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photo by L. Kotek

ARE COOPERATION AND INVESTMENT MEANS OF COLLABORATING WITH CUBAN DICTATORSHIP?

Matías Jove

When the Spanish government announced that Spain and Cuba were seeking to cooperate, several moral dilemmas as to the cooperation with the island, to the investment conditions and to the application or not of the human rights clause appeared back on the conference table.

Several days later, one of the Spanish dailies wrote that the Ministry of Foreign Affairs was looking for a way of cancelling the debt of the Cuban regime which has reached more than 1.7 billion Euros.

The impending cooperation, which is to be launched without being connected to the issue of human rights, shows a tendency of identifying the interests of Spain with the interests of the businessmen who have their enterprises based on the island. Those who have an economic stake in Cuba tend to argue that changes on the island need to be carried out by encouraging aid and business relations. They say that this approach will finally help Cuba find its way towards prosperity and will bring democratic changes.

However, the advocates of this approach do not usually explain the conditions that the Cuban government requires both for investments and cooperation, and are forgetting that

Cuba has been receiving help since the beginning of Castro's dictatorship.

Cuba, which once used to be a booming and prosperous country, continues to be sunk in misery and the situ-

... investments are approved by a regime which systematically violates human rights and which imposes rules that in the businessmen's home countries that would be either illegal or socially irresponsible.

ation of human rights, which is still far from improving, is unanimously condemned by international organizations. Currently, there is evidence that more than 8,000 people have been shot dead, victims of extrajudicial assassinations, died in prisons or "disappeared" because of their political philosophy. Furthermore, the remains of around 10,000 people who have tried to escape are resting at the bot-

tom of the Straits of Florida and more than 300 prisoners of conscience continue to waste away in jails.

Before many of these "movers of change" were actually born, Cuba received subsidies from the Soviet Union the amount of which was ten times higher than the Marshall Plan. Without any doubt, a big part of the money was used to consolidate the power of an economically inefficient regime, to fund guerrillas in other Latin American and African countries, and to perpetuate the misery of the people on the island. Today, other countries like Venezuela provide the regime of the Castro brothers with 90,000 barrels of oil a day at preferential prices along with other types of help. Yet, according to official data, the Cuban people keep on struggling to get by in pitiful conditions.

The most questionable part of the issue we are discussing might be the character of the investments, because the investments are approved by a regime which systematically violates human rights and which imposes rules that in the businessmen's home countries that would be either illegal or socially irresponsible. Although the access of foreigners – and of Cuban citizens – to the investments is a relatively recent phenomenon, the model

is well-established and if Cuba, enjoying a new economic spring encouraged by revenues of Venezuelan origin, does not impede it, the model will remain as it is for a long time. According to official data, in the past ten years, Cuba has accepted more than 400 economic associations with foreign capital, and Spain is the second highest investor after Venezuela.

During the first years of the communist revolution, foreign companies were expropriated and all services were nationalized. Private ownership was abolished. It was only after the fall of the Soviet Bloc, which used to supply Cuba economic aid that was ten times greater than the Marshall Plan, that Cuban authorities were forced to allow a certain amount of foreign investments. During the desperate economic situation, remembered as the “special period”, the Government decided to legalize not only the possession of convertible currency – which used to be penalized even by jail – but also some sorts of private economic activities of “self-employers”. And in 1995, these measures were followed by the legalization of regulated foreign investment established by Law No. 77. The Government succumbed to the pressure of the economic circumstance and yet even though there was a need for opening, all of these activities had to be strictly controlled by the communist regime in order to not to be distorted. In this sense, the Preamble of the aforementioned Law No. 77 was sincere:

“In today’s world, without the existence of the socialist bloc, with a globalizing world economy and strong hegemonistic tendencies in the economic, political and military fields, Cuba, in order to preserve its accomplishments despite the fierce blockade to which it is subjected; lacking capital, certain kinds of technology and often markets and in need of restructuring its industry,

EDITORIAL

When discussing politics, many people say, that money talks. In this issue we offer you different views on how the economic relations between Cuba and European Union are shaping its policies and dealings with the issue of human rights.

Cuba has never been on its own, points out Pavel Res in an overview of the problem, and after the collapse of the Soviet subsidies, it saved Castro from opening and reforming more of its economy. Nowadays China and Venezuela are taking over and the European companies are desperately trying to hold on to the island with hopes of huge opportunities if the regime changes. As Matías Jove explains, this seldom goes without breaching international labor rules and rights of Cuban employees, who are being exploited by the joint ventures. According to the Spanish journalist Luis Losada Pescador’s article, the efforts to have its foot in Cuba have led Spain so far that it considers forgiving Cuba its debt.

Cuba has neither been on its own, nor poor. Maria Werlau’s article documents the fortune that Raúl Castro will inherit if his brother dies, which includes an extended network of international companies as well as properties in various EU countries. If Cuba sells its oil reserves well, it may even become a rich country, writes Leopoldo Fornés-Bonavía Dolz.

“Tourism, and foreign investment can be factors for progress,” writes Oscar Espinosa Chepe, a Cuban economist and former political prisoner, in his article, but “when economic relations are only marked by the anxieties of profits they become miserable exercises, leaving behind the principles accepted by governments in their own countries and in international agreements.” This is the crux of the dilemma that every country has to solve. In some cases, like the Netherlands or the Czech Republic, as shown by Traian Urban, trade with Cuba has continued despite the strong concerns about the human rights issue. And yet in some cases there are companies like Telecom Italia that not only invest in Cuba, but help the regime repress the people, writes independent Cuban journalists Juan González Febles.

We are also pleased to include articles from the EU-Cuba NGO network. People in Peril from Slovakia has compiled an interesting book, which sums up the findings from their workshops where Cubans gave their views of possible economic reforms. The Dutch non-profit IKV Pax Cristi and the Spanish NGO Solidaridad Espanola con Cuba explain how to travel with responsibility. While, Ocampo describes in another optimistic piece how Cuba Futuro and others have succeeded in ending the exploitation of Cuban workers in the Dutch Antilles.

Nikola Horejs

Editor

can benefit from foreign investment on the basis of the strictest respect for national independence and sovereignty (...)"

The system of foreign investment was established in order to avoid that this opening imply a loss of political control over a strongly centralized economy. In this way, the State reasserted its role as the main protagonist and would be present throughout the entire investment process. The State would be involved in founding businesses and in hiring workers, and would impose the rules for cooperation.

Since the regime does not want to lose control over the economy, the companies that wish to invest in Cuba may not do so directly. They have to channel their investments through mixed enterprises they jointly create with the Cuban government. The share capital of these companies is divided between the State – which provides the estate and infrastructure – and the foreign company, which provides liquidity and know-how. Nevertheless, this type of control is not limited only to the foundations but accompanies the whole commercial relation, actually turning the companies into partners and collaborators of Fidel Castro.

Due to this collaboration, the companies are obliged to allow constant espionage and investigations of their activities and of the activities of their clients, the latter being the main cause for moral concern. In this way, foreign companies which invest in tourism have to sign a contract which reads that the State Security (i.e. Cuban political police) has the prerogative of carrying out search in rooms of all guests without previously having to ask for permission.

Although conditions of this type were always taken for granted by all who

were familiar with the situation on the island, this year, they were officially defined in the "Regulations Concerning Relations with Foreign Personnel in the Tourism System". Apart from stressing that relations with foreigners shall be limited to those that are strictly necessary, this text provides for a number of commitments which include, for instance, the duty to "maintain permanent vigilance against all acts or attitudes damaging to the interests of the State", to "communicate immediately to the proper authorities any illicit activities or actions that could undermine the dignity, security, and principles of our Revolution", or to "be careful and scrupulously truthful in the reports submitted concerning ones' work and the work of others".

With these rules, people working in tourism actually become agents of the Cuban intelligence service via foreign companies. Such collaboration with the State Security and spying on people could once again be seen one year ago in the case of Oswaldo Payá. The famous opponent of Fidel Castro discovered a bugging device in his house, which had been installed by a "mixed company" with Italian capital. Oswaldo denounced it and several days later, similar devices were discovered in houses of other Cuban opponents and democrats.

However, apart from supervision and spying, there are other phenomena related to the people employed by these companies and these facts draw attention of international experts, because they prove that international agreements are systematically broken and that labour rights of the employees are violated from the very beginning. Let`s now have a look at several points in which the mixed companies violate the conventions of the International Labour Organization that Cuba signed:

Workers in Cuba do not have the right to directly choose their job.

The labour regime established in the aforementioned Law No. 77 on foreign investments in Cuba involves "employing entities" that are charged with the administration of labour force. Foreign businessmen may not directly hire their own employees and people may not find their work alone, but both parties have to do so through these employing entities. This measure strengthens the Government's control over citizens and makes foreign enterprises feel exonerated of their responsibility for what has become considered as a kind of modern slavery.

According to the official Granma newspaper, those who wish to have a career in foreign sector must be "eligible". In order to get a job, one has to be a member of mass organizations, has to be a faultless revolutionist, shall not be cause for any concern and most importantly, he or she has to be recommended by Government authorities. Those who are not fervent supporters of the Government have to forge their credentials by means of bribes or other methods, otherwise they will not be allowed to work for any foreign company. However, the Government has responded to this option by issuing a decision that in order to preserve their job, people shall constantly maintain their "eligibility" status, or may lose their job at any time.

Cuban workers are to be paid salaries in foreign currency and the Government may withhold as much as 90 per cent.

In Cuba, workers receive their money through state employment agencies. Every month, foreign companies pay the agencies between 800 and 1500 dollars per every Cuban employee. However, the workers receive an average 250 Cuban pesos per month, which

is equivalent to 10 euros. Many investors argue that Cuba does not differ from other developing countries, where people earn one dollar a day and have to struggle with their everyday needs. And they also claim that workers in tourism are the luckiest, because there is actually something they get. However, in Cuba, this kind of cooperation implies direct funding of a totalitarian Government at the expense of the employees and their real salaries.

Workers in Cuba have no right to choose where they will work, what they will do and have no say in how much they will be paid.

In order to start a job, workers have to sign a contract where one of the main provisions reads that they will be committed to support the Communist Party and everything that the Party stands for. Those who do not agree to the rules are excluded, and this is a violation of the Convention No. 111 of the ILO.

Workers in Cuba have no right to freely form trade unions, to call strikes, to demand better working conditions, to criticize labour standards or to complain about their superiors.

The official Cuban union CTC (Central de Trabajadores de Cuba – Cuban Workers' Trade Union Central) is controlled by the Communist Party. All workers must pertain to the CTC and pay the established fees. All efforts by workers to form independent organizations are considered illegal and prosecutable; the workers are harassed or may even be expelled from work (violation of the Convention No. 87 of the ILO).

The majority of workers in Cuba have no right to start their own business.

The initiative of private enterprises appeared in the communist Cuba in the form of "self-employers", however, the economic recovery of the island has led to new limitations and their

activities have become fully controlled by the State.

Workers in Cuba are forced to watch their colleagues and to report any activity considered to be contrary to the orientation of the Party.

It is a common practice that at every site – even in foreign enterprises – a supporter of the Party is placed and is charged with supervising suspicious colleagues. By doing this, the Government breaks the article 3.2 of the Convention No. 87 (on freedom of association and protection of the right to organize convention), which reads that "the public authorities shall refrain from any interference which would restrict this right or impede the lawful exercise thereof."

Considering the above, foreign companies are simply forced to invest on the island in the regime of active collaboration with a totalitarian Government, violating the very basic rights of their employees, and this is an important



photo: Miguel Gil

Reconstruction of a house in Havana funded by the autonomous government of Andalucía

cause for moral concern. The investments in Cuba, as they are currently organized and realized, actually bring no benefit for Cuban people but for the regime which is the only one to enjoy it.

Yet considering this bleak prospect, it should be stressed that what Cuba needs is not isolation. Cuban people need help in form of an economic activity which would gradually prepare the conditions for market economy and which would help consolidate a stable middle class that would play the main role in the transition towards democracy. There is a need to come up with systems which would guarantee that the investments in Cuba are made with respect to the rights of workers, as they would be made in the countries of origin, and

that the investments have a real and positive impact on the lives of all Cuban people.

Speaking about corporate social responsibility, we may refer to the Arcos Principles which were elaborated by the Cuban dissident Gustavo Arcos and are nothing else but a local adaptation of the Sullivan, MacBride, Slepak or Miller Principles, that were used to combat racial, religious and political discrimination and worked as codes of conduct for foreign investors in South Africa, Ireland, the Soviet Union and in the People's Republic of China. These principles required companies to commit themselves to specific rules and to undergo social audit that would evaluate the degree to which the principles are being met. This may be a good way to begin and

in the future, such approach might bring a great deal of better and more responsible benefits.

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FIDEL CASTRO INC. AND REGIME SURVIVAL IN CUBA

Maria C. Werlau

A frequently overlooked, yet critical, aspect to analyze the prospects for regime survival after Fidel Castro's final demise has to do with the extra-official global business and financial conglomerate under his control. Former regime insiders available for comment ignore what plans are in order, but all agree that this matter is ever present in the minds of Cuba's power elite.

BACKGROUND

Fidel Castro has been in power since January 1, 1959 and had been the longest serving head of state for some time before he delegated his functions to Raúl and six top officials, to recover from what was described as surgery to correct intestinal bleeding, on July 31, 2006. Currently, Fidel still has the titles of President, Head of Government,

First Secretary of the Communist Party, and Commander in Chief of the Armed Forces. During his entire tenure his brother and designated successor, Raúl, has been head of Cuba's Armed Forces and his principal ally.

For almost five decades the Cuban economy has been under strict socialist central planning. The state is sole employer and owner of all resources; ordinary

citizens are banned from engaging in most independent economic activity. The underground economy is huge, but steep fines or prison and confiscation of goods are routine.

In 1993 the government implemented some reforms to alleviate severe economic crisis after the end of massive Soviet support with the fall of Communism in the former USSR. The dollar was legalized, limited self-employment was allowed and joint ventures with foreign capital were authorized in sectors such as tourism, telecommunications, and mining. Some foreign investment, the growth of foreign tourism and a large influx of remittances from abroad generated a relative economic recovery. That, together with huge subsidies from Chavez's Venezuela in recent years has prompted a rolling back of many of the reforms.

WHAT IS FIDEL, INC.?

In Communist Cuba, only designated top government officials may accumulate wealth. But, even those within the Castro brothers' tightest circle are subject to constant monitoring by the intelligence apparatus. Despite their privileges, they must stay within certain bounds. In essence, for almost five decades, Fidel has reigned supreme over one of the world's most closed economies. His brother is his designated heir.

THE COMANDANTE'S RESERVES

The "Comandante's reserves" are an integrated system of overseas bank accounts and enterprises together with firms in Cuba and an on-island reserve of cars, buses, trucks, tractors, repair parts, gasoline, medicine, medical equipment, food, clothing, construction materials, appliances, and household and luxury goods. Historically, only Fidel has been able to order dispensing of this domestic reserve – for

his personal use or as gifts to the ruling elite, diplomats in Cuba, and VIP foreign visitors.

The vast wealth under Fidel's command may well exceed our wildest guess. Forbes just took into account a small fraction of enterprises within a gigantic international network of enterprises and financial institutions that, according to numerous high-ranking defectors, are under the Castro brothers' control. Huge inventories of assets and real estate holdings all over the world are also part of the holdings.

Fidel's accounts are located in banks in Switzerland, Grand Cayman, London, Lichtenstein, and Panama. They are replenished primarily in hard currency with: 1.) assigned percentages from tourism, remittances, and revenues of businesses inside and outside Cuba, 2.) earnings of Cubans employed overseas under the control of the Cuban state, 3.) the sale of Cuban state assets to foreigners, 4.) the sale of Cuban art, artifacts, jewelry, antiques, and other valuables confiscated by the state, and 5.) revenues from drug trafficking and criminal activities perpetrated by subversive or terrorist groups. Raúl and his late wife are also reported to have accounts in Swiss banks since the early 1960s.

THE CORPORATE CONGLOMERATE

The "sociedad anónima" (S.A.) is Cuba's unique version of a capitalist enterprise. These entities mirror the business activities of private firms in free market societies. But, the companies formed in or by Cuba are not subject to financial disclosure, their real owners are unknown, and their managers are individuals designated by the government. They enjoy rare advantages – the exploitation and use of the resources, both capital and human, of an entire nation as well as total freedom from oversight and taxation.

Hundreds of such firms exist inside and outside Cuba and most are involved in joint ventures or other business arrangements with foreign interests. Entities within the business conglomerate are also said to launder drug monies. The secret foreign operations are typically represented as belonging to Cuban nationals or foreign lawyers or other intermediaries receiving payment for these services. The "owners" are typically given juicy compensation packages and a lavish lifestyle as long as Castro is guaranteed a designated share and leakage remains within certain bounds. Some of these companies operating overseas are known to use "imported" Cuban workers paid minimal salaries and kept secluded from the societies in which they work, under the strict vigilance of Cuban security agents preventing defections, their families hostage on the island.

Spain hosts a large number of these firms. Some are said to be managed or to belong, in whole or in part, to a growing number of sons and daughters of high-ranking members of Cuba's ruling elite, including two of Raúl's daughters and a son of Ché Guevara.

Many of the foreign enterprises defectors have reported on have been listed by the U.S. Treasury Department as blocked entities of the Cuban government due to the economic embargo². Aside from Spain, many are located in Panama, but others are scattered all over Latin American and Europe, in Grand Cayman, and as far as Japan, India, South Africa, and Malta.

A high-ranking diplomat reports that Cuba uses the overseas companies as collateral for hard currency loans obtained by state entities from European financial institutions. This explains the otherwise perplexing huge short-term loans from foreign creditors, on the order of around US\$1.6 billion a year in short term loans, mostly from

Europe. In default on its external debt since 1986 and with its official economy in a wretched state, Cuba is technically not creditworthy. One wonders what risk related issues would affect these collaterals if the regime collapses unexpectedly.

Private Financing to Cuba:

As of March 2007

<u>Lenders (by country)</u>	<u>U.S. dollars</u>
France	440 mil.
Spain	326 mil.
Basque Country (Spain) ³	255 mil.
Germany	216 mil.
Netherlands	182 mil.
Italy	79 mil.
Japan	79 mil.
United Kingdom	22 mil.
Sweden	14 mil.
Switzerland	9 mil.
Belgium	6 mil.
Portugal	4 mil.
Total European Financing	1.632 bil.
Financing of Undisclosed Origin	728 mil.
Total Foreign Private Financing	2.360 bil.

* All debts are rounded to the nearest million. This data does not include bilateral state-backed loans or trade credits from political allies such as Venezuela and China.

Source: "Who Bankrolls the Castro Regime?, Cuba Facts, Issue 36 – November 2007, University of Miami. Derived from: Cf. Bank for International Settlements (BIS), Consolidated Banking Statistics, BIS Quarterly Review, September 2007.

All the firms seem to fall within two large conglomerates – one civilian, one military. CIMEX is under the command of the intelligence apparatus and reports directly to Fidel and the Council of State. GAESA, is under Raúl's command and is staffed by the military. Reports vary regarding the percentage of revenues that go into the Castros' reserves from these operations.

Companies located in Europe run by Cuba's Ministry of Interior under the holding company CIMEX

Partial List:

Acemex Holding (Lietchenstein)
 AngloCaribbean Shipping Co. (London)
 Cariberia (Spain)
 Cotei (Milan, Italy)
 Coprova (Paris, France)
 Crymsa (Madrid, Spain)
 Dalvest (Genoa, Switzerland)
 Dicesa, S.A. (Madrid, Spain) *

*Partial list provided by former Cuban intelligence officer. All except those marked * are also listed by the U.S. Treasury Department as blocked entities or „Specially Designated Nationals.“(See note 2.)*

CIMEX is a huge holding of diversified enterprises with annual reported revenues of at least US\$1 billion. In Cuba, it owns hundreds of store chains selling to the public only in hard currency – including gas stations, video rental stores, and food outlets. Its subsidiaries include a recording studio and a fashion store and engage in appliance sales, clothing exports, delivery of health care to foreigners, manufacture and sale of pharmaceutical products, real estate, and tourism. By the 1980's CIMEX is said to have had 270 companies under its control. Three CIMEX subsidiaries are foreign banks whose operations are extremely secret: Banco Financiero Internacional (BFI), Banco de Inversiones, S.A., and Havana International Bank (HAVIN Bank), in London.

GAESA (Grupo de Administración Empresarial), the military holding, is managed by Raúl's son-in-law, a Major. Raúl's second-in-command and confidant, Major Luis Alberto Rodríguez López-Callejas, son of a Division General, is its Chairman. The group is enormous and said to invoice around one billion dollars. Its firms are most-

ly dedicated to tourism and the foreign sector and are primarily staffed by military personnel, in active duty or retired. The corporations build and manage hotels, operate restaurants and travel agencies, provide all air transportation to the tourism industry and foreign sector, operate free trade zones, build real estate for use by foreigners, handle agribusinesses, operate hundreds of hard currency sales' stores, and search for sunken treasures. Among its firms are a tobacco and rum distributor, an enterprise specializing in land concessions related to the foreign sector, and a chain of automobile repair shops. Finally, its División Financiera recycles and reinvests income generated by the GAESA network.

DRUG TRAFFICKING AND CRIMINAL ACTIVITIES

In the 1970s Fidel is said to have been persuaded of the benefits of cooperating with international drug traffickers to weaken the United States while bringing hard currency for Cuba and international subversive activities. Since then, defectors, members of drug cartels, intelligence officials of the former Soviet bloc, journalists, governments, and even the Presidents of the United States and Colombia have documented the involvement of high-ranking Cuban government officials, including the Castro brothers, in the international drug trade.

Many participants have detailed the links between Cuba's intelligence apparatus and criminal activities of terrorist-guerrilla networks. Subversive groups from all over the world have delivered to Castro the proceeds of bank robberies, kidnappings, robberies, contraband, and other criminal activities that Cuba planned or helped with. The secret police files of former Soviet satellites offer evidence of many joint operations. Cuba has served as a clear-

inghouse, with Fidel enjoying considerable funding discretion.

HARD CURRENCY BANK ACCOUNTS

Overseas bank accounts are replenished with asset sales such as the reported \$50 million sale of Havana Club rum distilleries to the French firm Pernaud Ricard. Also, a percentage of all hard currency revenues generated by Cubans in overseas missions – doctors, trainers, artists, professionals, technicians – is reported to go directly into Fidel's accounts. Cubans sent to Third World countries are paid a fraction in local currency of what host governments pay Cuba, while the workers are provided basic, often substandard food and shelter and are closely watched to avoid defections. Fidel has also typically received suitcases full of hard currency as „gifts“ for his birthday from intelligence agents operating foreign firms or involved in criminal activities. But, money has actually been delivered any time. This has allowed for loans to be made from Fidel's "reserves" to the national economy to cover hard currency shortfalls, at a reported interest rate of 10%.

Complex evasion operations have been reported over the years to deliver cash through courier routes to the foreign banks. A May 2004 New York Federal Reserve US\$100 million fine, said to be the highest in history, on UBS (Union of Banques Suisses Investment Bank) of Switzerland brought to light Cuba's money-laundering and extra-official activities 3. Since this time, UBS, Credit Suisse and other banks have suspended their financial transactions with Cuban entities.

REAL ESTATE

Properties in Cuba for the exclusive use of Fidel and his family include several yachts and up to three dozen

homes and secluded ranches, hunting grounds, specialized fishing and cattle reserves, and even a shrimp breeding facility. Many enjoy amenities such as pools, tennis courts, runways, marinas, even golf courses and are used only occasionally to entertain guests or for short rest periods during Fidel's travels throughout the island. Some have sophisticated communications' command facilities and electric generation and water plants. Luxurious underground bunkers are outfitted with the latest technology.

Properties all over the world are under disguised ownership and include a castle in Austria and large ranches in Spain, Mexico, and India. Real estate holdings are reported in France, Sweden, Switzerland, Finland, Italy, Bahamas, Tanzania, and Egypt. Properties in Ecuador are said to be under the control of Raúl and his late wife's family, the Espíns. Different mechanisms are used to conceal their true ownership, but some may be officially owned by Cuban government entities. Because the sources for this information have had access to the data at a given time period, it is impossible to ascertain which properties are presently held by Castro.

WHAT DOES THE COMANDANTE DO WITH HIS RESERVES?

While ruling over one of the poorest countries in the world, Fidel has been able to execute what not even the political leaders of the wealthiest countries or the CEO's of the richest companies are able to do. On his sole command, he has been able to give away houses, cars, and luxury goods to the ruling elite, donate hospitals, manufacturing plants, air bases, and humanitarian assistance to countries, offer medical treatment – all expenses paid – to people from all over the world, and train hundreds of foreigners as doctors for free in special medi-

cal schools. Most of this has taken place outside the realm of national accounts, regardless of budgetary or fiscal considerations, beyond the constraints of any laws, and free of audits or accountability.

Fidel is reported to use his money: 1.) to buy influence, 2.) to sway international public opinion to further political goals, 3.) finance international terrorism, subversion, and liberation movements, 4.) for his personal security and travels, and 5) for his personal use and that of his family.

The Castro family's lifestyle is unrivaled in a country like Cuba, but top members of the nomenklatura also enjoy many privileges unavailable to the population. Rampant excess reported in the seventies and eighties, however, has been greatly curtailed. Members of the government elite, including the Castro family, have strict orders to avoid appearing ostentatious and to stay out of the limelight. But, there is no limit to the resources available for Fidel's enjoyment and pet projects. The perks have included a cognac-making facility, a cigar rolling facility where the best tobacco rollers in the country produce Fidel's own brand "Laguito," a climate controlled warehouse for his cache of cigars, and a warehouse stashed with all sorts of appliances inaccessible to the population.

KEEPING THINGS UNDER CONTROL

The business conglomerates are managed within the Castro family and by their most trusted people and high-ranking military and intelligence officers. CIMEX officers are recruited from the Armed Forces or the Ministry of the Interior and the Communist Youth Union and carefully vetted.

A gigantic and highly sophisticated internal repressive apparatus, fash-

ioned after the KGB and trained by the former Stasi, keeps things in check. It monitors and controls all citizens, foreign visitors, businesspeople, and even the highest members of the ruling elite. Department VI of the Armed Forces, for instance, monitors all GAE-SA operations, including policing, spying, taping and recording all personnel activities. Cubans posing as business owners and managers abroad are kept under close surveillance by intelligence officers deployed as diplomats.

Closing the circle, to guarantee Fidel's personal command over all decisions in the country, is the "Coordination and Support Staff." This parallel structure is composed of six carefully chosen individuals charged with executing Fidel's wishes and directives. It skirts the institutional structures of government and overrides all other decisions. According to a former intelligence officer, the group is the direct thread between the different economic sectors and the Comandante."

CONCLUSION

By all accounts, Fidel alone has had the last word on all decisions affecting the political and economic destiny of the entire Cuban nation, at least until his illness and retreat from power last year. He has commanded vast resources inside and outside of Cuba. It is unclear to what extent that has changed, but it appears that his brother Raúl is well positioned to fully take over once Fidel is completely out of the picture. This will likely include Fidel's economic empire, at least to a significant degree. After all, Raúl has been the only other Cuban allowed to engage in significant capitalistic forays and has run the GAESA network as his own fiefdom.

On the other hand, Fidel has a wife and six sons in Cuba who might have other plans, at least for select slices

of the pie. Plus, intermediaries posing as owners of Fidel's companies overseas are particularly well positioned to exploit opportunities that might arise in a moment of instability. If a power vacuum leaves the intelligence apparatus paralyzed, as in the former GDR (Communist East Germany), the conglomerate would become decentralized and vulnerable.

The vast and hidden wealth amassed by Fidel Castro has been one of his most effective tools, but it could be the Achilles heel of a succession strategy. It was not that long ago that former Rumanian strongman Nicolae Ceausescu was actually brought down precisely on this account. He and his wife Elena were sentenced to death for ruining the country and keeping the population on ration cards while they enjoyed luxuries and had accounts in Swiss banks. The prosecutor at their trial, held at a military base on December 25th 1989, cited articles of the Penal Code to convict them of economic crimes. Fidel, who is known to have followed the fall of the Iron Curtain very closely, may have sensed the danger. This might help explain why he went into a prolonged and frenzied public tantrum when *Forbes* magazine listed him in its May 2006 annual *Billionaires'* edition as the seventh richest ruler in the world, with an estimated wealth of US\$900 million.

For the time being, Raúl has felt compelled to send a clear message to confront the uncertainty following Fidel's illness and retreat. One of his first official acts after the transfer of power was to pass in of August of 2006 the Decree Law 251, which takes the "war on corruption" one step further by tightening punitive measures for higher ups in state enterprises. So that no one may forget, economic supremacy will remain the exclusive domain of the highest members of the elite. But, it may come back to bite him.

The regime's most dependable soldiers have operated Fidel, Inc. very effectively, enjoying select privileges as a result. This has assured their loyalty to the regime and tied their economic wellbeing to survival of "the Revolution." Yet, it has also exposed them to the ways of the market and wet their appetites for the paybacks of capitalism. In fact, the intricate disguised ownership schemes and financial dealings that lie at the core of the conglomerate could become its greater weakness. In a scenario of debilitating control, a money grab can be expected.

How this scenario plays out in a final succession or post-succession environment is, of course, to be seen. But, one thing is clear – understanding Fidel, Inc. is vital to contemplating scenarios of change in Cuba.

Maria C. Werlau

1 A detailed account of this topic, including all sources for the information cited by the author, is available in "Fidel, Inc.: A Global Conglomerate," published in *Cuba in Transition: Volume 15, Papers and Proceedings of the Fifteenth Annual Meeting of the Association for the Study of the Cuban Economy (ASCE)*, Miami, Florida, August 4-6, 2005 (Washington, D.C., 2005); <http://www1.lanic.utexas.edu/project/asce/pdfs/volume15/pdfs/werlau.pdf>.

2 "SDNs (Specially Designated Nationals) are individuals and entities located anywhere in the world that are owned or controlled by, or acting for or on behalf of, the Government of a sanctioned country, as well as designated international narcotics traffickers and terrorists targeted by the United States Government." (http://www.treas.gov/offices/enforcement/ofac/articles/sia_1.pdf). This program for countries under sanctions regimes managed by the Treasury Department's Office of Foreign Assets Control. The list of SDNs is available at <http://www.treas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf>.

3 UBS had violated an agreement, the Extended Custodial Inventory Program (ECIP), to act as repository of U.S. banknotes and remove old bills in circulation. The bank had been caught buying and selling U.S. dollars to countries under U.S. sanctions – Iran, Libya, Yugoslavia, and Cuba – and filing fraudulent reports to conceal it. The transactions with Cuba, totaling US\$3.9 billion over seven years, were by far the largest. UBS had been taking old dollar bills from Cuba and crediting accounts which it has refused to name.

CUBA IS NEVER ALONE

Pavel Res

CUBA AND ITS EU BUSINESS PARTNERS

'Castro's Cuba has never been alone', smiles Alicia, a Cuban revolucionaria in her sixties who rents rooms in her Havana flat. Unfortunately this might actually be true. Whenever there is only an indication that Cas-

tro's regime is on the verge of collapse from economic reasons, there is always somebody to help. In 1960s it was the Soviet Union and since 1990s it has been the European Union.

If such help had not been provided to Castro, he would have probably been forced to change his politi-

cal course and to allow for more economic freedoms. Unfortunately because of political and strategic, economic, social, egoistic or other reasons, countries have various attitudes towards authoritative or dictatorial states like Cuba, and therefore there will always be somebody to please Alicia.



Photo by: Pavel Hroch

SAVING CUBA AND THE EU'S INVESTMENTS

Today Venezuela and China are taking over the role of the European Union. However, European capital keeps saving Cuba as it tries to protect a diminishing position of influence.

The flourishing European tourism industry has become one of the most important motors of Cuban economic growth and in this field Spain continues to be the most significant player. The Spanish hotel chain Sol Meliá has opened its 23rd hotel in Cuba, giving it command over 37% of the market. In addition, other hotel companies such as Iberostar Hotels or Barceló are going to expand and by 2010 Barceló will inaugurate six new hotels. Cuban tourism generates over 2 billion US dollars every year, which represents a very significant source of hard currency and employs about one hundred thousand people.

'Once again tourists visit Cuba because of the three Rs – Rum, Rumba and Romance.' Even though the glamour of Havana, as described in the novel *Three Trapped Tigers* by Cabrera Infante, is not as it used to be fifty years ago, for many tourists Cuba has become a brothel again. 'Cuban prostitutes are the cheapest as well as the most intelligent ones – even university educated women do this job', giggles a pimp who introduces himself as Julio and offers his cousin. Even though prostitution is prohibited in Cuba but it is difficult for many to resist earning two months salary in an hour. The average monthly salary is 11 Euros.

Cuba is visited every year by more than two million tourists, most of whom arrive from Europe, although Canada contributes a healthy 25% of this number. It is true that the flow of tourists has been stagnating over the last two years – tourists are dis-

covering new destinations and often they are not satisfied with the relatively high prices and poor services provided in Cuba. In 2006 the number of tourists visiting Cuba from several countries dropped: Spain by 5,7%, Italia by 15%, Germany by 9,8%, France by 5,2% and Canada by 1,9%. On the other hand, the number of English tourists increased by 5,2% over the last year. Nevertheless, the tourism industry is expected to keep growing and accordingly, Cuba is supposed to continue expanding its tourist capacities, which currently can accommo-

An economic blockade is probably not going to change the political situation in Cuba. There will always be somebody's shoulders that Cuba can lean its tired head upon. On the other hand, this fact should not be used as an excuse by well-established democratic countries of the EU.

date a maximum 3 million tourists annually. Of course, the speculation of an avalanche of tourists coming from the USA persists into the unidentified future since it could represent almost 2 million additional holidaymakers every year.

EXPORTS AND IMPORTS

Tourism is not the only thing that draws hard currency from the European Union. The most important EU-Cuba foreign trade item is Cuban nickel. Cuba is the sixth biggest provider

of nickel in the world with five percent of global production and extracts over 70 thousand tons annually. In addition, the world market's price for nickel has grown remarkably over the past few years. Since 2002 nickel prices have risen by approximately 500% and the current prices fluctuates around USD 30,000 per ton. Around 300 million euros worth of nickel is exported to European markets through the Netherlands, where it is redistributed to other countries. However, since Dutch importers continue to face sanctions because of the US's embargo, Europe's imports are 50% lower than they were and the Cuban government has started to focus raw material exports to China whose enormous demand continues to boost prices. The extraction is implemented in the cooperation of the state company Cubaníquel and the Canadian company Sherritt International.

The main pillars of Cuban wealth are not dependent only on tourism and nickel for gaining to hard currency. The exportation of services has definitely become the most important one, since there are around 30,000 Cuban doctors work abroad these days in Venezuela and other countries. 'I am going to see my doctor and there is a note on the door saying: "I am in a mission." so, I am going to see the substitute doctor and again there is a note on the door saying: "I am in a mission."', Gerardo, a retired engineer, complains about the medical system in Cuba. And we must not forget about the annual income of nearly 1 billion dollars sent as remittances from relatives living in the US.

Cuba exports several different commodities. The most significant ones, other than nickel, are sugar, tobacco and cigars, lobsters, medical products, citrus, coffee and rum. And most of these commodities are also exported to the European market.

The main Cuban export partners:

Netherlands	28,4%
Canada	20,7%
Venezuela	11,4%
Spain	7,6%
China	4,7%

Source: EIU

Due to the reciprocal nature of business, the European Union places their goods in the Cuban market. Hundreds of EU companies sell their products or have investments in Cuba. Next to the previously mentioned investments in tourism, the largest European exports and investments are made within industrial sectors: mineral extraction; the chemical and petrochemical industries; equipment for power plants and various kinds of machinery including cars and other means of transport. Also, EU members export daily consumer goods: primarily food followed by clothes, brewer's malt, wine, etc. Some EU countries even prefer exporting to Cuba through third countries. The trade of the European Union with Cuba grew by 19% in the year 2006. In comparison with 2005 especially the exports of Spain, Germany, France, Belgium and Italy rose.

The main Cuban import partners:

Venezuela	24,7%
China	11,8%
Spain	8,7%
USA	6,2%
Italy	3,9%

Source: EIU

MIXED COMPANIES AND FEELINGS

Foreigners that have direct investments in Cuba (tourism, extraction of raw materials, building industries, transport, communications, etc.) usually have to invest their money in so

called *empresas mixtas*, which are semi-public companies where the Cuban government owns 51% and the foreign investor 49% of the enterprise. The most active European direct investors are Spain, then Italy, France and in a lesser extent Great Britain and Germany. Contracts cover a determined period of time, for example for 10 years, in which these businesses strictly have to follow Cuban requirements that do not allow for much flexibility. When these contracts expire and are not extended, these companies usually become again complete state owned like it used to be in the magnificent 1980s. Cuba usually pays foreign investors through the actualized profits. As a result, some foreign investors have already left the country. Sometimes the departure is not very smooth; there have been various disagreements and some of these disputes even ended up in arbitration courts. For instance, this year two major Spanish multinational investors, Acciona Infraestructuras, S.A. and Zell Chemie SL have launched lawsuits against the Cuban government.

Foreign investments according to countries in 2005 (number of investments)

Spain	79
Italy	46
Canada	44
France	14
China	10
Mexico	9
Great Britain	8
Panama	7
Israel	7
Venezuela	5
Germany	6
Others	23

Source: *IPS-Resumen Economico Anual 2006*

There are several business zones where foreign companies may own up to 100% unlike 49% in semi-public companies, but they are strictly isolated in designated special duty free areas, which only represent some 25% of production within the Cuban market. Furthermore, usually these companies are expected to assemble semi-finished products and there is always the Government interference. Most of these business zones have been abandoned. For example in the Berroa Zone, close to Havana, there were 102 companies in 2002, allegedly today there are only about 18. The investors fled because they were not allowed to sell the quantities they had wanted to in Cuba. Another reason might be the fact that the Cuban government prioritizes ideological fellow-believers like Venezuela and China and therefore, hassle the European companies until they leave most of these spaces.

Cuba discriminates against European investors in these matters. Simply put, the Europeans are not ideal partners; they only support the regime economically and not politically and ideologically in the ways that Caracas and Beijing are willing to. Moreover, some European governments continue to annoy the government over its human rights record and by supporting dissidents, and the regime no longer wants to deal with these reproaches. Why are the Castro brothers venturing to discriminate against the EU? They apparently do not need the European investments to the extent that they needed them ten years ago. In 2005 alone the exportation of services to Venezuela generated 40% of Cuban hard currency income (USD 2,9 billion). 'Cuba called us when they needed us and now they are getting rid of us, because they have different plans for the future', say some European investors.

Business between EU Countries and Cuba in thousands of euros for the year 2006:

	EU Countries	Export	Import	Balance
1	ES	617,274	132,636	484,638
2	DE	410,809	13,464	397,345
3	IT	282,237	16,050	26,6187
4	FR	94,394	28,564	65,830
5	NL	92,785	486,184	-393,399
6	BE	41,087	3,285	37,802
7	UK	29,818	10,369	19,449
8	DK	28,641	1,835	26,806
9	CZ	24,284	1,309	22,975
10	SE	16,172	2,150	14,022
11	PL	9,747	410	9,337
12	SK	6,691	420	6,271
13	FI	6,549	382	6,167
14	PT	5,598	19,202	-13,604
15	AT	4,270	1,546	2,724
16	LT	1,039	51	988
17	HU	682	73	609
18	EE	480	271	209
19	GR	476	2,979	-2,503
20	IE	372	48	324
21	MT	228	79	149
22	LU	192	69	123
23	SV	156	8	148
24	LV	16	82	-66
25	CY	2	2,313	-2,311

Source: DEK in Havana

As you can see, large amounts of money has been lent to Cuba from the pockets of European citizens. Because of this, Castro's economy achieved GDP 12,5% growth in 2006 according to official Cuban data, although this is perhaps an exaggerated figure, because Cuba uses a special method of GDP calculation. The real growth of Cuba's GDP is estimated to be around 7,5%, which is still considered robust.

BUSINESS VERSUS HUMAN RIGHTS

Based on this summary, it would seem that money does not respect human rights. The world revolves around money, a sacred truth in all societies including Cuba and the USA, the biggest exporter of democracy in the world.

Common business obviously cannot be stopped for human rights reasons, even EU politicians do not do their best not to harm their European economies. The European Parliament has adopted resolutions urging EU members to focus on improvements of the human rights in Cuba, but most of the countries do not respect this formal requirement.

An economic blockade is probably not going to change the political situation in Cuba. There will always be somebody's shoulders that Cuba can lean its tired head upon. On the other hand, this fact should not be used as an excuse by well-established democratic countries of the EU. Those who support business with Cuba sometimes say: 'The richer a country's population is, the more conscious the inhabitants are about demanding their rights. So in doing business with Cuba we are supporting democratic changes.' Or as José Martí said: 'Freedoms die where they are not sustained by wealth.' This judgment may sound good, but the US's 47 year old embargo has not succeeded in overthrowing Castro.

Regardless, investors should enforce some procedures which are common in Western Europe and refuse to comply with most of the Cuban regime's pro-Castro requirements. In general, the investment requirements in Cuba today do not support human rights, instead they simply collaborate with the Castro brothers' ideology and rule. A positive example of this can be seen in one of Cuba's most active business partners:

the Netherlands. The Netherlands provide the greatest amount of support for the dissident movement through their embassy. A less positive example can be seen in of Italy. This country has refused to get involved in the human rights situation in Cuba at all, but by only doing business they are harming dissidents. The telecommunication company ETECSA, which eavesdrops on Castro's opponents with the support of TELECOM ITALIA capital in Cuba.

The most important EU business partner is Spain. Taking into account the historical events, Cuba was the last Spanish colony and there has always been an unbreakable bond between these two countries. Spain still wants to maintain a paternalistic attitude towards Cuba and treat Cubans like children. As in life, it is difficult for parents not to fulfill their children's wishes and to cast a blind eye towards the injustice they cause. Remember that the Cuban government has developed in part from Spanish heritage. So Spain always seems to forgive Castro's regime. But the Spanish investors' behaviour sometimes goes too far. For example, in 2005 the Meliá Habana Hotel cancelled the Czech embassy's reservation to celebrate the Czech national holiday at the very last moment, because the Czech embassy had invited the "counterrevolutionary" Ladies in White. These manners are simply unthinkable in Spain, but when they are in Cuba the Spaniards do not seem to mind.

Business can help build a better society in Cuba if ethics are involved in the investments. The companies could at least try to respect the Arcos principals - the moral code compiled by the dissident Gustavo Arcos defining the ethics principles of foreign investments. Let's merge the profits they make with ethics and human dignity.

Pavel Res is a journalist and translator.

FIDEL CASTRO NOT PAYING HIS BILLS

Luis Losada Pescador

As a journalist I was able to see a report of Spanish Ministry of the Treasury in which I learned the following data. On the 31st December 2006, Cuba's debt to Spain reached 1,708.03 million euros and represented 17.82% of the total external debt of the country (9,586.63 million euros). Other 12.51% belonged to Argentina due to the special debt of 752.95 million euros incurred during the "default" of 2001. And Spain's third major debtor was China that owes 677.7 million euros for relief and development credits. The majority of Cuba's debt is commercial though.

And as far as the list of unpaid bills is concerned, the figures are much worse. Cuba once again takes the first place with a total of 1,698.81 million euros, which is 51% of the total amount of unpaid items (3,330.06). The bills thus have to be covered from CESCE export insurance or have to be recovered by the Government. Which measures has Spain taken to make sure that its bills are being paid?

According to David Vegara, the Secretary of State for Economic Affairs, we are dealing with "insolvency". Sources from the Government claim that "there is no cause for concern, and that there are not more unpaid bills than four years ago", clearly referring to the previous

administration. Rafael Calduch, a professor of international law at the Complutense University of Madrid, says that the unpaid bills reflect the "economic incompetency of the country", although he believes that the cooperation for development should continue "even if it should be a burden, because otherwise, I don't know who else would do it".

The Government has obeyed his suggestion and has re-launched cooperation programs despite a "democratic clause" that is not worth the paper it is written on. "Whether we cooperate or not, we should demand they respect human rights; but they will keep on paying as little attention to what we are saying or doing as they have done up to now," says Calduch. Will we receive our money some day? Calduch is convinced that Cuba's debt to Spain will never be paid.

To the government programs of cooperation and development we should also add the programs run by different autonomous communities. Despite the fact that diplomatic relations between the countries were frozen during the "Aznar Era", both Andalusia and the Basque Country have continued with their cooperation projects. Therefore, on photographs you may notice that the Andalusian regional government is cooperating on the reconstruction of a

building while representatives of the Vizcaya district deliver several buses and vans to Cuba.

Theoretically, foreign policy comes under the exclusive competence of the Government, yet cooperation has been transferred to the autonomous communities. And that is why socialist communities are able to continue cooperating with Castro's dictatorship, maintaining the utopian illusion of a Revolution that has revealed its inefficiency, injustice and immorality.

PERIOD OF GOODWILL

The Minister of Foreign Affairs, Miguel Ángel Moratinos, strongly argues that by promoting easier relations, Spain has achieved positive results in terms of human rights. "Just look at the number of people who have been released from prison", he told me last year. The fact that the Cuban poet Raúl Rivero had been released from jail and had been received in Spain was "sold" by the administration of José Luis Rodríguez Zapatero as a "success" of Spanish diplomacy that the public should believe. "But Moratinos has not said that after the release of several prisoners, another 25 were arrested and that after the changes of July 13, 2005, those 25 were followed by 17 more,"

stressed Vladimiro Roca, the president of Cuban Social Democrats. The Spanish government was informed about the new arrests three times. What was their reaction? Silence.

"We criticized the releases from prison because Moratinos was presenting them as a success and was ascribing them to the fact that tension had been loosened," said Elisardo Sánchez, the president of the Human Rights Committee. "The approach of the Spanish government is irritating," he adds. Elisardo has not been able to understand "how can there still be people fooled by communism, like the writer Vázquez Montalbán".

On November 15 of this year, Moratinos repeated the same "doctrine". "There have been further releases from prison, some ill dissidents have come to Spain to receive medical treatment and a UN officer has been allowed to the island." And because of the success, the Spanish Minister of Foreign Affairs believes that we should centre more on the defence of human rights and continue in the same direction. How shall we proceed? We should focus on legal and judicial issues and on the problem of the prisons. Therefore, Moratinos confirms that at the end of November, the bilateral committee "Human Rights Spain - Cuba" will hold a second meeting in Madrid. This is what was agreed with his counterpart Pérez Roque during the last Ibero-American Summit in Santiago de Chile. "It will actually be a third meeting, because after the first session held in Cuba, there was one more, a preparatory one, in the UN", stressed Moratinos.

Moratinos seems to forget that many releases from prison are not releases in the true sense of the word, but are "licencias extrapenales" - permissions to leave prison because of health. In other words, the releases are a kind of make-up that hides new arrests and the serious situation of human rights and liberties in Cuba.

Are there any connections between the policy of loosening tensions and business interests on the "prison island"? There might be; although, no politician will openly admit it. The Spanish Socialist Workers' Party (PSOE) seems to focus its foreign policy on Cuba and Equatorial Guinea - due to history and because in both dictatorial countries, Spain might somehow supervise the process of transition towards democracy.

Nonetheless, the question is whether the policy of loosening tensions is adequate. On the 12th October 2004, the Spanish ambassador to Havana Carlos Zaldívar warned the dissidents that they would not be invited for national holiday parties anymore. Oswaldo Payá, the president of the Christian Liberation Movement and a winner of the Sakharov Prize of the European Parliament, left the "party", slamming the door. Since then, the opposition has not been appearing at any events organized by European diplomats. And this is what Václav Havel calls "diplomatic apartheid".

Moratinos opted for a meeting with the dissidents during his last visit to Havana. Apart from being immoral, his rejection was a clear sign that he does not really hope that some sort of transition will start soon - otherwise he would have met with people who once will play an important role in the democratic change. Not to count on the Cuban opposition either avoids that fact that the change is coming eventually or is slowing the whole process down. Moreover, such an attitude supports the totalitarian dictatorship by which the opponents are persecuted, imprisoned and tortured.

On the other hand, the European agreement promoted by Spain suggests that when the time comes, it will be necessary to support civil society and to establish dialogue with the dissidents. "The time has come", says Payá and adds: "we want to see a schedule for liberating peaceful political prisoners."

BUSINESS

What role do Spanish companies play in Cuba? "Foreign investments help funding the regime", says Miriam Leiva, the speaker of the Ladies in White. "I'm not an opponent of foreign investment, but I do oppose opportunistic investment", adds Vladimiro Roca.

Undoubtedly, there are people who believe that the simple presence of Spanish business will bring political liberation. However, it is more likely that it will be the other way around. The companies offer oxygen and foreign currency to a languishing regime. Businessmen use cheap labour and do not have to face any labour disputes. They complain about the conditions imposed by the State. They are, for instance, dissatisfied with the fact that 51% of the capital belongs to the State, that staff has to be selected by agencies that are appointed by the Government and that the regime bolts 85% of the salaries of their employees. "We have to run our business in those conditions like in any other country of the world; we have to assume what the laws of the country require us to do," says a lawyer with investments on the "prison island". And the same "wash-conscience" argument is used by the main Spanish companies settled in Cuba such as Caja Madrid, BBVA, FCC, Sol Meliá and NH.

Are there any common interests that the political powers might share? The fact that the socialist government has re-established cooperation with Cuba and the declarations of Moratinos in relation to Venezuela, in which he revealed that his priority were Spanish business interests, may suggest something. What is less known, though, is the level of cooperation of Spain and Cuba in sport. Top level sport has become Castro's best way

of doing propaganda. Yet when the Soviet Union cut the supply, nothing could be pretended anymore. In Cuba, top level sport practically disappeared due to lack of money. And it is precisely in this area that Spain picked up the baton. "We get help from a Spanish program that promotes sport," some Cuban girls reminded me. Who is in charge of such a program? Jaime Lissavetzky, the Secretary of State for Sport.

On the other hand, the sources from the People's Party (PP), which is the Spanish opposition, silently criticize the situation, although they also say – maybe naively – that when the change happens, Spain will be among the first on the starting grid. It will be something like getting the "jewel of the Caribbean" back and "save" it from US landings. However, what would actually happen if the new government just got money for the bills that had not been paid during years of exploitation, as it happened during transition in South Africa?

Let's now have a look at one example. Imagine an NH hotel in Havana. The hall is adorned with paintings of the Revolution and on one of them you may read: The Revolution brought Cuba independence and sovereignty, and laid the foundations for economic development." It would have been a nice message, had it not been for the bathroom without toilet paper for two consecutive days (in a hotel with Spanish prices). Things can even be worse: you may go out on the street and a child without shoes will ask you for soap. What was it that laid the foundations for economic development? And what about the independence when until the fall of the Berlin Wall they had lived thanks to the artificial respiration of the Soviet Union? And anyway: How can NH collaborate with Castro's crude propaganda?

Another idea to be considered is that despite the fact that the ILO's conventions are constantly and massively violated, Spanish trade unions have not opened their mouth to condemn

the pitiful situation of the Cuban people who work for the Spanish companies based on the island. And neither have they condemned the regime for "exporting" its workers so that Spanish developers may enjoy cheaper and safer manpower on their European territory. Their silence turns both businessmen and trade unions into accomplices of this unjust abuse.

The thing is that the topic of Cuba has something to do with hunger and appetite. "You have economic interests and the ideology", says Vladimiro Roca – and that is why Cuban government still invites politicians from the United Left (IU) to its parties. "Cuba is an example to follow", said recently the president of the Socialist Youth. Yet the queues in front of the Spanish consulate may be seen every day. What is so special then about this paradise which everybody wants to leave?

Luis Losada Pescador



photo: Miguel Gil

A city bus donated to Cuba by a Basque municipality

WILL OIL BRING DEMOCRACY TO CUBA?

Leopoldo Fornés-Bonavía Dolz

Until recently, writing about hydrocarbons in Cuba would have been like speaking about water in the Taklamakan Desert in Central Asia. It would simply be nothing else but a chimera. However, now it seems we could be mistaken to think so – oil has indeed knocked on Castro's door.

In a country where people have lived off of sugar cane registered until recently this constitutes a radical change. Sugar cane production traditionally used to range between 5 and 10 million tons per annum, but these days the harvest hardly reaches 2 million tons. Since the old large-scale production has been cut by the current economic and political system that was introduced in 1992, Cuba has unfortunately stopped being world's number one exporter of refined sugar. The sugar industry as Cuba's major source of income has been replaced by mining interests in nickel, chrome and cobalt through massive investments from countries like Canada. Tourism, which has been in decline, and remittances from emigrants – either from the political ones, who left the island in the past – or the economic ones, who are leaving the island today – are the two other major sources of income.

Already by the time of World War II, Cuba was extracting some reserves of heavy and dense oil that had been dis-

covered in the east part of Havana. The crude oil in the Bacuranao area that Cuba was struggling to drill with the help of the United States at that time was very difficult to extract and therefore was not very profitable. Eventually Cuba had to admit that the island was not as rich in hydrocarbons as Venezuela, Mexico or the southern and eastern parts of the United States. However in the first years of the Revolution new efforts were made with the help of Romania's Communist government. Romania had certain technology available and experience from extracting their own reserves and tried to drill in different parts of the country, mainly on the northern coast. The drilling rigs that Cuba bought or hired for this purpose were than paid by huge amounts of oranges that the country produced in the 1960s. However, by the 1970s and 1980s, it was concluded that the extraction of oil was impossible and the whole project was shelved.

And then in 1989 came the fourth "terrible" year of the soviet Perestroika. The Berlin Wall fell, the USSR began to disintegrate and the cheap, subsidized Soviet oil, that used to "travel" for 18 days to Cuba from the Black Sea, was now being saved from the long exhausting journeys in order to support the failing economies of the soon to be former Soviet Union. The Russians freed themselves from the Cuban

'yoke', along with the other countries of Central and Eastern Europe that once belonged to the Communist bloc and are now part of the European Union.

For almost a decade, the Cuban regime went through great lengths to replace the subsidised Soviet supplies by obtaining oil from Iraq under Saddam Hussein, from Iran under the Ayatollahs, from Mexico under the PRI or occasionally from the democratic state of Venezuela. However, all of them had the bad habit of billing Castro for it. Some wanted Castro to pay for the supply in cash, like Mexico, and if the money was not deposited in a particular bank, the tanker would leave the bay where it had been berthed and would return home with a full belly. I have never known whether any of the tankers actually did return home, but I have heard that there were some issues over payments. If you do not deposit the money in the bank, we will take our oil back home!

Nevertheless, in late 1990s, the Gods from the Marxist Olympus heard the fervent prayers and a "miracle" happened. In rich Venezuela, the populist Hugo Chávez was elected president and began to provide Cuba with huge amounts of oil and money. The crude was a real bargain – it was sold for very low, political prices and helped Castro to regain his breath.

Today, Venezuela provides 50 % of the fossil fuels that Cuba requires for electricity, transport and cooking. The other half is covered by the drills on Havana's northern coast and another 67,000 barrels per day are extracted for the state-run enterprise, CUPET, by the Canadian company Sherritt International.

At the start of the 21st century, Cuba's prospects began to change completely. The Cuban regime suggested that preparation needed to be made for drilling the submarine plateau on the north-western coast of the island. The area that was to be explored more or less extends from the port of Cárdenas in the central part of the island to the Guanahacabibes Peninsula in the West that is relatively close to the Mexico's Yucatan Peninsula. Everything seems to indicate that the wildcat exploratory wells in this area that were begun in 2005 and 2006 by the Spanish - Argentine enterprise Repsol-YPF, had led to the discovery of several profitable wells of light crude, despite all predictions, that might cover the enormous costs of the hired platforms and oil derricks. Since becoming public knowledge, this Spanish discovery aroused enormous interest among companies devoted to seeking new deposits. And quite logically, Cuba's Communist government has divided the drilling concessions among the companies which had put their hands up first.

The U.S. Geological Service carried out exhaustive studies when it learned about this news and calculated that the submarine oil deposits in the north-western Cuba could yield an incredible 4.6 billion barrels of crude oil and approximately 3 billion cubic metres of gas. Such astronomical reserves have completely changed the prospects of a country, whose population density is comparable to Europe (more than 100 inhabitants per square kilometre) and whose economy has been fading due to inefficient economic policies and a declining tourism industry. What a relief!

Soon after the discovery and to the "delight" of American geologists, the regime in need eagerly started granting concessions. The Canadian company Sherritt International (which was already operating heavy metal mines in Nicaro in the Oriente Province where Czech and Slovak engineers used to work before 1990 and where they still have investments unpaid by the regime) secured the concession for coastal area around Havana. Repsol-YPF claimed several concession to the east and west of Havana: two blocks abutting those of Sherritt International and another five deep sea concessions further along the coast of the Havana

The discovery of the immense pocket of crude oil and its extraction could be extremely important for the Cuban people to live happy lives in a democratic and stable country.

Province. According to a somewhat inaccurate map, Repsol-YPF claims supposedly extend from Bahía Honda in the Pinar del Río Province to the city of Cárdenas in the Province of Matanzas. After the initial successes of 2005 and 2006, these companies were joined by the Norsk Hydro of Norway and by OVL Videsh of India that also offered their capital and technology to Cuba.

The presence of Norsk Hydro reflects Norway's considerable interest in drilling in an area that is banned by the United States' embargo against Cuba. (An interesting side note is that this old and stable company from one of Norway's fiords once ran the one factory that produced heavy water for

Hitler's Third Reich, which was needed to make an atomic bomb. In 1942 this factory was destroyed by the British RAF along with courageous Norwegian patriots and democrats.) Indian Videsh Oil has claimed two concessions on the north-eastern coast of the Pinar del Río Province, and Petronas of Malaysia - the company headquartered in the famous Petronas Towers often seen in newspapers and on TV - acquired access to central and western parts of the same province. For now the last concession has been granted to Venezuela's PDVSA, which expects to extract oil and natural gas from the submarine plateau that runs parallel to the Guanahacabibes Peninsula as far as Cabo de San Antonio and the international waters of the Yucatan Channel close to Mexico's Cape Catoche.

Apart from these enterprises, this available rich oil pocket drew the attention of China's Sinopec and companies such as Nigeria Oil, Petro Vietnam and possibly Mexico's Pemex and Petróleos Chilenos. Considering Brazilian president Luiz Inácio Lula da Silva is interested in mineral mining in Cuba and is expected to visit the island in November, it is quite possible that Petrobras is also interested in Cuban oil. The strange thing is that there seemed to be no interest of European companies such as French Elf and Total, Italian ENI, British Petroleum or Royal Dutch/Shell. The Russian oil consortiums and ex-soviet countries have also remained silent. It is a well-known fact that Cuba still owes Russia 20,848 million transferable roubles from the Soviet Era and that since 1991 its debt to Russia has reached 819 million dollars. Considering the amount of this debt, Cuba might never be able to pay for the services and machines that it had been provided in the past, which might explain why there are no Russian engineers and drills presently.

American companies such as Chevron, Exxon, Mobil Oil, Sun, Tenneco, Amoco

and others were all “invited” to drill by the Cuban government, but none of them came because of the embargo that had been imposed by the Eisenhower administration in 1960 as a response to the nationalization without compensation of American and Cuban property (property of Cubans now living in the US). This embargo law has been rejected by the immense majority of UN member states recently.

If we consider that in 2007, the price of crude oil rose from 25 dollars per barrel in March to 60 dollars per barrel in September, it is obvious that with a good well of easily to refine oil, all investments into technology and prospecting whatsoever will bring profit. Anyway, who knows whether the price of crude will approach the dreaded 100 dollars/barrel that could signal an international recession worse than 1973. This is why the Cuban crude pocket is so important.

And what does the economic situation on the island look like at the end of 2007? According to a think tank from the University of Miami and economic experts from the Institute for Cuban and Cuban-American Studies, the island now more or less lives on the following sources of income that have been listed from the least to the most significant ones below.

Tobacco, pharmaceutical products, sugar and sea products bring in approximately 800 million dollars. You may notice that the income from sugar, included into one group with other items, is very low, despite the fact until the 1990s, sugar has been the main article of Cuban economy for centuries. The inefficient regime currently in power has managed to put an end to the sugar industry. Since 2002, seventy factories out of total 155 have been closed down. Castro killed the goose that had been laying the golden egg. Today, Cuba is world's twelfth largest producer to

export sugar, while until 1977 it had been the first (Quid France 2007).

Remittances from those who work abroad or live in exile (in exile live approximately 1.5 million people plus their children and grandchildren) provide 11.3 million Cuban inhabitants with 1.2 billion dollars.

Extraction of heavy metals such as nickel, chrome, cobalt and some copper generate around 2 billion dollars. In recent years, these metals have been Cuba's main export article, and while in the past, metals were extracted using technologies from the former Czechoslovakia, nowadays, mining is controlled mainly by Canada.

Income from tourism represents 2 billion dollars and most part of the money comes from Canada, Spain, Italy and other countries of the European Union. This sector has been on the decline though currently.

Additional sources that Cuba lives on are credits worth 1.6 billion dollars provided by Venezuela, China, Iran and Russia, and subsidies granted by Venezuela. Venezuela provides Cuba with hydrocarbons worth 2.2 billion dollars annually, Cuba has once again becomes dependent on another country. Over the course of its history, Cuba has been a Spanish colony; dependent on the United States and the USSR; and since 1999 it has been subjected to Venezuela. Then there are also China and Iran, countries that will always be willing to ignore the bills and to support Cuba in combating any national or international tendencies that might lead to democracy and pluralism.

Cuba is a fertile land of farmers, and yet because of the inefficient system of state-owned property imposed by the Castro brothers the country must buy food from the United States, otherwise people would have nothing to eat. Thanks to the fact that food items are excluded

from the embargo, the US may sell them in cash, and Cuba is the twenty-fifth biggest client to buy American agricultural products. The embargo pertains to industrial products, weapons and credits.

In essence, the most important thing is that the companies we have mentioned can find wells suitable for commercial extraction and that these wells are at least as rich as to cover Cuba's whole consumption and to replace subsidized oil from Venezuela. Today, Cuba needs 67,000 daily barrels of Venezuelan oil to keep its industry more or less running. However, if in the following ten years the country is energetically self-sufficient, Cuba, with its literacy level of 97 %, qualified labour and European level of life expectancy (77 years), may very well achieve that its government stops feeling blackmailed by another authoritative regime that is rapidly turning into a dictatorship, unless its subjects or God prevent it.

Self-sufficiency would also imply some sort of stability and might perhaps make the country more “mature” for democracy. The island could be brought together more easily, since the majority of working age people are emigrating, mainly to the United States and the European Union, would prefer to stay at home. Like the University of Miami's economic experts, I believe in a peaceful transition towards democracy, in a Czech style “velvet revolution” for Cuba. In the need for a kind of market economy which would significantly relieve Cuban people of the hardships they have been suffering on account of the regime that has been forcing them to live in an artificial system of state-run production and has been motivating them with its “moral” principles which in today's practice are far from being so.

Considering the above, the discovery of the immense pocket of crude oil and its extraction could be extremely important for the Cuban people to live happy lives in a democratic and stable country.

TRADE RELATIONS BETWEEN CUBA AND THE CZECH REPUBLIC

Dr. Traian Urban

The purpose of this paper is to explain the evolution and the actual condition of economic relations between the Czech Republic and Cuba in the recent history, i.e. from 1990 to 2006. The following article will try to describe certain specific features of this type of relationship, primarily the historical context, the influence of world business and politics, the current economic-political orientation of Cuba and the political obstacles which have affected to a certain extent the interchange of goods.

CLOSE FRIENDS

From a historical point of view, the relations between both countries were established with the onset of the Communist regimes in the second half of the 20th century through the economic connections and dependencies within the Soviet economic model. This stimulus led to the creation of new trade relations of extraordinary dimensions, considering the geographical distance between the two. Former Czechoslovakia, prior the collapse of the Communist regime in 1989, was the second largest importer and investor in the Cuban economy. For instance, a considerable part of the power generation facilities, which continue to supply the whole island with a significant amount of electricity, come originally from the former Czechoslovakia. These facts, together

with the good reputation of Czech products and a Cuban population's positive perceptions of the Czech Republic that were not damaged despite political tensions, have created favorable conditions for widening existing economic relations.

To study business cooperation between the Czech Republic and Cuba, we have to focus on two different, but interdependent spheres – the economic and the political. World business statistics show that trade flows are often act independently from the involved countries' political relationships, and sometimes even become a basis for strengthening ties. On the other hand, if they are not supported by an appropriate political will and strategy, they tend to reach a certain state of unwanted stagnation or remain confined to a limited range of products, which have a clear comparative advantage over local products. A current example of this phenomenon is the diplomatic rupture between Spain and Venezuela, which Hugo Chávez, the president of Venezuela, has used as a pretext to address some absurd threats to Spanish enterprises operating in the country. There are other determining factors that have affecting the mutual trade relations: the geopolitical situation, the attitude of the superpowers, the disunity of European policies toward Cuba, the progress of multilateral negotiations

within the WTO to which both countries have made commitments to and the confidence of businessmen.

After a thorough analysis of accessible data regarding our case, we can state that the tense political relationships, the distrust of the investors associated with the apparition of new business opportunities in Central, Eastern and Western Europe and the new geopolitical situation led, apart from some exceptions, to the stagnation of business between both traditional business partners from the beginning of the 90's. The most important factor in this context was the fact, that Czech companies in the 90's found new markets for their products primarily in other European states and up to a certain point didn't pay attention to the possibilities of Latin America as a whole.

TRADE FLOWS

The volume of trade exchange between both partners was reduced to a minimum in the 1990's after the fall of Communism, which brought a new geopolitical situation. Czech companies have returned to Cuba and to the rest of Latin America to a limited extent only since the new millennium began as they needed to find new markets. Between 1990 and 1999 trade volume between them was very low, with the exception of the year 1998, when it increased by 300% due to the construction of a thermal

power plant in Felton, Cuba, in which some Czech companies took part. However, this fact, which normally means a new impulse and encourages the investors to focus on a country where something like this happens, didn't convince the Czech investors of the potential of the Cuban market. That's why Czech export stagnated again between 1999 and 2002. A minor change came in 2003 due to the exports of Czech foodstuffs especially through the company Simplex CZ (exporter and importer of dairy products, malt, etc.). Furthermore, in 2005 the Czech company Linet exported special medical furniture, which led to some interesting contracts with local, and as it turned out later, also with foreign health care institutions. In addition, the Czech enterprises of Škodaexport and Inekon Power played an important part in exporting other raw material and of power generation facilities at the same time. (As a matter of fact, the Cuban regime often barter some products for different raw material, e.g. oil, natural gas, etc., with surrounding states, especially Venezuela and Bolivia.) Those two enterprises mentioned

above are an example of a successful business in the difficult conditions of Cuba. They both have had their official commercial representation in Cuba for several years already. The company Škodaexport, which supplies the Cuban market with machines and spare parts, takes up again the activities from the period before November 1989. Inekon Power, a.s., is engaged in supplies of capital equipment for energy industry, spare parts, transport machines, etc.

Following the example of Škodaexport, other Czech companies have tried to keep their former market positions in Cuba. A traditional cooperation continues successfully between the Czech motorcycle manufacturer Jawa, whose motorcycles are assembled by the Cuban company Rodar Motociclos S.A. and with the Czech company Brisk Tábor and the Cuban De Bujías cooperating in the production of automobile spark plugs.

THE STRUCTURE OF BUSINESS

It is virtually impossible to describe all types of business cooperation and

to analyze thoroughly the structure of bilateral transactions in terms of separate commodities due to the limited extent of this article. Therefore I will explain and summarize some of the topics usually considered the most important for both countries, with emphasis on the Czech Republic.

When one looks at the historical documents dated before 1989, they will discover that the usual export article of Czech economy were products from the engineering and energy industries. These ties have been maintained even after the collapse of Communism in the Czech Republic, although in significantly smaller volumes. This is in direct proportion to the necessity of renovation of some spare parts or to the reconstructions of current facilities and, at the same time, to the declining possibilities of Cuban economy. Because of the world economy crisis at the turn of the millennium, which affected all the Latin American economies as well, Cuba found itself in a complicated situation and could not continue in the necessary investments, for example, in the energy sector. This became evident in



photo: L. Konek

On the market

2004, when the importation of foodstuffs and semi finished food products prevailed over the traditional commodities. After normalizing the economic situation in 2005, the import structure returned to the previous trend with a growth of export in the energy sector, but again in 2006 the significance of foodstuff export proved true and reached the second position in the overall export structure.

These official statistics show that since 2003 Czech export to Cuba has grown every year by 30% and in 2006 even by 57% in comparison with 2005, so that Cuba became the fourth biggest Latin American destinations of Czech products, with a share of 5.2%. Nevertheless, it's important to say that these statistics don't reflect imports from the third countries. It is very probable that some Czech products come to Cuba via some other states of that zone – especially Venezuela, Mexico, Brazil, etc.

Import from the opposite direction, i.e. from Cuba to the Czech Republic, are concentrated in tobacco, alcohol and agricultural products, especially on two characteristic export articles – Cuban cigars and rum. Their popularity and consumption have been growing regularly since 1998 in the Czech Republic. As far as we know, there aren't any Cuban companies operating officially in the Czech Republic. That's why the restaurant La Bodequita del Medio in Prague remains the best known Cuban "investment". Its license was granted by the Cuban authorities in the form of a franchise contract. The mentioned trade turnover between Cuba and the Czech Republic corresponds to the classic phenomenon of the North-South divide which is reflected in the low level of industrial exchange. It is necessary to notice that in the last few years the import coefficient of industrial products from Cuba to the Czech Republic hasn't shown any signs of growth in contrast to the other mentioned products (i.e. tobacco, alcohol).

By analyzing the available data (see the following tables) we learned that Czech companies are specialized in industrial products export (complex technologies in general), which makes more than 75% of the total export to Cuba, while the import from Cuba is composed of low income elastic priced goods (i.e. alcohol, tobacco and partly agricultural products).

Trade Volume between the Czech Republic and Cuba

(in millions of dollars)

	Export from the Czech Republic	Import to the Czech Republic	Turnover	Balance
2002	3,25	1,05	4,29	2,20
2003	7,90	1,71	9,62	6,19
2004	10,93	2,38	13,32	8,55
2005	16,91	4,40	21,31	12,51
2006	29,78	4,42	34,21	25,36
% 06/05	76%	-8%	57%	

Czech Export to Cuba in 2006

(the 10 most important items)

		Thousands of USD	Percentage
1	Medical furniture	8,831	29.35
2	Unroasted malt	4,021	13.62
3	Milk and cream powders	2,727	9.29
4	Transformers	1,907	6.36
5	Motor and elec- tric generator parts	1,297	4.42
6	Vehicles	862	2.91
7	Parts of pumping devices	677	2.27
8	Motors	637	2.12
9	Motorcycles	564	1.87
10	Motorcycle parts	556	1.85

Czech import from Cuba in 2006

(the 5 most important items)

		Thousands of USD	Percentage
1	Cigars	2,779	63.1
2	Rum	1,290	28.95
3	Wine	114	2.54
4	Microwave vacu- um tubes	52	1.19
5	Processed fruit	59	1.11

Source: Ministry of Industry and Trade of the Czech Republic

The growth of the mutual trade is evident over the last few years and corresponds to the necessity of Czech companies to look for new markets and opportunities. On the other hand, the volume of export or investments of other European countries in Cuba highly exceed the Czech results. Until recently, the former EU-15 made 80% of all foreign investments in Cuba and held 45% of mutual trade. Among the largest European business partners and investors in Cuba were, and still are, Spain, France and Italy. The trade volume between the EU and Cuba exceeds (according to some estimates) two billion of dollars despite the fact that the Cuban economy still doesn't offer such attractive opportunities as other countries of Latin America with their democratic regimes and market economy.

DIALOGUE FOR BUSINESS

Supposed changes in the course of Cuban politics and economy after the death of the Castro brothers make businessmen believe that the companies able to establish themselves in the Cuban market now will have a great comparative advantage at the moment of that change. After the change of the regime, Cuba will be one of the last countries, where a change of property right from the public to the

private will take place, and this might be a source of huge speculative income for some investors. It is expected, of course, that the revival of Cuba's devastated economy will attract large foreign investments in the infrastructure, tourism, energy industry, etc., which might be very interesting for some Czech companies as well.

This is possibly one of the explanations, why the Spanish and French governments prefer the policy of dialogue with the Castro's regime at the price of certain compromises, associated with the possibilities of investment and protection for the European companies. The goal of this paper is not to judge or evaluate these particular policies toward Cuba; however we can claim that, because of the disunity in European policies toward Cuba and the changes in the global political-economic context, this policy of dialogue has only

been partially successful. Recently, we can observe a clear trend – Cuba is turning its attention to other parts of the world and it attracts investors from countries like Venezuela, China and Canada, as well as other Latin American states. Their companies replace, step by step, the European ones especially in the areas with growing opportunities, e.g. in the mining industry. Also the reinforcement of economic cooperation with the leftist governments of Bolivia, Venezuela and Nicaragua is doubtless.

The examples of some Czech and foreign companies prove that the trade flows are not influenced only by political conflicts but also by supply and demand, which could create large opportunities for several Czech companies. However, they must take into account many problems at the beginning that are difficult to get past. A larger trade volume would require cre-

ating mechanisms that would increase transparency, information exchange and mutual confidence, which appears unlikely at the moment in Cuba. The structures of Cuba's customs protection and export support programs also pose significant problems. Czech businessmen can learn from the experience of companies already operating in Cuba or use the services of the Czech-Cuban Chamber of Commerce, established not long ago in order to promote the development of mutual business cooperation. All of this puts aside the ethical dimensions of investing in Cuba presently, but that isn't the object of this summary.

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CUBA AND SPAIN – RELATIONS AND CONTRADICTIONS

Oscar Espinosa Chepe

The ties between Cuba and Spain have deep roots. Besides Puerto Rico, Cuba was the last Spanish colony in Latin America after thirty years of war with intervals of peace. The Cuban victory in 1898, obtained with support from the United States, believed in the basis for independence. However, in spite of the bloody battles it should stand out that rancor never nested in the soul of the Creoles.

Perhaps this was due to the existing strong blood and cultural links, the participation of Spaniards next to the Cubans in the fights for independence or Jose Martí's inclusive sermons, since friendly feelings have always existed between Spain and Cuba. Proof of this is can be seen in the fact that after the founding of the republic in 1902, a considerable migration arrived from the Iberian peninsula to the island, between them were more than a few

former Spanish soldiers who participated in the wars, and yet it never created an obstacle for the respect and affection of Cubans, who have always been proud of their origins.

Because of this shared history, when there has been contempt and scorn towards those who fight peacefully in Cuba for liberty and democracy under extremely difficult conditions in recent times, the offenses hurt much

more than if they originated from the governments of other countries. One must clarify that these unfortunate actions have not come from the Spanish society, where Cuban democrats have always received support, understanding and solidarity.

It would be fitting to ask ourselves why the current Spanish government has taken this approach. Why is the Spanish Embassy in Havana the least active in taking in Cuban dissidents? Why did Chancellor Miguel Ángel Moratinos not meet up with the opposition nor give no public gesture toward the prisoners of conscience and political during his visit to Cuba? This attitude was repeated by Mrs. Leire Pajín, the Secretary of State, during her recent stay with her statements that Spain's collaboration was not connected to human rights issues in Cuba. Why would a proclaimed socialist government and a representative of a party that suffered so much under the pro-Franco totalitarianism take such an approach? Why the eagerness to not only to change Spain's political position toward Cuba, but to endeavor that the European Union act in the same way serving an anti-democratic state and a known violator of human rights that has led Cuban society to the most absolute economic, social and moral disaster?

Possibly the answers to these questions can be found in the high level of priority that Spain's commercial and economic interests have in Cuba, which seem to be above their commitments for their respect of human rights, and particularly to the rights of workers.

Cuba is the third largest destination for Spain's products in Latin America. In 2006, their exports rose to a record of about \$800million, equivalent to an increase of 20% from 2005. Since August of 2007, sales have increased another 15%. Spain is the main invest-

tor above Canada and 182 Spanish companies are present on the island, among them Altadis, Agbar, Meliá, Iberia, Repsol, Banco Sabadell y Corporación Financiera Habana-Caja Madrid. At the same time, Cuba's debt with Spain has been recently calculated at \$1.4million.

The Spanish has a substantial presence in essential sectors, like tourism, where it fundamentally controls half of the operations through the Meliá company with 22 hotels and nearly 10,000 rooms out of the 44,000 that exist. In the promising petroleum industry, Repsol has financed and arranged offshore drilling. Altadis has a decisive role in the cigarette manufacturing industry by means of joint businesses ventures with Cuban companies.

Spain's activities are conducted in an environment of absolute labor peace, guaranteed by a regime that prohibits the free unionization of workers, the right to strike and that demands the contracting of the employees by the foreign companies through state businesses that charge in hard currencies while paying workers salaries in Cuba's depreciated national currency and only hiring people that the government considers politically suitable. It is unnecessary to say that anyone that expresses some criteria or demanding attitude is removed immediately without any rights. Additionally, the Spanish companies and those of other countries involved in tourism are in concert with the tourist apartheid imposed by the Cuban government, so that no Cuban can rent a room, although he have currencies to do it. The cooperation with the repressive politics of the state is such that in 2005 the Hotel Meliá in Havana suspended a contract hours before a reception arranged during a national celebration by the Czech Republic in which dissident would participate.

Certainly, commerce, tourism, and foreign investment can be factors for progress, it might be facilitating technology, capital, markets and above all contacts between people, which is in no way objectionable and can include receiving reasonable benefits from the development of those activities. Furthermore, in Cuba's case, these activities could strengthen ties to democratic countries and their experiences, as a means of contributing towards a greater respect for human rights and the future establishment of the norms of respectful coexistence. Nevertheless, when economic relations are only marked by the anxieties of profits they become miserable exercises, leaving to one side the principles accepted by governments in their own countries and in international agreements (The International Labor Organization, the Counsel of Human Rights, etc.) instead they constitute protected abuses against a defenseless people.

As Cubans, we deserve that this position be reconsidered by the Spanish authorities, in order to execute a more harmonious politics with the tradition of its society, certainly distant of egoistical positions. It should be recalled that the Sakarov Prizes to the Liberty of Conscience, which were awarded by the European Parliament in 2002 to Oswaldo Rustic and in 2005 to the Ladies of White, were proposed by Spanish representatives, and that simple citizens have consistently shown their permanent solidarity with Cuba by striving to reach peacefully for a reconciled, democratic Cuba with social justice.

La Habana, 26th October 2007

*Oscar Espinosa Chepe, Economist
and Independent Journalist*

ETECSA – TELECOM A MARRIAGE OF CONVENIENCE

Juan González Febles

The rates for making long-distance phone calls to and from Cuba are the most expensive in the world. All doubts that might arise can be dispelled by one single look on the list of applicable tariffs. In addition, the prices for wireless telephone services are the highest in the world. Yet both services are paid in a freely convertible currency.

Wireless telephone service is subject to limitations. Legally, it may only be provided to foreign residents and to those who had obtained a formal authorization from the Cuban Government. Access to the internet and the web is controlled and limited in a similar way.

The world's worst paid engineers, technicians and support staff in the telecommunications sector are employed by Etecsa and live in Cuba. Etecsa is the state-run company in charge of internet services, which has become extremely efficient in contributing to the unlimited repression that the Government imposes upon Cuban society.

There is plenty of evidence that the company is involved in the illegal eavesdropping on opponents, journalists, librarians and other individ-

uals who disagree with the Cuban dictatorship. Furthermore, Etecsa has been known to temporarily disconnect telephone service to opponents and political enemies of the regime at the request of the State Security police.

The world's worst paid engineers, technicians and support staff in the telecommunications sector are employed by Etecsa and live in Cuba.

Etecsa shares have been made available to foreign capital in order to penetrate the international market and to obtain sophisticated telecommunication technologies, advanced hardware and software designed for controlling and improving their network.

Foreign shareholding and investment have become regulated by the Law on Foreign Investment, accord-

ing to which foreigners may hold up to 49 % of Cuban state-run companies. Apart from establishing that companies may be shared, this law also allows that profits are divided between foreign investors and Castro's totalitarian state, which acts as the boss. In this way, foreign capital gets involved with Cuban government and actually participates in its unusual business and social policies.

Some time ago, Etecsa organized a meeting with Telecom Italia. The Italian multinational accepted the Cuban's offer and cast its lot in with the Castro brothers' dictatorship by acquiring more than 30 % of the state-run telecommunication company.

Through this close cooperation Telecom can use of the worst paid staff in the world. And of course, their personnel enjoy the status of being a private employer in a country where workers do not have the privileges of freedom of association and the right to go on strike. One must not forget that Cuba is a slave island where workers and trade unions are not protected by any of the International Labour Organization's laws and regulations.

Furthermore, Telecom is allowed to profit from the high tariffs that Etecsa imposes in and outside Cuba. While the Cuban government is willing to take advantage of the capital and advanced technologies provided by the company in return for their enormous profits.

Some facts justify and illustrate such declarations that incriminate to Telecom. On the 10th December 2006, the vehicles of Etecsa were used as police vans by the Security of State. It happened in the Villalón Park in the Havana district of Vedado.

In the park, which is situated in front of the building of Cuban UNESCO,

there had been a meeting of opponents who had come to commemorate another anniversary of the Universal Declaration of Human Rights. The gathering was fiercely suppressed by the Security of State that used cars and staff of Etecsa.

The police action was denounced by those who had witnessed it. The Cuban independent journalist Carlos Ríos had been present at the site and in his testimony for the televisions from around the world he clearly condemned the role Etecsa had played in the event.

More recently, technical staff and vehicles of Etecsa have taken part in

the swoops that had been organized by Cuban criminal police in order to deactivate the satellite dishes that people are installing all around the country.

These are clear examples that as a partner of Etecsa, Telecom participates in the repression of Cuban society. What we are dealing with is but a kind of marriage of convenience in which Cuban people lose and Telecom wins. The whole issue is just as simple as that.

Juan González Febles

MICHAEL MOORE'S DOCUMENTARY TO BE CENSORED IN CUBA

Dr. Darsi Ferrer

There is no doubt that Cubans living on the island will not be allowed an opportunity by the authorities to see the documentary "Sicko" directed by the renowned film director and ideological ally Michael Moore.

As contradictory as it may seem, the underlying idea of the film, which is to discredit the US health care system and to highlight the benefits of its Cuban counterpart, is deemed subversive in Cuba since it rests on downright lies and does not reflect at all the dramatic health care situation in Cuba.

Fidel Castro is known to have sought the services of a Spanish doctor when the state of his health deteriorated. Only several years ago, Abelardo Ramírez, former Vice-Minister of Health care, had been attended to in France, where he had also undergone surgery for gastric cancer, of which he later died. Similarly, the neurosurgeon Domingo, who is a member of Castro's personal medical staff and head of education at CIMEQ hospital, turned to British ophthalmologists when he needed an eye surgery and what is more, he keeps making occasional visits to the British center as a follow-up.

If they, as well as other dignitaries, can take full advantage of all the privileges and recourses that their country offers them, why do they show so little confidence in the competent revolutionary medicine as soon as they face health problems?

The Cuban health care system can be defined by one word: chaos. Most health care institutions are falling apart and it is obvious that the buildings of such institutions are run-down and the conditions in them just dreadful.

If you are admitted to hospital, you have to bring not only your own food but also pajamas, bed clothes, glasses, cutlery, buckets and occasionally – in extreme cases – patients must even bring their own light bulbs if they want light and some cleaning material to make up for the insufficient hygiene during their stay in hospital. You also have to secretly obtain medicines, reagents and other material needed for your treatment.

In the whole country there is a profound lack of medical professionals. Generally speaking, people have limited access to basic services such as examinations by specialists or a simple ultrasound, X-ray or ECG examination – for any patient it is necessarily an odyssey. Not to mention some more sophisticated procedures such as magnetic resonance or computer tomography – that would be talking about privileges that only few people can enjoy. The situation resembles the times of the Apartheid in South Africa: Cuban people bear the consequences of segregation that has been officially implemented by the regime.

Foreigners, members of the nomenclature and high-ranking Army officers can take advantage of excellent medical services in first-class health care institutions such as: La Clínica Internacional Cira García, La Clínica Internacional de Retinosis Pigmentaria, El Centro Internacional de Restauración Neurológica (CIREN), El Centro de Investigaciones Médico Quirúrgicas (CIMEQ), La Clínica Koly, the best parts of the Hospital Almeijeiras or Hospital Frank País and other institutions.

Unlike in institutions for common people, the services provided in hospitals such as the ones stated above (to which Cubans do not have access to) are of first-class quality, their medical staff is highly qualified and professionally trained, there are excellent conditions and adequate hygiene, they provide

cable television and recorded music, and there are supplies of all necessary equipment, medicines and resources.

What the regime falsely calls “international missions” is simply the only possibility for Cuban medical workers to gain a few dollars to solve some of the most urgent problems that living in Cuba entails.

In exchange, the “internationalists” pay the price of being exploited as cheap workforce and forced to par-

Pharmacies do not have enough supplies and lack the basic drugs like analgesics, antacids, vitamins and minerals, antibiotics. Only those who sell their products for dollars to foreigners are not confronted with such problems.

ticipate in manipulation of consciousness in the places they are sent to and promote the totalitarian model of the Marxist-communist type.

One of the major achievements fervently boasted about in abroad is the Family Doctor-and-Nurse Program ascribed (as everything in Cuba) to Fidel Castro. The program constitutes the basis of primary care; however, most surgeries have for years been highly inefficient or have been even closed down due to lack of staff. The authorities do neither admit their disappearance nor do they seek alternatives to substitute them. At present, one family doctor attends to patients

in 4 to 6 surgeries and – as a result – is incapable to provide such services.

The main problem that the health care system has to face is the lack of motivation of medical professionals resulting from their incapability to satisfy even the basic needs for the extremely low salaries they get, which leads to a high rate of iatrogenic errors, shortcomings and acts of neglect in daily practice. In the meantime, the legal system in force has not thought of indemnifying those who have been injured due to medical errors.

Another factor that works against the motivation of medical workers are the existing limits to their development: they are denied access to internet, free participation in international courses and events, they have no access to updated medical literature or any possibilities of connection with scientific advancements achieved in the world.

In fact, thousands of physicians and other medical workers with aspirations for professional development have been waiting for years to be „liberated“ and be able to leave the country. Such people are in a position of hostages of the regime and many of those whose families live abroad are traumatized by being separated from their families.

It is difficult to understand that in our time Cuban people cannot take advantage of endoscopic surgery or count on simple functional examinations of the respiratory system when dealing with pulmonary diseases; that Cuban women do not have an opportunity to undergo large-scale examinations to detect breast cancer or cervical and uterine cancers; that there is no way how old people and sickly could procure orthopedic appliances such as walking sticks, crutches, wheelchairs, fowler beds, whose absence they usually have to solve by ordering such equipment from abroad.

Abandonment of programs for vector control, lack of hygiene with respect to omnipresent rubbish dumps, bad quality of drinking water lacking adequate treatment and in many places contaminated by sewage, insufficient sewer systems and frequent ruptures of sewage water pipes, all this has converted the country into a nest of diseases. All year long there are epidemics of dengue fever, leptospirosis, hepatitis, meningoencephalitis or of parasites, scabies, lice.

A multiple of things are lacking, including all types of medicines, even the essential ones. Pharmacies do not have enough supplies and lack the basic drugs like analgesics, antacids, vitamins and minerals, antibiotics. Only those who sell their products for

dollars to foreigners are not confronted with such problems.

By juggling statistical data, the authorities of the regime are trying to emphasize some aspects while intentionally concealing the underlying facts of each indicator. They boast of the low infant mortality rate without explaining that it has been achieved by a ruthless pursuit of the policy of supporting and carrying out abortions. Nor do they divulge that children over 1 are no longer of political interest and are no longer given baby food when they are 3, and reaching the age of 7, they are robbed of their milk. They declare that life expectancy has grown but by no means do they want to speak about the dreadful quality of life of old people. They not only falsify the facts relat-

ed to the rate of suicides, malnutrition, low birth weight and other inconveniences, they even treat such data as a state secret.

To sum it up, it is curious that Michael Moore has chosen Hospital Almeijeiras to demonstrate the excellent state of Cuban health care system. However, it does not surprise anybody in Cuba. It is logical that it wouldn't have been possible to film the spiteful documentary in an ordinary tumbledown Cuban hospital.

Havana, Cuba, August 6th, 2007.

Dr. Darsi Ferrer, Director of Health and Human Rights Center "Juan Bruno Zayas"

COOPERATION BETWEEN CUBAN AND SLOVAKIAN EXPERTS

Ivana Kullová

The Economy of Cuba – Current Conditions, Recommendations and Prospects”, which was published by the Slovakian civic association People in Peril (Človek v ohrození) in August 2007, is a result of more than two years of cooperation between dozens of economic experts and Cuban independent economists.

Due to Castro's huge and monstrous efforts to keep his people on the island isolated, our starting posi-

tion for cooperating was in no way favourable. In Cuba, you may only find printed and electronic media that are controlled by the Government and their main purpose is to broadcast propaganda. And according to this propaganda, the countries of Central and Eastern Europe, which once used to profess the same ideology as Cuba, got incorporated in the world of capitalism and are now faced with enormous social injustice and fading economies. Since

there are no alternative sources of information available, many people in Cuba believe that that the living standard in Slovakia is now worse than in 1989.

However, this is not true about the people from independent intellectual circles, because many of them have been paying attention to the evolution of Central European countries since the early 1990s. Yet obviously, in order to follow what has

been happening, they have needed information from abroad, and People in Peril is one of the organizations that have been sending them books or analyses or that have even been organizing visits of experts to Cuba so that they could give and explain some examples of how different spheres of a country may be transformed.

However, providing information about our Central European experience has not been our only objective. The aim of our efforts has been to encourage people in Cuba to express how they perceive the situation in their own country and how they


would like to change it. Therefore, we planned the following project: An expert from Slovakia would travel to Cuba in order to give a lecture on the change of Slovakian economy after 1989 and would observe the conditions on the island. Back home, this expert would write an analysis about current situation of Cuban economy, giving recommendations for future. And the Cubans who would have attended his lecture would be expected to carry out the same task.

Yet, of course, nothing could come out precisely according to our plans. During his visit, Matúš Pošvanc, a

Slovakian analyst from the F. A. Hayek Foundation, was faced with several inconveniences. His interpreter and guide was suffering from health problems and Fidel Castro, too, got seriously ill and transferred his power to his younger brother Raúl. And because of this new and extraordinary situation, several meetings that had been planned could not actually take place.

But despite adversities we eventually achieved to gather eight essays by Cuban authors, and we were very pleased with their qualities. Previously, we had been cooperating in a similar way with Cuban independent scholars and many of their works had been philosophical essays based on abstract ideas rather than texts of analytical character. On the other hand, the analyses by the independent economists abounded in concrete ideas and recommendations – maybe because many of them were written by renowned and experienced authors such as Oscar Espinosa Chepe: “Priority shall be given to agriculture that should be encouraged by a structural reform. In order to achieve that farmland be reasonably and efficiently used, it should be handed to independent collective farms and private farmers. Depending on its condition and on social agreement, farmland might be sold or rented with the option of later acquisition. Farmers could also be granted usufruct land rights.”

However, even those independent economists who do not have much experience with analyses and who wished to remain in anonymity, actually offered in their work many constructive and relevant ideas. And what makes their texts interesting and valuable is not that it was the first time they tried to formulate their ideas about Cuban economy but rather that their ideas are based on



Economía en Cuba

**estado actual,
perspectivas
y recomendaciones**

Resultados de la colaboración entre
los economistas cubanos y los eslovacos

people in peril
association slovakia

their knowledge of transformation in Slovakia: "In Slovakia, restrictions imposed by the government slowed down growth in certain sectors. Yet, Cuban people are not used to seeking solutions by themselves, and that is why for some time the solution to our economic problems will be demanded from the state. But on the other hand, in this way, the government might yield to public pressure and start imposing unnecessary restrictions which would hinder personal and social development."

Another positive feature that should be emphasized when considering the works by our Cuban authors is their

optimism. The economists are not optimistic in describing the everyday life in Cuba, but are optimistic and positive about the potential of Cuban economy and about the ability of people to obtain maximum from the potential change and from the opening of Cuban market: "Cuban society has a great spirit of enterprise and people can work very hard – and once there will be a real and legal possibility of running business and once private property will be respected, there will be a boom of small and medium-sized enterprises."

In the "Economy of Cuba – Current Conditions, Recommendations and

Prospects", you will find six out of the eight essays written by Cuban authors and a detailed analysis of Cuban economy by the Slovakian economist Matúš Pošvanc. And symbolically, there is a prologue written by Ivan Mikloš, the former Deputy Prime Minister for Economic Affairs (1998 – 2002) and Finance Minister (2002 – 2006), who is considered as the "architect" of Slovakian economic transition.

*Ivana Kullová, Project Coordinator for
Cuba, Človek v ohrození (People in Peril)*

EXCERPTS FROM THE BOOK "CUBAN ECONOMY"

"Undoubtedly, for the transition to have a peaceful character, good education and health care must remain free although there might appear private interests in this field. Should this not be respected, we would have to face a strongly adverse response that in times of democratic freedom would lead to incidents of public disorder and strikes the magnitude of which might be quite serious. And for similar reasons, the system of social security cannot be neglected either."

F.M., independent economist, Holguín

"In Slovakia, restrictions imposed by the government slowed down growth in certain sectors. Yet, Cuban people are not used to seeking solutions by themselves, and that is why for some time the solution to our economic problems will be demanded from the state. But on the other hand, in this way, the government might yield to public pressure and start imposing unnecessary restric-

tions which would hinder personal and social development."

Contributor no.2, Pinar del Río

"As far as restitution is concerned, the protection of private property certainly offers security to the investors and is a basic condition for economic development, however, in Cuba this issue is extremely delicate. While in Slovakia, the government first opted for returning the properties to their original owners, in Cuba we should begin by forming and consolidating a certain national economic class, by establishing norms and by holding debates. The legislation which would come out of the talks should give priority to compensations rather than restitutions. Claims for historical properties should be resolved on the basis of adequate laws that would provide for just decisions at courts."

Dimas Castellano Martí, independent economist, Havana

"Priority shall be given to agriculture that should be encouraged by a structural reform. In order to achieve that farmland be reasonably and efficiently used, it should be handed to independent collective farms and private farmers. Depending on its condition and on social agreement, farmland might be sold or rented with the option of later acquisition. Farmers could also be granted usufruct land rights. (...) And apart from this agrarian policy, there is a need for abolishing the current system of rationing, because from the practical point of view, this system not only provides help for many people who do not need it, but it is also responsible for a vast and expensive bureaucracy that is a source of corruption and inequalities. And to compensate for this measure, retail prices should be deregulated. Maybe in the very beginning some essential items, such as milk, rice or bean, might be an exception and

might be subsidized until the production increases.”

Oscar Espinosa Chepe, independent economist, Havana

“Cuban society has a great spirit of enterprise and people can work very hard – and once there will be a real and legal possibility of running business and once private property will be respected, there will be a boom of small and medium-sized enterprises. These capacities of Cuban people could be seen in different periods of our history, when the economic conditions were very unfavourable yet people always somehow proved their great ability to recover. The best example could be seen in 1994. Once the Government allowed citizens to run their own business, thousands of family enterprises appeared. The majority of them were offering better products than the state and some could be even

proud of products the quality of which could be classified as superior.”

Contributor no.1, Pinar del Río

“The reforms that will be gradually carried out need to follow a certain scale of priorities, otherwise gradualism may turn into immobilism. Considering the experience of the 1990s, we might say that the economic opening could very well start by promoting small enterprises and could be one of the first reforms. By promoting small enterprises, these would become the engine of microeconomy and would serve as a “locomotive” for the rest of economy.”

Contributor no.3, Pinar del Río

“Among the essential conditions for the changes in Cuba to be successful from the consumers` point of view will be the degree and the speed of orientation towards market economy. If the main

market reforms are carried out quickly and are socially responsible, Cuba may overcome the difficult transition period soon and the citizens will not suffer its negative impacts. For it to happen, it will be necessary to establish the conditions for competition and for foreign investment, to protect private property, to introduce particular price mechanisms and to eliminate political influence from the economy. This whole period may be marked by certain euphoria over the change, people will be prepared for the transition and will face it more easily. Should the reforms be carried out more slowly and with less responsibility, the trust of people in the whole process would be shattered.”

Matúš Pošvanc, analyst of the F. A. Hayek Foundation, Slovakia

CUBAN WORKERS IN THE SHIPYARD OF CURACAO

Clara Olivia Ocampo de Álvarez de La Campa

At the end of 2004, we learned very disturbing facts from different sources that were related to a group of Cuban workers who had come to the island of Curacao in the Netherlands Antilles to work in the shipyard known as DOK. When I say “we heard”, I mean me and my husband José María Álvarez de la Campa, who has been one of those to condemn this case from the very beginning.

Back then, José María was the main columnist of “El Periódico”, a Spanish-written weekly which is published for Hispanic emigrants living in the Caribbean territories of the Kingdom of the Netherlands and the pages of which have on several occasions condemned the cases of exploitation and mistreatment of immigrant labour. I was one of the contributors of “El Periódico” and was also a member

of the Working Group on Trafficking in Human Beings in the Netherlands Antilles, a body which was set up by governmental and non-governmental organizations and which is fostered by the International Organization for Migration.

On the 10th January 2005 and after “El Periódico” published several articles on trafficking in persons, the

editorial team of the weekly were contacted by three Cuban men who had been working in the shipyard in Curacao. They told us that the definition in the articles corresponded to what they had been experiencing in the shipyard and that they therefore felt to be victims of trafficking. In the weekly, this phenomenon had been described as follows: We speak of trafficking in human beings when people are transferred from one place to another in order to be exploited, when they are forced to work for many hours in insecure conditions, are paid little money or are not paid at all, when their papers are withheld from them, when their working conditions are different from the conditions they were promised at their place, when they are forced to work by means of coercion and threats, etc. Alberto Justo Rodríguez Licea worked as a ship maintenance engineer and left his job at the end of 2004, and Luis Alberto Casanova Toledo, a naval systems fitter, and Fernando Alonso Hernández, a welder, left the shipyard on January 7, 2005.

These three Cuban workers told us they felt cheated, because in Cuba they had signed a contract with the National Shipyard Company, but later in Curacao those terms had not been respected. According to the contract, they would work six days a week and would have one day free. However, they were forced to work for fifteen to thirty consecutive days without any time off. As far as working hours are concerned, the contract provided for a maximum of twelve hours a day, nevertheless, they had to work for fourteen to sixteen hours, with the most frequent shift starting at 3 P.M. and ending at 7 A.M. For their work they were paid twelve dollars a day.

The workers from Cuba complained that they had been forced to do the

most dangerous work – they were asked to work at the highest or most confined and hottest places. Moreover, their freedom to move was limited because Rosana Grau, their staff manager whom they considered to be an agent of the Security of State, had withheld their passports. They were not allowed to meet with people who would disagree with the Cuban government, were forced to supervise one another and could only go out together in a group. Since the shipyard belongs to the state, with their work, these men were fulfilling Castro’s “mission” to pay his debt to the government of Curacao. Cuban penal code provides for four to eight years of prison for those who shall fail to their mission abroad, and that is what the workers were constantly reminded of by the representatives of the Cuban government.

Alberto Justo Rodríguez Licea told us that he and another Curacao worker had had a work accident. Alberto was sent to Cuba to recover and they promised him compensation. However, he has never been indemnified, and moreover, in Cuba, his case was not treated as a work injury but as an illness. Therefore, he was paid less salary than he was supposed to, and when he returned back to work he learned that the Curacao worker, who had had the same accident, actually did receive the compensation.

On Monday the 10th of January 2005, the very same day they spoke with the editorial of “El Periódico”, the three Cuban workers fled from Curacao on a boat. On Wednesday evening, two days later, some friends of ours told us that the security at the entrance to one residential neighbourhood had shown them photos of two “deserters”: Luis Alberto Casanova Toledo and Fernando Alonso

Hernández, who left their work on Friday, January 7, 2005. The photos were provided by the Pan American Security Service, a private Venezuelan company which runs a subsidiary in Curacao. The guards of the residential area told our friends that the Venezuelan company had asked them to call the phone number indicated on the reverse of the photos should they see the men, because they were dangerous criminals who had escaped from prison. My husband took a car to drive around the island and found out that copies of the photos had been distributed to many parts of Curacao. We were alarmed by the fact that a private company should carry out such a search and we tried to complain to the authorities of Curacao, however, our complaint was rejected.

The accusations related to these workers were first published on Thursday, the 13th January 2005, in “El Periódico” and they also appeared on different websites. Later, some articles about this case were published by other local or international newspapers, such as by the Dutch *Algemeen Dagblad* or the American *Miami Herald*.

My husband and I interviewed several employees of the Curacao Shipyard, both from Curacao and Colombia, and they confirmed that what we had been told by the Cuban “deserters” was true. We referred to Guido Rojer, who was working in the financial department of the shipyard, and he told us that there indeed was some “debt”, because in 1989, Cuba had sent one of its dredging vessels to be repaired in Curacao. The repairs cost 13 million dollars, but the Cuban representative said they had no money. Therefore, while the people from Curacao employed by DOK earn from fifteen to twenty-five dollars per hour, workers from Cuba are

paid twelve dollars for sixteen hours and the rest of their money is used to pay the debt.

In this case we are dealing with the violation of several international conventions of the International Labour Organization. The standards that are not respected are: Hours of Work (Industry) Convention of 1919, Weekly Rest (Industry) Convention of 1921, Discrimination (Employment and Occupation) Convention of 1958, Workmen's Compensation (Accidents) Convention of 1925, Equality of Treatment (Accident Compensation) Convention of 1925, and Migration for Employment Convention (Revised) of 1949.

We met with the representatives of local authorities and asked them to focus on the case and to carry out some investigations. We also filed a complaint to the Working Group on Trafficking in Human Beings. Although the Curacao Island Council did make a visit to the shipyard and ordered that several investigations be conducted, we could feel that the local authorities were interested more in recovering the debt than in the situation of Cuban workers.

Furthermore, we referred to several foreign organizations that might be concerned about the issue, among them the Foundation Cuba Futuro based in Holland or the International Group for Social and Corporate Responsibility in Cuba (GIRSCC) headquartered in the United States. These organizations indeed addressed this case with a great deal of interest, condemning it in front of other international bodies. Liduine Zumpolle from Cuba Futuro presented the topic to the Session of the UN Human Rights Council in Geneva and the GIRSCC introduced it to the Inter-American Commission on Human Rights of the OAS. More-

ver, the GIRSCC also condemned the situation at its international conferences.

Thanks to the efforts by Cuba Futuro, the three workers who had escaped to Colombia could travel to the United States, where the GIRSCC would support them in suing the Curacao Shipyard for forced labour in front of American courts. Cuba Futuro, too, began opening debates on the issue with different Dutch authorities, however, at first the representatives of

In late March 2007, the Dutch Antilles and the Netherlands decided to reject visas for Cuban workers who were going to Curacao to work in order to pay the debt that Cuban government owes to the government of Curacao.

the Foundation were told that from the Netherlands nothing could be done because the Dutch Antilles were autonomous.

In 2006 there were other three desertions. This time, the workers told us that when the topic had started to be discussed by journalists and by the Curacao Island Council, Cuban workers had seen their working hours reduced, had been granted one or two free days per week, the food had improved and the workers had been moved from their cabins to sleep in a hotel. However, in that hotel four or five people

supposedly had to share rooms for two or three, etc. And later, when the topic was disappearing from the agenda, they once again had to work for fourteen to sixteen hours without any time off, they had to share their rooms with more people and the food worsened. After the lawsuit in Miami in August 2006, the conditions improved. Nevertheless, in December, the lawsuit was forgotten and the workers were once again asked to work from fourteen to sixteen hours. These three workers, too, were persecuted by the Cuban Security of State, and local authorities were ready to extradite them to Cuba.

From late January to early March of 2007, Liduine Zumpolle, a representative of Cuba Futuro, visited Curacao and launched a new investigation, stimulating others to seek a definite solution to the issue. There were talks both with the authorities on the island and with the central authorities of the Netherlands Antilles. There was also a press conference, debates in radio and television programs, and the newspapers published different interviews and articles related to the topic. The conditions of Cuban workers once again improved, and this time the change was quite significant - they were paid more money for their work and obviously enjoyed more freedom of movement. Nevertheless, despite these improvements, their conditions were not yet meeting the standards of international labour and human rights conventions.

Therefore, and also because she was concerned that after some time the workers might once again return back to the same situation in which they had been before, Zumpolle returned to Holland and soon after that organized high-level debates in royal circles, pinpoint-

ing their responsibility for the issue. Although the Netherlands Antilles are autonomous, foreign affairs are excluded from their powers. Therefore, the question of granting visas for Cubans to be able to work in Curacao and the question of meeting international labour and human rights conventions, signed by the Netherlands, lie beyond their scope. Thanks to the efforts by Mrs. Zumpolle, the topic came to be discussed by the Dutch parliament. In late March 2007, the Dutch Antilles and the Netherlands decided to reject visas for Cuban workers who were going to Curacao to work in order to pay the debt that Cuban government owes to the government of Curacao. Those who were already living and working in Curacao were all gradually repatriated. In this way, one story of exploitation and intimidation came to an end. And

as for the last three workers who had “deserted”, they were granted permission to stay and work in the Netherlands Antilles.

These achievements may be attributed to Liduine Zumpolle and her crucial talks with the highest Dutch representatives, however, had it not been for the articles and interviews in the mass media, for the conferences and debates with international organizations or for the lawsuit, certainly, the authorities would have not been as willing to listen and to respond. Nothing could have been achieved, had it not been for the work and efforts of a great number of people and of numerous organizations that were all keeping the issue on the agenda and did not allow anyone to forget it. Liduine Zumpolle of Cuba Futuro, Joel Brito and Aníbal Cabrera from the GIRSCC,

Tomas Bilbao from the Cuban Study Group, William Navarrete from the Association for the Third Cuban Republic, the organization People in Need, the staff of *El Periódico* and other media and a long list of websites are but a few of those who played an important role in the whole process. Should I name all who have helped, this would be an article without end. This case clearly shows that unity is strength and that we should never stop condemning injustice – even if it seemed that no one is listening.

*Clara Olivia Ocampo
de Álvarez de La Campa*



photo: Olivia Ocampo

Shipyards in Curacao

PEOPLE THAT READ, CAN'T DO WRONG

Ellen Weber and Folkje Lips

Two Dutch volunteers of IKV Pax Christi traveled through Cuba this summer to visit independent libraries. This are impressions from their visits.

Our initial contact with the Independent Libraries in Cuba was through Gisela Delgado Gablón, who coordinates the project in Havana. Although her schedule is very busy, she and her husband received us with warmth and hospitality. Gisela's husband is Héctor Palacios Ruiz, one of the 75 people arrested for political reasons in 2003, and who is now on parole for health reasons. In explaining why the libraries project is so important she said: "Cubans are capital for the Cuban state. Working abroad, a physician makes eight hundred dollars a month for the government. This modern slavery can only be eradicated if people take a stand and try to change this situation. And they will only do this if they have access to objective information, if Cubans get informed about other ways of life." Although she and her husband have faced many difficulties and feel deeply oppressed, they are still hopeful. As Gisela pointed out that "our library project is already reaching over two million people."

IKV Pax Christi actively supports the Independent Library project in Cuba, primarily by bringing books to the independent libraries. One of the main ways in which we deliver books to the island,

is by encouraging Dutch tourists to take books along during their holiday, which they can donate to one of the many independent libraries on the island. For more information on the campaign itself, see the article in the January edition of this magazine.

In addition to the tourist campaign, IKV Pax Christi sends volunteers to Cuba. They travel to the more distant libraries, which tourists hardly ever visit, in order to bring them desperately needed books. This past July, we were the lucky ones able to spend a month on a road trip, driving through remote Cuban towns and over bumpy roads.

One of the first libraries that we visited was in Sibanicú, a small town on a dirt road. We initially had trouble finding the house. When we stopped and asked for directions from a man who didn't believe our little white lie, that we're looking for el flaco, the thin man, we thought we were caught. We hit the accelerator and by coincidence found the right street. A woman with once dark hair, Claudia, opened the door and quickly showed us in. She immediately asked "if the neighbors saw us?" She soon directed us to the library, which consisted of two small shelves with books in her tiny bedroom. We were struck by the numerous yellow posters and stickers with the word 'CAMBIO' (change) on them. She told us her tragic story.

She and her husband, José, used to live in Guantánamo, where they worked as independent journalists. However, one day without warning they were ordered to leave within 24 hours and as a result moved into his parents' place in Sibanicú. However, the people in this town turned out to be very communistic. "It's very difficult to be 'of the other side' here", Claudia explained. When José wrote the words 'freedom for political prisoners' on the wall of his house, their neighbors smeared tar on it and threw rocks at their house. As a precaution, their windows have been boarded up ever since. José and Claudia then decided to start an independent library, to show people that they mean no harm.

Claudia's fervently believes that "people that read, can't do wrong."

Not everybody shares this idealistic thought though. Not long after the acto de repudio, José was arrested in the middle of the night. Four officers entered the house and threw him on the ground. They kicked him, right in front of their ten-year-old son and dragged him out of the house. Officially, he should be out of prison in September of this year. Claudia holds her breath. We were impressed by her story and left her books, a rechargeable flash light to use during one of the many power cuts, a short-wave radio and a letter for her husband in prison. She was very emotional about our vis-

it; we were the first foreigners to ever knock on her door. She knew for sure that José would be happy to hear that two Dutch girls care about his fate.

Our next visit was to Puerto Padre. While driving along beautiful road to Puerto Padre passes through Guardalavaca it was hard to think about hardship and oppression. We were quickly brought back to reality when Carlos, the owner of the library 'Teodoro Roosevelt' told us his life story. Carlos has five children. Two of them have moved to the USA, two are still living with him, but since the government basically took away their scholarships and their future prospects look dim. His fifth child committed suicide. Carlos tried to fight back his tears when telling us about these events. "They took my son's

work, they took everything from him. He couldn't take it anymore." It nearly broke Carlos that the government has tried to get to him through his family, but he has been able to go on because his family's supports. His seventeen-year-old son has told him: "Dad, if you go to prison, I will continue the library." We feel very small next to this brave man, but Carlos assures us that he is very happy with our visit. "The government thinks I receive money from Miami. But I don't need money, I need information! So thank you so much for bringing me books and a radio." Carlos seems to be an influential man in the community; he knows all the other librarians very well and while we talk to him, he receives many visitors. One of them, Eduardo, tells us that sometimes when people are scared, they come to Carlos' library at

night. "His door is always open for people who want to inform themselves."

By the end of our trip, we managed to distribute 82 books, newspapers, magazines, two flashlights, two short-wave receivers, crayons, glasses, medicines and a frisbee. However, the material gains were not the thing that the librarians were happiest about. They seemed to attach even more value to the fact that we had visited them and that we cared about their struggle. Even though we were just two Dutch girls, for them we embodied the entire Dutch community. Our visit strengthened their belief that they were doing the right thing: preparing for the future.

Ellen Weber and Folkje Lips

CUBA, TOURISM AND SOLIDARITY

Ricardo Carreras Lario

Summary: Apart from other types of apartheid or discrimination based on "ideological competence", Cubans suffer from tourism apartheid. However, the tourism industry on the island can have some positive aspects as well, especially concerning socially conscious travellers who support prisoners of conscience, their families, pro democracy movements and the emerging independent civil society. These travels are promoted by our NGO Solidaridad Española con Cuba.

CUBAN APARTHEID

The Castro government has discriminated against Cubans. Unlike the racial segregation suffered by black

Americans as late as the 1960s or by black South Africans until 1990, Cuban discrimination, the so called "ideological competence", has been going on since 1959. The totalitarian regime rewards the loyal and the obedient, whereas the silent majority is marginalized. Those who are brave enough to express dissent are punished.

Technological apartheid exists as well. Even though Cuba is far behind the United States in respect of to internet access and mobile phones, the Cuban government continues reinforcing the mechanisms for restricting both. The Cuban Ministry of Communica-

tions has passed resolutions impeding access to the internet for the majority of Cubans. The telephone company, ETECSA, permits net access to only a few "chosen" people. Furthermore, the government restricts the access of information technologies. Pursuant to Article 19, Section 3 of Ministerial Resolution No. 383/2001 "The sale of computers, printing devices, photocopy machines and any other means of mass printing, as well as their spare parts and accessories, by the associations, foundations, non-profit civil organizations and Cuban citizens is prohibited. If acquisition of such device or its parts, spare parts or accessories is indispensable, the

authorization of the Ministry of Interior Trade is required." Since 14 August 2003 the so-called "Windows Operation" maintains a strict census of all persons who possess a personal computer. This contains various kinds of confidential information, like the reason for its provision, use and technical parameters.

There are other types of apartheid that exist in Cuba as well. One phenomenon, "monetary" apartheid, appears among Cubans who have access to hard currency – either in the form of remittances coming from abroad or from tourism – as well as those receiving only Cuban pesos in their salary, which have less than 25 times the value of wages paid in convertible pesos. Cubans also suffer from the educational apartheid. Since the victorious revolution, Cuban universities are open only to "revolutionaries". The 1984 Resolution from the Ministry of Superior Education (MES), established severe sanctions for those "who do not share the revolutionary ideas." Intellectual, cultural and artistic apartheid was established by Fidel Castro himself in his speech "Words to the intellectuals" (Palabras a los Intelectuales) in 1961, where he expressed this warning: "inside the revolution – all, outside the revolution – nothing".

TOURISM APARTHEID

There is also tourism apartheid in Cuba. The majority of Cubans are prohibited from staying in the best hotels and accessing the adjoining beaches; there is even an absurd law defining a "tourist harassment" offence, which is not reflected in any specific legislation. Simply put, when a Cuban wants to stay in a hotel for foreigners (currently using the convertible peso currency, CUC), he/she is refused even, if he/she has enough money. On the other hand, several years ago the government enacted a penalty entitled "tour-

ist harassment" according to which citizens accused of disturbing tourists can be fined.

And there's more. In 2005, the Minister of Tourism, Manuel Marrero Cruz passed a new regulation governing the relations of Cuban staff with foreign staff in the tourism industry. Twenty-two ridiculous rules, the most ridiculous of all being Article No. 13: "All workers under the Ministry of Tourism, without regard of occupation and responsibility, will report to their immediate supervisor, in written form, all presents they have received from

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a foreigner with whom they have a work relationship." The boss will decide later what to do with the present.

THE EFFECTS OF TOURISM

Tourism can have a massive impact on a country. In Spain, the enormous influx of tourists, beginning in the 1960s, changed the sociological situation of the country, preparing it mentally for a peaceful transition to democracy. In Cuba, the government tries to avoid all aspects of tourism it doesn't agree with, especially the "contaminating" effects. However, it is likely that tourism will have at least

a partial destabilizing effect on the regime.

Tourism produces enormous ideological contradictions to a "communist" regime by exposing Cubans to foreign companies, which proliferate based on market concepts and ideas. Moreover, some Cubans learn about "reality" by talking to tourists or from watching foreign TV channels in the hotels where they work. Tourism also helps rid the regime of legitimacy when a Cuban mechanic, taxi driver or plumber finds out that his Italian, Spanish or Mexican counterpart earns much more for doing the same kind of job or has the possibility of travelling all the way to Cuba, whereas he/she cannot even travel to a foreign island.

For some Cubans tourism is also a means of income. The government was thus forced to grudgingly permit, even if only on a limited basis, independent enterprise in the form of small, privatized businesses, which had originally been eliminated in the 1960s. These are the so-called "cuentapropistas" (entrepreneurs). They are under restrictions, taxes and checks, especially since they constitute the basis of a future middle class, necessary for giving stability to the emerging democracy. Other Cubans receive income from the tourism industry by means of informal economy.

A renowned leader of the liberal opposition recently told me that the tourism industry has beaten the regime severely. He also said that Fidel Castro hated resorting to it and would not have done so if it hadn't been necessary. He is not the only opposition supporter with such an opinion. Cubans on the street do not look down on tourists. To the contrary, during my visits to the island, I have always been "advised" by the Cuban government that my activities of social consciousness for the families of prison-

ers of conscience and the opposition were considered counter-revolutionary and subversive. However, I never noticed any refusal or resentment on the side of Cuban citizens who looked at me as just another tourist. They know that people from the free world are allowed to travel, but they do not blame tourists for coming to Cuba. They blame the Cuban government for not letting them travel, for the tourism apartheid and for other kinds of discriminations.

ARGUMENTS AGAINST TOURISM IN CUBA

Some people argue that the tourism industry generates income for the government, which invests these funds into the regime's repressive apparatus. In 2006, the tourism industry produced 2.4 billion dollars. However, these are gross figures, from which all the associated costs need to be deducted. Due to enormous Cuban government inefficiency in the economic sphere, it is possible the government earns less or in some cases, loses funds. Even supposing the tourism industry brings the government enormous profits, it is not certain that the regime would be unable to sufficiently finance its security apparatus (which is considered a priority) without it. It is more logical to believe that without these benefits, it would reduce the calories in the already scarce food rationing book or adopt similar measures.

The same rationale behind the idea that it is immoral to buy products made in China, a dictatorship, could also be applied to travelling for pleasure to Cuba, since this money is put in the hands of the totalitarian regime. Even though this argument is legitimate, the same can be said of more than one billion dollars received by Cubans in family remittances. We know this money is spent in gov-

ernment owned shops, ending up in the hands of the same totalitarian regime. Furthermore, the Cuban government charges a direct commission on these remittances when exchanged from dollars to pesos. If it is immoral to finance the regime by visiting the island, then it is also immoral to send money, which ends up in the government treasury. Nevertheless, without remittances, misery would spread even farther across Cuba and there would be deaths from malnutrition. North Korea, a country with a similar regime, but without a system of remittances or tourism, is an example of thousands of people dying of hunger, which is certainly no guarantee of democracy.

Without tourism, there would be even more misery in Cuba. The Cuban government would close down the hotels for foreigners, which is a common practice now when the hotel is no longer profitable. Also, other business related to tourism would be closed, including the "cuentapropistas" (entrepreneurs), the private restaurants (paladares) and the boarding houses (casas particulares). Cubans would be more isolated. They would also become poorer and more dependant on the government.

THE BEST WAY OF TRAVELLING TO CUBA

If the effect of tourism is debatable – and there is a difference between a Spanish speaker travelling to Havana and other tourist travelling to a resort without any contact with Cubans – it is necessary to make it clear that there is a class of visitors who are extremely positive for Cuba, as well as Cubans. These are socially conscious travellers who travel to Cuba with their eyes open and make use of their visit, showing support to those in need: the families of prisoners of conscience, human

rights activists, churches, independent libraries and the rest of Cuban civil society.

Those who have had first-hand experience with a totalitarian regime know how crucially important it is to receive support, at least moral, from the outside. Those of you who have travelled to Cuba in the past to support these people, know that it is a tremendous experience for a socially conscious traveller. The human warmth and the emotions of these good people generated when visiting them is something that is indescribable.

Our NGO, Solidaridad Española con Cuba, promotes such socially conscious travelling. With this proposition, we are publishing a tourism and support guide of Cuba, available in Spanish, Polish, French and soon in Italian. More than 25,000 people have downloaded it from the internet.

The guide provides some information about these people (from various provinces) and tells readers about different issues concerning them, e.g. the kind of medicine they need. It also features issues not published in official guides, e.g. the death penalty in Cuba, the less than EUR 12 month salary and the Cuban railway system, which was built earlier than the railway on Iberian Peninsula, when Cuba was still part of Spain, etc.

The number of people who inquire about donating medicine to a church, giving books to an independent library or visiting the family of a Cuban prisoner of conscience is growing. It is evident that many of them add a supportive dimension to their visit. These are truly the travellers that Cuba needs.

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