

Case Studies in Economic Sanctions and Terrorism

Case 60-3

US v. Cuba (1960– : Castro)

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Chronology of Key Events

- 7 January 1959 US recognizes government of President Fidel Castro. (Schreiber 1973, 390)
- 1960 In February, Cuba and the Soviet Union sign a trade agreement in which the Soviet Union agrees to buy sugar and other items from Cuba and to supply Cuba with crude oil. On advice of US State Department, US oil firms in Cuba stop refining oil purchased from USSR; Cuba nationalizes refineries; President Dwight D. Eisenhower cancels most of Cuban sugar quota (prior to 1960, sales to US were 3 million tons annually, half of Cuban crop). Cuba then expropriates all US property, valued at about \$1 billion, discriminates against imports of US products. (Krinsky and Golove 1993, 108; Newfarmer 1982, 128; Schreiber 1973, 386)
- 19 October 1960 US imposes embargo on exports to Cuba (except medicine, food), extends embargo to foreign subsidiaries of US firms, reduces Cuban sugar quota in US market to zero, blacklists vessels carrying cargo to and from Cuba from carriage of US government-financed cargo. (Doxey 1980, 35; Losman 1979, 21, 26; Lowenfeld 1977, 33)
- 1961 Castro acknowledges Marxist-Leninist affiliation, describes revolution as socialist, anti-imperialist. (Newfarmer 1982, 128)
- January 1961 US-Cuban diplomatic relations are severed; US restricts travel to Cuba. (Newfarmer 1982, 128; Krinsky and Golove 1993, 111)
- April 1961 US launches unsuccessful Bay of Pigs invasion. (Schreiber 1973, 393)
- January 1962 OAS declares 20 to 1 (Cuba voting against) that adherence to Marxist-Leninist ideology is incompatible with inter-American

- system; two-thirds majority votes that Cuba has “voluntarily” placed itself outside OAS system. (*New York Times*, 31 January 1962, A1)
- 7 February 1962 By presidential proclamation, US bans virtually all imports from Cuba. (Krinsky and Golove 1993, 112; Schreiber 1973, 386)
- July 1962 OAS votes 16 to 1 (4 abstentions) to suspend trade in military goods with Cuba. Cuba urges UN Security Council to suspend OAS measures; UN takes no decision. (Doxey 1980, 35; Schreiber 1973, 389)
- 1 August 1962 Congress passes the Foreign Assistance Act, including an amendment barring aid to “any country which furnishes assistance to the present government of Cuba.” This provision is further amended the following year to withhold foreign aid from countries that allow ships under their flag to carry goods to or from Cuba. (Krinsky and Golove 1993, 112–13)
- 23 October 1962 During missile crisis, OAS unanimously supports US “quarantine” of Cuba, authorizes members to take measures, including armed force, to ensure hemispheric security. With resolution of missile crisis, quarantine is lifted on 20 November 1962. (Doxey 1980, 36)
- February 1963 President John F. Kennedy prohibits shipments of cargoes paid for by the US government on foreign-flag ships that have called on a Cuban port. He also encourages maritime unions to boycott ships named on US government blacklist because of their trade with Cuba. (Krinsky and Golove 1993, 112–13; Lowenfeld 1977, 33; Schreiber 1973, 387)
- July 1963 Invoking Trading with the Enemy Act, US freezes all Cuban assets in the United States (about \$33 million). The order also transfers enforcement of the Cuban sanctions from the Department of Commerce to the Treasury Department. In order to avoid conflict with trading partners, the implementing regulations permit trade between foreign subsidiaries of US firms and Cuba but in an “administrative interpretation,” Treasury requires American management employees and officers to oppose such transactions. Under US pressure, NATO countries agree to embargo military items but continue economic trade with Cuba. (Krinsky and Golove 1993, 114; Doxey 1980, 37; Schreiber 1973, 388)
- 14 May 1964 The Commerce Department revokes the general license permitting the export of food and medicine, thus subjecting such transactions to specific prior approval. Department policy is to deny license

- requests for commercial transactions and to approve only humanitarian donations. (Krinsky and Golove 1993, 114)
- July 1964 Following discovery of arms cache of Cuban origin in Venezuela, and led by US and Venezuela, OAS calls for mandatory sanctions covering all trade except food, medicine (then about \$18 million annually); severing of diplomatic relations (Chile, Bolivia, Uruguay, Mexico dissent). (Doxey 1980, 37; Schreiber 1973, 389)
- July 1975 OAS lifts collective sanctions; thereafter, US follows policy of licensing foreign subsidiaries of US firms to trade with Cuba. (Lowenfeld 1977, 32)
- Late 1975 Cuba deploys 36,000 combat troops in Angola; US threatens military action if Cuba sends more troops elsewhere, makes withdrawal of troops from Angola precondition for normalizing economic relations. (Newfarmer 1982, 129)
- 1977 Some Cuban troops withdraw from Angola; President Jimmy Carter proposes fishing agreement with Cuba, loosens restrictions on travel to Cuba; diplomatic interests sections are opened in Havana, Washington; discussions are initiated on broad range of issues. Congress also repeals the provision of the Foreign Assistance Act of 1961 banning aid to countries permitting their vessels to trade with Cuba; the National Security Council rescinds the ship black list. (Newfarmer 1982, 129; Cuban Studies Program, App. C; Krinsky and Golove 1993, 118)
- 9 January 1978 Treasury regulations are revised to permit remittances up to \$500 per quarter to close relatives in Cuba. (Krinsky and Golove 1993, 119)
- 1978 Cuba deploys 20,000 troops in Ethiopia, MiG-23 fighter planes at home; Katangan rebels, inspired by Cuba, attack government forces in Zaire. (Newfarmer 1982, 129)
- 1979 Soviet “combat brigade” is observed in Cuba. (Newfarmer 1982, 130)
- 1980 Flotilla of Cuban refugees from port of Mariel arrives in Florida. (Newfarmer 1982, 130)
- 1981 Administration of President Ronald Reagan initiates tighter economic embargo; proposes Radio Martí (anti-Castro information radio); sees Cuba as instigator of Marxist control in Nicaragua, supporter of El Salvador insurgents; characterizes Grenada as

- “virtual surrogate” of Cuba; attempts to obtain Latin American cooperation against Castro. (Newfarmer 1982, 132; *Newsweek*, 11 November 1982, 49; Enders 1981, 2; *Washington Post*, 27 February 1983, A1; Shultz 1983, 37)
- May 1982 US bans business, tourist travel to Cuba. (Newfarmer 33; *New York Times*, 26 February 1983, A23)
- September 1982 Cuba declares inability to repay principal on external debt, estimated at \$10.5 billion to \$11 billion, including hard-currency debt of about \$3 billion. (*Wall Street Journal*, 2 September 1982, 1; *Financial Times*, 1 September 1982, 1)
- June 1983 Cuba acknowledges continued inability to repay principal due on some \$1.3 billion of debt to Western banks. “...the Reagan Administration has let it be known that it would disapprove of too generous terms being conceded to Cuba by Washington's allies.” (*Financial Times*, 1 June 1983, 4)
- February 1985 Following Angola's announcement of willingness to phase out Cuban troop presence in return for South African withdrawal from Namibia, Castro expresses support for US mediation effort in region. He also says number of Cuban troops in Ethiopia has fallen to “symbolic” level. Comments hint at “substantial lowering of Cuban military ambitions in Africa” as popular support for involvement wanes. (*Washington Post*, 6 February 1985, A1)
- June 1985 Report prepared by Cuban National Bank for its Paris Club creditors reveals that Cuba has been buying cheap sugar on world market, reselling it to Soviets at several times world price, using profits to purchase cheap Soviet oil, which it then resells for hard currency. (For example, in 1984 the Cubans used \$1.3 billion in sugar profits to buy 6.7 million tons of subsidized oil, 4.9 million tons of which was later resold.) Unidentified State Department official confirms authenticity of document, obtained from a European bank and made public by the anti-Castro Cuban-American National Foundation. (*Washington Post*, 5 June 1985, A29; *New York Times*, 5 June 1985, D1)
- August 1986 The Reagan administration acts to plug holes in embargo by cracking down on circumvention through front companies in third countries, revokes permission for Cubans to obtain US visas in third countries, reduces from \$2,000 to \$1,200 the value of gifts, remittances that Cubans living in US can send to relatives back home. (*Wall Street Journal*, 25 August 1986, 24; *New York Times*, 11 August 1986, A1)

- December 1988 Cuba, Angola, South Africa reach agreement under which Cuban troops will leave Angola, and South Africa will withdraw troops from Namibia, implement UN plan for Namibian independence. (US Department of State, Bulletin, January 1989, 16)
- 1989 Castro, apparently seeking to improve relations with US, offers to cooperate in curbing drug trafficking, other matters of mutual interest. President George Bush, campaigning for Cuban-American congressional candidate in Miami, says he would like to normalize relations with Cuba but not until it “reforms its political system and ends human rights abuses.” (*Financial Times*, 17 August 1989, 4; *Washington Post*, 22 January 1990, A1; *Financial Times*, 3 March 1990, 6)
- Political upheaval, attempted economic reforms disrupt Soviet, East European trade and aid relations with Cuba. (*Financial Times*, 17 August 1989, 4; *Washington Post*, 22 January 1990, A1; *Financial Times*, 3 March 1990, 6)
- December 1989
–January 1990 US invades Panama, deposes General Manuel Antonio Noriega. Action constrains Cuba's ability to use Panama's banking system, free trade zone at Colon to circumvent US trade embargo. (*Financial Times*, 3 March 1990, 6; *Journal of Commerce*, 25 May 1990, 5A)
- November 1990 President George Bush threatens to veto a bill that contains a provision to ban foreign subsidiaries of US companies from doing business with Cuba, potentially affecting about \$320 million annually in two-way trade. Canada and the United Kingdom had expressed strong opposition to the extraterritorial nature of the proposed measure. (*International Trade Reporter*, 21 November 1990, 1770)
- 24 May 1991 Cuba completes the withdrawal of its troops from Angola. (*Washington Post*, 24 May 1991, A39)
- 11 September 1991 Soviet President Mikhail Gorbachev announces that he will withdraw all Soviet troops from Cuba. (US Department of State, Chronology of Cuban Affairs (1958–98), 12 January 1998)
- December 1991 Following the collapse of the Soviet Union, Russia ends all economic assistance to Cuba, including subsidized petroleum deliveries. (US Department of State, Chronology of Cuban Affairs (1958–98), 12 January 1998; *Christian Science Monitor*, 9 January

1992, 1)

- April 1992 After Democratic presidential candidate Bill Clinton endorses the Cuban Democracy Act while on a Florida campaign stop, President Bush issues an executive order restricting access to US ports of third-country vessels servicing Cuba. In order to limit Cuba's hard currency earnings, President Bush also permits direct air charters between Miami and Havana for shipments of humanitarian packages. Previously, the Cuban government received high fees for US packages routed through Mexico. (*International Trade Reporter*, 22 April 1992, 717)
- 5 October 1992 The Cuban Democracy Act (CDA), introduced by Representative Robert Torricelli (D-NJ), passes both the House (276-135) and the Senate (61-24). The bill bans foreign subsidiaries of US companies from dealing with Cuba and prohibits any ship that has docked in Cuban harbors from entering US ports for 180 days and calls for a termination of aid to any country that provides assistance to Cuba. However, the legislation also encourages reaching out to the Cuban people and permits reducing certain sanctions (namely, telecommunications) "in carefully calibrated ways in response to positive developments in Cuba." Reversing his earlier opposition, President Bush signs the bill into law. (*Inside US Trade*, 9 October 1992, 8; USIS, 19 November 1993)
- 15 October 1992 The UK and Canada bar US subsidiaries located in their countries from complying with CDA provisions. (*Inside US Trade*, 16 October 1992, 11; *Journal of Commerce*, 22 October 1992, 4A)
- November 1992 Russia signs a series of trade agreements with Cuba, including a new oil-for-sugar barter agreement under which Russia is expected to deliver 2.3 million tons of oil in exchange for 1.5 million tons of sugar in 1993, down from 13 million tons of oil in 1990 and 10 million tons in 1991. (*Christian Science Monitor*, 9 January 1992, 1; 9 November 1992, 1; 22 June 1993, 1)
- 28 November 1992 The UN General Assembly votes 59 to three, with 79 abstentions, to urge the lifting of economic sanctions against Cuba. Only Romania and Israel join the US in opposing the measure. Opposition to the embargo increases each year with only Israel consistently voting with the US. (*Washington Post*, 29 November 1992, C6; 27 October 1994, A18; *New York Times*, 3 November 1995, A1)
- July 1993 Consistent with "track II" of the Cuban Democracy Act, the Clinton Administration announces it will permit companies to

- invest in improving telephone service between Cuba and the United States. (USIS, 26 July 1993)
- 16 February 1994 US lifts a ban on the import of nickel from states of the former Soviet Union, which had been banned because of the inability of US customs officials to determine if nickel sold from the Soviet Union was reexported from Cuba. (*Journal of Commerce*, 17 February 1994, 6B)
- June 1994 In an effort to improve its ties with its neighbors, Cuba joins the Association of Caribbean States. (*Journal of Commerce*, 12 December 1994, 2C)
- 14 June 1994 Mexican President Carlos Salinas announces that a Mexican company, Grupo Domos, is investing \$1.5 billion to purchase a 49 percent share of Cuba's national telephone company. Cuba needs foreign technology to update its antiquated telecommunications infrastructure. (*Economist*, 25 June 1994, 41)
- 20 June 1994 Canadian Foreign Ministry announces that it will resume development assistance to Cuba after a 16-year ban, but that the aid will be channeled through private relief organizations. (Associated Press, 9 June 1994; Associated Press, 21 June 1994)
- August 1994 Food shortages lead to political disturbances in Cuba, which in turn result in large numbers of refugees attempting to enter the United States. Reversing previous favorable treatment, the United States bars entry of Cuban refugees fleeing the island by sea and begins to intern them at its Guantanamo Naval Base in southeastern Cuba. More than 27,000 Cubans are eventually detained. In response to Cuba's refusal to stem the tide of refugees, the Clinton administration tightens controls on travel to Cuba and bans dollar remittances from Cuban-Americans to family members in Cuba. (*Washington Post*, 9 September 1994, A34; 1 October 1994, A17; 10 October 1994, A13; 8 March 1995, A18; Jenkins and Haines 1994, 40; *The Age* 22 August 1994, 8)
- 9 September 1994 Cuba and the United States sign an immigration accord to stem the exodus of refugees. The United States will not accept Cuban refugees that flee over water, but agrees to grant at least 20,000 immigrant visas at its diplomatic offices in Havana each year, up from an average 11,000 issued annually over the past decade. (*Financial Times*, 26 September 1995, 2)
- 6 September 1995 The Cuban National Assembly passes a foreign investment law that permits foreign companies and individuals, including Cuban

exiles, to own 100 percent of equity in Cuban investments, replacing joint venture requirements involving the Cuban government. All sectors except health, education and defense will be open under the new regulations. However, most foreign employers will still be required to hire employees through the Cuban government and to pay employees in dollars through the government who will then pay the individuals in pesos. (*Economist*, 9 September 1995, 45)

6 October 1995

President Clinton eases restrictions on travel to Cuba for educational, religious and human rights purposes. The move is strongly criticized by anti-Castro members of Congress who pledge to redouble their efforts to tighten sanctions on Cuba. (*Washington Post*, 7 October 1995, A1)

16 October 1995

Cuba and Russia extend bilateral barter deal in which Russian oil is exchanged for Cuban sugar; Russia also agrees to finance and continue cooperation on the Juragua nuclear power plant, which had stalled with the dissolution of the Soviet Union. (*Financial Times*, 17 October 1995, 8; US Department of State, *Background Notes—Cuba, 1994*)

Fall 1995

National Bank of Cuba allows citizens to purchase foreign currency at floating rates in response to flourishing black market fueled by illegal remittances from Cubans living in United States. Cuban government also announces reinstatement of a national income tax, the first such measure since shortly after the revolution in 1959. (*New York Times*, 9 November 1995, A3; *Financial Times*, 27 November 1995, 1)

24 February 1996

A Cuban MiG-29 fighter downs two civilian planes belonging to a Cuban-American exile group, “Brothers to the Rescue,” that Cuba claims was violating its airspace. President Clinton condemns the action, suspends charter travel from the United States, and pledges to reach an agreement with Congress on the Helms-Burton Act. (*New York Times*, 27 February 1996, A1; *Washington Post*, 27 February 1996, A8)

March 1996

On March 5, the Senate passes (74-22) a compromise version of the Cuban Liberty and Democratic Solidarity Act, called the “Helms-Burton Act” for its sponsors Senator Jesse Helms (R-NC) and Representative Dan Burton (R-IN). A similar measure passed the House the previous September but had stalled in the Senate due to opposition from the State Department and major US allies. Title III of the bill permits Americans with claims to property expropriated by the Cuban government to sue foreign corporations

or individuals “trafficking” in such property. Under Title IV, the United States must deny entry to the executives and major shareholders, as well as their immediate families, of firms found to be “trafficking” in expropriated property. The legislation also seeks to restrict US aid to independent states of the former Soviet Union if they provide assistance for intelligence facilities in Lourdes, Cuba, or for completion of the Jaragua nuclear facility, but also provides waivers for humanitarian aid or aid to promote market reforms and democratization. Title I codifies existing federal regulations and reaffirms the embargo under the Trading with the Enemy Act and the Cuban Democracy Act of 1992. Importantly, Titles I and III contain provisions for presidential waivers, but Title IV does not. The next day, the House passes the revised legislation 336 to 86. President Clinton signs the bill into law on March 12. (*New York Times*, 6 March 1996, A7; *Washington Post*, 7 March 1996, A30; CSIS Business Alert, 14 May 1996; *Financial Times*, 7 March 1996, 5; *Journal of Commerce*, 21 September 1995, 1A; 22 September 1995, 8A)

12 March 1996

Canadian Trade Minister Art Eggleton announces Canada will seek consultations with the United States under NAFTA Chapter 12 regarding the legality of the Helms-Burton bill. Mexico soon after joins the request. Canadian officials also say they will try to include provisions in the Multilateral Agreement on Investment (MAI) that would prevent the United States from imposing secondary sanctions on its trading partners. (*Inside US Trade*, 10 May 1996, 20–21; 15 March 1996, 8)

May 1996

The European Union suspends discussions with Havana on an economic cooperation agreement because of Cuba’s failure to enact political reforms and economic liberalization. (*Financial Times*, 22 May 1996, 7)

10 July 1996

The United States denies visas to some shareholders and senior executives of the Canadian mining company Sherritt International under Title IV of the Helms-Burton law. (Reuters, 11 July 1996)

16 July 1996

President Clinton asserts that US companies have the right under Title III of the Helms-Burton Act to sue foreign companies using Cuban assets formerly owned by Americans. But, to placate trading partners, he invokes the national interest waiver and imposes a moratorium of at least six months on the filing of suits. (*Financial Times*, 17 July 1996, 1)

19 August 1996

The State Department informs a number of executives of the Mexican telecommunications company Grupo Domos that they

- will be banned from the United States under Title IV of the Helms-Burton legislation. (*International Herald Tribune*, 20 August 1996, 8)
- 26 August 1996 The other 34 members of the Organization of American States (OAS) pass a resolution declaring the Helms-Burton Act “does not conform to international law.” (*Financial Times*, 29 August 1996, 4)
- 1 October 1996 The Mexican Congress overwhelmingly approves a Helms-Burton “antidote” law that imposes fines of up to \$301,000 on Mexican companies that comply with the American legislation. (*New York Times*, 2 October 1996, A9)
- 19/20 October 1996 Hurricane Lili inflicts considerable damage on the sugar harvest in Cuba. Estimated losses for the affected provinces are 20 percent or a minimum 70,000 tons. Washington announces that aircraft carrying emergency relief supplies to Cuba will be allowed to fly directly from US territory. The European Commission approves a \$10.5 million humanitarian aid package for Cuba. (*Journal of Commerce*, 24 October 1996, 9B; *Financial Times*, 24 October 1996, 4; *Journal of Commerce*, 28 October 1996, 3A)
- 28 October 1996 EU Council of Ministers approves anti-boycott legislation that forbids compliance with the Helms-Burton Act unless an EU firm receives a waiver on grounds that resisting Helms-Burton will seriously injure either a company’s or the EU’s interests. US court awards from Helms-Burton will not be recognized, and can be recovered in the EU if a successful American claimant has property there. (*European Union News*, 29 October 1996)
- 19 November 1996 The WTO agrees to establish a dispute settlement panel to review the EU’s complaint about the Helms-Burton law. (USIS, 20 November 1996)
- 28 November 1996 The Canadian Parliament passes into law anti-Helms-Burton legislation penalizing companies for obeying the US law, allowing the attorney general to issue blocking orders of US court judgments and allowing Canadians to recoup penalties. (*Ottawa Citizen*, 17 September 1996, online; *International Trade Reporter*, Volume 13, 1996, 1865)
- 2 December 1996 EU conditions further improvement in political and economic relations with Cuba on progress in human rights and democratic reforms in Cuba. Shortly after, President Clinton responds by

- waiving Title III of the Helms-Burton Act for another six months. (*Washington Post*, December 17, 1996, A1; 4 January 1996, A1)
- December 1996 The Canadian Federation of Students, together with religious and other activist groups in Canada, urge Canadian tourists to boycott Florida and consider Cuba when planning their winter vacations. (*Washington Post*, 15 December 1996, A34)
- 10 January 1997 The Cuban government passes a law, which permits Cuban citizens to sue the United States for damages from the 34-year embargo. (*New York Times*, 11 January 1997, 5)
- 29 January 1997 The Administration releases a report describing the economic aid that would be available to Cuba once Castro is out of power and the island moves toward a multi-party democracy. Castro angrily accuses the US of “trying to purchase the day of would-be surrender.” (*International Herald Tribune*, 30 January 1997)
- 20 February 1997 WTO Director General Renato Ruggiero names a three-member panel to rule on the Helms-Burton dispute. Within hours, the Clinton Administration announces that the US will not “show up” for such a proceeding, arguing that Helms-Burton is based on foreign policy rather than commercial concerns and therefore should not be judged in the WTO. (*Journal of Commerce*, 21 February 1997, A1)
- 11 April 1997 The EU agrees to suspend the WTO dispute panel hearing on Helms-Burton until October in return for US efforts to limit application of Title IV on European companies. The US also agrees to “make efforts to shelter European companies from provisions of the D’Amato law,” which sanctions companies investing in Iran or Libya (See cases 84-1 and 78-8). (*Financial Times*, 12 April 1997, 1; *Journal of Commerce*, 14 April 1997, 3A)
- 16 June 1997 Cuba’s government establishes a new central bank as part of its modernization program in the finance and banking sectors, but denies that the bank reflects a move toward a market economy. (*Financial Times*, 16 June 1997, 4)
- 27 June 1997 Noting that Cuba has failed to improve its human rights record, the European Union extends by six months its freeze on cooperation with Cuba. (*Journal of Commerce*, 27 June 1997, 5A)
- June-July 1997 Citing financial problems, Mexican company Grupo Doms relinquishes its investment in Cuba’s telecommunications system, which was expropriated from ITT Corporation of New York. After

negotiating a financial compensation deal with ITT in order to avoid Title III sanctions, the Italian company Stet announces that it will replace Grupo Doms in the Cuban phone joint venture. Despite protests from the Cuban American National Foundation, which insists on the imposition of sanctions, Stet reaches an understanding with the US State Department exempting it from Title III sanctions for ten years. Senator Jesse Helms welcomes the accord, noting that “the price of doing business in Castro’s tropical gulag has just gone up.” (*New York Times*, 30 June 1997, D2; *Financial Times*, 24 July 1997, 1)

17 July 1997

President Clinton waives Title III of the Helms-Burton Act for the third time and states that he will continue to waive the provision as long as he is making progress at raising international pressure on the Castro regime. (*Washington Post*, 17 July 1997, A23)

19 August 1997

Representative Ileana Ros-Lehtinen (R-FL), chairman of the House Subcommittee on International Economic Policy and Trade, introduces legislation that would deny foreign aid (other than humanitarian assistance) and trade preferences to countries signing free trade agreements with Cuba. Caricom countries respond that their relationship with Cuba will not be affected by the proposed legislation. (*Financial Times*, 19 August 1997, 12)

19 August 1997

The US government agrees to ease temporarily its travel ban and embargo against Cuba during the visit of Pope John Paul II to Cuba in January 1998. Catholics will be allowed to travel to Cuba from the United States, and Catholic churches and charities will be able ship supplies and equipment to help organize the visit. (*New York Times*, 19 August 1997, A4)

17 November 1997

The State Department declares a third foreign company, B.M. Group of Israel, in violation of the Helms-Burton Act and bars the firm’s officials from US territory. (*Washington Post*, 18 November 1997, A6)

24–25 January 1998

The Pope visits Cuba for the first time since Castro came to power; attributes Cuba’s “material and moral poverty” to “limitations to fundamental freedoms” and “discouragement of the individual,” as well as to “restrictive economic measures—unjust and ethically unacceptable—imposed from outside the country.” (*New York Times*, 26 January 1998, A1)

End February 1998

Canadian company Sherritt International, one of the few firms currently sanctioned under the Helms-Burton law, announces that it will build a \$150 million natural gas generating plant and invest

- \$38 million in a cell phone company in Cuba. (Associated Press, 27 February 1998)
- 20 March 1998 The Clinton administration eases controls on humanitarian shipment of food and medicine and reinstates the provision allowing Cuban-Americans to send up to \$1,200 dollars a year to their relatives in Cuba. (USIS, 20 March 1998; *New York Times*, 20 March 1998, 1; *Washington Post*, 20 March 1998, 1)
- 26 March 1998 Cuba reaches an agreement to reschedule its \$769 million debt with Japanese private banks, eliminating a major obstacle to improvement of bilateral trade and investment relations with Japan. (Inter Press Service, 26 March 1998)
- 28 March 1998 Cuba's Foreign Minister Robaína says that Havana will refuse all direct humanitarian aid from the United States as long as the US government maintains its embargo on Cuba. (*International Herald Tribune*, 28–29 March 1998, 1)
- 7 April 1998 Clinton administration announces that it is up to the members of Caricom to decide whether Cuba should become a member of their organization, signaling a softening of US policy towards Cuba. (*Financial Times*, 7 April 1998, 4)
- 7 April 1998 Eleven Cuban political prisoners, whose release had been requested by Pope John Paul II, are freed and sent to Canada. (*New York Times*, 7 April 1998, A12)
- 20 April 1998 EU lets its WTO challenge to Helms-Burton lapse. (*New York Times*, 21 April 1998, 1)
- 21 April 1998 For the first time in seven years, the United Nations Commission on Human Rights fails to pass a resolution condemning the Castro regime for its human rights violations. The move is interpreted as a major setback for US foreign policy. (USIS, 6 May 1998; *Journal of Commerce*, 29 April 1998, 9A)
- 21 April 1998 Cuba and the Dominican Republic normalize diplomatic relations, which had been broken off in 1959. This move follows Cuba's restoration of diplomatic relations with Guatemala in 1996, Haiti and Spain in 1998. (Agence France Presse, 21 April 1998)
- 28 April 1998 Canadian Prime Minister Jean Chretien makes a two-day visit to Havana. The two countries start negotiations towards a bilateral investment treaty and the settlement of expropriation issues. Human rights violations and reform issues are also raised by the

- Canadian prime minister. (*Financial Times*, 28 April 1998, 16; *Washington Post*, 29 April 1998, A27)
- 6 May 1998 A report of the Defense Intelligence Agency concludes that Cuba does not pose “a significant military threat to the US and to other countries in the region.” (USIS, 6 May 1998)
- 18 May 1998 The Clinton Administration and EU officials reach an agreement that provides for penalties to be imposed on companies investing in expropriated property, including denial of government export credits and other assistance. In exchange for EU action on expropriated property, US officials agree to seek changes to the Helms-Burton law to allow for a waiver of Title IV. The agreement will go into effect only after Title IV is amended by US Congress and Title III is permanently waived for European companies. In addition, an international registry will be established allowing for the submission of claims on expropriated property, which will then serve as the basis for possible government action against subsequent investors. Senator Helms (R-NC) condemns the understanding, labeling it a “dilution of Helms-Burton in exchange for a lot of hot air.” (*Inside US Trade*, 22 May 1998, 10 July 1998, 16; *Journal of Commerce*, 26 May 1998, 8A; *Financial Times*, 2 June 1998, 8)
- 1 September 1998 World Food Program executive director Catherine Bertini calls for \$20.5 million in assistance to Cuba because of drought. US will only contribute if the aid is not disbursed through the Cuban government, but Castro rejects funding not disbursed through the Cuban authorities. (*Washington Post*, 1 September 1998, A8)
- Late September 1998 A visit by EU External Relations Commissioner Leon Brittan fails to advance US-EU agreement over Helms-Burton in Congress. Opponents maintain that the US-EU agreement is not effective enough in preventing investment in expropriated property in Cuba. (*Inside US Trade*, 2 October 1998, 14)
- 14 October 1998 The UN General Assembly for the sixth year in a row passes a resolution calling for an end to the United States embargo against Cuba. The vote of 157-2 (United States and Israel, 12 abstentions) is the most lopsided yet. (USIS, 14 October 1998; *New York Times*, 15 October 1998, A12)
- Mid October 1998 A number of senators and a group of former foreign relations officials, including former Secretaries of State Henry Kissinger and Lawrence Eagleburger, urge President Clinton to authorize a

bipartisan commission to review US Cuba policy. (*Journal of Commerce*, 15 October 1998, 1A; Reuters, 11 November 1998)

5 January 1999

President Clinton rejects the plan for a bipartisan commission to review Cuba policy, but allows the resumption of direct postal services, increased air service, authorization of any US citizen, not just family members, to send as much as \$1,200 a year to Cuba, and permits, on a case-to-case basis, sales of food and agricultural inputs to private and nongovernmental organizations in Cuba. (*Washington Post*, 5 January 1999, A1, A12; *Financial Times*, 6 January 1999, 6; USIS, 6 January 1999)

17 February 1999

Cuban government launches a crackdown on political opponents. National Assembly passes a new law restricting access, possession and dissemination of “subversive” information produced by the US or seeking to assist US in “subverting the revolution and reinforcing the embargo”. OAS strongly criticizes this move by Cuba. (*Financial Times*, 16 February 1999, 16; *Washington Post* 23 February 1999, A13; USIS, 23 February 1999)

March 1999

For the first time since 1953, Major League Baseball comes to Cuba when the Baltimore Orioles play an all-star Cuban team in Havana. The game is authorized by the Clinton administration as part of its effort to improve relations with the Cuban people but only with assurances that the Cuban government will not receive any revenues from the game. (USIS, 8 March 1999; *Washington Post*, 30 March 1999, A8)

8 July 1999

European Communities lodge WTO complaint against the US for a provision of the FY1999 Department of Commerce and Related Agencies Appropriations Act that bars US courts from recognizing trademarks that are used in connection with businesses or assets confiscated in Cuba (unless the original trademark owner consents). In 2002, the WTO rules for the EC, concluding that the US grants access to its courts in trademark cases in a discriminatory manner by excluding Cuban nationals and foreign successors-in-interest. The US and EC eventually reach an agreement that the EC would not request WTO authorization to retaliate, but reserves the right to do so. The law stems from a dispute between the French spirits company, Pernod Ricard, and the Bermuda-based Bacardi Ltd. Bacardi believes it retains the rights to the trademark for Havana Club rum. Pernod Ricard, having entered into a joint venture with the Cuban government to produce and export Havana Club, believes that it holds the rights, and wants to protect them in the event that the US trade embargo is lifted. (Rennack and Sullivan 2005, 21–22; CRS 2006, 19)

- July 1999 Cuba mandates that the euro be used in transactions with countries in the eurozone. The Cuban central bank claims that the move to the euro will simplify financial operations and bring multiple benefits. Castro proclaims that use of the euro will help to free Cuba “from the privileges and tyranny of the dollar.” (*Financial Times*, 3 July 1999, 4)
- June 2000 Five-year old Cuban Elian Gonzalez is returned to Cuba. US public attention had centered on Elian’s legal journey after he was found clinging to an inner tube off the coast of Fort Lauderdale. His mother had drowned on the voyage; his father, still in Cuba, called for Elian’s return. Ultimately the US recognized Elian’s father as the sole authority to speak on the boy’s behalf. Elian’s return to Cuba comes in spite of legal appeals from his relatives in Miami. (Rennack and Sullivan 2005, 286)
- 28 October 2000 Congress passes the Trade Sanctions Reform and Export Enhancement Act (Title IX of the Agriculture Appropriations Act of 2000), which provides for the granting of one-year export licenses for shipping food and medicine to Cuba. No export assistance is to be made available, and all transactions must be conducted in advance with cash or through third country financing. The law also creates a specific license to permit travel for those conducting business related to the newly permitted food and medicine sales. (Rennack and Sullivan 2005, 22)
- 13 July 2001 President Bush instructs US Treasury to augment the Office of Foreign Assets Control so as to better enforce US sanctions against Cuba. He emphasizes the importance of preventing “unlicensed and excessive travel” to Cuba, limiting remittances, and ensuring that humanitarian and cultural exchanges actually reach pro-democracy activists in Cuba. (Rennack and Sullivan 2005, 2)
- 16 July 2001 President Bush follows the previous Clinton policy and suspends for an additional six months Title III of the Cuban Liberty and Democratic Solidarity Act (Helms-Burton Act). He continues to issue these waivers every six months. (*New York Times*, 17 July 2001, A1; CRS 2006, 15)
- 10 May 2002 Oswaldo Paya, leader of the Varela Project, delivers a petition to the Cuban National Assembly; 11,000+ Cubans had signed the document to call for a national referendum on restoring freedom of speech and association, free enterprise, the release of political prisoners, and genuine multiparty elections. (*Washington Post*, 19 June 2002, A20; *Washington Post*, 25 July 2002, A15)

- 12 May 2002 Former US President Jimmy Carter arrives in Havana to meet with Fidel Castro. In a speech broadcast live on state-run television and radio, with Castro in attendance, Carter declares that the revolution had failed to protect human rights and endorses greater freedom in Cuba. Carter also calls for an end to the US trade embargo on Cuba. (*Washington Post*, 13 May 2002, A7; *New York Times*, 19 May 2002, 2)
- 20 May 2002 President Bush announce[s] an “Initiative for a New Cuba” that include[s] several measures designed to reach out to the Cuban people: facilitating humanitarian assistance to the Cuban people by U.S. religious and other nongovernmental organizations (NGOs); providing direct assistance to the Cuban people through NGOs; calling for the resumption of direct mail service between the United States and Cuba; and establishing scholarships in the United States for Cuban students and professionals involved in building civil institutions, and for family members of political prisoners. (Rennack and Sullivan 2005, 2)
- President Bush also sets forth the political and economic measures that Cuba could take to convince the US to ease trade and travel sanctions, including holding free and fair National Assembly elections and adopting market-oriented reforms. (Rennack and Sullivan 2005, 2–3)
- 2003 Subsequent to its crackdown against dissidents, the Cuban government requires that US diplomats traveling outside of Havana Province must request advance approval; as a result, similar restrictions were placed on Cuban diplomats in the United States. In August 2003, the US State Department imposes “a series of reciprocal terms and conditions on diplomats at the Cuban Interest Section in Washington with respect to the purchase, lease or sale of motor vehicles.” These events cap several years of diplomatic tensions; since 2000 the US has expelled nearly 20 Cuban diplomats for espionage. (Rennack and Sullivan 2005, 281–82)
- March 2003 Cuba begins a widespread campaign against democracy advocates, including journalists, librarians, and leaders of independent labor unions. A total of 75 individuals are arrested, given summary trials and sentenced to prison terms ranging from six to 28 years. The Cuban government maintains that the crackdown was justified because those arrested were supported by the US Interests Section in Havana. (CRS 2006, 4)

- 11 April 2003 Cuban government executes three men who had hijacked a ferry in Havana with the intention of fleeing to the US. (Rennack and Sullivan 2005, 286; CRS 2005, 5)
- September 2003 President Bush determines that Cuba has not met the minimum requirements of the Trafficking Victims Protection Act of 2000. This finding triggers a prohibition on funding to Cuban government officials to participate in cultural exchange programs. The President also notes that it is the policy of the US to vote against Cuban loans from international financial institutions. (Rennack and Sullivan 2005, 24)
- 10 October 2003 In the aftermath of Cuba’s crackdown on human rights, President Bush announces a tightening of sanctions through increased border inspections of shipments and travelers to and from Cuba. He also takes steps to make it easier for Cubans wishing to migrate to the US. (Rennack and Sullivan 2005, 3)
- 2004 For health reasons, the Cuban government releases 14 of the “group of 75” political dissidents that were imprisoned in 2003. (CRS 2005, 4)
- February 2004 President Bush instructs the Department of Homeland Security to increase its presence in the waters between Florida and Cuba. (CRS 2006, 13)
- 9 February 2004 US Treasury designates ten entities owned or controlled by the government of Cuba that violate the US embargo. US citizens are barred from doing business with the group. Nine of the entities are travel companies specializing in Cuba travel; the tenth entity is a gift forwarder to Cuba. (State Department press release, 9 February 2004; *New York Times*, 10 February 2004, 3)
- May-June 2004 Following the recommendations of the Colin Powell-led Commission for Assistance to a Free Cuba, President Bush allocates \$59 million for democracy-building policies, including support for Radio and TV Marti. In June, US Departments of Treasury and Commerce act on other Commission recommendations to further restrict family visits and private humanitarian assistance to Cuba. A State Department Transition Coordinator will be selected later to implement proposed pro-democracy, civil-society building, and public diplomacy projects. (CRS 2006, 13; White House Press Release, 6 May 2004)
- September 2004 US Treasury fines Spanish airline Iberia for violation of the Cuban embargo, alleging that Iberia is guilty of the “transportation and

importations of Cuban goods to the United States.” This occurred in 2000 when Iberia carried goods between the Spanish-owned Canary Islands and Central America through its Miami hub. Iberia is one of several European firms on which the US has imposed fines for breaking the Cuban embargo laws. Several Italian and Spanish banks and airlines have also been fined for actions such as “transferring funds to Cuba” and “shipping Cuban goods for a third person.” (*Financial Times*, 2 September 2004, 9; *Financial Times*, 3 September 2004, 6)

25 October 2004

In a televised address, Cuban President Castro announces that within two weeks the US dollar will be banned from all commercial transactions. Banks will terminate dollar transactions and convert dollar accounts into pesos, and Cuban citizens will pay a 10 percent fee for the exchange. Castro claims that the decision came in response to US sanctions against banks that have transferred dollars to Cuba and US limits on the amount of remittances people can send to relatives in Cuba. US Assistant Secretary of Treasury Juan Carlos Zarate characterizes the act as a scheme for Castro to enrich himself at the expense of the Cuban people. (*New York Times*, 27 October 2004, A5; *Financial Times*, 27 October 2004, 6; Treasury press release, 26 October 2004)

July 2005

Hurricane Dennis strikes Cuba, killing 16 people and causing \$1.4 billion in damages to housing, infrastructure and agriculture. Three months later in October, Hurricane Wilma hits Cuba, causing \$700 million in damage. (CRS 2006, 8–9)

20 January 2006

OFAC issues a license to allow a Cuban team to come to the US to participate in the World Baseball Classic tournament. The license had been denied in 2005 due to concerns that the Cuban government could have benefited financially from the team’s participation. The decision to grant the license came after an assurance that any proceeds earned by the Cuban team would go to benefit victims of Hurricane Katrina. (CRS 2006, 1)

31 July 2006

Cuba announces that Fidel Castro is undergoing emergency intestinal surgery for hemorrhaging and has passed power to his brother Raul. (*Wall Street Journal*, 2 August 2006, A10)

7 August 2006

Cuban officials state that Castro is recovering and that the Nation is stable under his brother, Raul’s, temporary assumption of power. (*New York Times*, 8 August 2006, 4)

7 November 2006

The UN General Assembly votes in favor of a resolution for the United States to end its 45-year embargo against Cuba for the 15th

- straight year. (*New York Times*, 9 November 2006, 3)
- 1 December 2006 Although Fidel Castro did not attend the closing ceremony for his 80th birthday, Cuba's Vice President Carlos Lage states that "Fidel is recovering, we will have him among us, he will continue leading." (*Washington Post*, 2 December 2006, A10)
- 15 December 2006 A 10-member bipartisan Congressional delegation visits Cuba and meets with Cuban government officials. US representatives were told that President Fidel Castro does not have a terminal illness and will make a public appearance shortly. (*New York Times*, 18 December 2006, 6)
- February 2007 Despite speculation that Raul Castro is more pragmatic than Fidel and will move forward with reforms, the Cuban government refuses to renew visas of at least two resident foreign journalists. (*Wall Street Journal*, 23 February 2007, A5)
- 27 February 2007 In what is believed to be his first live broadcast since relinquishing power to Raul Castro, Fidel Castro shares airtime with Venezuelan President Hugo Chavez on the nightly Venezuelan radio program "Hello President." (*New York Times*, 28 February 2007, 8)
- April 2007 Cuban foreign minister Felipe Perez Roque and President Hugo Chavez of Venezuela state that Fidel Castro has recovered from his illness and resumed some of his leadership responsibilities. (*New York Times*, 14 April 2007, 7)
- 3 May 2007 Two soldiers who escaped from a Cuban military base attempt to hijack a plane departing from Havana's Jose Marti International Airport for the United States. The Cuban ministry blamed the United States for encouraging Cubans to immigrate to the United States and tolerating violence against Cuba. (*Washington Post*, 4 May 2007, A20)
- 14 May 2007 A four-judge panel of University of Havana law students symbolically try Luis Posada Carriles for masterminding the 1976 Cubana Airlines plane bombing. Carriles was released from house arrest in the United States in early May after a US judge dropped immigration charges against him. (*New York Times*, 15 May 2007, 12)
- 26 July 2007 Signaling a possible shift in political status quo, Raul Castro speaks at a ceremony marking the start of the 54th anniversary of the Cuban revolution, stating that Cuba is considering opening itself to additional foreign investment to bring "capital, technology,

- or markets” to Cuba. He asserts that the United States needs to decide “if it will accept the olive branch that we offered” in December. Fidel Castro was not in attendance. (*Washington Post*, 27 July 2007, A14)
- August 2007 Cuba releases Francisco Chaviano Gonzalez, its longest-serving political prisoner, after he spent more than 13 years in jail for revealing state security secrets. (*New York Times*, 11 August 2007, 4)
- September 2007 Raul Castro takes small steps such as raising payments to milk and meat producers, paying off debts to farmers, and unblocking import of parts for vintage cars, which may help solve quality-of-life problems facing Cuba. (*Washington Post*, 16 September 2007, A14)
- 22 September 2007 Fidel Castro appears in a television interview, discussing Cold War and political history and dispelling rumors of his death. (*New York Times*, 22 September 2007, 4)
- 24 October 2007 Appearing at the State Department, President Bush states that US policy toward Cuba will remain confrontational through his time in office and until Cuba’s rulers provide political freedom. (*Washington Post*, 25 October 2007, A10)
- 31 October 2007 The UN General Assembly votes to lift the 46-year-old trade embargo of Cuba by America for the 16th straight year. Cuban foreign minister Felipe Perez Roque states that the United States is responsible for preventing Cuban progress with a “brutal economic war.” American envoy Ronald Godard states that “Cuba has imposed an ‘embargo on freedom’ on its people.” (*New York Times*, 31 October 2007, 6)
- 4 December 2007 The Roman Catholic archbishop of Santiago, Dionisio Garcia, asks the Cuban government for an explanation for the reported beating and arrest of dissidents in a parish hall just days ahead of International Human Rights Day. (*New York Times*, 7 December 2007, 8)
- December 2007 A Government Accountability Office audit finds that the United States should reevaluate resources expended on Cuban sanctions enforcement due to the fact that US sanctions against Cuba are more restrictive than those imposed on Iran, North Korea, and other countries. (*Washington Post*, 20 December 2007, A22)
- 19 February 2008 Fidel Castro announces that he will not accept another term as

- “president” of Cuba in the state-owned newspaper *Granma*. Shortly after, Raul Castro officially becomes president. (*Wall Street Journal*, 20 February 2008, A14)
- February 2008 Felipe Perez Roque, Cuba’s foreign minister, signs the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights at the United Nations. (*New York Times*, 29 February 2008, 8)
- March 2008 The Cuban government authorizes the sale of appliances and electronics including computers, DVD players, and microwave ovens, citing “the improved availability of electricity.” Cuba lifts a ban on some farmers buying supplies and reducing the role of the central government in the country’s shops. President Raul Castro lifts restrictions on personal cell phone ownership. (*New York Times*, 14 March 2008, 10; *New York Times*, 18 March 2008, 8; *Washington Post*, 29 March 2008, A08)
- April 2008 President Raul Castro issues the first legal decree after taking office, allowing thousands of Cubans to get title to state-owned homes but falls short of allowing unrestricted purchase and sale of private homes. (*New York Times*, 12 April 2008, 7; *Washington Post*, 12 April 2008, A08)
- May 2008 US President Bush allows Americans to send cell phones to relatives in Cuba. Some argue that increasing access to communication will be a catalyst for government change. (*Wall Street Journal*, 22 May 2008, A4)
- June 2008 The European Union agrees to lift diplomatic sanctions against Cuba but imposes tough conditions on the Cuban government including releasing prisoners and improving human rights. (*Washington Post*, 20 June 2008, A14)
- July 2008 President Raul Castro announces that 99 acres of unused government land will be made accessible to private farmers in order to boost the island’s insufficient food production. (*New York Times*, 19 July 2008, 5)
- 6 September 2008 The Cuban Foreign Ministry rejects US hurricane assistance to help the 200,000 displaced victims of Hurricane Gustav and Ike and states that “The only correct and ethical action,” is to end “the ruthless and cruel economic, commercial, and financial blockage imposed against our Motherland for almost half a century.” (*New York Times*, 7 September 2008, online; *Economist*, 20 September 2008, 3)

- 30 January 2009 Russia and Cuba sign a strategic partnership as part of Russia's push to secure new markets in Latin America. President Dmitri Medvedev pledges \$354 million in aid and discusses the expansion of "cooperation in agriculture, manufacturing, science, and tourism." (*New York Times*, 31 January 2009, online; *New York Times*, 3 February 2009, 11)
- April 2009 In his first public appearance since falling ill in 2006, Fidel Castro is seen walking in the streets of Havana with a trail of security guards. (*New York Times*, 3 March 2009, 8)
- 13 April 2009 In the most significant shift in US policy toward Cuba in decades, President Barack Obama repeals his predecessors' restrictions on Cuban-American travel as well as sending gifts and money to the island. President Obama also allows US telecommunication companies to begin operating in Cuba. Critics of the shift argue that the change is too narrow. (*New York Times*, 14 April 2009, 6; *New York Times*, 15 April 2009, 8)
- 22 May 2009 The Obama administration asks Cuba to resume talks on legal immigration to the United States, which were suspended by President George W. Bush. Cuba agrees and signals willingness to cooperate on a multitude of issues after Secretary of State Hillary Clinton begins a three-day trip to Latin America. (*Washington Post*, 23 May 2009, A20; *Washington Post*, 1 June 2009, A08)
- 3 June 2009 After 47 years of suspension, the Organization of American States (OAS) removes the 1962 ban on Cuba's return to the group. The island's full membership will be delayed until it was "in conformity with the practices, purposes, and principles of the OAS." (*Washington Post*, 4 June 2009, A08)
- 1 July 2009 A new rule in Cuba permits workers to hold multiple government jobs for the first time, allowing Cubans to increase their income and fill necessary positions. (*New York Times*, 1 July 2009, 16)
- 3 September 2009 In an attempt to "promote greater contact between separated family members in the United States and Cuba, and to increase the flow of remittances and information to the Cuban people," the US Treasury Department formally lifts nearly all restrictions on family travel to Cuba and eases regulations on US telecommunications and satellite linkages between the two countries as well as licensing requirements for visitors engaged in agricultural and medical sales. (*Amendments to Cuban Assets Control Regulations: 31 CFR Part 515*, 3 September 2009; *Washington Post*, 4

September 2009, A10)

- 14 September 2009 President Obama extends the trade embargo against Cuba for another year.
- 17 September 2009 US officials meet with Cubans for talks aimed at re-establishing direct mail service. (*New York Times*, 18 September 2009, 11)
- 28 October 2009 The UN General Assembly votes overwhelmingly to condemn the American trade embargo against Cuba. American Ambassador to the United Nations, Susan E. Rice, states that “The Cuban government’s airtight restrictions on internationally recognized social, political, and economic freedoms are the main source of depravation and the primary obstacle to development in Cuba.” Bruno Rodriguez Padilla, Cuban foreign minister, responds that “The economic blockade has not met, nor will it meet, its purpose of bending the patriotic determination of the Cuban people.” (*New York Times*, 29 October 2009, 8)
- 18 November 2009 Human Rights Watch publishes a report stating that Raul Castro continues to use Fidel’s repressive policies toward critics within Cuba, including “tactics that include imprisoning people on the charge of being ‘dangerous’ and refusing to free scores of people who were imprisoned years ago.” (*New York Times*, 19 November 2009, 10)
- 25 February 2010 Orlando Zapata, a Cuban political prisoner who starved himself to death in protest of the Castro regime’s treatment is buried, spurring a government crackdown on protests, and drawing widespread international criticism. (*Wall Street Journal*, 26 February 2010, A8)
- 10 June 2010 Seventy-four opposition activists sign a letter supporting a bill in the US Congress that will lift the travel ban and increase food exports to Cuba. “We share the opinion that the isolation of the people of Cuba benefits the most inflexible interests of its government, while any opening serves to inform and empower the Cuban people and helps to further strengthen our civil society.” (*New York Times*, 11 June 2010, 10)
- 7 July 2010 The Cuban government agrees to release 52 political prisoners over the coming months. (*New York Times*, 8 July 2010, 12)
- 16 August 2010 Barclays PLC is ordered to pay \$298 million to settle charges by the United States that the UK Bank hid “hundreds of millions of dollars in payments flowing into the United States from Cuba,

Libya, Iran, and other sanctioned countries.” (*Wall Street Journal*, 17 August 2010, A1)

September 2010

The Cuban Workers Federation announces that more than half a million state workers will be laid off in order to shift to a more market-oriented system and move away from bankruptcy. A statement by the Union said that "Job options will be increased and broadened with new forms of non-state employment, among them leasing land, cooperatives, and self-employment, absorbing hundreds of thousands of workers in the coming years." (*Wall Street Journal*, 14 September 2010, A1)

January 2011

In an attempt to “continue to reach out to the Cuban people in support of their desire to freely determine their country’s future, [...] increase people-to-people contact, support civil society in Cuba, enhance the free flow of information to, from, and among the Cuban people, and help promote their independence from Cuban authorities,” restrictions on travel to Cuba are eased, allowing greater licensing of travel for some American students and religious and cultural groups. (*Amendments to Cuban Assets Control Regulations: 31 CFR Part 515*, 28 January 2011; *Washington Post*, 15 January 2011, A09)

February 2011

Cuba agrees to release seven additional political prisoners, on the condition that they are exiled to Spain. (*New York Times*, 20 February 2011, 11)

March 2011

Alan Gross, a contractor from the US Agency for International Development, is given a 15-year prison sentence for distributing internet communications within Cuba. Some analysts say the development may slow the thaw in US-Cuba relations. But the Obama administration goes ahead with plans to relax “restrictions on travel by non-Cuban Americans” and expands “the number of airports that can handle direct flights to Cuba, to 11 from 3.” Americans can also send up to \$2,000 yearly to help private businesses in Cuba. (*Wall Street Journal*, 14 March 2011, A13; *New York Times*, 12 June 2011, 6)

22 March 2011

In an opinion piece published on a state-run Cuban debate web site, Fidel Castro states that when he fell ill in 2006, “I resigned without hesitation from my state and political positions, including first secretary of the party...and I never tried to exercise those roles again.” (*New York Times*, 23 March 2011, 6)

19 April 2011

President Raul Castro is named Cuba’s ruling Communist Party leader, and hard-liner Jose Ramon Machado as second-in-line,

dashing hopes that younger reformers would be chosen to fill the positions. (*Wall Street Journal*, 20 April 2011, A10)

7 August 2011

In a rare moment of dissent, four women protesting the Cuban regime in Havana are interrogated and detained until the following day after a crowd gathers to watch. (*Wall Street Journal*, 27 August 2011, A12)

3 September 2011

Cuban defense minister General Julio Casas Regueiro dies of heart failure at age 75. "His death is a reminder of the cloud of mortality over Cuba's aging leadership." (*New York Times*, 5 September 2011, 8)

Goal of Sender Country

President Eisenhower bans exports to Cuba, partly to assist Richard M. Nixon's presidential bid; Kennedy, in response, promises "to do something about Fidel Castro." Initial purpose of sanctions thus is "to destabilize the Castro regime, causing its overthrow, or, at a minimum, to make an example of the regime by inflicting as much damage on it as possible." (Barber 1979, 369; Newfarmer 1982, 128–29)

Under Secretary of State George Ball

Under Secretary Ball reformulates purpose of economic sanctions against Cuba: to reduce Castro's ability to export subversion; to show Cuban people that Castro cannot serve their interests; to demonstrate that Communism has no future in Western Hemisphere; to raise cost to USSR of maintaining Communist outpost. (Doxey 1980, 37; Roca 1987, 88; Bender 1975, 29)

Assistant Secretary for Inter-American Affairs Terence A. Todman

"The Carter Administration has begun an effort to improve relations with Cuba, but normalization will take a long time and will depend on many factors, including Cuba's international behavior. ...The United States desires: improvement in human rights in Cuba; release of political prisoners, thousands of whom have been jailed for years; more responsible international behavior by Cuba, particularly in Africa; and compensation to U.S. citizens and businesses whose property was taken over by the Cuban Government." (US Department of State, Bulletin, May 1978, 56–57)

Assistant Secretary of State Thomas O. Enders

Reagan administration is "tightening the economic embargo" against Cuba in response to Cuban promotion of leftist revolution in Central America, especially El Salvador. (*Washington Post*, 15 December 1981, A6)

"The objectives pursued by the US in 22 years of economic warfare against Cuba, despite variations in design and scope, can be classified under two major headings: overthrow and containment." (Roca 1987, 87)

Senator Jesse Helms (R-NC)

“Fidel Castro is a tyrant. What keeps him in power is money... from the outside. The [Helms-Burton] legislation will choke off that Castro bonanza... the life-support system keeping him in power.” (USIS, 22 May 1995)

Alan Larson, US Assistant Secretary of State

“Our policy is to promote a peaceful transition to democracy and respect for human rights in Cuba in four ways: (1) pressure on the government through economic sanctions and the measures delineated in the 1996 Libertad Act; (2) reaching out to and supporting the Cuban people to encourage development of independent civil society; (3) cooperation with the Cuban government on interests of direct concern, particularly to maintain migration in safe and legal channels; and (4) forging a multilateral effort to press for democratic change, respect for human rights, and development of independent civil society.” (USIS, 11 March 1999)

President George W. Bush

Sanctions on Cuba are not just a policy tool, but a “moral statement.” My administration will “...oppose any attempt to weaken sanctions against Cuba’s government until the regime... frees its political prisoners, holds democratic, free elections, and allows for free speech.” US policy is not only intended to isolate the Cuban government but also to “actively support those working to bring about democratic change in Cuba.” (Rennack and Sullivan 2005, 1–2)

Senator Biden (D-DE)

In an interview with CNN, Senator Biden says, “We should be putting together a plan as to how we are going to play a positive role in moving that country, after the Castros are gone... more toward democratization and liberalization in their society.” (Council on Foreign Relations, The Candidates on Cuba Policy, from August 1, 2006 CNN interview)

President George W. Bush

In an October 2007 policy speech, President Bush states that “As long as the [Cuban] regime maintains its monopoly over the political and economic life of the Cuban people, the United States will keep the embargo in place.” (White House, Office of the Press Secretary, 24 October 2007, “President Bush Disses Cuba Policy”)

State Department Deputy Spokesman, Tom Casey

Prior to the EU decision to lift sanctions against Cuba, State Department Deputy Spokesman Tom Casey says that “While we’ve seen some very minor cosmetic changes made by this regime, we certainly don’t see any kind of fundamental break with the Castro dictatorship that would give us reason to believe that now would be the time to lift sanctions or otherwise fundamentally alter our policies... So certainly, we would not be supportive of the European Union or anyone else easing those restrictions at this time.” (CNN online, 19 June 2008)

Senator Richard Lugar (R-IN)

Senator Lugar, top ranking Republican on Senate Foreign Relations Committee states that “We must recognize the ineffectiveness of our current policy and deal with the Cuban regime in a way that enhances US interests.” (Council on Foreign Relations, US-Cuba Relations, online. January 11, 2010)

In regards to the 2011 easing of travel restrictions and investments in Cuba, the White House says: "President Obama has directed the secretaries of state, treasury, and homeland security to take a series of steps to continue efforts to reach out to the Cuban people in support of their desire to freely determine their country's future." It added: "The president has directed that changes be made to regulations and policies governing: purposeful travel; non-family remittances; and US airports supporting licensed charter flights to and from Cuba. These measures will increase people-to-people contact; support civil society in Cuba; enhance the free flow of information to, from, and among the Cuban people; and help promote their independence from Cuban authorities." (*Guardian*, 15 January 2011, online)

Response from Target Country

1963

Cuba negotiates long-term agreement for sugar sales to USSR at 6 cents per pound, obtains substantial economic aid from USSR. Castro publicly states willingness to reach compensation agreement with US, conditioned on US reparations for damage caused by trade embargo and Bay of Pigs invasion. (Newfarmer 1982, 138; Doxey 1980, 39)

1975

Cuba begins supporting Marxist factions in Ethiopia, Angola. In 1989, in response to peace initiatives, as well as declining Soviet and Cuban interest in Africa, Cuba begins withdrawing its troops from those countries. (Newfarmer 1982, 128; US Department of State, Bulletin, January 1989, 16; Keesing's 37063)

1990

President Fidel Castro: "For decades our plans were based on the existence of a socialist camp, on the existence of several socialist countries in eastern Europe, in addition to the Soviet Union, with whom we signed agreements and established extensive economic relations. We do not know what kind of governments these countries will install. We have no security as to what trade will be like in 1990 and we have complete uncertainty for the period 1991-95 [after the current five-year plan runs out]." (*Financial Times*, 3 March 1990, 6)

Raul Taladrid, Deputy Minister of Economic Collaboration

"Ninety percent of what we imported from US subsidiaries [before the 1992 ban on such transactions] was food, such as basic grains, and medicine. It makes things more difficult and more expensive for us to keep up things like health care and education, but we are doing it." (*Washington Post*, 17 December 1992, A33)

Roberto Robaina, Cuba's foreign minister

"The same as there are mad cows, there are mad legislators." (*Journal of Commerce*, 31 July 1996, 2A)

Fidel Castro, Cuba's president

President Bush's pledge to maintain trade sanctions on Cuba was an "insult" that "multiplies the honor and glory of our people." (NY Transfer News, www.blythe.org, 2002)

Raul Castro

“We are willing to resolve at the negotiating table the longstanding dispute between the United States and Cuba, of course, provided they accept, as we have previously said, our condition as a country that will not tolerate any blemishes on its independence, and as long as said resolution is based on the principles of equality, reciprocity, non-interference, and mutual respect.” (*Miami Herald*, 2 December 2006, “English Transcript of Raul Castro’s Speech”)

In a December 2009 speech to the Cuban National Assembly, Raul Castro states that the Obama Administration is “giving new breath to open and undercover subversion against Cuba.” (*New York Times*, 30 December 2009, online)

Attitude of Other Countries

Soviet Union

In 1960, USSR begins extensive program of shipping goods, extending credits to Cuba. (Newfarmer, 128)

In early 1990, asked whether USSR will cut or eliminate aid as it pursues its own economic reforms, Soviet trade official says, “We recognize the Cuban economy has reached the limit of its possibilities in its present form. The economy is very fragile and we cannot simply stop aid as it would have catastrophic consequences for the Cuban people.” (*Financial Times*, 3 March 1990, 6)

Canada, Mexico, Western European countries

These countries continue commercial relations with Cuba after 1960, extensively transship US goods to Cuba. Canada, Europe oppose post-1990 congressional efforts to extend sanctions extraterritorially. (Losman 29; *Inside US Trade*, 20 April 1990, 4–6)

Organization of American States

In 1964, 21 of 22 members of OAS (excluding Mexico) suspend all trade, shipping with Cuba. “Every possible effort has been made [by US] to isolate Cuba economically.” (Losman 1979, 43)

In early 1970s, selected OAS members (Peru, Argentina, Jamaica, Guyana, Barbados) reestablish commercial ties with Cuba; Argentina extends credits to Cuba. (Losman 1979, 44)

In July 1975, OAS ends sanctions, with approval of 16 countries, including US. (*New York Times*, 30 July 1975, A1)

Carlos Salinas, Mexican President

“It is the conviction of Mexicans that this [US] blockade doesn't solve anything. On lifting it, without doubt, bridges of communication and dialogue would be built.” (*Journal of Commerce*, 15 June 1995, 3A)

Andre Ouellet, Canadian Foreign Minister

“We cannot accept that our Canadian firms, who are legitimately doing business in other

countries, be restricted by foreign legislations.” (*Washington Post*, 1 April 1995, A17)

“We have made it clear time and time again to the US Congress and Administration that Canada will not tolerate any interference in the sovereignty of Canadian laws.” (*Inside US Trade*, 26 January 1996, 14)

Francois Mitterrand, French President

“To strangle the people behind the embargo no longer makes sense. Cuba no longer represents any threat whatsoever to world peace or a danger to the Americans.” (*Washington Post*, 10 September 1994, A18)

Andreas Van Agt, EC Ambassador to the United States

“[The EC] cannot accept that the US unilaterally determines and restricts EC economic and commercial relations with any foreign nation, which has not been collectively determined by the United Nations Security Council as a threat to peace or order in the world of nations.” (*Journal of Commerce*, 9 October 1992, 3A)

Javier Solana, Spanish Foreign Minister

“[The United States and Spain] have the same goals, of course. The goal is that Cuba is incorporated into the trend of democracy in Latin America... we think the embargo is not the best mechanism to change the situation in Cuba... We see some contradictions between lifting the embargo on Vietnam and maintaining the embargo on Cuba.” (*Washington Post*, 17 June 1994, A22)

Edwin Carrington, Secretary-General, Caribbean Community (Caricom)

“The Caricom heads of government have made it clear that they do not support the embargo; therefore, any measures such as the Helms-Burton bill which seeks to tighten that embargo and to impose additional measures of a penal nature on Cuba would certainly not be supported by the Caricom states.” (*Journal of Commerce*, 11 October 1995, 3A)

European Union

Permanent Representative of Belgium to the United Nations, Mr. Jan Grauls

“The European Union believes, therefore, that the lifting of the US embargo would open the Cuban economy to the benefit of the Cuban people. We again express our rejection of all unilateral measures directed against Cuba that are contrary to commonly accepted rules of international trade.” (EU-UN, EU Statement at the UN General Assembly, 26 October 2010, online)

Ambassador and Permanent Representative of Sweden, Mr. Anders Liden

“The European Union believes that the United States’ trade policy towards Cuba is fundamentally a bilateral issue. However, American legislation such as the Cuban Democracy Act of 1992 and the Helms-Burton Act of 1996 has extended the effects of the US’ embargo to third-party countries. As a matter of principle the European Union has firmly and continuously opposed such extraterritorial measures.” (Swedish Presidency of the European Union, 28 October 2009, online)

European Union Presidency Statement

“The European Union believes that the United States trade policy towards Cuba is primarily a bilateral issue. However, the European Union has to reiterate its opposition to the extraterritorial aspect of the United States embargo that has been implemented in accordance with the Cuban Democracy Act, of 1992, and the Helms-Burton Act, of 1996.” (<http://europa-eu-un.org>, 4 November 2003)

Legal Notes

1960

US Trading with the Enemy Act classifies as “US affiliate” any foreign firm at least 10 percent of whose equity is owned by US parent; law subjects such affiliates to embargo. Embargo applies to direct contracts, subcontracts. (Hermann 33)

1975

Amendments to Canadian Combines Investigation Act give Canadian Restrictive Trade Practices Commission power to prohibit implementation of foreign judgments, laws, etc., “which would adversely affect [Canadian] competition, efficiency or trade.” (Hermann 33)

Fruehauf case (see Legal Notes in Case 49-1, US and CHINCOM v. China [1949–70: “Communist Control of China and Korean War”]) should establish the assumption, to be respected by courts of law, that no parent company has the power to compel its foreign subsidiary to disregard local laws.” (Hermann 35)

1996

Cuban Liberty and Democratic Solidarity Act (Helms-Burton Act) Title I codifies existing federal regulations and reaffirms provisions under the Trading with the Enemy Act and the Cuban Democracy Act of 1992. Title I also withholds aid from former Soviet republics equal to the amount any state is giving intelligence aid to Cuba, and withholds aid from any country in the amount that it gives nuclear aid to Cuba. Title II delineates the conditions under which the president may provide direct assistance for and otherwise relate to a new or transitional government in Cuba. Title III gives a US citizen the right to sue in US courts foreign companies “trafficking” in a property expropriated by the Cuban government to which the American has a claim. This includes US citizens who at the time of expropriation were Cuban nationals. The president can waive this right for six-month periods on national interest grounds. Title IV denies visas to high-level businessmen and their families if their companies “traffick” in expropriated properties. There is no waiver to this provision. The intelligence and nuclear provisions are subject to a presidential waiver. (*Financial Times*, 7 March 1996, 5; *CSIS Business Alert*, 14 May 1996; *Cuban Liberty and Democratic Solidarity Act*, 8-19)

1996

On July 16, President Clinton asserts the right of Americans to sue foreign companies “trafficking” in expropriated Cuban properties after November 1. However, the president issues a six-month waiver on bringing such suits, ending February 1, 1997. He comments, “At the end of the period I will determine whether to end the suspension in whole or in part based upon whether others have joined us in promoting democracy in Cuba.” As part of the US-EU agreement on

Helms-Burton, the Clinton administration decided to waive Title III indefinitely. President Bush continues the Clinton-era policy of waiving Title III. (*International Herald Tribune*, 17 July 1996, 1A; *Wall Street Journal*, 17 July 1996, A10; *Inside US Trade*, 22 May 1998, 21; CRS 2006, 15)

Office of Foreign Asset Control
Amendment to Cuban Assets Control Regulations
31 CFR Part 515

On January 14, 2011 President Barack Obama announced policy changes designed to increase people-to-people contact, support civil society in Cuba, enhance the free flow of information to, from, and among the Cuban people, and help promote their independence from Cuban authorities.

These Amendments modify the following provisions:

1. Travel to Cuba for educational activities. Section 515.565
 - Creates a new general license authorizing accredited US graduate and undergraduate academic institutions to engage in Cuba travel-related transactions.
2. Travel to Cuba for religious activities. Section 515.566
 - Creates a new general license authorizing religious organizations located in the United States to engage in Cuba travel-related transactions.
3. Other travel to Cuba. Section 515.567
 - Is revised to restore a statement of specific licensing policy for travel related transactions incident to participating in clinics or workshops.
4. Remittances. Section 515.570
 - Creates a general license authorizing persons subject to US jurisdiction to remit up to \$500 per quarter to any Cuban national, except prohibited officials of the Government of Cuba or prohibited members of the Cuban Communist Party.
5. Certain transactions with Cuban nationals who have taken up permanent residence outside of Cuba. Section 515.505
 - Persons subject to US jurisdiction may engage in transactions with such individuals, prospectively, as if they were unblocked Cuban nationals.

Assessment

During an audit by the Government Accountability Office, it is found that the intensive investment in inspection and seizure of Cuban-made products is "straining the agency's resources for [...] keeping terrorists, criminals, and inadmissible aliens out of the country while facilitating the flow of legitimate trade and travel." (*Washington Post*, 20 December 2007, online)

“UNICEF reported that Cuba was unable to import nutritional products destined for children and for consumption at schools, hospitals and day care centers. This had an adverse effect on the health and nutritional status of the population and is believed to be a contributing factor in the high prevalence of iron deficiency anemia which in 2007 affected 37.5 percent of children under three years old.” (*The US Embargo Against Cuba: It’s Impact on Economic and Social Rights*, Amnesty International 2009, www.amnesty.org)

Economic Impact

Observed Economic Statistics

Ship blacklisting policy increases Cuban freight costs, circa 1963, by \$50 million annually (equal to about 15 percent of the value of trade with non-socialist countries in that year). (Losman 1979, 28)

“One-quarter of the island's buses were out of operation for want of spare parts late in 1961. Only one-half of Cuba's 1,400 railroad passenger cars were functioning in 1962....The sugar industry was particularly affected, especially by the failure of the transport system and mill breakdowns....By 1965 nine sugar mills had been cannibalized. Of the 161 mills existing in 1969..., [Mesa-Lago reports that] only 115 still functioned in April 1972....” (Losman 1979, 34)

US supplied 70 percent of Cuba's imports in 1958, 68 percent in 1959, only 4 percent in 1961. (Losman 1979, 21)

In February 1960, USSR agrees to buy 5 million tons of Cuban sugar over 5 years, extend long-term credit of \$100 million at 2.5 percent interest, first step in aid program that entails Soviet assistance to Cuba of about \$3.6 billion in next decade, corresponding Cuban trade deficit to USSR of \$100 million to \$300 million annually. (Doxey 1980, 37–40; Cuban Studies Program, app. C)

Estimated debt service (principal and interest) in 1971 is \$131 million. (Losman 1979, 43, citing Economist Intelligence Unit)

Cuba experiences negative growth of 1.2 percent per year over 1960–71 period. (Losman 1979, 37, citing World Bank Atlas, 1973)

In the mid 1970s, a sharp rise in world sugar prices boosts Cuban hard currency reserves and allows Cuba to increase trade with nonsocialist countries in the West. “The message to Western countries was clear: when possible Cuba chose to trade with the West.” (Kaplowitz and Kaplowitz 1992, 60)

In 1983, USSR is said to pay up to five times world price for Cuban sugar. “Such guaranteed Soviet purchases, along with [supply to Cuba of] 16 million metric tons of oil at \$16 a barrel, help lift Soviet aid to a level Western economists put at about \$4 billion this year, about a quarter of the Cuban gross national product. Cuban officials have told Western bankers that none of the Soviet aid goes for arms, which they said Moscow gives for free.” Soviet official claims, “We find it hard to quantify the precise level of our aid to Cuba. But annually it amounts to between \$2bn–\$3bn which is lower than the Americans think.” Other estimates put the value of Soviet subsidies as high as \$6 billion annually. (*Washington Post*, 4 June 1983, A15; *Financial Times*, 3 March 1990, 6; Purcell 1998, 44)

According to US Treasury Department, trade between US foreign subsidiaries and Cuba averaged \$260 million from 1982 to 1987. (*Journal of Commerce*, 12 April 1990, 5A)

Although USSR has reportedly suspended Cuba's payments on its \$9 billion debt, report prepared for Cuba's Paris Club creditors indicates it will restart payments in 1986. Cuba's total Soviet bloc debt is estimated to be \$22 billion. (*Washington Post*, 5 June 1985, A29; *New York Times*, 5 June 1985, D1)

A 1988 study estimates that US embargo has cost US firms \$30 billion in lost exports over 25 years. (Cuban Studies Program, 8)

USSR depends on Cuba for 33 percent of its sugar, 40 percent of its nickel, most of its citrus. (*Financial Times*, 3 March 1990, 6)

In April 1990, Cuba signs one-year trade agreement with the USSR; the two countries appoint “special committee...to study future economic ties, which the Soviets say they want to make more efficient.” Soviets reportedly want to move to hard-currency-based trade within five years. (*Wall Street Journal*, 19 April 1990, A11)

Cuban officials estimate that US sanctions have cost its economy \$15 billion from 1961-1991; Cuban Ambassador to the UN, Fernando Ramirez de Estenez, estimates that US sanctions cost Cuba \$970 million in 1993. (*Journal of Commerce*, 1 November 1991, 3A; *Washington Post*, 27 October 1994, A18)

Foreign Minister Roberto Robaína reveals in 1993 that the [shipping provisions of the Cuban Democracy Act] are having a serious effect on the economy, particularly on food imports. (Jenkins and Haines 1994, 42)

“The loss of East European markets and lower deliveries of Soviet oil after August 1990 caused a generalized crisis for the Cuban economy. With foreign exchange cut by around 80%, shortages of inputs, spare parts and capital were acute. The economy contracted by 34% from 1990 to 1994.” (EIU Country Profile 1996–97, 11)

“The decision by the former CMEA countries to carry out their trade in convertible currency from 1991 threw Cuba’s trading relations into disarray. By 1992 the value of total trade turnover (exports plus imports) between Cuba and the former Soviet bloc countries had fallen to only \$830m, or roughly 8% of its 1989 level.” (EIU Country Profile 1996–97, 34)

Subsidiaries of US companies exported \$700 million to Cuba in 1990, up from an average of \$270 million over the previous decade. (Kaplowitz and Kaplowitz 1992, Appendix; *Journal of Commerce*, 11 June 1992, 10A)

Cuba owes Japan \$2 billion in loans, which have not been repaid since Japan rescheduled the debt in 1989. (*Journal of Commerce*, 14 December 1995, 2A)

Cuba hasn't serviced its \$7 billion debt since July 1986, most of which is owed to western governments. The Paris Club has not rescheduled this debt, either. An estimated \$20 billion is owed to Russia, none of which has been paid. (US Department of State, *Background Notes*—

Cuba, 1994)

ING, the Dutch bank, whose subsidiaries have substantial interests in the US, has stopped financing the Cuban sugar industry and will not renew \$30 million in loans to Cubazucar, the state-owned trading company. (*Journal of Commerce*, 16 July 1996, 5A)

If the president allows suits to go forward under Title III of the Helms-Burton Act, about 700-800 US citizens and companies whose Cuban holdings were confiscated could file suits. After August 1, 1998, an estimated 430,000 naturalized US citizens of Cuban origin and their families could file suits. Total claims could exceed \$100 billion. (*Financial Times*, 17 July 1996, 5)

Large investors in Cuba, such as Canadian mining company Sheritt International and Spain's Sol Melia hotel chain, have announced they plan to stay. Big nickel mining projects involving Australian and South African companies continue. It is difficult to find concrete evidence of companies disinvesting from Cuba as a direct result of the Helms-Burton law. However, Cuban officials admit that the US legislation "has frightened off some potential new investors, complicated foreign financing flows, and generally tightened Washington's economic and diplomatic squeeze" on Castro's government. (*Financial Times*, 12 March 1997, 6)

Sugar exports counted for over 75% of Cuban foreign currency earnings in 1989, and less than 20% in 1996. In 1996, international tourism earned the most hard currency (\$1.35 billion), followed by sugar (\$970 million), family remittances (estimated at \$500 million), and nickel (\$417 million). (*Journal of Commerce*, 25 August 1997, 5A)

Banco Nacional de Cuba reports that current transfers, a large portion of which is assumed to be remittances, increased from \$255 million in 1993 to \$310 million in 1994 and \$532 million in 1995. (ECLAC 1997, 37)

The Banco Nacional de Cuba reports \$54m, \$563m, \$5m of foreign direct investment for 1993, 1994, 1995 respectively. (*EIU Country Report*, 2nd Quarter 1997, 27)

The US-Cuba Trade and Economic Council (UCTEC), a private consultancy group based in Washington, reports that between 1990 and January 1997 a total of \$5.3 billion investments have been announced, out of which \$707 million has been committed or delivered. (*EIU Country Report*, 2nd Quarter 1997, 27)

As of January 1998, Cuban net blocked assets, including accrued interest, in the US amount to \$178.2 million. (OFAC, *Terrorist Assets Report*, January 1998, 5)

Cuban Vice President Carlos Lange says the US embargo cost the Cuban economy a minimum of \$800 million in 1998. (*Journal of Commerce*, 23 December 1998, 3A)

"Although it is difficult to assess the direct and indirect cost of this policy [the US embargo], a Cuban source, the Institute of Economic Research, estimates that between 1960 and 1992 the embargo damages worth more than US\$40 billion." (ECLAC 1997, 43)

“In the nineties, tourism has become the Cuban economy’s most dynamic sector. In 1994 gross foreign-exchange earnings from tourism took first place, overtaking the sugar industry. In 1996 tourism accounted for 35% of exports of goods and services.” (ECLAC 1997, 125)

John Hamilton, Principal Deputy Assistant Secretary, Bureau of Western Hemisphere Affairs: “... we estimate the embargo only adds 5-10 percent to Cuba’s shipping costs, and there are few capital or other goods needed at this stage of Cuba’s development that it cannot buy elsewhere. Today, the greatest cost to Cuba from the embargo is the revenue lost from our embargo on U.S. tourists to the island.” (USIS, 30 March 1999)

John Hamilton: “Our efforts to discourage foreign investment in properties confiscated from U.S. citizens have helped slow the pace of investment in Cuba. ... As of December, we estimate foreigners have invested \$1.7 billion in Cuba since 1990. The largest sector are telecommunications—with \$650 million, mining—with \$350 million, and tourism—with \$200 million. We estimate foreigners have signed firm commitments to invest another \$1.6 billion during the same period, of which tourism-related projects account for \$950 million. These numbers show relatively modest growth since December 1995 when Cuban Vice President Carlos Lage announced that Cuba had received \$2.1 billion in foreign investment, of which only half had been delivered.” (USIS, 30 March 1999)

The USITC, in *The Economic Impact of U.S. Sanctions With Respect to Cuba* (2001, xiv-xv), concludes the following:

“U.S. economic sanctions with respect to Cuba had a minimal overall historical impact on the U.S. economy...With most U.S. economic assets in Cuba expropriated by the Castro government during 1959-1960, the U.S. economic sanctions of October 1960 and comprehensive sanctions of February 1962 appear to have caused few additional costs for the U.S. economy. Even with massive economic assistance from the Soviet Union during 1960-89, Cuba remained a small global market relative to other Latin American countries.”

“...U.S. exports to Cuba in the absence of sanctions, based on average 1996-98 trade data, would have been approximately \$658 million to \$1.0 billion annually; this is equivalent to about 17 to 27 percent of Cuba’s total imports from the world, or less than 0.5 percent of total U.S. exports.”

“Estimated U.S. imports from Cuba in the absence of sanctions, based on average 1996-98 trade data and excluding sugar (U.S. sugar imports are government-regulated) would have been approximately \$69 million to \$146 million annually; this is equivalent to about 7 to 15 percent of total Cuban exports to the world, or less than 0.5 percent of total U.S. imports.”

“U.S. economic sanctions with respect to Cuba generally had a minimal overall historical impact on the Cuban economy. Cuba adjusted quickly to U.S. economic sanctions through political and economic the alliance [*sic*] with the Soviet bloc countries. Soviet economic assistance, which peaked at nearly \$6 billion annually in the 1980s, largely

offset any adverse effects of U.S. sanctions and enabled the Cuban economy to grow.”
“The loss of Soviet economic assistance after 1990 caused a severe downturn in the Cuban economy, bringing to the forefront longstanding inefficiencies in the Cuban economy. The loss of Soviet assistance eventually forced Cuba to introduce economic reforms to attract foreign investment, and selective economic liberalization to stimulate domestic production.”

“The Cuban Government estimates that the cumulative cost of U.S. economic sanctions on the Cuban economy was \$67 billion through 1998, including such costs as reduced trade and tourism, higher shipping costs, inability to procure spare parts, frozen bank accounts, foreign debt problems, and emigration of skilled workers. That estimate does not factor in the cumulative value of Soviet bloc economic assistance provided since 1960.”

“The estimated current impact of U.S. sanctions with respect to Cuba on U.S. output, employment, and wages, is negligible, primarily because of the small size of the Cuban economy relative to the U.S. economy.”

The USITC, in *US Agricultural Sales to Cuba: Certain Economic Effects of US Restrictions* (2007), concludes the following:

“All agricultural commodity sectors would likely benefit from the lifting of the financing restrictions on US agricultural exports to Cuba. Among the sixteen commodity groups examined, the largest gains in US exports to Cuba were for other food products, including fresh fruits and vegetables (a rise of \$34 million to \$65 million annually), milk powder (\$14 million to \$41 million), processed foods (\$18 million to \$34 million), wheat (\$17 million to \$33 million), and dry beans (\$9 million to \$22 million).”

“If restrictions on travel of US citizens to Cuba were lifted, among the sixteen commodity groups examined, measurable gains in US exports to Cuba were for processed foods (a rise of \$3 million to \$8 million), poultry (\$1 million to \$3 million), beef and pork (each gaining \$1 million to \$2 million), and fish (\$1 million to \$4 million). These are sectors where a large share of imports are distributed to the tourism sector.”

“Eliminating financing restrictions on US agricultural exports would likely have a larger impact on US agricultural sales than lifting the travel restrictions on US citizens. This is because most imported food from the United States consists of bulk commodities sold to Cubans, rather than foods that are sold to tourists.”

“If restrictions on financing of US agricultural exports and on travel of US citizens to Cuba were both lifted, the largest gains in US exports to Cuba among the sixteen commodity groups examined were for other food products (including fresh fruits and vegetables) (a rise of \$37 million to \$68 million annually), milk powder (\$15 million to \$42 million), processed foods (\$26 million to \$41 million), wheat (\$17 million to \$34 million), and dry beans (\$9 million to \$22 million).”

Cuba: Structure of merchandise trade, 1989 and 1994 (percent of total trade)

	1989	1994
Europe	87.7	45.1
USSR & Eastern Europe	79.1	12.1
EU	6.7	29.8
Rest of Europe	1.9	3.2
Asia	5.7	14.0
Americas	5.7	34.7
Rest of World	0.9	6.2
Total	100.0	100.0

Source: EIU Country Profile 1996–97, 34.

Cuba: Foreign trade, 1959–67 (millions of dollars)

Year	Exports		Imports	
	Socialist share	Total	Socialist share	Total
1959	14	638	2	675
1960	150	618	119	638
1961	458	625	492	703
1962	427	521	629	759
1963	366	544	704	867
1964	422	714	687	1019
1965	538	686	657	865
1966	482	592	739	926
1967	581	715	783	990

Source: Losman 25.

Calculated Economic Impact (annual cost to target country)

1961–73^a

Increased freight costs caused by US ship blacklisting policy, diversion of trade; welfare loss estimated at 10 percent of average annual value of trade with nonsocialist economies \$50 million

Reduction in purchasing power associated with shift in trade to countries with nonconvertible currencies; welfare loss estimated at 30 percent of total trade with those countries \$400 million

Offset

Compensatory aid flows from USSR; welfare gain estimated at 70 percent of transfers (\$270 million)

Average total, 1961–73 \$180 million

1975–89

Reduction in purchasing power associated with shift in trade to countries with nonconvertible currencies; welfare loss estimated at 30 percent of total

trade with those countries	\$2,850 million
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Offset

Compensatory aid flows from USSR; welfare gain estimated at 70 percent of transfers	(\$2,715 million)
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Average total, 1975–89	\$135 million
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Average total, 1961–89	\$150 million
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1990–95

Loss of trade due to embargo and Soviet collapse, welfare loss estimated as 30 percent of drop in average annual value of trade in 1992–95 compared with 1985–87	\$3,200 million
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Offset

Remittances from Cubans living abroad ^b	(\$350 million)
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Average total, 1990-95	\$2,850 million
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a. Data for 1974 are excluded because a sudden increase in the world price for sugar sharply and temporarily increased the value of Cuban trade.

b. Most remittances from the United States to Cuba are transferred illegally and estimates of the total value range widely. The estimate used here is an average of “current transfers” for 1993–95 as reported by the National Bank of Cuba and could well include hard currency inflows from many other sources (for example, unrecorded loans or receipts from drug trafficking or money laundering). Assuming no offsetting dollar flows would raise the estimated cost as a percentage of Cuba’s GNP to 15.8 percent, but would not change the order of magnitude of the cost, which is well above the average for other cases.

Relative Magnitudes

Gross indicators of Cuban economy

Cuban GNP (1958)	\$2.6 billion
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Cuban population (1958)	6.8 million
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Cuban GDP ^a (1980)	\$14 billion
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Cuban population (1980)	10 million
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Cuban GDP ^b (1990)	\$20.3 billion
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Cuban population (1990)	10.6 million
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Annual effect of sanctions on gross indicators

Percentage of GDP:

1961–73 ^c	6.9 percent
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1975–88 ^d	1.0 percent
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1990–95 ^e	14.0 percent
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Per capita:

1958	\$26.47
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1980	\$13.50
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1990	\$268.87
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Cuba’s trade with US as a percentage of total trade

Exports (1960)	58
Imports (1960)	35
Ratio of 1958 US GDP (\$450 billion) to Cuban GDP	173
Ratio of 1990 US GDP (\$5,744 billion) to Cuban GDP	283

a. Calculated using a 1989 GDP estimate in dollar value adjusted by Cuban GDP growth rate during the 1980s.

b. Calculated using estimated 1989 GDP in dollar value and 1990 Cuban output growth.

c. Calculated using 1958 Cuban GNP.

d. Calculated using estimated 1980 GDP.

e. Calculated using estimated 1990 GDP.

Source: United Nations, *Statistical Yearbook for Latin America*, 1980, 1988, 1996; Zimbalist (1993, 128).

Assessment

Margaret P. Doxey

“The OAS policy of economic denial has retarded, though it cannot entirely prevent, Cuba's economic development. More important still—and is this perhaps its main justification now?—it has made more difficult the export of revolution....” (Doxey 1980, 40, citing “Viator” 1970, 320–21)

Donald L. Losman

“Cyrus Vance, U.S. Secretary of State, has termed the embargo a ‘failure’.” (Losman 1979, 44)

“In summary, the embargo has been quite economically damaging, although much of its incidence has been shifted to the socialist bloc. Its political results, on the other hand, have been questionable.” (Losman 1979, 46)

Jorge I. Domínguez

“Prior to the Cuban Democracy Act Castro's regime had become internationally isolated. It has since been able to construct a large and heterogeneous coalition to defend itself. US penalties on firms in third countries have provoked protests from nearly all the major US allies and trading partners... The act is politically counterproductive and economically ineffective... What better gift could Cuban hard-liners have received?” (Domínguez 1993, 104)

Marifeli Perez-Stable, Director, Cuban Committee for Democracy

“Advocates of spiraling economic sanctions are myopic... Castro has learned to thrive in the face of US hostility, whereas sudden openness would at this point prove his undoing. Lifting the embargo unilaterally is not the only—though it would be the boldest—course. Rescinding the bans on travel and the sale of food and medicine would do for a start. Since US sanctions are not the principal cause of the island's economic crisis, why not ease them to unmask the Cuban government's spurious claim that they are?” (*Washington Post*, 14 April 1995, A21)

Susan Kaufman Purcell

“During the past 36 years, the strongest supporters of economic sanctions against Cuba have hoped, if not believed, that the sanctions would lead to the overthrow of the Castro regime. Measured against these goals, the sanctions clearly have failed. Measured against the less ambitious goal of transforming the behavior of the Castro government, however, the sanctions have produced mixed results.... They have not been definitive in explaining recent changes in Cuban economic policy. They have, however, helped exacerbate Cuba's hard-currency crisis,

thereby adding to the pressures on the Cuban leader to liberalize parts of the economy.” (Purcell 1998, 52–53)

Bernard W. Aronson and William D. Rogers

“We believe that U.S. policy toward Cuba during the Cold War has sought to achieve many goals, ranging from the overthrow of the current regime to the containment of the Soviet empire. Not all these goals were achieved. ...Still, we believe that U.S. policy toward Cuba, including the embargo, has enjoyed real though not total success. ...The dominant goal of U.S. policy toward Cuba during the Cold War was to prevent the advance of Cuban-supported communism in this [Western] hemisphere.... The emergence of democracy throughout the hemisphere, the loss of Soviet support, sustained U.S. pressure, and Cuba’s own economic woes forced the Cuban regime to renounce its support of armed revolutionary groups. Containment has succeeded, and the era when it needed to be the organizing principle of U.S. policy towards Cuba has ended. (Aronson and Rogers 1999, 1–2)

Author's Summary

Destabilization

Overall assessment

	1960–89	1990–present
❑ Policy result, scaled from 1 (failed) to 4 (success)	1	2
❑ Sanctions contribution, scaled from 1 (negative) to 4 (significant)	1	2
❑ Success score (policy result times sanctions contribution) scaled from 1 (outright failure) to 16 (significant success)	1	4

Political and economic variables

❑ Companion policies J (covert), Q (quasi-military), R (regular military)	J,Q	-
❑ International cooperation with sender	2	1
❑ International assistance to target A (if present)	A	-
❑ Cooperating international organizations	OAS	-
❑ Sanction period (years)	29	16+
❑ Economic health and political stability of target, scaled from 1 (distressed) to 3 (strong)	2	2
❑ Pre sanction relations between sender and target, scaled from 1 (antagonistic) to 3(cordial)	1	1
❑ Regime type of target, scaled from 1 (authoritarian) to 3 (democratic)	1	1
❑ Type of sanction X (export), M (import), F (financial)	X,M,F	X,M,F
❑ Cost to sender, scaled from 1 (net gain) to 4 (major loss)	3	3

Disruption of Military Adventures

Overall assessment

1960–89

- | | |
|---|---|
| □ Policy result, scaled from 1 (failed) to 4 (success) | 4 |
| □ Sanctions contribution, scaled from 1 (negative) to 4 (significant) | 2 |
| □ Success score (policy result times sanctions contribution) scaled from 1 (outright failure) to 16 (significant success) | 8 |

Political and economic variables

- | | |
|--|-------|
| □ Companion policies J (covert), Q (quasi-military), R (regular military) | J,Q |
| □ International cooperation with sender | 2 |
| □ International assistance to target A (if present) | A |
| □ Cooperating international organizations | OAS |
| □ Sanction period (years) | 29 |
| □ Economic health and political stability of target, scaled from 1 (distressed) to 3 (strong) | 2 |
| □ Pre sanction relations between sender and target, scaled from 1 (antagonistic) to 3(cordial) | 1 |
| □ Regime type of target, scaled from 1 (authoritarian) to 3 (democratic) | 1 |
| □ Type of sanction X (export), M (import), F (financial) | X,M,F |
| □ Cost to sender, scaled from 1 (net gain) to 4 (major loss) | 3 |

Authors' Comments

The overriding goal of US policy towards Cuba for nearly 40 years has been to destabilize the Castro regime and that goal was not achieved. The US imposed significant costs on the Cuban economy with its trade and financial embargo. Yet because the USSR was willing to assume a large portion of those costs, especially in the 1970s and 1980s, the embargo may have exerted a counterproductive effect on Castro and may have helped consolidate his position in Cuba.

There was more success in this earlier pre-1990 phase towards the secondary goal of containing the export of revolution by Cuba. But sanctions against Cuba had little to do with the failure of the Sandinista revolution in Nicaragua or the decision to withdraw Cuban troops from Africa. Those successes had more to do with US military and economic support for counterrevolutionary forces, the waning of revolutionary fervor within Cuba as casualties in Africa mounted, and with the collapse of the Soviet Union, which undercut popular support for socialist revolutionary movements around the world.

With the dismantling of the USSR in 1990–91, massive subsidies to Cuba were lost and the combined effects of the embargo and economic mismanagement have been severe. Also, with the end of the Cold War, democratization, pro-market economic reforms, and the return of nationalized property have become relatively more important goals, but it is difficult to disentangle these goals from removal of Castro. For example, while the Helms-Burton Act states that the policy of the United States is “to support the self-determination of the Cuban people” and “to encourage the Cuban people to empower themselves with a government which reflects” that self-determination, a subsequent provision in the Act explicitly bars any role for Fidel Castro or his brother Raúl in any future government before the sanctions can be lifted.

There have been limited economic reforms and some loosening of political restrictions since 1990. The Castro government has permitted some small-scale private enterprises to operate legally and, in January 1998, permitted Pope John Paul II to visit and to perform a public mass. These limited reforms have been at least in part motivated by a need to attract offsetting trade and investment from Europe and elsewhere, but political opposition is still repressed and Castro remains firmly in control.

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