba**

POLICY PAPER

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FOREWORD

Over the last few years, U.S. relations with several adversaries have shifted dramatically and, in some cases, suddenly. Russia and China are conspicuous cases in point. When the shifts are abrupt, there is often a period of disarray in the U.S. government because of little preparation for such changes. For this reason the Atlantic Council decided to anticipate a process of restructuring bilateral relations with Cuba – one of our few remaining adversaries – by preparing a guide in advance for policy-makers.

Our basic assumption is that political changes in Cuba are inevitable, but it is difficult to predict how or when they might occur. Thus, we have assembled an inventory of the most pressing issues for the United States and have suggested ways to address them, irrespective of, though not apart from, the specific transition in Cuba. We have learned from our experiences in Eastern Europe and elsewhere that even when transitions are gradual, they are full of obstacles. However, we have also learned, most recently in South Africa, that forethought and creativity, especially in economic matters, can help ensure that contentious aspects of change do not throw the process off track.

In addition to the individual members of the working group, we want to acknowledge the important, substantive assistance of Dr. Armando Lago, Ms. Violanda Botet, Mr. Nigel Purvis, Mr. Mark Sullivan, Ms. Dianne Rennack, Mr. Ricardo Cadenas, Dr. Burton Sapin, Mr. Ralph Galliano, Mr. Stuart Lippe, Mr. José Gavilando, Robert E. Freer, Esq., Mr. L. Ronald Scheman, Mr. Michael Balgley, Dr. Carmen Diana Deere, Dr. Jorge Pérez-Lopez and Mr. Alain Mutén.

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The Atlantic Council of the United States

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The members of the Working Group on U.S. Relations with Cuba believe that the recommendations stated in this paper promote overall U.S. interests. While there may be some parts of the report with which some participants are not in full agreement, each participant believes that the report, as a whole, provides a sound basis for future actions by the Government of the United States. The views of participants do not represent the official position of any institution.

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EXECUTIVE SUMMARY

This policy paper provides guidelines for U.S. government officials and Congress for dealing effectively with the range of topics that will need to be addressed once decisions are made to restore normal relations with a Cuba whose leaders are committed to establishing a fully democratic system of government. The process of restoring normal relations will be lengthy and difficult because of the many contentious issues to be resolved.

Several assumptions must be stated at the outset. First, the recommendations included herein apply *only after a decision is made to restore normal relations and do not address current U.S. policy*. The Cuban Democracy Act of 1992 (Pub. L. No. 102-484) clearly states U.S. law and the conditions required for normalization, namely Cuba's pledge to hold free, fair and internationally observed elections and adhere to accepted standards of human and civil rights. *This act, therefore, is the point of departure for any process of restructuring relations*. In the event that the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act becomes law, it will supersede the Cuban Democracy Act in certain respects and increase the restrictions on current bilateral relations. Nevertheless, the potential for passage of this legislation does not alter the recommendations of this paper, except to the extent that the bill, in its final form, could specify additional requirements and linkages during a Cuban transition.

Second, the paper assumes a cooperative government in Cuba but does not suggest a particular scenario for political change. Although the specific sequence and pace of restoring normal relations depend on the nature of that change and the political composition of the Cuban government, as well as the political circumstances then

existing in the United States, this paper only prescribes basic principles and general steps for U.S. policy. The process will most likely be gradual, with some issues resolved before others. A logical first step would be an agreed framework that addresses the more contentious issues like claims, migration and trade, but this does not preclude simultaneous work on other topics. Indeed, it may be preferable to handle "smaller" issues like communications and travel before resolving the larger ones, but again, this decision depends on political factors beyond our power to foresee. The purpose here simply is to suggest *how* to deal with each issue on its own. The order of presentation of the issues does not imply a proposed sequence of policy-making.

Finally, this paper assumes that U.S. policies during the Cuban transition will be predicated on the basic principle of full respect for the sovereignty of Cuba and the right of the Cuban people to freely choose their form of government and leaders. This paper is based on (1) analysis of the laws, regulations and policies that govern bilateral relations at the present time; (2) extensive interviews with current and former U.S. government officials, members of Congress, business leaders, academics and prominent members of international organizations; and (3) ideas and recommendations developed by members of the working group, individually and collectively.

MAJOR RECOMMENDATIONS:

1. *Once a decision has been reached to embark on a program for restoring normal relations with Cuba, the president should appoint a senior coordinator in Washington to oversee the implementation process, including the management of aid and assistance programs, liaison work with multinational organizations and the establishment of contacts with Cuban officials. Meanwhile, the head of the U.S. Interests Section in Havana should be appointed chargé d'affaires while the president begins the process of appointing an ambassador.*
2. *The first priority for the senior coordinator should be the drafting of a framework agreement that outlines a process and a timetable for addressing the outstanding bilateral issues. The coordinator should draft the agreement in close consultation with the U.S. Congress and Cuban officials.*
3. *The Department of State should negotiate an agreement with the Cuban government to establish as soon as possible a mechanism for dealing with U.S. citizen confiscation claims against Cuba. This agreement should set forth a process that expeditiously frees up as much property as possible from claims; for example, the process could move quickly on the certified claims while simultaneously devising a mechanism to settle the remaining claims in a just and equitable manner. The Department of State should not espouse additional claims unless Congress passes legislation to do so. The public release of this*

agreement will clarify a program for dealing with claims that will undoubtedly require more time to settle in practice. Meanwhile, claimholders will be reassured that a fair process of settlement is underway and that they need not attempt to bring pressure to impede or postpone other aspects of the normalization process.

4. *The U.S. government should encourage prompt Cuban accession into international organizations like the International Monetary Fund and the World Bank once Cuba satisfies readmission requirements, while supporting the lifting of the Cuban government's suspension in the Organization of American States. Congress should resist pressures to link the demands of sectors in the United States with U.S. financial commitments to the organizations and their programs for rebuilding Cuba*
5. *Restoring normal relations will require immediate lifting of the trade embargo and other economic sanctions. The U.S. government should also encourage a process which facilitates the granting of Most Favored Nation status to Cuba. The Export-Import Bank and the Overseas Private Investment Corporation should take the lead in expanding incentive programs for U.S.-based trade and investment, assuming that Cuba has embarked on a plan for resolving its outstanding debt and meets other normal requirements by these institutions.*
6. *Unilateral U.S. restrictions on travel, port entry and access, and mail services should be lifted quickly. The need for continuation of Radio and TV Martí will have to be examined, but these programs should proceed as long as the U.S. government determines that they could play a constructive role during a Cuban transition.*
7. *The departments of State and Justice should move towards implementing, to the extent circumstances permit, a normal immigration policy that treats Cubans like other immigrants. In implementing such a policy, the United States should give due regard to the protection of political refugees and take steps to permit the reunification of families with members both in Cuba and the United States.*
8. *The National Security Council and the Department of Defense should examine plans for the future of Guantánamo Naval Base within the overall context of U.S. base policy and security relations in the hemisphere. It may be useful to propose future creative uses of the base if and when full sovereignty over its territory is returned to Cuba.*
9. *U.S. aid and assistance programs for Cuba should be carefully targeted and monitored. Assuming that the conditions in the U.S. Congress will not favor large appropriations of bilateral aid, the U.S. government's role should focus mainly on stimulating and coordinating efforts among private and international*

donors. To that effect, the United States should request that the World Bank constitute at the earliest possible time a consultative group on Cuba. Finally, all aid programs should be designed to have limited duration and encourage the processes of political reform, economic self-reliance, domestic and foreign investment, and positive trade relationships. Emergency aid should continue to be available to Cuba as long as conditions on the island require it, especially if a future transition turns chaotic.

More extensive recommendations for each issue follow in the policy paper. The steps it describes should contribute to a smoother process of restructuring relations as well as stimulate the efforts of Cuba to establish itself as a democratic state and a responsible participant in regional and global affairs.

A Road Map for Restructuring Future U.S. Relations with Cuba

I. INTRODUCTION

The importance of developing a coordinated plan for restructuring bilateral relations cannot be overstated. After over 36 years as adversaries, the United States and Cuba will be confronted with innumerable obstacles in their attempts to implement a coherent process of normalization once leaders in the United States conclude that such change is justified. Political rivalries, feelings of betrayal and alienation, and the sheer economic desperation in Cuba will make it extremely difficult to start rebuilding this new relationship with a clean slate. Some members of the working group have suggested that all Cubans, both inside and outside the island, approach the transition period as though "today were the first day of the rest of my life." This clearly is a model proposition. Although both proponents and antagonists consider what has been termed the "Cuban Revolution" to be an important historical period, this paper assumes no clear demarcation of before and after. Such an ideal view would lead only to unrealistic expectations and disappointments, whatever one's political orientation. By taking a more narrow and pragmatic approach to coordinating U.S. policy for a generic transition, this effort will help to make that process easier in the short term and contribute to building lasting, cooperative and mutually beneficial relationships in the long term.

Cuba is and has been an important concern for the United States. It is the largest country in the Caribbean and has the potential to once again become the largest U.S. trading partner in that region. Although the history of bilateral relations has been, to say the least, mixed, there is no doubt that the legacies of both countries are strongly connected. This tie is further strengthened by the rise to prominence of Cuban-Americans. They will serve as essential links to a free Cuba and will play a major role as catalysts for fostering goodwill between the two countries. Thus, the motivation and resources of Cuban-Americans are pivotal in the cultivation of a new partnership that establishes a solid set of bilateral relations across all levels.

Recent changes throughout the Western Hemisphere demonstrate that the broader interests of the United States and the other nations of the Americas can be consistent with sectoral interests in these countries. Future U.S. relations with Cuba should be developed under this premise through policies which promote the convergence of overall political and economic objectives, such as the creation of a market economy and the fostering of democratic institutions. While the concerns of individuals and groups are serious, they should not prevent policy-makers from keeping the larger picture in mind and supporting efforts that balance the interests of constituencies. To this end, consultation and coordination with other nations of the hemisphere through the Organization of American States and other institutions will reinforce U.S. policies and help build the basis for regional cooperation and support.

Overcoming more than three decades of antagonism will be a tremendous challenge, and both Cuban and U.S. policy-makers will find the process beset with difficulties. It is the sense of the working group that a road map for an organized, efficient method of normalization takes an important first step toward promoting future good relations. Whether this result is achieved depends, ultimately, on the wisdom and patience of those charged with implementing these policies.

II. KEY ISSUES AND RECOMMENDATIONS

DIPLOMATIC RELATIONS: THE FIRST STEPS

The conditions for restoring normal bilateral relations are effectively established in the Cuban Democracy Act (Pub. L. No. 102-484, Title XVII).¹ These include

¹ The full text of the Cuban Democracy Act is provided in Annex A, *infra*. Additional materials

internationally supervised, free and fair elections, and a respect for human rights and democratic freedoms. While the president of the United States could establish diplomatic ties unilaterally, he cannot independently lift the trade embargo – an essential condition for "normal" relations – unless he can certify to Congress that the Cuban government has met those conditions.

Thus, diplomatic ties should be resumed only when Cuba has satisfied the requirements of an overall process of restoring normal relations.² Although the process could be gradual through the "calibrated" lifting of sanctions, full resumption of diplomatic ties should include an agreed framework, with a timetable, to resolve the outstanding bilateral issues.³ Without this framework, efforts to restore relations will be disjointed and are likely to become disrupted over single topics.

Resuming diplomatic ties with Havana could begin with a simple act – a presidential announcement would suffice. However, if important political differences remain, a joint declaration that also addresses the key issues in terms of principles would be more appropriate. The ideal sequence would proceed as follows: (1) the joint announcement of an agreed framework and timetable; (2) immediate elevation of interests sections to embassies; (3) designation of a senior U.S. coordinator to oversee implementation of the agreed framework; and (4) ambassadors exchanged and accredited.

BACKGROUND

1. The Vienna Convention of 1961 and customary international law set no specific formula for the establishment of diplomatic relations between two states but require only that it be done by mutual consent. Simultaneous executive announcements would be the simplest way to restore full diplomatic relations. The question of reopening consulates in Miami, Santiago and perhaps other cities should also be discussed. Once the decision is made to restore normal relations,

governing U.S. relations with Cuba at the present time are included in the volume, *U.S. Relations with Cuba: Compendium of Laws, Regulations and Policies*. (Atlantic Council of the United States, 1994).

² Dr. L. Ricardo Alonso adds, "This should include a firm commitment and specific actions by the Cuban government to restore in full the human rights and constitutional guarantees of the 1940 Constitution." However, Mr. Peter Hakim comments, "It is not clear what definition of democracy is being used here or who makes the judgment. The president and Congress should have substantial leeway to manage U.S. policy during a transition, which includes engaging Cuba to encourage democratization."

³ Dr. Alberto Diaz-Masvidal comments, "The Cuban Democracy Act only mandates that the president 'be prepared' and does not include authorization to 'execute' a policy of 'calibrated' steps."

the United States and Cuba presumably would both wish to move quickly to elevate ties to the highest level. The Chief of the U.S. Interests Section in Havana would have immediate talks with Cuban leaders and, among other things, seek their assurance that their government assumes all international and treaty obligations, including the United Nations Declaration on Human Rights and the admission of the representative of the UN Human Rights Commission to investigate human rights violations in Cuba.

2. The particular steps of restoring full relations will depend on the nature of the Cuban government and the political circumstances then prevailing in the United States. Among other factors, the domestic politics of both countries may provide opportunities or pose obstacles in the way of this process. In any event, without a basic agreed framework between both governments, it will be difficult to distinguish general statements of principle from specific positions on the wide array of contentious issues like claims, trade, investment, migration, the Guantánamo Naval Base and others.
3. Converting the U.S. Interests Section into an embassy and perhaps reopening the Santiago consulate will require additional funding and personnel.

RECOMMENDED STEPS

1. *Once the president decides that the United States should resume diplomatic ties and begin the process of restoring normal relations, the United States and Cuba should develop a joint declaration and a framework, including a timetable, for dealing with the key outstanding issues.*
2. *The president, following consultation with the Congress, should immediately appoint a senior official responsible for coordinating the process in Washington. The coordinator would oversee implementation by the various U.S. agencies, as well as serve as the liaison to the relevant congressional committees. The coordinator should also manage aid and assistance programs.⁴*
3. *The United States should take reciprocal steps to upgrade the Interests Section to an embassy and accept the credentials of the Cuban ambassador. The head of the U.S. Interests Section in Havana should be made chargé d'affaires while the president nominates, and the Senate confirms, a distinguished individual to become U.S. ambassador.*

⁴ Dr. Alberto Diaz-Masvidal comments, "This person must report to the president, through the Secretary of State."

4. *The process of restoring normal relations should be based on principles of justice and fairness and not become bogged down over minor issues. The framework should state the basic requirements from the U.S. perspective so that there will be no miscalculations based on differing perceptions of U.S. policy. This framework could also include alternative mechanisms for resolving private sector disputes.*
5. *The Department of Defense should establish military-to-military ties with Cuba, and these should include exchange programs designed to promote retraining and reform of the armed forces. The Department of the Treasury and the Federal Reserve should also establish direct contacts with their Cuban counterparts.*

MIGRATION

Migration will remain a central issue in bilateral relations, especially in the short term. Some reports estimate the number of Cubans who would seek migration to the United States in the hundreds of thousands. The potential for large numbers of immigrants will remain serious, perhaps more than ever before, depending on the severity of conditions in Cuba and the ability and willingness of the government to discourage their departure. Normalization will require changes in U.S. immigration laws and policies that currently are based on an adversarial relationship.

BACKGROUND

1. The 1966 Cuban Refugee Adjustment Act allows the Attorney General to "parole" or convert the status of arriving Cubans from refugees to permanent residents after one year. It remains nominally in force, although it was severely tested by the 1980 Mariel boatlift which flooded southern Florida with 129,000 Cubans and the 1994 exodus of about 33,000, which again threatened to overwhelm U.S. capabilities to handle large numbers of refugees. Operation of the act may have been effectively superseded by a May 1995 agreement between the United States and Cuba under which the United States agreed to repatriate any additional Cubans seized while leaving Cuba by sea.⁵
2. Under the September 1994 agreement between the United States and Cuba, the United States agreed to a total legal migration of a minimum of 20,000 Cubans per year, not counting the next of kin of U.S. citizens. A lottery has been introduced

⁵ Dr. Carmelo Mesa-Lago comments, "Immigration lawyers have already begun to contest this. An agreement cannot modify a law."

to encourage those not already high on the entry list. Under the May 1995 agreement, the United States will admit the remainder of the 33,000 Cubans who arrived in refugee centers after August 19, 1994.

3. Once normal relations are restored, the United States must decide whether Cubans seeking migration will continue to receive special treatment or will be processed under the standard provisions of the Refugee Act of 1980 and the Immigration Act of 1990. Some interest groups, especially in Florida, will exert pressure on state and federal authorities to restrict numbers of entrants, even though Cuban-Americans may help absorb at least some of the migrants by providing financial aid and sponsorship. Those opposed to special treatment of Cuban immigrants – including the agreement to permit a minimum number – argue that this represents a dangerous precedent, and other countries may seek much larger quotas by threatening to overwhelm U.S. borders.

RECOMMENDED STEPS

1. *Congress should enact legislation to repeal or phase out the Cuban Adjustment Act (Pub. L. No. 89-732) once there is a democratically-elected government in Cuba.⁶ Under these conditions "refugee" status will no longer be appropriate. The Department of Health and Human Services at the same time should reassess welfare programs for Cuban refugees. To the extent, however, that political conditions in Cuba result in refugees continuing to seek asylum in the United States, such refugees should receive the treatment and assistance called for by the Universal Declaration of Human Rights and U.S. policy.*
2. *Given the likely demand, the shift to normal immigration should be undertaken gradually and include arrangements for a somewhat higher number of migrants. However, the Department of State and the Immigration and Naturalization Service (INS) should make clear that such measures, though necessary, are strictly temporary. The Attorney General, in consultation with Congress, should develop plans to phase out the use of "parole" powers for Cubans. Special consideration will also have to be given to refugees in third countries with cases pending in U.S. consulates. Finally, funds should be appropriated to assist in resettlement costs of Cubans in refugee centers.*
3. *The U.S. government, in conjunction with the Government of Cuba, will need to discourage Cubans from migrating illegally. The U.S. Information Agency should maintain extensive efforts to persuade Cubans to migrate through legal means, as well as coordinating aid and assistance efforts that encourage*

⁶ Dr. Jorge Dominguez comments, "Congress should repeal the Cuban Adjustment Act. Cubans should be treated like everyone else under U.S. immigration law."

people to stay and rebuild Cuba. Enlisting the cooperation of the Cuban-American community in South Florida for this effort is critical. Congress should be prepared to appropriate contingency funds to the departments of Transportation and Defense for interdiction operations in the Florida Straits.

AID AND ASSISTANCE

Cuba will need substantial emergency and reconstruction assistance during its transition to a private-sector-dominated, market economy. Some of the shock usually experienced in these transitions already has been absorbed with the decline in living standards over the last four years. Nevertheless, Cuba is in need, in one form or another, of anywhere from \$500 million to \$2.5 billion a year in emergency aid, technical assistance, economic infrastructure development and social support.⁷ Initially, the levels would probably be lower because of a limited ability to absorb aid, but then would rise to higher levels for a period of three-to-five years while the economy recovers. Most of this aid will need to come from international organizations like the World Bank, the Inter-American Development Bank (IADB), the United Nations Development Programme and private voluntary organizations. Meanwhile, competing foreign policy priorities of the United States suggest that Congress may favor investment-related assistance over traditional forms of governmental aid.

BACKGROUND

1. Cuba has not yet made a complete transition from a Soviet-style national accounting system to the standards used by most market economies and the International Monetary Fund (IMF). Furthermore, the government has released only limited economic data since 1989. As a result, estimates of requirements for foreign assistance are highly uncertain even though these are essential for international aid donors. The United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and other multilateral organizations are capable of providing quick-response (about 10 days) quantitative estimates on the needs for reconstruction and recovery.

2. A wide range of bilateral, multilateral and private aid efforts will require coordination: the United States should be in a position to act quickly to deliver

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These figures are based on studies by Ambassador Ernest H. Preeg, included in his book, *Cuba and the New Caribbean Economic Order* (Washington, D.C.: Center for Strategic and International Studies, 1993), and on the work of José F. Alonso and Armando M. Lago, "The Foreign Assistance Requirements of a Democratic Cuba: A First Approximation," (London: La Sociedad Económica, April 1994).

emergency aid while the IMF, the World Bank and the IADB develop assistance and stabilization programs. Also, several multilateral organizations for economic cooperation in the Caribbean, such as the World Bank's Caribbean Group on Economic Cooperation and the UN's Caribbean Development Cooperation Committee, could be involved. However, Cuba must first officially request assistance to trigger multinational responses, and to date the government has been unwilling to make overt appeals to most agencies.

3. Coordinating aid programs also will be a challenge in terms of establishing an adequate distribution system for the types and quantities of aid without contributing to corruption, undermining privatization efforts or developing economic dependency over the long term. Cuba is likely to have only a limited number of non-governmental civic institutions at the time normal relations are restored, and thus, it may not be able to render full cooperation with aid efforts.

4. Cuba's large external debt looms as a threat to the country's future economic recovery. Cuba has not serviced its approximately \$7 billion debt (excluding interest) owed to Western creditors since July 1986, although it has already settled at least some of its foreign debt with Spain and Mexico through asset swaps. Cuba also is not servicing its debt to Russia. Denominated in rubles, the value can be computed as ranging anywhere from a few hundred million dollars to perhaps as high as \$20 billion.⁸ In addition to claims by U.S. nationals for confiscated property, Cuba owes about \$100 million to the Export-Import Bank.

5. Attracting foreign capital will be important, and transfers from Cuban-Americans may provide a substantial infusion of money. In recent years, the Cuban-American community of about 1.2 million persons provided about \$300 to \$400 million per year in transfers to relatives and friends in Cuba. By comparison, about 600,000 Salvadorans in the U.S. transferred about \$500 to \$800 million per year. Thus, without restrictions and with a more favorable political climate in Cuba, Cuban-Americans could provide substantially more in both remittances and private investments.⁹

6. Election monitors, charitable and religious groups, and other non-

⁸ It should be noted, however, that Russia does not agree to this exchange rate calculation, and, at least for the purpose of stating its initial position, speaks of "convertible rubles." It should also be noted that any Russian debt claims should be evaluated in light of the value of thousands of Cuban soldiers sent on behalf of the Soviet Union to Africa and elsewhere, as well as the cumulative rent for the Lourdes, Cienfuegos and other facilities.

⁹ Ambassador Ernest Preeg "conservatively" estimates remittances at about \$800 million per year, although this number is considered by most experts to be the highest potential estimate. Readers should be reminded that all figures are highly uncertain, given the lack of data available from Cuba and the rapid social and economic changes underway. See also page 24, *infra*.

governmental forms of assistance will be needed to assist in establishing new systems of governance and a civil society in Cuba. Spain and Canada have already begun a series of legal and educational exchanges designed to help Cubans enact statutory reforms as well as more substantial legal restructuring, but the nature and impact of these exchanges are unclear. Training programs will also be in demand for economists and administrative specialists.

7. In addition to basic problems with insufficient food, fuel and public utilities, serious concerns are created by pollution from shipping, loss of biodiversity and antiquated factories. Soil erosion is extensive in the countryside. Working with Cuban experts, the United States is in a strong position to provide technical assistance and training to help with environmental cleanup.

8. Funding for U.S. aid programs currently is contingent on establishing an effective mechanism for handling claims by U.S. citizens against the government of Cuba for confiscated property. Other preconditions may include the monitoring of human rights and democratic practices. Legislation pending in the 104th Congress, if enacted, may strengthen and make more explicit both the existing restrictions on aid to Cuba and the reforms Cuba must adopt to receive U.S. assistance.

RECOMMENDED STEPS

1. *All U.S. aid and assistance to Cuba will depend upon the ability of the United States Agency for International Development (USAID) and other U.S. government agencies to allocate substantial funds to Cuba as well as upon the will of the U.S. Congress to appropriate additional amounts. Within such limitations, the United States should give priority to emergency reconstruction programs while facilitating, on a governmental level, the flow of multilateral and private assistance. USAID and other agencies should also make clear the differentiation between emergency needs and those of longer-term reconstruction. While humanitarian relief should be made available as soon as a transition government is in place and promises to meet the criteria of the Cuban Democracy Act, longer-term assistance should be contingent on fulfilling all of the requirements of a fully democratic society.*¹⁰
2. *The senior official responsible for coordinating normalization should establish clear objectives for U.S. aid programs. The coordinator should also oversee U.S. cooperation with international donors and with non-governmental and*

¹⁰ Dr. Alberto Diaz-Masvidal comments, "The Cuban government must modify its constitution and cease to be a communist regime." Mr. Peter Hakim adds, "It is not clear who sets these standards. Do Peru, Chile, Panama and others meet them?" It should also be noted that both emergency assistance and long-term assistance are distinct from potential technical assistance during a transition, which furthers democratization and institution-building.

private aid organizations, including religious charities. Part of this effort should include establishing a clearinghouse of all U.S. aid activities and potential investors, as well as promoting public-private partnerships.

3. *The U.S. government should permit and encourage the IMF, World Bank, OAS and IADB to accept or reactivate Cuban membership as soon as possible following Cuba's application for readmission. The senior coordinator should be the principal interlocutor with the group of international donors (most likely headed by the World Bank) in their design of an economic assistance program for Cuba. The coordinator should ensure that U.S. aid programs act in concert with the efforts of others and are consistent with the perceived needs and priorities of Cuba.*
4. *If funds are made available, USAID and other U.S. government agencies should design and initiate short-term emergency assistance programs to dramatically improve the quality of life for most Cubans within six months. For example, food and medicine are in short supply, and public water supplies and electricity are not reliable. For a brief transitional period, cash grants may be needed for oil imports to help restore public power and transportation systems. Also, trade credits for petroleum imports from Russia, Venezuela, Mexico and other countries, leading to increased oil imports for energy generation and public transportation, would have a dramatic effect on living conditions. Assistance in these areas is relatively inexpensive and would provide visible changes that build important popular support for longer-term assistance programs and the overall transition.*
5. *The United States should spearhead international efforts with the Paris Club and others to devise, in conjunction with Cuba, an equitable arrangement for Cuba's remaining debt. This has been a common practice for Latin America and Eastern Europe.*
6. *USAID should provide Congress with the necessary information for authorization and appropriation legislation for emergency and reconstruction assistance. ECLAC and World Bank estimates may be useful in determining the scope of requirements. Moreover, longer-term governance assistance should be separated initially from emergency aid. Although meeting basic standards of human rights is a necessary precondition for normalization and hence assistance of any kind, a premature insistence on the fulfillment of a long and complex process of reform should not be allowed to prevent the flow of much-needed humanitarian aid.*
7. *If requested, the Department of State and USAID should consider ways to assist Cuba with institutional reforms that create an enhanced capacity for trade and investment. The senior coordinator might designate the Department of Commerce to play a supervisory role as was done for Haiti in 1994.*

*Assistance programs should also pay attention to the increasing importance of portfolio investment and take steps to help Cuba in any requests for assistance in establishing an active financial sector.*¹¹

PARTICIPATION IN INTERNATIONAL ORGANIZATIONS

The United States should play a key role in facilitating the readmission of Cuba into several key international organizations. These include the OAS and the IADB, the IMF and the World Bank Group. Establishing active membership in these organizations may be essential to Cuba's reintegration into the international community, but significant obstacles could stand in the way. The United States should work through multilateral fora as much as possible when it attempts to influence Cuban policy. This is especially important for aid and assistance programs.

BACKGROUND

1. Cuba is not a member of any international financial organization. It withdrew from the IMF in 1964 and resolved its arrears problem with that organization in 1969. There have been some informal discussions between Cuba and former IMF officials, as well as nationals from other IMF countries, but those have focused mostly on the need for Cuba to establish the national accounting reporting procedures followed by IMF members.
2. Although Cuba is an active participant in the United Nations, including such subsidiary organizations as the Pan American Health Organization, its membership in other international organizations has been suspended or withdrawn. For example, the Government of Cuba was suspended from the OAS in 1962. If reinstated, Cuba would be responsible for 1.24 percent of the OAS budget based on its previous quota. Under the current OAS budget, this would amount to \$885,000 for 1995. Given the drastic deterioration of the Cuban economy since 1989 and the 1990 OAS adjustment of quotas, Cuba likely would be entitled to an adjustment downward. Such an adjustment will require data on the Cuban Gross National Product per capita – information that is not currently available.
3. Cuba does not participate in other Inter-American organizations, such as the IADB, the Inter-American Defense Board and the Group on Agricultural Cooperation. However, Cuba does participate in a few regional organizations that do not include the United States, such as the Ibero-American Summit and the

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See Recommendations 4, p. 22, and 4, p. 25, *infra*.

Caribbean States Association. These are important fora for regional consensus and function as bridges to future participation by Cuba in organizations of which Cuba and the United States are both potential members.

RECOMMENDED STEPS

1. *Once Cuba meets the conditions specified in the framework agreement, the president should instruct the U.S. representatives to the IMF, World Bank, OAS and IADB to support Cuba's requests, if made, to become a full member of these institutions. Cuba's renewed membership in these organizations probably will be necessary in order to expedite the flow of aid and assistance with economic restructuring. Once Cuba has been admitted to the IMF, readmission to the World Bank and the other Bretton Woods institutions should follow quickly. The U.S. representatives should resist external pressures to demand certain quota levels for Cuba in these organizations; such decisions are internal and the United States should work as a team player.*
2. *No additional legislation is required to reintegrate Cuba into the international community because that process is permitted to occur under the Cuban Democracy Act, whose provisions supersede those of the "Helms Amendment" (Sec. 525 of the Foreign Assistance Act of 1994-95) and other restrictive legislation. Congress should not attempt to impose additional conditions on regular payments to these organizations, assuming that Cuban domestic practices after normalization continue to comply with the standards outlined in the Cuban Democracy Act and meet the respective requirements and practices of the international organizations.¹²*

CLAIMS AND FOREIGN ASSETS

The initial framework agreement for restoring normal relations must establish procedures for dealing effectively with claims against the Government of Cuba for property confiscated from U.S. citizens since 1959.¹³ As a related issue, the U.S. government may also offer its good offices to help Cuba achieve a fair resolution of the claims of Cuban nationals both inside and outside the island. Given the poor

¹² See Recommendation 7, p. 34, *infra*.

¹³ For purposes of this report, "confiscation" refers to the taking of specific property without compensation. This differs from "expropriation," which refers to the taking of specific property in return for compensation. See Thomas L. Wolfe and John B. White, "Income Tax Consequences of Cuban Expropriations to Cuban Resident Aliens," *19 University of Miami Law Review* 596, 1965.

condition of the Cuban economy, full cash compensation is probably impractical while restitution in many cases may lead to clashes among conflicting interests. Yet, if not handled quickly and effectively, the claims issue could stifle the flow of badly needed investment and aid. For this reason, all efforts should be directed toward establishing a program for quick settlement of titles to as much property in dispute as possible, even though complete resolution of all individual claims may require several years.

In negotiations with Cuba over the claims issue, some arrangements will need to be made for returning the remaining, recoverable assets of the Cuban government that were frozen in the United States in response to the seizure of properties of U.S. nationals in Cuba.¹⁴ Also, the United States should anticipate that Cuba may claim damages resulting from the embargo, although there is no apparent basis for such claims in international law and they may not be pressed by a cooperative government.

BACKGROUND

1. Under the 1964 Cuban Claims Act, 8,816 claims were adjudicated by the U.S. Foreign Claims Settlement Commission. Of these claims, 5,911 were found to be valid, of which approximately 5,000 are individual claims and the rest are claims of companies. At the time, these claims totalled about \$1.8 billion. With simple interest at the six percent per annum specified by the adjudication, these claims currently amount to about \$5.8 billion. At compound interest, a standard more consistent with the owner's loss, commercial practice and precedents in international law, the value of registered claims would be more than \$13 billion. Corporations account for about \$1.6 billion of the original \$1.8 billion and the top ten claimants account for more than one-half of the total.¹⁵ The principal industries represented by these claims are telephone, electric utilities, sugar, cement and mining. Some of the major claimants may be interested in putting their properties to use immediately to help invigorate the Cuban economy and minimize the demand on Cuban government cash resources.

2. The certified claims, however, are limited only to those persons and companies who were U.S. nationals at the time their property was seized. Additional claims are being asserted by those who were Cuban nationals when they

¹⁴ Historically, the accumulation of such frozen funds has been used to help settle claims that have resulted from the confiscation of properties. See Ralph J. Galliano, *U.S. Cuba Policy Report*, Institute for U.S. Cuba Relations, Vol. 2, No. 3 (Washington, D.C., 1995), 2.

¹⁵ See Annex D, *infra*, and Robert E. Freer, Jr., "Restitution's Role in the Recovery of the Cuban Economy," (paper presented at the conference on "The Future of the Sugar Industry in a Free Cuba," Miami, Florida, July 15, 1994).

lost property and have since become U.S. citizens. Some of the uncertified claimants have organized to press for restitution of their property or appropriate compensation. Some also may sue the Government of Cuba in U.S. courts, along with foreign companies that have acquired interests in confiscated properties.

3. It may prove useful for the U.S. government to distinguish between larger and smaller claimholders when devising a settlement agreement. Some of the larger claimholders are interested in restitution, although many are concerned about liabilities that may be imposed on them for environmental degradation to their property. Smaller claimholders, such as individuals who lost their residences, may be interested in receiving title or compensation in cases where it is difficult or impossible to displace Cuban families who have resided in these houses for more than 30 years. The Government of Cuba will not have sufficient funds for returning the full value of confiscated property, and those individual and corporate claimants seeking cash compensation will likely face partial or deferred payment.

4. Any effort to expand the pool of claimholders to include those who did not register or did not qualify for the original claims program will need to be scrutinized carefully for practicability and compliance with international legal standards. Although in some exceptional cases the United States has asserted claims on behalf of citizens who were not nationals at the time of confiscation, the magnitude of the Cuban claims suggests that expanding the pool of certified claimholders would be extremely difficult.¹⁶ Furthermore, those who already have certified claims might oppose that effort. Rough estimates suggest that the total property confiscated from Cuban exiles in the early 1960s amounted to approximately \$7 billion. Assuming six percent annual simple interest, these uncertified claims could now total more than \$20 billion.¹⁷ Other estimates of uncertified claims are higher, particularly when those of claimants still residing in Cuba are considered and, with compound interest, the amount becomes enormous.

5. With a cooperative government in place, Cuba should be willing to negotiate an agreement on claims as part of the normalization process. However, even assuming such an agreement, some U.S. citizens may decide not to accept its terms and sue any governmental or private party who benefitted therefrom. Some of

¹⁶ Precedents in U.S. law include the First Italian Claims Settlement (1981 *FCSC Ann.Rept.*, 215), which established jurisdiction over claims of naturalized U.S. citizens; *Argentina v. Weltover, Inc.* 60 U.S.L.W. 4510 (1992); and *Bernstein v. N.V. Nederlandsche-Amerikaansche* 210 F. 2nd. 375 (1954) which established jurisdiction over cases where a nexus can be drawn between confiscated property and profits invested in the United States by the new owners. See also *Banco Nacional de Cuba v. Farr v. Compania Azucarera Vertientes-Camagüey de Cuba*, 272 F. Supp. 836m 1965m affirmed 383 F. 2nd 166 (1967) and Alberto Diaz-Masvidal, "Brief on Claims and Foreign Assets," unpublished manuscript, May 4, 1995.

¹⁷ Based on estimates by José F. Alonso and Armando M. Lago, *op. cit.*, 35-38.

these claimants may demand restitution because the Government of Cuba has acted in a private capacity through joint partnership with foreign companies in these seized assets, although the property was originally and allegedly expropriated for public use – which would have been legal, assuming fair and reasonably contemporaneous compensation. The impact of such law-suits is not clear.

6. By law, claims must be settled within three years of a transition to a democratically-elected government or funding will not be made available for assistance and similar programs (Sec. 527, Foreign Relations Authorization Act, FY 94-95). The president, however, may waive these prohibitions on an annual basis if it is in the national interest and Congress is so notified.

7. Although the scope and complexity of the confiscation of property in Cuba exceed most comparable examples, the Department of State has considerable experience and ability to negotiate settlement agreements on behalf of all certified U.S. citizens and corporations. However, a lump-sum settlement may be difficult to negotiate in this situation because of the magnitude of the claims. Some companies with certified claims have changed hands while others have indicated that they may not want the Department of State to espouse their claims. Meanwhile, Congress may authorize appropriate action on behalf of uncertified claimants to help secure a remedy from the Government of Cuba, although this also would be unprecedented.

8. The Department of the Treasury froze Cuban assets in the United States worth about \$149 million in July 1963 after about \$500 million already had been transferred to Canada. Currently, about \$134.2 million is estimated to be "recoverable property," that is, relatively liquid assets. Other assets include unsecured bonds, securities, safe deposit boxes and amounts claimed in pending disputes with U.S. companies. Most of these assets are probably unrecoverable, meaning that they are impossible to redeem or of little value.

9. A mutual legal assistance agreement will be necessary for U.S. and Cuban officials to share data and records of claims. To encourage the continuing investment in restored properties, the Internal Revenue Service, with congressional authorization, may need to establish new regulations for those who claimed capital losses on their previous tax returns by deferring recognition of gain until such gain has been realized and repatriated.

10. Finally, consideration will have to be given to alternative dispute resolution options, such as those available under UN auspices or through the International Court of Justice, the World Bank's International Centre for Settlement of Investment Disputes¹⁸ or a private voluntary arbitration forum. Alternative

¹⁸ This assumes Cuba quickly becomes a member of the Bank and subscribes to the Centre's Convention. However, disputes between a state and a foreign private party may be referred to the

mechanisms of dispute resolution will be especially important in complicated cases where disputed property was sold or is run by the Cuban government and/or other third-country investors, or where claims to property ownership conflict with claims to improvements by the state and other parties.

RECOMMENDED STEPS

1. *The departments of State and the Treasury should cooperate to establish a quick and orderly process for settling U.S. claims. In designing the process, both departments should consult constantly with Congress. All efforts to deal with claims should be set within the larger context of reconstructing the Cuban economy to best serve long-term Cuban and U.S. interests and with appropriate emphasis on the future protection of investment. The settlement mechanism should be outlined in an agreement which would promptly be made available to the general public to provide accountability and instill confidence in the process.*
2. *The Department of State should emphasize that all negotiations and agreements with Cuba toward the resolution of the pending confiscation claims are predicated on the establishment of legal reforms in Cuba which guarantee and protect private property rights.¹⁹*
3. *All policy should be made in careful consultation with relevant interest groups. Although it will be difficult to harmonize all positions, a clear and unified policy should be developed at the outset.²⁰ Decision-making will be difficult enough in Cuba without additional uncertainty created by differing U.S. positions on claims. Subsequent negotiations over specific claims should not be allowed to impede other aspects of U.S.-Cuban relations, especially trade, investment and assistance, provided that the principle of remedy for the confiscations has been accepted by Cuba, and a general framework for resolving the claims has been established.*
4. *In negotiating a compensation agreement, the Department of State, in*

Centre for Settlement only if both parties so agree. Also, such agreement is usually stipulated in the original concession or other agreement between the host government and the foreign investor at the time the project is formed.

¹⁹ Dr. Wayne S. Smith comments, "Negotiations on claims compensation should not be tied to demands that the Government of Cuba guarantee the right of ownership of private property."

²⁰ Dr. Jorge Dominguez comments, "The appropriate U.S. defense of 35-year-old property claims should be subordinate to the key U.S. goal: consolidating peace, democracy and economic growth in Cuba."

conjunction with the Government of Cuba, should carefully examine the positive and negative aspects of past settlements with Eastern Europe and Latin America (particularly Nicaragua). The Department of State should also consider alternative forms of compensation because Cuba lacks the hard currency to pay more than a fraction of the claims. For example, a program of vouchers tied to the potential return on privatized industries could be established. Another creative proposal suggests transforming the Guantánamo Naval Base into a development facility with a portion of the shares or profits going to the U.S. government.²¹

5. *Still another temporary solution could be the establishment of a special, interim sugar fund which derives its capital from the differential of the U.S. price for sugar and the world price, about \$.10 per pound as of May 1995. If the United States bought Cuban sugar and resold it at the U.S. price, a significant source of revenue would be created. Seventy-five percent of this revenue could be used to pay confiscation claims while 25 percent could be used for general development purposes in Cuba.²² Assuming that the Cuban government agrees to the plan, the Department of State could include it in a potential compensation agreement. Congress should support the plan as an overall compromise while ensuring that the agreed purchase amount does not cut significantly into the markets of domestic producers.*
6. *Where restitution of properties is an option, settlement should be linked to plans for encouraging privatization and productive use. To offset some of the financial losses that may be incurred in the settlement and as part of the general aid package to Cuba, Congress could consider tax incentives in limited cases for U.S. investors who make productive the confiscated properties that are returned to them. Other incentives may include those for philanthropic foundations created with funds received as compensation.*
7. *Careful attention should be devoted to U.S. citizens with uncertified claims. While some might not want the United States to espouse their claims, their representatives may still demand that conditions be placed on other, non-related issues until the claims are settled. Congress should strongly resist such*

²¹ Rolando H. Castañeda and George Plinio Montalván, "Economic Factors in Selecting an Approach to Expropriation Claims in Cuba," paper presented at the conference, "Resolution of Property Claims in Cuba's Transition," (Shaw, Pittman, Potts & Trowbridge, Washington, D.C., January 26, 1995).

²² An approach suggested by Monroe Leigh, Esq., private correspondence, March 1, 1995. Several members of the Working Group objected to this suggestion on the basis that it did not reflect a realistic understanding of the nature of the U.S. sugar industry, that it was not consistent with U.S. advocacy of free trade, and that it might encourage Cuba's further over-reliance on sugar.

pressures while working with the Department of State as it helps the Cuban government establish constructive solutions to this problem.

8. *The Department of Justice should anticipate lawsuits by uncertified claimants and determine if their ramifications threaten to stall the entire settlement process.²³ If appropriate, the Department of Justice could seek to provide advice on how such claims should be handled.*

TRADE

Under current U.S. law, trade with Cuba cannot be fully resumed until Cuba introduces substantial political and economic reforms, including the holding of free and fair elections with international observers. The Cuban Democracy Act provides for sanctions to be progressively lifted "in carefully calibrated ways in response to positive developments in Cuba," but it also specifies that sanctions be maintained so long as the Cuban government continues to refuse to move toward democratization and a greater respect for human rights.

Once the sanctions are fully lifted, the level of trade will depend in large part on the extent to which Cuba is allowed access to U.S. markets and the availability of financing. If Most Favored Nation (MFN) trading status is granted, Cuba could become the largest U.S. trading partner in the Caribbean: It is well located for transshipment and export processing, and it has a highly educated labor force, significant mineral resources (nickel, cobalt, manganese and chromite, among others), a biotechnology industry and impressive potential for tourism. Cane sugar refining still may be an attractive possibility on a cooperative (i.e., re-export) basis with the United States. Nevertheless, overall U.S. exports to Cuba will probably far outweigh imports, at least for the first several years.

BACKGROUND

1. Cuba will continue to have difficulty financing imports. Foreign aid, investment and remittances will remain important sources of hard currency in the early stages of a transition. Still, U.S. exports to Cuba could grow to about \$2 billion a year. This could lead to the creation of more than 30,000 jobs in the

²³ Nicolás J. Gutierrez, Jr., Esq. comments, "As Cuban-American property owners, we believe that our best remedy lies in seeking the restitution of our illegally confiscated properties under post-Castro Cuban law. However, we maintain that, as U.S. citizens, we have a constitutional right of access to U.S. courts in order to bring legal actions against foreign entities with economic assets inside the United States' jurisdiction who are currently trafficking in our stolen properties in Cuba." Dr. Alberto Diaz-Masvidal adds, "This is discriminatory, improper and unjust toward Cuban-Americans."

2. Despite efforts to diversify, sugar still dominates the economy. Between 1985 and 1989, sugar accounted for more than 70 percent of Cuba's foreign exchange earnings. As recently as 1992, Cuba was the world's largest exporter of sugar. However, sugar production has fallen from 7.6 million metric tons in 1990-91 to less than 4 million tons in 1995. Cuba has been unable to meet export commitments, mainly to Russia and China, because of bad weather, energy shortages and equipment failures. Meanwhile, sugar exports remain essential to pay for crucial imports like energy. In late 1993, Russia and Cuba signed an important barter agreement in which Cuba will provide one million tons of cane sugar in exchange for 2.5 million tons of Russian oil.²⁵ Cuba's sugar exports most likely will continue to bring in vital energy under barter arrangements with Russia and Venezuela, even after the U.S. embargo is lifted.

3. Because of the importance of sugar in the Cuban economy and its former role in the U.S. market, the U.S. sugar import quota will become a contentious trade issue. In an era of freer trade, the U.S. sugar quota system may come under increasing scrutiny. In 1958, Cuba held 38 percent of the U.S. sugar market, exporting 3.2 million metric tons.²⁶ However, subsequently, the total U.S. sugar import quota was reduced from about nine million tons in the 1950s to 1.2 million tons in 1992-93. Brazil and the Philippines are now the leading sugar exporters to the United States, but these imports represent less than 10 percent of U.S. sweetener consumption.²⁷ The reductions in the sugar import quota during the 1980s were undertaken to protect U.S. cane and beet sugar producers without providing direct government subsidies. Corn producers also have taken advantage of the high prices for sweeteners and now corn syrup makes up almost half of the U.S. sweetener market. Changes brought about through the General Agreement on Tariffs and Trade (GATT) as well as the 1995 farm bill suggest an improving market for cane and beet sugar. In the meantime, businesses in the United States and Cuba could find mutually beneficial opportunities in cooperative ventures, such as re-export.

²⁴ U.S. Department of Commerce, "U.S. Jobs Supported by Merchandise Exports," (Washington, D.C., May 11, 1992).

²⁵ Carmen Diana Deere, "U.S.-Cuba Trade in the Process of Normalization of Relations and of Cuban Economic Recovery," unpublished paper, October 31, 1994.

²⁶ Jorge Pérez-Lopez, *The Economics of Cuban Sugar* (Pittsburgh: University of Pittsburgh Press, 1991), Tables 30, 31.

²⁷ Foreign Agricultural Service, *Sugar and Sweetener Situation and Outlook* (Washington, D.C., March 1994); U. S. Department of Agriculture, *U.S. Sugar Tariff-Rate Quota Entries* (Washington, D.C., October 1, 1992-September 30, 1993).

4. In addition to sugar, other Cuban imports may face significant opposition from U.S., Caribbean or other foreign producers, even though many products, like citrus or tobacco, could be complementary (that is, they could be blended, mixed or otherwise refined to maximize supply and quality).
5. Domestic food production has fallen sharply, and Cuba lacks the hard currency to pay for imports. Even during periods of prosperity, Cuban domestic food production never satisfied demand. Cuba has been an importer of rice, pork, lard, chicken and dairy products while fertilizers, pesticides and additional farming items represent other potential imports.
6. Cuba has invested heavily to create a significant biotechnology industry. This presents potential for commercial cooperation with U.S. pharmaceutical, biotechnology and medical equipment industries.

RECOMMENDED STEPS

1. *Once the president is able to certify to Congress that Cuba has met the conditions of the Cuban Democracy Act, Sec. 1708, he can lift the trade, transportation and travel sanctions imposed by Sec. 1706. Congress should then pass legislation repealing any additional sanctions. Also, the president should waive restrictions on shipping to and from Cuba, and the Office of Foreign Assets Control should modify or revoke existing regulations on Cuba accordingly.*
2. *MFN trading status should be granted as soon as possible to Cuba. This step should be taken in conjunction with the negotiation of a bilateral investment treaty with Cuba, detailed in recommendation 1, p. 24, infra. The U.S. Trade Representative should also promptly negotiate bilateral treaties with Cuba on taxes and intellectual property rights.*
3. *The positive prospects for trade depend mainly on the degree to which U.S. markets are opened to Cuban products. Such issues could be addressed in bilateral or multilateral trade agreements, as well as in the World Trade Organization, assuming that Cuba wishes to become a full participating member. Meanwhile, Congress should balance efforts to restrict specific Cuban imports with the longer term, overall potential benefits of free trade. Because trade and investment are the keys to sustained economic viability, the first priority should be given to eliminating the barriers to the functioning of free markets.*
4. *Regardless of the timetable of Cuba's accession to MFN, the U.S. Trade Representative should establish regular meetings with the Cuban government*

on trade issues. The Trade and Development Administration and the Export-Import Bank should sponsor feasibility studies in areas of importance to Cuba's economic reconstruction, such as the revitalization of Cuba's infrastructure and manufacturing capabilities. USAID should support such efforts and seek to enhance the sale of U.S. products during and subsequent to the conduct of assistance programs.

5. *U.S. government agencies should keep apprised of efforts by chambers of commerce and business councils to encourage trade between the United States and Cuba. Such discussions can help identify potential problem areas and fortify public-private partnerships.*

FINANCE AND INVESTMENT

Cuba will be in dire need of investment even under the most optimistic normalization scenario. A large capital infusion is required, not only to rebuild an island economy experiencing its worst crisis of this century, but also to finance some of the drastic structural changes that will be necessary for Cuba to fully rejoin the community of market economies. Multilateral lending inevitably will be limited and focused on the short term, so that most of Cuban development will have to be based on private investment, including foreign direct investment. Because the United States represents the largest potential market for Cuba, U.S. policy can play a crucial role in mitigating some of the greatest difficulties to fostering a better investment climate. As stated earlier in the section on claims, the most urgent task will be to set up a satisfactory process for dealing quickly with these claims and create a favorable environment in Cuba to protect investors, both domestic and foreign.

BACKGROUND

1. Cuba will be a generally unattractive investment site for years to come. The country's productive sector and infrastructure, especially power distribution and telecommunications, are seriously deteriorated. Furthermore, the small internal market's purchasing power diminished sharply in the 1990s. Multinational corporations and banks looking at large-scale investment prospects will be deterred by the shortage of viable projects offering competitive rates of return. However, limited amounts of investment may flow quickly into tourism, communications, biotechnology and a few other more modern industrial projects, while the construction industry might experience an initial boom.
2. The current Cuban commercial regulatory environment is not suited to a free market economy. Substantial revisions are needed in everything from property, labor, environmental and safety legislation to international investment agreements,

exchange controls and rules for foreign trade.²⁸ An efficient banking system is needed to foster capital accumulation, trade and investment. Current government labor practices also are grossly out of step with world standards.

3. The potential for political instability remains a deterrent to foreign investment. Even a relatively peaceful transition may be threatened by persistent tensions among former Communist officials, reformers and returning exiles. Unemployment resulting from badly needed reductions in the military, civil bureaucracy and public sector firms could further hinder the investment climate, while many talented Cubans, when offered the opportunity, may choose to emigrate in search of higher wages.

4. Meanwhile, investors contemplating buying into properties in dispute may be discouraged by the uncertainty of obtaining clear title. Similarly, Mexican, Spanish, Canadian and other foreign investors who obtained interests in disputed properties may find those acquisitions challenged.

5. Cash remittances from Cuban-Americans to friends and relatives in Cuba will not be a sufficient source of foreign capital over the long term, even though these remittances could have important short-term benefits. With a favorable political environment in Cuba, Cuban-Americans could provide up to \$800 million a year.²⁹ Over the longer term, however, remittances are not likely to be an adequate, overall source of finance.

6. Another - although very uncertain - source of potential investment is the Cuban-American capital that is reportedly ready to move into small and medium-sized projects. Estimates range from about \$1 billion over five years to as much as \$6 billion.³⁰ The political climate will be pivotal in determining how much of this investment materializes.

7. An important means of protecting U.S. investment in Cuba would be the negotiation of a bilateral investment treaty (BIT) with the Cuban government. The

²⁸ See Antonio Jorge and Robert David Cruz, "Foreign Investment Opportunities in Cuba: Evaluating the Risks," in Jaime Suchlicki and Antonio Jorge, eds., *Investing in Cuba: Problems and Prospects*. (New Brunswick: Transaction Publishers, 1994), 28-31.

²⁹ See Sergio Diaz-Briquets "Emigrant Remittances in the Cuban Economy: Their Significance During and After the Castro Regime," *Cuba In Transition, Volume 4*, Papers and Proceedings of the Fourth Annual Meeting of the Association for the Study of the Cuban Economy, (Washington, D.C., 1995, forthcoming); and Ernest Preeg, *Cuba and the New Caribbean Economic Order*, *op. cit.*, 56-57.

³⁰ This capital is commercial in nature and distinct from remittances. It includes estimates of portfolio investment. See José F. Alonso and Armando M. Lago, *op. cit.*, 28-30.

U.S. Trade Representative's BIT program has resulted, to date, in agreements with 34 countries. The U.S. program has not focused on large, industrialized trading partners, but rather on developing countries (like Cuba) in which investment risks are substantial.

RECOMMENDED STEPS

1. *The U.S. Trade Representative should negotiate a BIT with Cuba that closely follows the U.S. prototype. This provides for the enforcement of a variety of important investor rights, including most-favored nation and national treatment of investment; expropriation only for a public purpose and upon payment of "prompt, adequate and effective compensation;" free transfer of investment capital and returns in a convertible currency; and prohibition of performance requirements (such as local-content or minimum export requirements).*
2. *OPIC might also take immediate steps to develop the terms of an investment accord to be negotiated between the United States and Cuba, and encourage Cuba to reach a similar accord with the World Bank's Multilateral Investment Guarantee Agency (MIGA). Once these agreements are in place, OPIC and MIGA should use their political risk insurance, financing and foreign investment advisory services to expedite the movement of U.S. and other foreign direct investment to Cuba. OPIC should also help the Department of State coordinate with Cuba plans for aid and assistance that are associated directly with longer-term strategies for investment promotion. Similar to trade policy, these strategies ought to emphasize the removal of restrictions to the flow of capital.*
3. *The various departments of the executive branch that deal with investment should devote particular attention to privatization programs by helping to convey to Cuba information on the positive and negative lessons from such programs in Nicaragua, Argentina, Chile, and the emerging post-Communist economies of Eastern Europe and the former Soviet Union.*
4. *The U.S. government ought to promote awareness in the international community of the attractive investment opportunities that exist in the most important parts of the Cuban economy, namely tourism, agribusiness and biotechnology. Attention should also be given to the opportunities that would exist in crop diversification, light industry, the creation of capital markets and the infrastructure for securities trading.³¹*

³¹ Mr. George Plinio Montalván comments, "The U.S. government should also consider ways to encourage international investors in Cuba to protect human rights and promote fair labor practices." See, for example, Rolando H. Castañeda and George Plinio Montalván, 'The Arcos Principles,' *Cuba in Transition, Volume 4, op. cit.*

COMMUNICATIONS

Telecommunications services between Cuba and the United States were limited after 1959 but never were severed. Currently, they are permitted – even encouraged – by the Cuban Democracy Act, Sec. 1705(e). Similarly, the U.S. Postal Service has authority under the act to establish direct mail service to and from Cuba, Sec. 1705(f). Radio Martí was established in 1983 to further "the open communication of accurate information and ideas to the people of Cuba" (Pub. L. No. 98-111). The legislation establishing TV Martí (Pub. L. No. 101-246), as well as the 1994 International Broadcasting Act, contains similar guidance. These programs will need to be reviewed once Cuba and the United States begin a process of restoring normal relations.

BACKGROUND

1. Telecommunications have been treated differently from other issues by both Cuba and the United States. The 60-circuit telephone cable connection from Cuba to the outside via the United States continued to operate, but U.S. policy precluded increasing the number of circuits or upgrading technologies to meet demand. However, in the late 1980s, policy changes authorized an additional 60 circuits. Satellite communications were also permitted as part of U.S. policy to encourage the flow of information. Nevertheless, the current telecommunications capacity remains inadequate. An estimated 600 to 800 circuits are probably needed, along with extensive renovation of the local telephone infrastructure.

2. The Federal Communications Commission (FCC) granted permits in October 1994 to U.S. companies to establish telecommunications services with Cuba. Initially, five companies signed agreements that provide the Government of Cuba with 50 percent of the revenue generated by phone calls between Cuba and the United States. The FCC authorized the U.S. companies to increase the number of circuits to about 700, and service has greatly improved. However, fully adequate communications will not be realized until the Cuban phone system is modernized.

3. The mandate and fund allocations to Radio and TV Martí probably will be challenged during the process of restoring normal relations. Some groups will exert pressure to expand the resources devoted to these programs, while others may seek to restrict them. Cuban-Americans and others in the United States may argue for an enhanced need to promote information flows to Cuba. Others may argue that cooperative relations eliminate the need to broadcast alternative sources of ideas. Of course, conditions in Cuba will be the main factor in determining the need for continued broadcasting. In Eastern Europe, the many uncertainties that accompanied the transitions led to the continuation of Radio Free Europe, a policy

urged by national leaders such as Lech Walesa and Vaclav Havel.

4. The restoration of regular mail service will lead to a significant increase in demand. Cuba may require assistance in improving its postal system.

RECOMMENDED STEPS

1. *Promoting the free flow of information should be a priority component of U.S. assistance programs for Cuba. The demand will be high for new phone systems, fax machines, radios, televisions, cable systems and printed materials. Also, the development of a free press should be a priority for aid and educational exchanges.*
2. *Congress should fund Radio and TV Martí if they can meet important needs during a transition period and fulfill their basic objectives as defined by Pub. L. No. 98-111, Pub. L. No. 101-246 and the International Broadcasting Act of 1994. The number of viewers of TV Martí could rise dramatically after jamming and electrical failures cease and television sets become more available.³²*
3. *Private sector initiatives to improve telecommunications services should be encouraged, in addition to the expansion of private courier services.*

TRAVEL AND TRANSPORTATION

The U.S. government will need to take the necessary steps to restore normal travel to and from Cuba. In addition, private companies will have to meet the increase in demand for air and sea travel. Before 1959, there were approximately 20 flights a day by several airlines.

BACKGROUND

1. Travel to Cuba is extremely limited at the present time. Few U.S. citizens are granted travel permits, while no active maritime service (tourist or trade) exists. U.S. law permits travel without a passport to any North, Central or South American country or territory, with the exception of Cuba (22 CFR 53.2). Also, any vessel that enters a Cuban port to engage in trade may not, within the ensuing 180 days, engage in trade in a United States port; and any vessel carrying goods or

³² Dr. Jorge Dominguez comments, "TV Martí is a waste of taxpayers' dollars and should be cancelled. Radio Martí must meet normal non-partisan professional standards."

passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has an interest may not enter a United States port (Cuban Democracy Act, Sec. 1706).

2. The demand for travel to and from Cuba probably will be very high, but systematic estimates have yet to be made. U.S. and Cuban ports may be inadequate to handle this surge in activity. Both the Miami seaport and airport have expanded significantly in the past few years, but further expansion may be needed if several thousand people and cargo travel to and from Cuba each day. Processing large numbers of new travelers through customs and immigration also should be anticipated.

3. Although technically still in force, the 1953 U.S.-Cuba Air Transport Agreement (amended in 1957) is suspended and no direct air travel is permitted with the exception of charter flights. Direct air travel could be resumed quickly either under this agreement or under an arrangement of "comity and reciprocity" until the old agreement is updated or a new agreement is reached. A new agreement may be more appropriate because of the many changes that have taken place. For example, some carriers under the original agreement no longer exist, while their rights have passed to successors. New air carriers also are using different routes and hubs.

4. The safety and security of Cuban facilities will need to be verified, although Cubana Airlines apparently meets the standards of the International Civil Air Organization.

5. Although U.S. carriers regularly overfly Cuba, additional air traffic control arrangements at the Miami Air Route Traffic Control Center may be required to cope with the larger numbers of flights.

6. New port access and duty agreements will be necessary after a resumption of diplomatic relations and a lifting of the embargo.

RECOMMENDED STEPS

1. *Congress will need to pass legislation to repeal restrictions on travel, port entry, access and any other embargo-related items that cannot be addressed directly by executive agencies. Additional funds should also be earmarked for the Coast Guard to prevent large-scale illegal travel if such travel appears imminent.*
2. *The normalization process will require that the president waive the restrictions on shipping to and from Cuba, provided the Government of Cuba meets the conditions noted in the Cuban Democracy Act, Section 1708.*

3. *Similarly, the Department of State should promptly re-establish provisions for normal travel. Once this occurs, there will be important short-term effects: The Department of State should ensure that pre-Castro agreements on shipping lanes, fishing and customs are quickly resumed or re-negotiated. In particular, the Department of State, in conjunction with the Department of Transportation and other agencies, should negotiate an agreement to restore normal air travel.*
4. *The Federal Aviation Administration (FAA) should expedite a preliminary study of Cuban facilities, equipment and practices for restoring normal travel. If the FAA determines that Cuban facilities are inadequate, the Department of Transportation should consult directly with the Department of State and USAID and develop plans for the assistance required for improvements. Other determinations on expanded corridors, hubs and so forth, should be made as quickly as possible by the Department of Transportation.*
5. *The departments of Defense and Transportation should study the feasibility of using Homestead Air Force Base to handle some of the air traffic, especially charter flights.*

SECURITY

The legacy of the adversarial relationship between Cuba and the United States includes such important security fixtures as Guantánamo Naval Base and the Russian intelligence site at Lourdes. In addition, the extensive and growing presence of the Cuban military in economic and political affairs makes its evolving role a practical challenge for U.S. policy-makers.

BACKGROUND

1. Although the military importance of Guantánamo Naval Base has diminished since the end of the Cold War, the lease can be terminated only by the mutual agreement of both governments or by U.S. abandonment. The process of negotiating a departure from Guantánamo would encounter several obstacles, namely, removal of the minefields placed in position by both sides and current U.S. laws and policies which require seeking reimbursement for infrastructure and associated improvements.
2. The Russian intelligence site at Lourdes continues to operate. In early 1995, the Russian government renewed its \$200 million payment to Cuba for some of the operation costs of the site. Opposition to Russia's use of Lourdes has arisen in

Congress, where an attempt has been made to deduct this amount from U.S. aid payments to Russia.

3. Because of the size and social importance of the Cuban military, any rapid political change could make its position very precarious. Divisions within the military also may pose threats to the stability of the country and the region. The extensive involvement of the military in agriculture and other economic sectors may complicate attempts to build ties to U.S. companies and individual investors, thereby making the role of the military a bilateral issue. There may even be pressure from within the United States to restrict aid and assistance to sectors that involve members of the Cuban military, which could provoke resentment or opposition within Cuba.

RECOMMENDED STEPS

1. *In anticipation of normalization, the National Security Council should conduct a study of how Guantánamo Naval Base should fit into the process, that is, if, when and how its use by the United States should be terminated. Closing the base should be considered within the overall context of U.S. base policy and security relations in the hemisphere. Once full sovereignty over the base is transferred to Cuba, the territory might be converted into a specialized trade zone or another type of trade center, the proceeds of whose operation could be used for resolving property claims.*³³
2. *The National Security Council should lead a study including representatives from the Department of State and the Arms Control and Disarmament Agency, the Department of Defense and the intelligence community on the role of the Lourdes Intelligence Site in the overall triangular relationship among the United States, Russia and Cuba. Plans regarding the future use of the site should be addressed in the framework agreement to prevent any later linkage of this issue to vital aid and assistance.*
3. *The National Security Council should develop programs to advise the Cuban government on different models of defense conversion, using examples from other countries in the Americas and Asia. The Pentagon's Office of Defense Conversion should appoint a representative to the group who would travel to Cuba and establish contacts with the ministries there. Although the role of the U.S. representatives should be strictly advisory, they, in cooperation with regional institutions and international donor groups, can help the transition process by lending both technical and general expertise.*

³³ See Rolando H. Castañeda and George Plinio Montalván, "Economic Factors in Selecting an Approach to Expropriation Claims in Cuba," *op. cit.*, 16-17.

4. *As stated in Recommendation 5 in "Diplomatic Relations: The First Steps" (page 5, supra), the Department of Defense should institute a program of military-to-military exchanges to help reintegrate Cuba into regional security arrangements. The United States should support efforts by the OAS and the Inter-American Defense Board to admit Cuban participants.*

CRIME AND LAW ENFORCEMENT

Because of its location in the center of the Caribbean and proximity to U.S. shores, Cuba has the potential to become a major center of drug trafficking, smuggling and money laundering. In addition, poor economic conditions and a weakening of political authority may encourage the development of organized crime and corruption.

BACKGROUND

1. Recent experiences in Russia and Eastern Europe suggest that rapid political and economic changes offer extensive opportunities for organized crime. Furthermore, the transnational nature of smuggling, money laundering and other illegal activities makes potential crime and corruption in Cuba a serious issue for the U.S. government. Close cooperation with Cuban authorities will be necessary to deal effectively with these problems.
2. The United States and Cuba have an existing treaty of extradition, but this treaty may require significant revisions or a complete overhaul, depending on current U.S. arrangements with other Caribbean countries, the nature of the future Cuban government and its plans for legal and constitutional reform.
3. Several fugitives from the United States are believed to reside in Cuba. In addition, several Cuban-Americans, now U.S. citizens, may still be subject to pending judicial proceedings in Cuba, although many of the alleged crimes are political in nature. Finally, several thousand Mariel refugees with criminal backgrounds remain confined in various U.S. institutions.

RECOMMENDED STEPS

1. *The departments of Justice, Defense, State and the Federal Bureau of Investigation (FBI) should prepare specific plans to address the potential spread of criminal activity throughout Cuba.*
2. *The Department of State must negotiate with Cuba a new extradition treaty*

which takes into account changes in Cuba's legal system regarding standards of proof and "political" crimes. Included in these negotiations should be the plans for dealing with fugitives who remain in either country, except in cases where their alleged crimes were, in fact, political. The status of judicial cases against this latter group must be resolved and cleared as part of the normalization process in order to avoid future problems between the two countries and to assist in the reconciliation of exiles with their fellow Cubans on the island.

3. *The Department of State should also negotiate a mutual legal assistance treaty to establish a system for law enforcement agencies to work together and provide assistance upon request.*
4. *The departments of State and Justice, in cooperation with the INS, should accelerate negotiations with Cuba to return the remaining Mariel refugees whose criminal backgrounds or activities have kept them in detention.*
5. *FBI officials in Miami should establish early contact and rapport with their counterparts in Cuba and ought to consider applying lessons from their recent work in Moscow, including the establishment of a local office.*
6. *The senior coordinator and relevant officials from the departments of State, Treasury, Justice, the Coast Guard and the National Guard should maintain close cooperation with police and justice officials in the South Florida community.*

III. LEGISLATIVE AGENDA

Although the president has the authority to restore relations with Cuba, Congress plays the central role in the overall process. The Cuban Democracy Act suggests that this process could be gradual or immediate, depending on conditions in Cuba. However, as yet there is no detailed legislative agenda for restoring normal relations, if and when the president certifies that conditions so warrant.

BACKGROUND

1. There will be substantial and constant pressure from various groups involved in Cuba policy to have their specific goals addressed. There will also be pressure from within Congress to link many of the issues, especially aid and assistance,

trade and export credits, and claims.

2. Conflicts of interest will arise between aspects of normalization and sectoral politics in the United States, especially with regard to agricultural products.
3. U.S. relations with Cuba may remain contentious, making it difficult to approach many of the problems with pragmatism and objectivity.

RECOMMENDED STEPS

1. *Immediately after the decision to restore normal relations is announced, key legislation should be repealed, updated or amended as circumstances warrant. This includes, first and foremost, the Cuban Democracy Act, the Cuban Adjustment Act and additional legislation such as the Cuban Liberty and Democratic Solidarity Act, if passed.*
2. *Congress should first address aid and assistance, and, if required, allocate the necessary funds for emergency humanitarian relief. These funds are temporary and should not be linked overtly to other bilateral issues. Long-term aid, however, should be addressed within the overall process of restoring normal relations.*
3. *The remainder of the legislative process could proceed piecemeal, but it is preferable that it be done at once in a comprehensive omnibus bill, if possible. An omnibus bill should address most aspects of restoring relations and supplant all previous legislation as was done for the former Soviet Union and South Africa. Such legislation should include provisions which supersede application of group restrictions,³⁴ such as the Helms Amendment (Sec. 525) to the Foreign Assistance Act of 1994-95 and the Johnson Act (Pub. L. No. 80-772). The intent here is to address the specific needs of U.S. interests in Cuba without obstructing the entire normalization process. The "Friendship Act" (Pub. L. No. 103-199), for instance, removes Russia from the countries (communist) to which the Johnson Act applies. A summary of the Friendship Act is included in Annex C.*
4. *An omnibus bill would also have to remove Cuba from the list of nations to which adversarial or restrictive language is attached. This includes the "6(j)" list of the Export Administration Act of 1979 (referring to "terrorism"); and the list of "Marxist-Leninist Countries."*

³⁴ Group restrictions are those which apply a common nature, such as "communist" or "enemy," to a set of countries, which over the years has included Cuba. See *U.S. Relations with Cuba: Compendium of Laws, Regulations and Policies*, *op. cit.*, chapter XIV.

5. *In consultation with the departments of State, Justice and the Treasury, Congress should decide if additional legislation is warranted to settle outstanding claims, including an enlargement of the pool of certified claimholders. However, once the settlement process is established, Congress should not tie the settlement of individual claims to any other aspect of the normalization process, unless the Cuban government acts egregiously and fails to honor newly established private property laws.*
6. *Congress should resist pressures to restrict agricultural products from the U.S. market if enhanced trade with Cuba is a stated goal of U.S. policy, and if such trade is part of U.S.-sponsored multinational assistance programs. Individual members of Congress will assuredly pursue the interests of their constituents, but creative, quid-pro-quo arrangements can be made to alleviate restrictions that only benefit a small interest group. This strategy has worked for the Caribbean Basin Initiative and the GATT, and should work for Cuba if the will is present.*
7. *The Senate Committee on Foreign Relations and the House Committee on International Relations should strongly support multilateral programs of assistance to Cuba and should seek to ensure the active U.S. participation in such programs.*

ANNEX A

THE CUBAN DEMOCRACY ACT OF 1992

Title XVII of the National Defense Authorization Act for Fiscal Year 1993, Public Law 102-484 [H.R. 5006], 106 Stat. 2315, approved October 23, 1992

SEC. 1701.³⁵ SHORT TITLE.

This title may be cited as the "Cuban Democracy Act of 1992".

SEC. 1702.³⁶ FINDINGS.

The Congress makes the following findings:

(1) The government of Fidel Castro has demonstrated consistent disregard for internationally accepted standards of human rights and for democratic values. It restricts the Cuban people's exercise of freedom of speech, press, assembly, and other rights recognized by the Universal Declaration of Human Rights adopted by the General Assembly of the United Nations on December 10, 1948. It has refused to admit into Cuba the representative of the United Nations Human Rights Commission

³⁵ 22 U.S.C. 6001 note.

³⁶ 22 U.S.C. 6001.

appointed to investigate human rights violations on the island.

(2) The Cuban people have demonstrated their yearning for freedom and their increasing opposition to the Castro government by risking their lives in organizing independent, democratic activities on the island and by undertaking hazardous flights for freedom to the United States and other countries.

(3) The Castro government maintains a military-dominated economy that has decreased the well-being of the Cuban people in order to enable the government to engage in military interventions and subversive activities throughout the world and, especially, in the Western Hemisphere. These have included involvement in narcotics trafficking and support for the FMLN guerrillas in El Salvador.

(4) There is no sign that the Castro regime is prepared to make any significant concessions to democracy or to undertake any form of democratic opening. Efforts to suppress dissent through intimidation, imprisonment, and exile have accelerated since the political changes that have occurred in the former Soviet Union and Eastern Europe.

(5) Events in the former Soviet Union and Eastern Europe have dramatically reduced Cuba's external support and threaten Cuba's food and oil supplies.

(6) The fall of communism in the former Soviet Union and Eastern Europe, the now universal recognition in Latin America and the Caribbean that Cuba provides a failed model of government and development, and the evident inability of Cuba's economy to survive current trends, provide the United States and the international democratic community with an unprecedented opportunity to promote a peaceful transition to democracy in Cuba.

(7) However, Castro's intransigence increases the likelihood that there could be a collapse of the Cuban economy, social upheaval, or widespread suffering. The recently concluded Cuban Communist Party Congress has underscored Castro's unwillingness to respond positively to increasing pressures for reform either from within the party or without.

(8) The United States cooperated with its European and other allies to assist the difficult transitions from Communist regimes in Eastern Europe. Therefore, it is appropriate for those allies to cooperate with United States policy to promote a peaceful transition in Cuba.

SEC. 1703.³⁷ STATEMENT OF POLICY.

It should be the policy of the United States –

(1) to seek a peaceful transition to democracy and a resumption of economic growth in Cuba through the careful application of sanctions directed at the Castro government and support for the Cuban people;

(2) to seek the cooperation of other democratic countries in this policy;

(3) to make clear to other countries that, in determining its relations with them, the United States will take into account their willingness to cooperate in such a policy;

(4) to seek the speedy termination of any remaining military or technical assistance, subsidies, or other forms of assistance to the Government of Cuba from any of the independent states of the former Soviet Union;

³⁷ 22 U.S.C. 6002.

- (5) to continue vigorously to oppose the human rights violations of the Castro regime;
- (6) to maintain sanctions on the Castro regime so long as it continues to refuse to move toward democratization and greater respect for human rights;
- (7) to be prepared to reduce the sanctions in carefully calibrated ways in response to positive developments in Cuba;
- (8) to encourage free and fair elections to determine Cuba's political future;
- (9) to request the speedy termination of any military or technical assistance, subsidies, or other forms of assistance to the Government of Cuba from the government of any other country; and
- (10) to initiate immediately the development of a comprehensive United States policy toward Cuba in a post-Castro era.

SEC. 1704.³⁸ INTERNATIONAL COOPERATION.

(a) Cuban Trading Partners. – The President should encourage the governments of countries that conduct trade with Cuba to restrict their trade and credit relations with Cuba in a manner consistent with the purposes of this title.

(b) Sanctions Against Countries Assisting Cuba. –

(1) Sanctions. – The President may apply the following sanctions to any country that provides assistance to Cuba:

(A) The government of such country shall not be eligible for assistance under the Foreign Assistance Act of 1961 or assistance or sales under the Arms Export Control Act.

(B) Such country shall not be eligible, under any program, for forgiveness or reduction of debt owed to the United States Government.

(2) Definition of assistance. – For purposes of paragraph (1), the term "assistance to Cuba" –

(A) means assistance to or for the benefit of the Government of Cuba that is provided by grant, concessional sale, guaranty, or insurance, or by any other means on terms more favorable than that generally available in the applicable market, whether in the form of a loan, lease, credit, or otherwise, and such term includes subsidies for exports to Cuba and favorable tariff treatment of articles that are the growth, product, or manufacture of Cuba; and

(B) does not include –

(i) donations of food to nongovernmental organizations or individuals in Cuba, or

(ii) exports of medicines or medical supplies, instruments, or equipment that would be permitted under section 1705(c).

(3) Applicability of section. – This section, and any sanctions imposed pursuant to this section, shall cease to apply at such time as the President makes and reports to the Congress a determination under section 1708(a).

SEC. 1705.³⁹ SUPPORT FOR THE CUBAN PEOPLE.

³⁸ 22 U.S.C. 6003.

³⁹ 22 U.S.C. 6004.

(a) Provisions of Law Affected. – The provisions of this section apply notwithstanding any other provision of law, including section 620(a) of the Foreign Assistance Act of 1961, and notwithstanding the exercise of authorities, before the enactment of this Act, under section 5(b) of the Trading With the Enemy Act, the International Emergency Economic Powers Act, or the Export Administration Act of 1979.

(b) Donations of Food. – Nothing in this or any other Act shall prohibit donations of food to nongovernmental organizations or individuals in Cuba.

(c) Exports of Medicines and Medical Supplies. – Exports of medicines or medical supplies, instruments, or equipment to Cuba shall not be restricted –

(1) except to the extent such restrictions would be permitted under section 5(m) of the Export Administration Act of 1979 or section 203(b)(2) of the International Emergency Economic Powers Act;

(2) except in a case in which there is a reasonable likelihood that the item to be exported will be used for purposes of torture or other human rights abuses;

(3) except in a case in which there is a reasonable likelihood that the item to be exported will be reexported; and

(4) except in a case in which the item to be exported could be used in the production of any biotechnological product.

(d) Requirements for Certain Exports. –

(1) Onsite verifications. – (A) Subject to subparagraph (B), an export may be made under subsection (c) only if the President determines that the United States Government is able to verify, by onsite inspections and other appropriate means, that the exported item is to be used for the purposes for which it was intended and only for the use and benefit of the Cuban people.

(B) Subparagraph (A) does not apply to donations to nongovernmental organizations in Cuba of medicines for humanitarian purposes.

(2) Licenses. – Exports permitted under subsection (c) shall be made pursuant to specific licenses issued by the United States Government.

(e) Telecommunications Services and Facilities. –

(1) Telecommunications services. – Telecommunications services between the United States and Cuba shall be permitted.

(2) Telecommunications facilities. – Telecommunications facilities are authorized in such quantity and of such quality as may be necessary to provide efficient and adequate telecommunications services between the United States and Cuba.

(3) Licensing of payments to Cuba. – (A) The President may provide for the issuance of licenses for the full or partial payment to Cuba of amounts due Cuba as a result of the provision of telecommunications services authorized by this subsection, in a manner that is consistent with the public interest and the purposes of this title, except that this paragraph shall not require any withdrawal from any account blocked pursuant to regulations issued under section 5(b) of the Trading With the Enemy Act.

(B) If only partial payments are made to Cuba under subparagraph (A), the amounts withheld from Cuba shall be deposited in an account in a banking institution in the United States. Such account shall be blocked in the same manner as any other account containing funds in which Cuba has any interest, pursuant to regulations issued under section 5(b) of the Trading With the Enemy Act.

(4) Authority of federal communications commission. – Nothing in this

1 A ROAD MAP FOR RESTRUCTURING FUTURE U.S. RELATIONS WITH CUBA

subsection shall be construed to supersede the authority of the Federal Communications Commission.

(f) Direct Mail Delivery to Cuba. - The United States Postal Service shall take such actions as are necessary to provide direct mail service to and from Cuba, including, in the absence of common carrier service between the 2 countries, the use of charter service providers.

(g) Assistance To Support Democracy in Cuba. - The United States Government may provide assistance, through appropriate nongovernmental organizations, for the support of individuals and organizations to promote nonviolent democratic change in Cuba.

SEC. 1706.⁴⁰ SANCTIONS.

(a) Prohibition on Certain Transactions Between Certain United States Firms and Cuba. -

(1) Prohibition. - Notwithstanding any other provision of law, no license may be issued for any transaction described in section 515.559 of title 31, Code of Federal Regulations, as in effect on July 1, 1989.

(2) Applicability to existing contracts. - Paragraph (1) shall not affect any contract entered into before the date of the enactment of this Act.

(b) Prohibitions on Vessels. -

(1) Vessels engaging in trade. - Beginning on the 61st day after the date of the enactment of this Act, a vessel which enters a port or place in Cuba to engage in the trade of goods or services may not, within 180 days after departure from such port or place in Cuba, load or unload any freight at any place in the United States, except pursuant to a license issued by the Secretary of the Treasury.

(2) Vessels carrying goods or passengers to or from Cuba. - Except as specifically authorized by the Secretary of the Treasury, a vessel carrying goods or passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has any interest may not enter a United States port.

(3) Inapplicability of ship stores general license. - No commodities which may be exported under a general license described in section 771.9 of title 15, Code of Federal Regulations, as in effect on May 1, 1992, may be exported under a general license to any vessel carrying goods or passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has an interest.

(4) Definitions. - As used in this subsection -

(A) the term "vessel" includes every description of water craft or other contrivance used, or capable of being used, as a means of transportation in water, but does not include aircraft;

(B) the term "United States" includes the territories and possessions of the United States and the customs waters of the United States (as defined in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401)); and

(C) the term "Cuban national" means a national of Cuba, as the term "national" is defined in section 515.302 of title 31, Code of Federal Regulations, as of August 1, 1992.

(c) Restrictions on Remittances to Cuba. - The President shall establish strict limits

⁴⁰ 22 U.S.C. 6005.

on remittances to Cuba by United States persons for the purpose of financing the travel of Cubans to the United States, in order to ensure that such remittances reflect only the reasonable costs associated with such travel, and are not used by the Government of Cuba as a means of gaining access to United States currency.

(d) Clarification of Applicability of Sanctions. – The prohibitions contained in subsections (a), (b), and (c) shall not apply with respect to any activity otherwise permitted by section 1705 or section 1707 of this Act or any activity which may not be regulated or prohibited under section 5(b)(4) of the Trading With the Enemy Act (50 U.S.C. App. 5(b)(4)).

SEC. 1707.⁴¹ POLICY TOWARD A TRANSITIONAL CUBAN GOVERNMENT.

Food, medicine, and medical supplies for humanitarian purposes should be made available for Cuba under the Foreign Assistance Act of 1961 and the Agricultural Trade Development and Assistance Act of 1954 if the President determines and certifies to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate that the government in power in Cuba –

- (1) has made a public commitment to hold free and fair elections for a new government within 6 months and is proceeding to implement that decision;
- (2) has made a public commitment to respect, and is respecting, internationally recognized human rights and basic democratic freedoms; and
- (3) is not providing weapons or funds to any group, in any other country, that seeks the violent overthrow of the government of that country.

SEC. 1708.⁴² POLICY TOWARD A DEMOCRATIC CUBAN GOVERNMENT.

(a) Waiver of Restrictions. – The President may waive the requirements of section 1706 if the President determines and reports to the Congress that the Government of Cuba –

- (1) has held free and fair elections conducted under internationally recognized observers;
- (2) has permitted opposition parties ample time to organize and campaign for such elections, and has permitted full access to the media to all candidates in the elections;
- (3) is showing respect for the basic civil liberties and human rights of the citizens of Cuba;
- (4) is moving toward establishing a free market economic system; and
- (5) has committed itself to constitutional change that would ensure regular free and fair elections that meet the requirements of paragraph (2).

(b) Policies. – If the President makes a determination under subsection (a), the President shall take the following actions with respect to a Cuban Government elected pursuant to elections described in subsection (a):

- (1) To encourage the admission or reentry of such government to international organizations and international financial institutions.
- (2) To provide emergency relief during Cuba's transition to a viable economic

⁴¹ 22 U.S.C. 6006.

⁴² 22 U.S.C. 6007.

system.

(3) To take steps to end the United States trade embargo of Cuba.

SEC. 1709.⁴³ EXISTING CLAIMS NOT AFFECTED.

Except as provided in section 1705(a), nothing in this title affects the provisions of section 620(a)(2) of the Foreign Assistance Act of 1961.

SEC. 1710.⁴⁴ ENFORCEMENT.

(a) Enforcement Authority. – The authority to enforce this title shall be carried out by the Secretary of the Treasury. The Secretary of the Treasury shall exercise the authorities of the Trading With the Enemy Act in enforcing this title. In carrying out this subsection, the Secretary of the Treasury shall take the necessary steps to ensure that activities permitted under section 1705 are carried out for the purposes set forth in this title and not for purposes of the accumulation by the Cuban Government of excessive amounts of United States currency or the accumulation of excessive profits by any person or entity.

(b) Authorization of Appropriations. – There are authorized to be appropriated to the Secretary of the Treasury such sums as may be necessary to carry out this title.

(c) Penalties Under the Trading With the Enemy Act. – Section 16 of the Trading With the Enemy Act (50 U.S.C. App. 16) is amended –

(1) by striking "That whoever" and inserting "(a) Whoever"; and

(2) by adding at the end the following:

"(b)(1) The Secretary of the Treasury may impose a civil penalty of not more than \$50,000 on any person who violates any license, order, rule, or regulation issued under this Act.

"(2) Any property, funds, securities, papers, or other articles or documents, or any vessel, together with its tackle, apparel, furniture, and equipment, that is the subject of a violation under paragraph (1) shall, at the discretion of the Secretary of the Treasury, be forfeited to the United States Government.

"(3) The penalties provided under this subsection may not be imposed for –

"(A) news gathering, research, or the export or import of, or transmission of, information or informational materials; or

"(B) clearly defined educational or religious activities, or activities of recognized human rights organizations, that are reasonably limited in frequency, duration, and number of participants.

"(4) The penalties provided under this subsection may be imposed only on the record after opportunity for an agency hearing in accordance with sections 554 through 557 of title 5, United States Code, with the right to prehearing discovery.

"(5) Judicial review of any penalty imposed under this subsection may be had to the extent provided in section 702 of title 5, United States Code."

(d) Applicability of Penalties. – The penalties set forth in section 16 of the Trading With the Enemy Act shall apply to violations of this title to the same extent as such penalties apply to violations under that Act.

⁴³ 22 U.S.C. 6008.

⁴⁴ 22 U.S.C. 6009.

(e) Office of Foreign Assets Control. - The Department of the Treasury shall establish and maintain a branch of the Office of Foreign Assets Control in Miami, Florida, in order to strengthen the enforcement of this title.

SEC. 1711.⁴⁵ DEFINITION.

As used in this title, the term "United States person" means any United States citizen or alien admitted for permanent residence in the United States, and any corporation, partnership, or other organization organized under the laws of the United States.

SEC. 1712.⁴⁶ EFFECTIVE DATE.

This title shall take effect on the date of the enactment of this Act.

ANNEX B

PENDING LEGISLATION

(As of 6/1/95)

SENATE & HOUSE HELMS-BURTON

HELMS S. 381.

CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY (LIBERTAD) ACT OF 1995

Strengthens international sanctions against the Castro government in Cuba, develops a plan to support a transitional government leading to a democratically elected government in Cuba and protects American property rights abroad.

Introduced February 9, 1995.

Referred to Senate Foreign Relations Committee.

BURTON H.R. 927.

CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY (LIBERTAD) ACT OF 1995

Strengthens international sanctions against the Castro government in Cuba, develops a plan to support a transitional government leading to a democratically elected government in Cuba and protects American property rights abroad.

Introduced February 14, 1995.

Referred to Committees on International Relations, Ways and Means, Judiciary, and Banking and Financial Services; Hearings held in Subcommittee on Western Hemisphere Affairs February 16 and March 16; Mark-up in Subcommittee on March 22; forwarded amended bill to full Committee on International Relations.

⁴⁵ 22 U.S.C. 6010.

⁴⁶ 22 U.S.C. 6001 note.

HOUSE

BILLS THAT ARE INCLUDED IN ALL OR PART OF HELMS-BURTON

DIAZ-BALART:

H.CON.RES. 24

Calls for the United States to propose and seek an international embargo against the totalitarian government of Cuba.

Introduced February 7, 1995.

Referred to the Committee on International Relations.

H.R. 81

Directs the Secretary of the Treasury to instruct the U.S. executive directors of international financial institutions to oppose the admission of Cuba as a member of these institutions until Cuba holds free and fair elections.

Introduced January 4, 1995.

Referred to the Committee on Banking and Financial Services.

H.R. 82

Denies visas to aliens involved with the foreign expropriation of property of U.S. persons.

Introduced January 4, 1995.

Referred to Committee on the Judiciary.

H.R. 83

Provides for the withholding of contributions to certain organizations that assist Iraq, Iran, Libya and Cuba.

Introduced January 4, 1995.

Referred to the Committee on Banking and Financial Services.

H.R. 84

Prohibits the importation into the United States of sugar from countries that import Cuban sugar.

Introduced January 4, 1995.

Referred to the Committee on Ways and Means.

MENENDEZ H.R. 611

FREE AND INDEPENDENT CUBA ASSISTANCE ACT

Provides assistance to the people of Cuba once a transitional government is in power.

Introduced January 25, 1995.

Referred to the Committees on International Relations, Ways and Means, Banking and Financial Services, and Agriculture.

SOLOMON H.R. 519

FREEDOM AND SELF-DETERMINATION FOR THE FORMER SOVIET UNION ACT

Prohibits foreign assistance to Russia unless certain requirements are met, including

a presidential certification that Russia is not providing any intelligence information to Cuba or assistance to Cuba with respect to the signal intelligence facility at Lourdes.
Introduced January 13, 1995.
Referred to the Committees on International Relations, Banking and Financial Services.

OTHER LEGISLATION

RANGEL:

H.R. 883

FREE TRADE WITH CUBA ACT

Lifts the trade embargo and urges the president to take all necessary steps to conduct negotiations with Cuba to settle property claims of U.S. nationals and to secure protection of internationally recognized human rights in Cuba.
Introduced February 9, 1995.
Referred to the Committees on International Relations, Ways and Means, Commerce, and Government Reform and Oversight.

H.R. 1254

Amends the Cuban Democracy Act of 1992 to limit provisions restricting trade in food and amends the Internal Revenue Code to terminate the denial of foreign tax credit with respect to Cuba.
Introduced March 15, 1995.
Referred to the Committees on International Relations and Ways and Means.

SERRANO H.R. 367

Repeals the Cuban Democracy Act of 1992.
Introduced January 4, 1995.
Referred to the Committee on International Relations.

SENATE

GRAMM S. 146

AMERICAS FREE TRADE ACT

Requires the president to initiate trade agreements with all nations of the Western Hemisphere, except Cuba, for the reduction of trade barriers and the eventual promotion of a hemisphere-wide free trade area. Declares that the act does not apply to Cuba unless the president certifies that freedom has been restored and that appropriate measures are being taken to address U.S. claims for property confiscated by the Cuban government.
Introduced January 4, 1995.
Referred to the Finance Committee.

SIMPSON S. 269

IMMIGRANT CONTROL AND FINANCIAL RESPONSIBILITY ACT

Amends the Immigration and Nationality Act.
Part 3 repeals the Cuban Adjustment Act.
Introduced January 24, 1995.
Referred to the Judiciary Committee.

MCCONNELL S. 422

INTERNATIONAL PARTNERSHIP AND PROSPERITY ACT OF 1995

Provides bilateral economic assistance to promote economic reforms, transition to democracy, meet urgent disaster and humanitarian needs and to control transnational threats. Section 102 prohibits funds to Cuba under this act.
Introduced February 15, 1995.

ANNEX C

ACT FOR REFORM IN EMERGING NEW DEMOCRACIES AND SUPPORT AND HELP FOR IMPROVED PARTNERSHIP WITH RUSSIA, UKRAINE, AND OTHER NEW INDEPENDENT STATES

(FRIENDSHIP ACT) SUMMARY

Public Law 103-199 [H.R. 3000], 107 Stat. 2317, approved December 17, 1993

AN ACT For reform in emerging new democracies and support and help for improved partnership with Russia, Ukraine, and other new independent states of the former Soviet Union.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1.⁴⁷ SHORT TITLES.

This Act may be cited as the "Act For Reform In Emerging New Democracies and Support and Help for Improved Partnership with Russia, Ukraine, and Other New Independent States" or as the "FRIENDSHIP Act".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

⁴⁷ 22 U.S.C. 5801 note.

- Sec. 1. Short titles.
- Sec. 2. Table of contents.
- Sec. 3. Definition.

TITLE I - POLICY OF FRIENDSHIP AND COOPERATION

- Sec. 101. Statement of purpose.
- Sec. 102. Findings.
- Sec. 103. Statutory provisions that have been applicable to the Soviet Union.

TITLE II - TRADE AND BUSINESS RELATIONS

- Sec. 201. Policy under Export Administration Act.
- Sec. 202. Representation of countries of Eastern Europe and the Independent States of the former Soviet Union in legal commercial transactions.
- Sec. 203. Procedures regarding transfers of certain Department of Defense-funded items.
- Sec. 204. Soviet slave labor.

TITLE III - CULTURAL, EDUCATIONAL, AND
OTHER EXCHANGE PROGRAMS

- Sec. 301. Mutual Educational and Cultural Exchange Act of 1961.
- Sec. 302. Soviet-Eastern European research and training.
- Sec. 303. Fascell Fellowship Act.
- Sec. 304. Board for International Broadcasting Act.
- Sec. 305. Scholarship programs for developing countries.
- Sec. 306. Report on Soviet participants in certain exchange programs.

TITLE IV - ARMS CONTROL

- Sec. 401. Arms Control and Disarmament Act.
- Sec. 402. Arms Export Control Act.
- Sec. 403. Annual reports on arms control matters.
- Sec. 404. United States/Soviet direct communication link.

TITLE V - DIPLOMATIC RELATIONS

- Sec. 501. Personnel levels and limitations.
- Sec. 502. Other provisions related to operation of embassies and consulates.
- Sec. 503. Foreign Service Buildings Act.

TITLE VI - OCEANS AND THE ENVIRONMENT

- Sec. 601. Arctic Research and Policy Act.
- Sec. 602. Fur seal management.
- Sec. 603. Global climate protection.

TITLE VII - REGIONAL AND GENERAL DIPLOMATIC ISSUES

- Sec. 701. United Nations assessments.
- Sec. 702. Soviet occupation of Afghanistan.
- Sec. 703. Angola.
- Sec. 704. Self determination of the people from the Baltic States.
- Sec. 705. Obsolete references in Foreign Assistance Act.
- Sec. 706. Review of United States policy toward the Soviet Union.

TITLE VIII - INTERNAL SECURITY;
WORLDWIDE COMMUNIST CONSPIRACY

- Sec. 801. Civil defense.
- Sec. 802. Report on Soviet press manipulation in the United States.
- Sec. 803. Subversive Activities Control Act.
- Sec. 804. Report on Soviet and international communist behavior.

TITLE IX - MISCELLANEOUS

- Sec. 901. Ballistic missile tests near Hawaii.
- Sec. 902. Nondelivery of international mail.
- Sec. 903. State-sponsored harassment of religious groups.
- Sec. 904. Murder of Major Arthur Nicholson.
- Sec. 905. Monument to honor victims of communism.

SEC. 3. DEFINITION.

As used in this Act (including the amendments made by this Act), the terms "independent states of the former Soviet Union" and "independent states" have the meaning given those terms by section 3 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (22 U.S.C. 5801).

TITLE I – POLICY OF FRIENDSHIP AND COOPERATION

SEC. 101. STATEMENT OF PURPOSE.

The purpose of this Act is to amend or repeal numerous statutory provisions that restrict or otherwise impede normal relations between the United States and the Russian Federation, Ukraine, and the other independent states of the former Soviet Union. All of the statutory provisions amended or repealed by this Act were relevant and appropriate at the time of enactment, but with the end of the Cold War, they have become obsolete. It is not the purpose of this Act to rewrite or erase history, or to forget those who suffered in the past from the injustices or repression of communist regimes in the Soviet Union, but rather to update United States law to reflect changed international circumstances and to demonstrate for reformers and democrats in the independent states of the former Soviet Union the resolve of the people of the United States to support the process of democratic and economic reform and to conduct business with those states in a new spirit of friendship and cooperation.

SEC. 102. FINDINGS.

The Congress finds and declares as follows:

(1) The Vancouver Declaration issued by President Clinton and President Yeltsin in April 1993 marked a new milestone in the development of the spirit of cooperation and partnership between the United States and Russia. The Congress affirms its support for the principles contained in the Vancouver Declaration.

(2) The Vancouver Declaration underscored that –

(A) a dynamic and effective partnership between the United States and Russia is vital to the success of Russia's historic transformation;

(B) the rapid integration of Russia into the community of democratic nations and the world economy is important to the national interest of the United States; and

(C) cooperation between the United States and Russia is essential to the peaceful resolution of international conflicts and the promotion of democratic values, the protection of human rights, and the solution of global problems such as environmental pollution, terrorism, and narcotics trafficking.

(3) The Congress enacted the FREEDOM Support Act (Public Law 102-511), as well as other legislation such as the Soviet Nuclear Threat Reduction Act of 1991 (title II of Public Law 102-228) and the Former Soviet Union Demilitarization Act of 1992 (title XIV of Public Law 102-484), to help meet the historic opportunities and challenges presented by the transformation that has taken place, and is continuing to take place, in what once was the Soviet Union.

(4) The process of reform in Russia, Ukraine, and the other independent states of the former Soviet Union is ongoing. The holding of a referendum in Russia on April 25, 1993, that was free and fair, and that reflected the support of the Russian people for the process of continued and strengthened democratic and economic reform, represents an important and encouraging hallmark in this ongoing process.

(5) There remain in force many United States laws that are relics of the Cold

War, and repeals or revisions of these provisions can play an important role in efforts to foster and strengthen the bonds of trust and friendship, as well as mutually beneficial trade and economic relations, between the United States and Russia, the United States and Ukraine, and the United States and the other independent states of the former Soviet Union.

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ANNEX D

MAJOR CERTIFIED U.S. CLAIMS*

<u>U.S. Company</u>	<u>(U.S. \$000,000)</u>	<u>Certified Claim</u> <u>% of</u> <u>All Claims</u>
Boise Cascade .	\$279.30	15.50
ITT .	130.70	7.26
Borden .	97.40	5.40
United Brands .	85.10	5.00
Amstar .	81.00	4.70
Exxon .	71.60	3.90
Texaco .	50.10	2.78
Freeport Minerals	33.00	1.83
Coca Cola .	27.50	1.52
Lone Star Industries	24.90	1.38
Colgate-Palmolive	14.50	0.80
Atlantic Richfield	10.20	0.56
Uniroyal .	9.60	0.53
Woolworth .	9.20	0.51
Continental Group	8.90	0.49
Firestone Tire .	8.30	0.46
International Harvester	8.30	0.46
Owens-Illinois .	8.10	0.45
General Motors.	7.70	0.42
Chase Manhattan Bank	7.50	0.41
Citicorp .	6.20	0.34
Esmark .	6.00	0.33
First National Bank of Boston	5.90	0.32
General Electric	5.90	0.32
Libby, McNeil & Libby	5.70	0.31
Goodyear Tire .	5.10	0.28

Proctor & Gamble	5.00	0.27
Sears Roebuck .	3.70	0.20
Reynolds Metals	3.40	0.18
Sherwin Williams	3.40	0.18
Others .	<u>776.80</u>	<u>43.15</u>
TOTAL .	\$1,800.00	100.0%

*All numbers are rounded.

Source: Ralph J. Galliano, "The Resolution of U.S. Cuba Claims: Toward a Democratic, Free Market, Post-Castro Cuba," (Washington, D.C.: Institute for U.S. Cuba Relations, May 1993), 18.