

# **Commission for Assistance to a Free Cuba**

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## **Report to the President**

**May 2004**

**Colin L. Powell  
Secretary of State  
Chairman**

## FOREWORD

by

**Secretary of State Colin L. Powell**

Over the past two decades, the Western Hemisphere has seen dramatic advances in the institutionalization of democracy and the spread of free market economies. Today, the nations of the Americas are working in close partnership to build a hemisphere based on political and economic freedom where dictators, traffickers and terrorists cannot thrive.

As fate would have it, I was in Lima, Peru joining our hemispheric neighbors in the adoption of the Inter-American Democratic Charter when the terrorists struck the United States on September 11, 2001. By adopting the Democratic Charter, the countries of our hemisphere made a powerful statement in support of freedom, humanity and peace.

Conspicuous for its absence on that historic occasion was Cuba. Cuba alone among the hemispheric nations did not adopt the Democratic Charter. That is not surprising, for Cuba alone among the nations of Americas is a dictatorship. For over four decades, the regime of Fidel Castro has imposed upon the Cuban people a communist system of government that systematically violates their most fundamental human rights. Just last year, the Castro regime consigned 75 human rights activists, independent librarians and journalists and democracy advocates to an average of nearly 20 years of imprisonment. These prisoners of conscience are serving out their harsh sentences under inhumane and highly unsanitary conditions, where medical services are wholly inadequate.

The Democratic Charter clearly states: "The peoples of the Americas have a right to democracy and their governments have an obligation to promote and defend it." In fulfillment of that solemn obligation, the United States remains strongly committed to supporting the efforts of the Cuban people to secure the blessings of democracy for themselves and their children.

President Bush formed the U.S. Commission for Assistance to a Free Cuba to explore ways we can help hasten and ease Cuba's democratic transition. As this report shows, the United States seeks to cooperate with neighbors in the hemisphere and nations across the globe to help Cubans prepare for democratic change. We want to help Cubans build an independent civil society. We want to do all we possibly can to free the flow of ideas and information to, from and across the island. We are adjusting U.S. economic pressure to counter the ever evolving ways the Castro regime attempts to replenish the coffers that fund the subjugation of the Cuban people. And the United States will stand with those in Cuba who courageously speak in defense of human rights and work for political and economic reform.

Our goal is a true democratic transition. We want to help the Cuban people put Castro and Castroism behind them forever. Any post-Castro succession that perpetuates the regime's hold on power would be completely contrary to the hemisphere's commitment to freedom. There can be no reconciliation between the United States and Cuba until far-reaching steps are taken to ensure political and economic liberty on the island. Indeed, under the Cuban Liberty and Democratic Solidarity Act of 1996, the United States is prohibited by law from providing assistance to a post-Castro transition government unless that government legalizes all political activity, releases all political prisoners, publicly commits to organizing free and fair elections within 18 months, and bars Fidel and Raul Castro from any role in a future government.

In Cuba's transition to democracy, we envision and welcome an active role for the Cuban American community. The United States has been enriched by the Cuban American community's culture, entrepreneurial spirit and patriotism. The success of Cuban Americans demonstrates the great capacity of the Cuban people to prosper in freedom and serves as a source of hope and inspiration to their brothers and sisters on the island. Cuban Americans will be able to provide valuable insights, as well as business acumen and capital, as the citizens of

Cuba work to repair the devastation done to the Cuban society and economy by more than forty years of communism.

We also can draw on the lessons we have learned from our experiences assisting the peoples of East and Central Europe and the former Soviet Union with their transitions from communism to democracy and free markets. And, as was the case with the East Bloc nations, we see an important part for the multilateral financial institutions to play in Cuba's transition.

We hope that this Report will help the United States, our neighbors in the Americas and free nations across the globe better support the efforts of the Cuban people to secure their right to democracy and realize their dreams for a better future.

**COMMISSION FOR ASSISTANCE  
TO A FREE CUBA**

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Secretary of State  
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## **PREFACE**

On October 10, 2003, President George W. Bush announced the creation of a Commission for Assistance to a Free Cuba that would “draw upon experts within our government to plan for Cuba’s transition from Stalinist rule to a free and open society [and] to identify ways to hasten the arrival of that day.”

This Commission was thus established to focus U.S. Government agencies on hastening the arrival of a transition in Cuba, and planning to respond to this opportunity. To that end, the Commission was responsible for (1) identifying additional measures by which the United States can help the Cuban people bring about an expeditious end of the Castro dictatorship; and (2) identifying U.S. Government programs that could assist the Cuban people during a transition.

In furtherance of the President’s mandate, the Commission developed and reviewed a comprehensive range of actions and programs that could be provided to hasten a transition as well as assist Cuba once a transition is underway. However, the Commission did not attempt to address current legal, regulatory, or budgetary barriers to assistance; consequently, the report may include recommendations to assist a free Cuba that may be prohibited or limited by current U.S. law or which will need to be funded in the future. In order to provide the full extent of the assistance outlined in this report, these legal prohibitions and budgetary limitations will need to be addressed. In particular, in order for assistance to be provided, the prerequisites for assistance to a transition government and a democratically elected government contained in the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act will need to be satisfied. The recommendations in this report regarding future assistance to Cuba can be implemented only if those requirements and standards are met.

Finally, the proposed programs and initiatives to assist a transition government in Cuba are prospective. They are meant to help prepare the U.S. Government to respond to a transition in Cuba. They are not intended to be a prescription for how a free Cuba organizes itself or what policies it decides ultimately to pursue; those decisions remain with the Cuban people as expressed by a free and sovereign Cuban government.





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## EXECUTIVE SUMMARY

### CHAPTER 1: HASTENING CUBA'S TRANSITION

As an essential part of America's commitment to stand with the Cuban people against the tyranny of Fidel Castro's regime, President George W. Bush mandated that the Commission for Assistance to a Free Cuba identify additional means by which the United States can help the Cuban people bring about an expeditious end to the Castro dictatorship.

In the past, the United States has tended to initiate policies towards Cuba that were implemented in isolation from each other. For instance, economic sanctions were initially imposed with little, if any, support to Cuban civil society, and were not coupled with initiatives to break the regime's information blockade or proactively engage the international community. In addition, well-meaning humanitarian policies were authorized without thorough consideration of the relationship they would have to the fundamental policy objective of assisting the Cuban people regain their freedom and their right to determine their way of life and their future.

The Commission sought a more proactive, integrated, and disciplined approach to undermine the survival strategies of the Castro regime and contribute to conditions that will help the Cuban people hasten the dictatorship's end. The recommendations focus on actions available to the United States Government, allowing us to establish a strong foundation on which to build supportive international efforts. This comprehensive framework is composed of six inter-related tasks considered central to hastening change:

**Empower Cuban Civil Society:** The Castro dictatorship has been able to maintain its repressive grip on the Cuban people by intimidating civil society and preventing the emergence of a credible alternative to its failed policies. As a result of Castro's 45-year strategy of co-opting or crushing independent actors, Cuban civil society is weak and divided, its development impeded by pervasive and continuous repression. Through absolute control of the Cuban economy and the manipulation of U.S. migration policy, the Castro regime

has made it all but impossible for human rights activists and reformers to operate and has forced many into exile.

Now, the tide of public opinion has turned and Castro's loyalists must constantly work to restrain the Cuban people from organizing and expressing demands for change and freedom. Cubans are increasingly losing their fear and vocalizing their desire to be architects of their own destinies. By continuing to isolate the Castro regime while supporting the democratic opposition and empowering an emerging civil society, the United States can help the Cuban people in their efforts to effect positive political and social change in their country. Cuban civil society is not lacking spirit, desire, or determination; it is hampered by a lack of materials and support needed to bring about these changes.

**Break the Cuban Dictatorship's Information Blockade:** The Castro regime controls all formal means of mass media and communication on the island. The Cuban Communist Party exerts strict editorial control over newspapers, television, and radio through the regime's pervasive apparatus of repression, preventing the Cuban people from obtaining accurate information on such issues as the regime's systematic violations of human rights and fundamental freedoms, and the state of the Cuban economy. Consistent with its fear of an uncontrolled information flow to the Cuban people, the regime has set up technological, administrative, and intelligence structures to impede the ability of pro-democracy groups and the larger civil society, both on and off the island, to effectively communicate their message to the Cuban people. In concert with efforts to strengthen Cuban civil society, and building on the excellent work already underway by U.S. Government broadcasting entities, the means exist to increase the availability to the Cuban people of reliable information on events in Cuba and around the world and to assist in the effort to present a democratic alternative to the failed policies of the Castro regime.

**Deny Resources to the Cuban Dictatorship:** The policies of the Castro regime have debilitated the Cuban economy and impoverished the Cuban people. Rather than address the deprivation confronting Cubans, the regime cynically ignores its obligations and seeks to exploit external engagement with the island and humanitarian assistance to the Cuban people in order to maintain its grip on power. The economic lifelines of the Castro regime are tourism; access to subsidized Venezuelan oil; commodities; and revenues and other support generated by those with family on the island, with the vast

majority of such support coming from the United States. Over the past decade, the regime has built an apparatus designed to exploit humanitarian aspects of U.S. policy, specifically to siphon off hundreds of millions of dollars for itself. Remittances, gift parcels and travel-related revenues from those in exile with family on the island, especially those Cubans who have come to the United States since the early 1990s, are avenues through which the regime has franchised out the subsistence of a significant portion of the Cuban population. The dollars made available to the regime through these means permit it to divert resources to the maintenance and strengthening of its repressive apparatus and away from meeting the basic needs of the Cuban people. Dollars and donated goods, although provided with good intentions by U.S. persons, are effectively helping keep the regime afloat. U.S. initiatives should maintain avenues by which Americans can engage the Cuban people, and by which those with family on the island can reasonably assist immediate relatives, while minimizing the regime's manipulation and exploitation of the plight of the Cuban people.

**Illuminate the Reality of Castro's Cuba:** The current survival of the regime is, in part, dependent upon its projection of a benign international image. Cuba presents itself internationally as a prime tourist destination, as a center for bio-technological innovation, and as a successful socialist state that has improved the standard of living of its people and that is a model for education, health care, and race relations for the world. This image belies the true state of Cuba's political, economic, and social conditions, its status as a state sponsor of terrorism, and the increasingly erratic behavior of its leadership.

**Encourage International Diplomatic Efforts to Support Cuban Civil Society and Challenge the Castro Regime:** There is a growing international consensus on the nature of the Castro regime and the need for fundamental political and economic change on the island. This consensus coalesced, in large part, after the regime's brutal March-April 2003 crackdown on peaceful pro-democracy advocates, an act properly characterized as the most severe repression of peaceful political activists in the history of Cuba, and certainly the most significant act of political repression in Latin America in a decade. Infuriated by, and fearful of, the valiant effort by these same activists to continue to reach out to the Cuban people and the international community, the regime reacted; Castro's political attacks against the European Union (EU) and other nations also reveal his regime's continuing trepidation in the face of peaceful Cubans

calling for their fundamental rights. Many of those who once stood by Castro have now begun to speak out publicly against the regime's abuses. However, while this same international consensus has limits, encouraging multilateral diplomatic efforts to challenge the regime in international organizations and to strengthen policies of proactive support for pro-democracy groups in Cuba should form a cornerstone of our policy to hasten an end to the Castro regime. The International Labor Organization and the Inter-American Commission on Human Rights, amongst other international organizations, are natural fora for highlighting the conditions under which Cubans live and struggle to survive.

**Undermine the Regime's "Succession Strategy":** The Castro dictatorship is pursuing every means at its disposal to survive and perpetuate itself through a "succession strategy" from Fidel Castro to Raul Castro and beyond; its goal is that the unelected and undemocratic communist elite now in power remain so indefinitely. The United States rejects the continuation of a communist dictatorship in Cuba, and this Commission recommends measures to focus pressure and attention on the ruling elite so that succession by this elite or any one of its individuals is seen as what it would be: an impediment to a democratic and free Cuba.

#### **SELECTED RECOMMENDATIONS:**

- *Provide an additional \$29 million (to augment the current Cuba program budget of \$7 million) to the State Department, USAID, and other appropriate U.S. Government agencies to:*
  - *Work with willing third-country allies to support creation of an international fund for the protection and development of civil society in Cuba, to engage, train, and provide resources for volunteers of different nationalities to travel to Cuba to provide assistance to independent libraries, professional organizations, charity organizations, journalists, educators, nurses, and medical doctors working independently of the regime;*
  - *Fund programs to provide educational opportunities to family members of the political opposition and, working with the Organization of American States (OAS), to establish a university scholarship program for the children of Cuban dissidents to study at Latin American universities; and*

- *Fund programs to support democracy-building efforts by youth, women, and Afro-Cubans to train, develop, and organize these disaffected and marginalized segments of Cuban society to take greater action in support of democracy and human rights in Cuba.*
- *Direct the immediate deployment of the C-130 COMMANDO SOLO airborne platform and make available funds to acquire and refit a dedicated airborne platform for the transmission of Radio and Television Martí into Cuba, consistent with U. S. international telecommunications obligations;*
- *Support efforts by NGOs in selected third countries to highlight human rights abuses in Cuba, as part of a broader effort to discourage tourist travel and reinforce international attention on the plight of the Cuban people, including political prisoners and civil society;*
- *Eliminate abuses of educational travel by limiting it to undergraduate or graduate degree granting institutions and for full-semester study programs, or shorter duration only when the program directly supports U.S. policy goals;*
- *Direct U.S. law enforcement authorities to conduct “sting” operations against “mule” networks and others who illegally carry money and offer rewards to those who report on illegal remittances that lead to enforcement actions;*
- *Reduce the regime’s manipulation of family visits to generate hard currency — while preserving efforts to promote legitimate family ties and humanitarian relief for the Cuban people by:*
  - *Limiting family visits to Cuba to one (1) trip every three years under a specific license; individuals would be eligible to apply for a specific license three years after their last visit to Cuba; new arrivals from Cuba would be eligible to apply for a specific license three years after leaving Cuba;*
  - *Limiting the definition of “family” for the purposes of family visits to immediate family (including grandparents, grandchildren, parents, siblings, spouses, and children); and*



- *Reducing the current authorized per diem amount (the authorized amount allowed for food and lodging expenses for travel in Cuba) from \$164 per day to \$50 per day (i.e., approximately eight times what a Cuban national would expect to earn during a 14-day visit) for all family visits to Cuba, based on the presumption that travelers will stay with family in Cuba.*
- *The process for implementation of Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act should ensure that the full range of policy options are made available to the President, and that a detailed, rigorous, and complete country-by-country analysis of policies and actions with respect to Cuba is provided to the President for use in assessing whether the suspension is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba;*
- *To deter foreign investment in Cuba in confiscated properties, claims to which are owned by U.S. nationals, aggressively pursue Title IV visa sanctions against those foreign nationals trafficking in (e.g., using or benefiting from) such property, including devoting additional personnel and resources to application and enforcement;*
- *Neutralize Cuban government front companies by establishing a Cuban Asset Targeting Group, comprised of appropriate law enforcement authorities, to investigate and identify new ways in which hard currency is moved in and out of Cuba;*
- *Provide an additional \$5 million for U.S. Embassy public diplomacy initiatives to:*
  - *Disseminate information abroad about U.S. foreign policy, specifically regarding human rights and other developments in Cuba, including Castro's record of harboring terrorists, committing espionage against the United States and other countries, fomenting subversion of democratically elected governments in Latin America, and the U.S. Government's belief that Cuba has at least a limited developmental offensive biological weapons research and development effort; and*

- *Fund and promote international or third-country national conferences to disseminate information abroad about U.S. policies on transition planning efforts related to Cuba.*
- *Increase direct efforts with willing third-country governments to implement a robust, proactive policy to (1) support Cuban civil society, including the opposition, and (2) develop policy frameworks for assistance to a post-dictatorship Cuba;*
- *Work with NGOs and other interested parties to assure that a Cuban independent labor representative or labor representative in exile is able to speak at ILO conferences;*
- *Encourage efforts by NGOs to draw attention to exploitative labor conditions in Cuba and assist Cuban workers in obtaining redress for that wrong;*
- *Fund NGO projects designed to help Cuban citizens obtain effective access to the Inter-American Commission on Human Rights and provide in-country training, through appropriate NGOs, to Cuban human rights activists in collecting and preparing information in order to file claims with the IACHR;*
- *Target regime officials for visa denial if they (1) are or were involved in torture or other serious human rights abuses or (2) provided assistance to fugitives from U.S. justice; and*
- *Establish a Transition Coordinator at the State Department to facilitate expanded implementation of pro-democracy, civil-society building, and public diplomacy projects for Cuba and to continue regular planning for future transition assistance contingencies.*

## **CHAPTER 2: MEETING BASIC HUMAN NEEDS IN HEALTH, EDUCATION, HOUSING, AND HUMAN SERVICES**

Cuba's transition from the Castro regime to a democratic society with a free economy will be a challenging process. The task of meeting the basic human needs of the Cuban population involves the removal of the

manifestations of Castro's communism; the introduction of the values and practices of democracy and free enterprise; and the building of institutions and services that will improve the health, nutrition, education, housing, and social services available to the Cuban people.

The fundamental goal of any assistance to a free Cuba must be to empower the Cuban people by improving their economic and social well-being, ensuring that adequate health and social services are maintained, reconstructing a democratic civic culture through education and institution-building, dealing with the human cost of the totalitarian police state, and supporting the Cuban people as they cope with these issues and work to transform themselves.

The international community, especially organizations in the Western Hemisphere, can play a leading role in assisting the Cuban transition process. The U.S. Government can work through the Organization of American States and regional agencies, and with the United Nations and its agencies, and other organizations and individual countries.

Improving Cubans' condition will require dramatic reforms to ensure that democratic values and a civic culture return, that important democratic institutions — including private and faith-based organizations — are able to flourish, and that helping agents such as schools, clinics, and community centers can respond to real needs and be accountable to the citizenry.

Some of the effort to meet basic human needs will involve immediate, short-term assistance to ensure that critical health, nutrition, and social services issues are addressed; that schools are kept open and provided with new instructional materials and staff; that any housing emergencies are addressed; that comprehensive needs assessments and data collection are begun; and that food and medical aid is distributed as needed.

As a new Cuban government initiates the process of establishing the rule of law, safeguarding human rights, and creating a new climate of opportunity, a variety of programs and services are identified that U.S. public and private sources could provide to the Cuban people over the medium- and long-term. It is expected that such assistance would come not only from U.S. Government agencies and contractors, but also from philanthropic foundations, non-profit expert organizations, and businesses

investing in Cuba's future. Cuban-American and other U.S. citizens and organizations would be involved in these efforts.

Both short- and long-term issues will involve the work of many players and will need to be coordinated. The Cuban people are educated to a good basic standard and, despite the repression of the Castro regime, they have shown themselves to be remarkably resilient, savvy, and entrepreneurial. They will need the resources (including short- and long-term loans), technical assistance, and general support to enable them to improve health standards, manage the change to a market economy, and maintain and improve their infrastructure and basic services.

### **SELECTED RECOMMENDATIONS:**

- *The U.S. Government, if requested by the transition government, should be prepared:*
  - *To conduct a hands-on needs assessment to provide objective data and observations on the state of health care, nutrition, education, housing, and social services;*
  - *For the immediate immunization of all children under five who have not been already immunized under the existing health system for the major childhood diseases;*
  - *To distribute food aid as needed and as feasible, and consider a food aid monetization program for merchants to maintain the price of food at a reasonable level;*
  - *To work with Cuban churches and their external supporting church institutions to use local religious networks and structures to assist with humanitarian relief;*
  - *Prepare to keep all schools open during an emergency phase of the transition in order to keep children and teenagers off the streets and learning during this unstable period;*
  - *To institute large-scale public works projects using local Cuban labor to provide immediate jobs and help with aid efforts; and*

- *To provide support to Cuban small farmers to supplement food aid and to encourage self-reliance. Use the humanitarian aid program to encourage the democratic transition by empowering Cuban churches, free libraries, civic centers, the media, and small businesses to assist in the effort.*

### **CHAPTER 3: ESTABLISHING DEMOCRATIC INSTITUTIONS, RESPECT FOR HUMAN RIGHTS, RULE OF LAW, AND NATIONAL JUSTICE AND RECONCILIATION**

The United States is committed to assist a post-Castro transition government in the promotion and consolidation of representative democratic processes and institutions that will respect the human rights and personal freedoms of all Cuban citizens.

Only when the Castro regime's authoritarian institutions and practices are abandoned, its instruments of repression dismantled, and a popularly based democratic process initiated, will Cubans be able to begin governing themselves through the exercise of their own free will. Such a liberation from Fidel Castro's brutal communist dictatorship will inspire a new political order based on national reconciliation, the rule of law, personal choice, and equal justice and opportunity for all.

Leaders of a transition government will likely move urgently to address a number of immediate priorities. Political prisoners will be freed because they have been unjustly incarcerated for exercising their fundamental freedoms. The large segment of the population that has been subjugated and silenced by government intimidation and violence will fear no more. The many forms of violence that have characterized the Castro regime's behavior at home and abroad will be abandoned. The Cuban people will have reason once again to be proud as they take collective responsibility for restoring their country to a respected, peaceful, and constructive role in the international community.

Other immediate priorities a transition government will face include: professionalizing military and civilian police and security services; considering whether to end obligatory military service; voiding

constitutional provisions that are inimical to democracy; revising criminal codes and sentencing guidelines; deciding what laws and regulations should be rescinded; cleansing the judiciary of corrupt and political judges; initiating a national debate about the provisions of a new constitution and procedures for drafting and ratifying it; opening prisons for the first time to outside inspection; guaranteeing human rights and freedom of speech; and ending all forms of discrimination.

Among the most daunting challenges a transition government immediately will face are those that will pit popular demands for prosecutions of former Castro regime officials against the imperative of establishing a government firmly founded on the rule of law and due process. On balance, the prospects for a rapid and peaceful transition to democracy could depend more on this key variable than any other.

Middle- and longer-term priorities will include building all of the institutions, processes, relationships, and values that will nourish democratic governance. The U.S. Government should be prepared to work with the Cuban people and their chosen representatives, should they ask, to lend assistance in drafting laws and regulations, preparing a new constitution, and establishing a system of checks and balances and the spectrum of national and local level democratic institutions (executive, legislative, and judicial) responsive to the public will.

U.S. public and private assistance could also help in the critical longer-term task of promoting a culture of lawfulness in which citizens believe in their new system, accept its legal and constitutional principles and understand their obligations in that context, and involve themselves in an emerging civil society. In building professional, apolitical law enforcement institutions, international assistance could be beneficial.

As the transition to a multi-party democracy progresses — with the help and encouragement of the United States — Cubans will be able for the first time in decades to enjoy the freedoms that prevail in the rest of the Western Hemisphere. The experiences of some of those neighbors — and of former communist countries — that have progressed from dictatorship to democracy could influence the choices Cubans make in constructing their own free society. A free and democratic Cuba will be welcomed back as a full participant in the inter-American system.

The assistance and encouragement of democracies in the region, and elsewhere, could prove to be crucial in helping to assure that the transition to constitutional democracy is rapid and peaceful. Assuming a free Cuban government agreed, the U.S. Government would also be prepared to assist as Cubans form diverse and representative political parties, interest groups, labor unions, and other free political institutions, as well as civic, professional, and commercial associations. A national legislature, such other regional and local governments as the Cuban people desire, courts and other legal and judicial infrastructure, as well as new and accountable executive branch agencies could receive U.S. assistance, if desired. Eliminating and preventing official corruption will be a continuing priority.

A peaceful transition to democracy will require the presence of effective, professional Cuban security institutions that are committed fully to supporting the democratic transition. As an immediate priority, and assuming the new Cuban government desires it, the United States would be prepared to assist a free Cuba develop a truly professional civilian police force.

#### **SELECTED RECOMMENDATIONS:**

- *Introduce exchange programs to inform Cuban leaders and administrators about democratic policy and decision-making and transparent governance;*
- *The U.S. Government should be prepared to provide technical assistance and capacity building to strengthen legislative institutions, processes, and procedures;*
- *The U.S. Government should be prepared to provide technical assistance on decentralization through the development of provincial and municipal governments;*
- *If requested by a transition government, the U.S. Government should provide technical assistance to promote and develop democratic political party structures and processes and introduce concepts and mechanisms for citizen oversight of parties as well as of local government;*
- *Offer expertise and assistance, if requested by a transition government, to help develop and strengthen a democratic electoral system including*

*on the drafting and reform of election laws and training election officials in voter registration, maintenance of voting lists and balloting procedures, and proactive measures against fraud and abuse; and*

- *Work with the OAS to support electoral observation missions to help Cuban transition government authorities bring accountability to their electoral process.*

## **CHAPTER 4: ESTABLISHING THE CORE INSTITUTIONS OF A FREE ECONOMY**

The Cuban economic system is broken; it will not be easily fixed. It will take time to build national institutions, as well as develop in individuals the attitudes, expertise, and skills capable of managing Cuba's reconstruction. Lessons learned from other transition countries demonstrate that it is extremely important to identify and prioritize needs, and to manage expectations correctly.

After decades of repression and material deprivation, Cubans will also be able to assert their new political freedoms to establish an entirely new economic order. Liberated from the rigidities and corruption of Castro's communist system, they will be free to create a private sector capable of providing jobs and opportunity, generating wealth, and spurring diversified growth. Long denied rights available to peoples in nearly every other country of the world, Cubans can be expected to place a high immediate priority on restoring rights to private ownership and the formation of competitive free enterprise.

The reconstruction effort in a free Cuba will be costly. In this regard, the burden of reconstruction need not fall completely on the shoulders of the United States and must be done in close consultation with the Cuban people. There is a significant role to be played by the international donor community, the international financial institutions (IFIs), including the Inter-American Development Bank (IDB), and the United Nations development agencies, all of which can provide programs and assistance to a free Cuba. We should seek engagement by the international community and the IFIs to better ensure a smooth transition when the time comes.



Economic change in Cuba will not occur in a vacuum. Two generations have grown up under Castro's repressive system. There are Cubans (i.e., the communist elite) who will have vested interests in maintaining the status quo. They will present a difficult but not unprecedented problem.

It is crucial that the Cuban people be full partners in the reform process, that whatever proposals we make to a free Cuban people are realistic, and that any promises made are promises kept.

### **SELECTED RECOMMENDATIONS:**

- *The U.S. Government, applying its experiences with other non-market economy transitions, should be prepared to encourage a free Cuba to decontrol prices, including energy prices, in the near term;*
- *The U.S. Government should provide examples to a free Cuba from Eastern Europe concerning its experiences in transitioning from a centralized economy, including experiences with the restructuring of enterprises controlled by militaries;*
- *The U.S. Government and the IFIs should be prepared to offer assistance to a free Cuba to help it design an effective privatization program as well as prepare enterprises for privatization, including industries and enterprises operated or managed by the Cuban Armed Forces;*
- *The U.S. Government should be in a position to work with a free Cuba to establish a U.S.-Cuba Joint Committee on Trade and Investment (JCTI). The JCTI would focus on post-embargo relations affecting trade and investment. It would also serve as a precursor and first step toward the possible negotiation of a U.S.-Cuba Free Trade Agreement;*
- *The U.S. Government should encourage a free Cuba to rejoin the International Monetary Fund (IMF), World Bank, and OAS, and join the IDB as quickly as possible;*
- *The U.S. Government and the IFIs should be prepared to assist a free Cuba in developing a new investment regime that fosters foreign investment and investor confidence, consistent with appropriate free market mechanisms; and*

- *The U.S. Government should encourage a free Cuba to settle outstanding claims issues as expeditiously as possible, bearing in mind that a long, complicated process is not in Cuba's best economic interest.*

## **CHAPTER 5: MODERNIZING INFRASTRUCTURE**

As a result of years of inadequate investment and neglect of repairs and maintenance, Cuba's infrastructure has significantly deteriorated. Examples of the abysmal state of Cuba's infrastructure are not difficult to identify. The only investment realized in Cuba's transportation infrastructure over the last two decades has been to support the narrow interests of the tourism industry at the expense of the general population. Ports, roads, and bridges suffer from a lack of investment, as do many of the supporting components of a healthy transportation and distribution system.

To assist a transition government in Cuba and meet humanitarian as well as reconstruction challenges significant infrastructure investments will be needed in transportation systems, energy, telecommunications, water resources, and sanitation. Since infrastructure, by definition, implies facilities and equipment that are unlikely to be built or acquired in a 90-day timeframe, this Commission identified short-term actions, such as operational changes and signing of new cooperative agreements, that can facilitate the most rapid assistance to the Cuban people in a time of transition. It also identified the areas which would need, in the proper context, on-site technical evaluation to establish needs and priorities for longer-term infrastructure reconstruction.

In the short-term, the U.S. Government can assist a free Cuba and its citizens by facilitating the acquisition of new and/or used equipment, opening avenues of cooperation between public/private U.S. transport entities and their Cuban counterparts, conducting technical needs assessments, and providing technical assistance to develop an infrastructure development plan that will identify emergency requirements as well as medium- and long-term needs.

To address long-term infrastructure needs, elements of the U.S. Government can support a free Cuba in seeking donor assistance from the international community and organizations such as the World Bank and the Inter-American Development Bank to help finance feasibility studies,

improve the operation and financial viability of public utilities, upgrade and replace plants and equipment, undertake the privatization of utilities, encourage competition in services, and develop regulatory mechanisms for natural monopolies.

## **SELECTED RECOMMENDATIONS:**

### **Transportation:**

- *Highways: Subject to the desires of a free Cuban government, the U.S. Government could provide advisors to a Transportation Ministry to assist Cuban officials with design, construction, and maintenance issues associated with primary and secondary roads and bridges.*
- *Aviation: The U.S. Government should be prepared to provide technical assistance to conduct airport assessments in Cuba to facilitate granting them permission to serve as the last point of departure for the United States.*
- *Maritime: The U.S. Government should be prepared to assist a free Cuba in identifying priority needs for port equipment and investments in port and intermodal infrastructure.*
- *Railways: In a transition context, the U.S. Government should be prepared to assist a free Cuba to ascertain the status of railroad bridges, culverts, track, and other critical rail-related infrastructure assets, including rolling stock.*

### **Energy:**

- *Work with officials of a free Cuban government to perform a comprehensive assessment of energy sector needs, priorities, and acquisition planning.*

### **Potable Water:**

- *If requested by a transition government, assess existing plants to ensure that the population is receiving water that is clean and safe and offer technical assistance to develop a coordinated program of capital rehabilitation of the distribution system and distribution to end users of*

*home water disinfection chemicals (i.e., sodium hypo chlorite as used in many developing nations).*

## **CHAPTER 6: IDENTIFYING & ADDRESSING ENVIRONMENTAL DEGRADATION**

Cuba has many natural assets and challenges. The natural environment has suffered degradation as a result of the neglectful policies of Cuba's Soviet-style economic system. Cuba faces degraded soil, old and decaying water and sanitation infrastructure, wildlife habitat destruction, and salt water intrusion into its fresh water supplies. Thanks to the regime's insistence on crushing organizations it cannot control, Cuba also lacks an independent non-governmental organization (NGO) sector capable of providing accountability and advocating on behalf of the environment and natural resources and to serve as a mechanism to raise public awareness and bring new ideas and issues to the attention of policy makers for action. Among Cuba's assets are a rich biodiversity, mineral reserves, relatively low levels of industrialization, elements of an environmental framework law, an educated population, and highly trained experts and scientists. These assets could serve as a foundation for sustainable development in a free Cuba.

The poor environmental protection policies that have been in effect are evident in the quality of land, water, air, and natural habitats that exist on the island today.

**Land and Soils:** The Cuban government has permitted deforestation and over-cultivation of the land, compaction of soils due to the use of heavy farm machinery, and strip mining. These practices have resulted in salinity in soils and heavy erosion of the land.

**Water:** Agricultural runoff from heavily treated fields has contributed to the degradation of surface water streams, in addition to the untreated wastewater from cities, sugar mills and other food-processing plants, and nickel mining operations. Irrigation practices have resulted in low groundwater levels, causing significant salt-water intrusion into fresh water and salinity in coastal soils. Low river flows due to dam construction have in turn caused lower re-charge of aquifers and further salinity in the streams.

**Habitat/Biodiversity:** Wildlife habitat has been affected by water quality in freshwater streams, which is in turn affected by runoff from agricultural practices, erosion due to deforestation, and sedimentation of freshwater streams. The introduction of non-native species has also had a significant impact on the overall viability of the ecological system. The relatively recent phenomenon of major hotel and tourism infrastructure construction projects, particularly in highly fragile ecosystems like the Sabana-Camaguey Peninsula, has already had deleterious effects, which will worsen if uncontrolled development continues.

**Air:** Air emissions from industry and transportation cause significant health problems. Stationary sources of emissions (electric power plants, petroleum refineries, cement plants, nickel plants, and other old industries) emit large amounts of sulfur dioxide and particulate matter. While it is true that Cuba's poverty means that it has a comparatively low density of vehicles per capita, Cuban vehicles are old and lack basic pollution controls and maintenance.

U.S. cooperation and technical assistance can help a free Cuba address the immediate and long-term needs it will face in a post-Castro era. As an immediate step, the U.S. Government can help a transition government conduct a rapid assessment of immediate equipment needs to ensure that drinking water systems are operational and chemicals needed to treat the water are made available. For medium- and long-term actions, a wide range of cooperation and assistance possibilities exist. However, it is important to select a few key areas where there can be a short-term success as well as work on medium- and long-term capacity building efforts. Generating and providing quality environmental information to the public will be a cornerstone for engaging a free Cuban people in environmental and natural resources management.

#### **SELECTED RECOMMENDATIONS:**

- *The U.S. Government should be prepared to offer to a free Cuba strengthen its legal framework and improve its development and implementation of its environmental laws;*
- *The U.S. Government should be prepared to assist a free Cuba in developing and conducting assessments of the impacts of point and non-point sources of pollution;*

- *U.S. Government agencies could provide a free Cuba with significant capacity building expertise, including the development of monitoring programs, review and assessment of water quality data (drinking water, effluent discharge, ambient water quality), long-term development of laws and regulations, development of pre-treatment programs (control of industrial discharges into public waste water systems), etc.;*
- *The U.S. Government can assist transition government coral reef managers with a number of tools, including mapping of benthic habitats of coral reef ecosystems and assessing the associated reef fish and their essential fish habitat;*
- *In the area of solid wastes, if requested by a transition government, U.S. Government experts could provide technical assistance in the areas of contaminant-specific Environmental Technologies, treatment & control of solid wastes, medical waste tracking, municipal solid waste source reduction, soil washing (chemical and metals removal), management of watersheds and freshwater ecology, and erosion control and water management associated with solid waste landfill situations;*
- *The U.S. Government could provide assistance, if requested, in addressing all facets of soil erosion, sedimentation, soil compaction, and related conservation practices; and*
- *The U.S. Government should be prepared to look for public-private partnerships and partnerships with cities — with the objective of identifying U.S. expertise that could help a free Cuba reduce pollution, such as landfill methane recovery or industrial energy efficiency, and develop policies for “responsible investment.”*

## **Introduction**

The transition to freedom will present many challenges to the Cuban people and to America, and we will be prepared. America is not alone in calling for freedom inside of Cuba. Countries around the globe and the United Nations Human Rights Commission increasingly recognize the oppressive nature of the Castro regime, and have denounced its recent crackdowns. We will continue to build a strong international coalition to advance the cause of freedom inside of Cuba.

President George W. Bush  
October 10, 2003

For more than four decades, Fidel Castro's destructive policies at home and abroad have caused great hardship for the Cuban people. He has systematically undermined the democratic principles and fierce national pride of Cuba, destroyed its economy, subverted his neighbors, and launched bloody military expeditions around the world.

Under Castro, Cuba's economic and social prospects remain bleak. Following the disintegration of the Soviet Union and the end of massive subsidies, the Cuban economy contracted by nearly 40 percent, compared to its level in 1989, and it has not recuperated all of that loss. Absent fundamental reforms, there is little prospect of rebuilding the country's capital base.

The diversion of scarce resources to sustain the regime's control has had a dramatic impact on the Cuban people's welfare. Health and nutrition have deteriorated significantly. Chronically low levels of investment have produced a severe housing shortage and a serious deterioration of Cuba's infrastructure. Ever increasing numbers of Cubans are involved in the black market and other illicit activities to survive in a dysfunctional economy.

Cubans continue to be denied fundamental freedoms. They cannot form independent, alternative political parties outside of the communist party, elect representatives of their own choosing, form free associations, or

freely express themselves. They are denied recourse to an independent judiciary that could protect their rights. Absolute political control remains the paramount objective of the regime.

Cuba, tragically, remains the outcast in the Western Hemisphere's democratic community of nations. Yet it has been the historical role of the United States to support the Cuban people's aspirations to hasten the day when they can restore their country to a respected, peaceful, and constructive role in the international community.

Chapter 1 of this report thus identifies additional means by which the United States can help the Cuban people bring about an end to the Castro dictatorship, taking into account the various methods the regime has instituted in recent years to sustain itself in power. The strategy is multi-dimensional: adopting measures to empower Cuban civil society; breaking the regime's information blockade of the Cuban people; reducing financial flows to the regime; undermining the regime's "succession strategy" (i.e., from Fidel to Raul Castro) by increasing pressures on the ruling elite and its principal instruments of coercion/control; aggressively increasing public diplomacy efforts abroad to counter Cuban propaganda; and encouraging multilateral efforts to challenge the Cuban regime.

There is no way to predict exactly what form a transition in Cuba will take, but what is certain is that soon the Cuban people will be freed from Fidel Castro's repressive rule. Clearly, the agents of change are the Cuban people, who are struggling to define Cuba's future. Based on the experience of recent history, one can predict that when given the opportunity, the Cuban people will choose democracy and a market-based economy.

What follows in Chapters 2 through 6 is a survey of the areas in which the U.S. Government can assist a free Cuba in all facets of its reconstruction and renewal. This document proposes a wide range of actions that the U.S. Government might propose to a Cuban transition government. They are not intended to be a prescription for Cuba's future.

The Cuban people will determine the transition and their specific assistance needs. It is likely that a Cuban government embarked upon a democratic transition will have aspirations and needs similar to those of other transition countries from former communist rule. As such, a free Cuba can be expected to seek assistance:



- To meet critical humanitarian and other important needs early in the transition essential to relieving social hardship and initiating the reactivation of the economy;
- To help build essential democratic institutions, both in the government and civil society;
- To help establish the policy, institutional, and legal reforms necessary to stimulate the domestic private sector; meet the long-term social needs of the population; attract foreign investment; meet conditions for lending from international financial institutions; and otherwise lay the basis for economic recovery; and
- To address the degradation of its infrastructure and environment, which, as in other countries freed from communism, have seen serious deterioration in the areas of water and sanitation, power, telecommunications.

The fundamental goal of any U.S. assistance to a free Cuba must be to empower and respect the sovereign rights of the Cuban people. Empowering them will mean improving their economic and social well-being, helping them reconstruct a democratic civic culture through education and institution-building, and supporting them as they transform themselves and Cuban society.

This report also seeks to dispel misperceptions regarding the future challenges and opportunities that Cuba will face once the transition process begins. The Castro regime attempts to manipulate information on conditions internally and developments abroad to engender popular fears regarding the future prospects of a Cuba without Castro. The choice for the Cuban people is not between the present and the past, as the regime would have the people believe; it is between the present repression and economic malaise and a future of freedom and opportunity for all Cubans.

Cuba has excellent prospects for achieving a democratic society and sustained economic growth following a transition. It has a number of advantages that many of the former communist countries lacked. It is a relatively well-integrated society with a single language and a relatively

educated, flexible, and mobile workforce that can be readily absorbed into new economic activities. The Cuban people's strong entrepreneurial spirit is also well established. Cuba also will be able to draw upon the support of a large overseas Cuban community with extensive business and technical expertise, market connections, investment capital, and a commitment to help their families and fellow Cubans on the island. Finally, a Cuba in transition can count on strong support from the United States.

Well-conceived and implemented political and economic transition programs that lead to democracy and a market-based economy are mutually supportive. A democratic government, a free press, an active civil society, and the rule of law will help ensure that a new Cuba is worthy of all her citizens.

Cuba has the human and natural resources to become a free and prosperous nation. When it undertakes a transition to democracy, Cubans from all walks of life, from San Antonio to Maisi, can count on the United States and the international community to help them forge a peaceful future, free from repression and economic misery. Cuba will then take its rightful place in the democratic community of nations, befitting its long history of struggle for freedom.

## **CHAPTER 1**

# **Hastening Cuba's Transition**



## **I. EXECUTIVE SUMMARY**

As an essential part of America's commitment to stand with the Cuban people against the tyranny of Fidel Castro's regime, President George W. Bush mandated that the Commission for Assistance to a Free Cuba identify additional means by which the United States can help the Cuban people bring about an expeditious end to the Castro dictatorship.

In the past, the United States has tended to initiate policies towards Cuba that were implemented in isolation from each other. For instance, economic sanctions were initially imposed with little, if any, support to Cuban civil society, and were not coupled with initiatives to break the regime's information blockade or proactively engage the international community. In addition, well-meaning humanitarian policies were authorized without thorough consideration of the relationship they would have to the fundamental policy objective of assisting the Cuban people regain their freedom and their right to determine their way of life and their future.

The Commission for Assistance to a Free Cuba sought a more proactive, integrated, and disciplined approach to undermine the survival strategies of the Castro regime and contribute to conditions that will help the Cuban people hasten the dictatorship's end. The recommendations focus on actions available to the United States Government, allowing us to establish a strong foundation on which to build supportive international efforts. This comprehensive framework is composed of six inter-related tasks considered central to hastening change:

### **EMPOWER CUBAN CIVIL SOCIETY**

Recognizing the work that is already underway by U.S. agencies and NGOs, we propose additional ways to empower Cuban civil society and strengthen the democratic opposition through material assistance and training. Our recommendations include facilitating the provision of support to the families of political prisoners by independent actors, including NGOs; increasing U.S. Government funds to support pro-democracy activities and bolster the work of independent civil society activists; and, streamlining licensing requirements to get more, and more useful, equipment and material

support to the island. We also recommend expanding international and other sources of support for civil society in Cuba through greater use of willing third-country organizations and greater outreach to religious and faith-based groups.

## **BREAK THE INFORMATION BLOCKADE**

The Castro regime controls all formal means of mass media and communication on the island. The Cuban Communist Party (CCP) exerts strict editorial control over newspapers, television, and radio through the regime's pervasive apparatus of repression, preventing the Cuban people from obtaining accurate information on such issues as the regime's systematic violations of human rights and fundamental freedoms, and the state of the Cuban economy. Consistent with its fear of uncontrolled information flow to the Cuban people, the regime has set up technological, administrative, and intelligence structures to impede the ability of pro-democracy groups and civil society, both on and off the island, to effectively communicate their message to the Cuban people. In concert with efforts to strengthen Cuban civil society, and building on the excellent work already underway by U.S. Government broadcasting entities, the Commission recommends a near-term program to deploy COMMANDO SOLO as an airborne platform for radio and television transmissions on a regular basis; an increase in the use of third-country private radio stations for broadcasting programs into Cuba; and expanded distribution of videotapes and other media materials on the island. Over the long-term, the Commission recommends making available funds to acquire and refit an aircraft for dedicated airborne radio and television transmissions into Cuba, in a manner consistent with the United States' international telecommunications obligations.

## **DENY RESOURCES TO THE CUBAN DICTATORSHIP**

The policies of the Castro regime have debilitated the Cuban economy and impoverished the Cuban people. Rather than address the deprivation confronting Cubans, the regime cynically ignores its obligations and seeks to exploit external engagement with the island and humanitarian assistance to the Cuban people in order to maintain its grip on power. The economic lifelines of the Castro regime are tourism; access to subsidized Venezuelan oil; commodities; and revenues and other support generated by those with

family on the island, with the vast majority of such support coming from the United States. Over the past decade, the regime has built an apparatus designed to exploit humanitarian aspects of U.S. policy, specifically to siphon off hundreds of millions of dollars for itself. Remittances, gift parcels and travel-related revenues from those in exile who have family on the island, especially those Cubans who have come to the United States since the early 1990s, are avenues through which the regime has franchised out the subsistence of a significant portion of the Cuban population. The dollars made available to the regime through these means permit it to divert resources to the maintenance and strengthening of its repressive apparatus and away from meeting the basic needs of the Cuban people. Dollars and donated goods, although provided with good intentions by U.S. persons, are effectively helping keep the regime afloat.

Our recommended strategy is to maintain avenues by which Americans can engage the Cuban people, and by which those with family on the island can reasonably assist immediate relatives, while minimizing the regime's manipulation of the plight of the Cuban people. In order to reduce the flow of U.S. dollars to the regime, the Commission's principal recommendations include: promulgation of new regulations denying the transfer of funds to certain Cuban government officials and members of the Cuban Communist Party; reasonable restrictions on the contents and shipment of gift parcels to minimize unintended benefits to the regime; and new limits on travel that ensure that it is for valid and necessary family or educational purposes, and that prevent importation of regime-subsidizing products. We also recommend supporting an international campaign to highlight the repressive and criminal nature of the Cuban regime to diminish the island's attraction as a tourist destination.

## **ILLUMINATE THE REALITY OF CASTRO'S CUBA**

The current survival of the regime is, in part, dependent upon its projection of a benign international image. Cuba presents itself internationally as a prime tourist destination, as a center for biotechnological innovation, and as a successful socialist state that has improved the standard of living of its people and that is a model for education, health care, and race relations for the world. This image belies the true state of Cuba's political, economic, and social conditions, its status as a state sponsor of terrorism, and the increasingly erratic behavior of its

leadership. We propose increased efforts to illuminate the reality of Castro's Cuba, with the objectives of encouraging international solidarity with the Cuban people and promoting democracy on the island, including through the funding of NGOs to facilitate the distribution of information on the condition of the Cuban people, the reality of the circumstances under which they struggle to survive, and the nature of the Castro regime, including its threat potential.

### **ENCOURAGE INTERNATIONAL DIPLOMATIC EFFORTS TO SUPPORT CUBAN CIVIL SOCIETY AND CHALLENGE THE CASTRO REGIME**

There is a growing international consensus on the nature of the Castro regime and the need for fundamental political and economic change on the island. This consensus coalesced, in large part, after the regime's brutal March-April 2003 crackdown on peaceful pro-democracy activists, an act properly characterized as the most severe repression of peaceful political activists in the history of Cuba, and certainly the most significant act of political repression in Latin America in a decade. Infuriated by, and fearful of, the valiant effort by these same activists to continue to reach out to the Cuban people and the international community, the regime reacted; Castro's political attacks against the European Union (EU) and other nations also reveal his regime's continuing trepidation in the face of peaceful Cubans calling for their fundamental rights. Many of those who once stood by Castro have now begun to speak out publicly against the regime's abuses. However, this same international consensus has limits.

Encouraging multilateral diplomatic efforts to challenge the regime in international organizations and to strengthen policies of proactive support for pro-democracy groups in Cuba forms a cornerstone of our policy to hasten an end to the Castro regime. Specifically, we recommend intensifying support for the monitoring of human rights by and engagement with the Inter-American Commission on Human Rights. We also propose expanding coordination with willing friends and allies to encourage both greater assistance to independent Cuban civil society groups and, building on the work done by this Commission, to also encourage more robust and more international initiatives to plan for Cuba's transition. Finally, in order to target the regime's gross violation of labor rights and norms, and to encourage the establishment of minimal standards for engagement by



existing foreign investors, we recommend supporting re-energized International Labor Organization efforts and increased coordination and cooperation with labor groups in other countries regarding Cuba.

### **UNDERMINE THE REGIME’S “SUCCESSION STRATEGY”**

The Castro dictatorship is pursuing every means at its disposal to survive and perpetuate itself through a “succession strategy” from Fidel Castro to Raul Castro and beyond; its goal is that the unelected and undemocratic communist elite now in power remain so indefinitely. The United States rejects the continuation of a communist dictatorship in Cuba, and this Commission recommends measures to focus pressure and attention on the ruling elite so that succession by this elite or any one of its individuals is seen as what it would be: an impediment to a democratic and free Cuba. The Commission recommends: targeting regime officials for U.S. visa denials by establishing a database consisting of the names of those Cubans involved in torture and other serious human rights abuses against the Cuban people and others, including the torture by Castro regime officials of American POWs in South East Asia; and creating a second database of those Cuban regime officials who have provided assistance to fugitives from U.S. justice. These visa denial watchlists will be provided to other nations, particularly those in the EU and Latin America, to ensure that Cuban regime human rights abusers cannot find refuge in these regions. The Commission also recommends establishing a Transition Coordinator at the State Department to facilitate expanded implementation of civil society building and public diplomacy efforts and to continue regular transition planning and coordination with other U.S. Government agencies.

## II. INTRODUCTION

[T]he Cuban people have a constant friend in the United States of America. No tyrant can stand forever against the power of liberty, because the hope of freedom is found in every heart. So today we are confident that no matter what the dictator intends or plans, *Cuba será pronto libre* [Cuba will soon be free].

President George W. Bush  
October 10, 2003

Fidel Castro continues to maintain one of the world's most repressive regimes. As a result of Castro's 45-year strategy of co-opting or crushing independent actors, Cuban civil society is weak and divided, its development impeded by the comprehensive and continuous repression of the Castro regime. Yet despite decades of suppression, degradation, and deprivation, the aspiration for change is gathering momentum and growing in visibility on the island. Brave Cubans continue to defy the regime and insist that it recognize their fundamental rights, as guaranteed by the Universal Declaration on Human Rights, which Cuba signed, but to which Cuba now outlaws any reference. The March-April 2003 crackdown on peaceful opposition activists was only the most recent and brutal high-profile effort by the regime to eliminate democratic civil society. While these actions set back the consolidation of that movement, they did not end the Cuban people's quest for freedom.

The Castro regime continues to be a threat not only to its own people, but also to regional stability, the consolidation of democracy and market economies in the Western Hemisphere, and the people of the United States. The Castro regime harbors dozens of fugitives from U.S. justice, including those convicted of killing law enforcement officials. It aggressively conducts espionage against the United States, including having operated a spy network, one of whose members was convicted of conspiring to kill U.S. citizens. The Castro regime also has engaged in other hostile acts against its neighbors and other democracies in the Hemisphere. On several occasions, Castro has threatened and orchestrated mass sea-borne migrations to Florida of tens of thousands of Cubans in an effort to intimidate and harm the United States.

This dictatorship has every intention of continuing its stranglehold on power in Cuba and is pursuing every means at its disposal to survive and perpetuate itself, regardless of the cost to the Cuban people. In furtherance of this goal, the regime ruthlessly implements a strategy to maintain the core elements of the existing political and repressive structure to ensure that leadership passes from Fidel Castro to his selected successor, Raul Castro. Under this “succession strategy,” the core governmental and Communist Party elite would survive the departure of Fidel Castro and would seek to effect a new relationship with the United States without undergoing fundamental political and economic reform. An element that is critical to the success of the regime’s strategy is its repressive security apparatus, which instills fear in the Cuban people and uses their impoverishment as a means of control.

This strategy cannot succeed without the continued flow of resources to the regime from outside Cuba. To this end, the Castro regime has built an economic structure on the island designed specifically to exploit all outside engagement with Cuba. One of the regime’s central goals is to obtain additional sources of income from the United States, especially through tourism receipts. Overall, these efforts annually subsidize the regime in the amount of more than \$3 billion in gross revenues.

Specifically, the tourism sector has been developed to generate hard currency as well as to contribute to an image of “normalcy” on the island and to promote international acceptance of the regime. The Castro regime also cynically exploits U.S. humanitarian and immigration policies, primarily remittances and “family visits,” to generate millions in hard currency flows from its victims: those seeking freedom and the Cuban diaspora. Further, Cuba maintains a beneficial arrangement with the sympathetic government of Hugo Chavez in Venezuela, whereby Castro receives up to 82,000 barrels of oil per day on preferential terms; this arrangement nets more than \$800 million in annual savings to Cuba (mirrored by an identical amount of lost revenues to Venezuela). Cuba continues to exploit joint economic ventures with third-country investors, who enter these arrangements despite the absence of the rule of law or neutral dispute resolution mechanisms and despite Cuba’s lack of respect for basic labor rights. Under these ventures, international employers pay hard

currency to the Castro regime for each Cuban worker, who is in turn paid in worthless Cuban pesos.

Another facet of the regime's survival strategy is to control information entering, circulating within, and coming from the island. The regime seeks to minimize the information available to the Cuban people, as well as to manipulate what the outside world knows about the Castro dictatorship and the plight of the average Cuban citizen. Cuba presents itself internationally as a prime tourist destination, as a center for bio-technological innovation, as a successful socialist state that has improved the standard of living of its people, and as a model for the world in terms of health, education, and race relations. This image belies the true state of Cuba's political, economic and social conditions and the increasingly erratic behavior of its leadership.

Despite the aggressive internal and international propaganda effort by the regime, there is a growing international consensus on the need for change in Cuba. This consensus has been strengthened by the regime's March-April 2003 suppression of peaceful pro-democracy activists, the summary executions of three Afro-Cubans attempting to flee the island, and the courageous effort by many peaceful activists to continue to reach out to the Cuban people and the international community. This flagrant repression, along with the continued work of pro-democracy groups in Cuba, has caused the international community to again take stock of the Castro regime and condemn its methods. This re-evaluation provides an opportune moment to strengthen an evolving international consensus for democratic change in Cuba.

America's commitment to support the Cuban people against Castro's tyranny is part of our larger commitment to the expansion of freedom. In furtherance of this commitment, President George W. Bush mandated that the Commission for Assistance to a Free Cuba identify additional means by which the United States can help the Cuban people bring about an expeditious end to the Castro dictatorship.

In the past, the United States has tended to adopt policies toward Cuba that were implemented in isolation from each other. For instance, economic sanctions were imposed with little, if any, support to Cuban civil society, and were not coupled with initiatives to break the regime's information

blockade or proactively engage the international community. In addition, well-meaning humanitarian policies were authorized without thorough consideration of the relationship they would have with the fundamental policy objective of assisting the Cuban people regain their freedom and their right to determine their way of life and their future.

The Commission for Assistance to a Free Cuba sought a more proactive, integrated, and disciplined approach to undermine the survival strategies of the Castro regime and contribute to conditions that will help the Cuban people hasten the dictatorship's end. The recommendations also focus on actions available to the United States Government, allowing us to establish a strong foundation on which to build supportive international efforts. This comprehensive framework is composed of six inter-related tasks considered central to hastening change:

- To empower Cuban civil society;
- To break the Cuban dictatorship's information blockade;
- To deny resources to the Cuban dictatorship;
- To illuminate the reality of Castro's Cuba;
- To encourage international efforts to support Cuban civil society and challenge the Castro regime; and
- To undermine the regime's "succession strategy."

### **III. EMPOWER CUBAN CIVIL SOCIETY**

The Castro dictatorship has been able to maintain its repressive grip on the Cuban people by intimidating civil society and preventing the emergence of a credible alternative to its failed policies. As a result of Castro's 45-year strategy of co-opting or crushing independent actors, Cuban civil society is weak and divided, its development impeded by pervasive and continuous repression. Through absolute control of the Cuban economy and the manipulation of U.S. migration policy, the Castro regime has made it all but impossible for human rights activists and reformers to operate and has forced many into exile. Until recently, the dictatorship has been able to keep civil society infiltrated and stunted. Through the use of these totalitarian measures, the regime has been able to mobilize large segments of the Cuban public to "support" it in times of difficulty and to assist it in silencing voices of dissent. As a result, Cubans have had little

opportunity to glimpse an alternative to the Castro regime and its failed policies.

Now, the tide of public opinion has turned and Castro's loyalists must constantly work to restrain the Cuban people from organizing and expressing demands for change and freedom. Cubans are increasingly losing their fear and vocalizing their desire to be architects of their own destinies. Examples of this include the efforts of such brave dissidents as Raul Rivero, Dr. Oscar Elias Biscet, Martha Beatriz Roque, and Oswaldo Paya. These people demonstrate the same determination to challenge the system that was evident in the Polish "Solidarity" movement two decades ago. The same resilience and determination of Czech leader Vaclav Havel's Charter 77 and of the "Solidarity" movement is also embodied today in the activists of the Cuban independent library movement, and the scores of independent journalists who risk everything so that the world no longer can claim ignorance about the repressive practices of a ruthless dictatorship.

Charter 77, the Polish student and union movements, and the forthright role of the Polish Catholic Church created authentically independent civil societies, building islands of independent thought, movement, interaction, and self-reliance among the repressed peoples of Eastern Europe. The development of a self-contained civil society within the gates of repression helped create a parallel culture that offered the people of the former Soviet Bloc alternatives to the corruption, exploitation, fear, and powerlessness that characterize life under communism. It offered them hope.

In Cuba, we are now witnessing a similar phenomenon. By continuing to isolate the Castro regime while supporting the democratic opposition, and empowering an emerging civil society, the U.S. can help the Cuban people in their efforts to effect positive political and social change in their country. Cuban civil society is not lacking spirit, desire, or determination; it is hampered by a lack of materials and support needed to bring about these changes.

#### **A. Current U.S. Assistance Program**

Section 109 of the Cuban Liberty and Democratic Solidarity Act (LIBERTAD) of 1996 (P.L. 104-114) authorizes the President to furnish

assistance and provide other support for individuals and independent NGOs “to support democracy-building efforts for Cuba.” This provision authorizes assistance for, among other things, published and informational matter such as books, videos, and cassettes on democracy, human rights, and market economies; humanitarian assistance to victims of political repression, as well as their families; support for democratic and human rights groups; and, support for visits and permanent deployment of independent international human rights monitors in Cuba.

This assistance program, currently administered by the U.S. Agency for International Development (USAID), concentrates on information dissemination efforts that will foster democratic change through the development of civil society. The USAID Cuba Program aims at increasing the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba. The program provides support to U.S. NGOs and individuals engaged in this effort. U.S. partners encourage the development of independent civil society and provide humanitarian assistance to political prisoners, their families, and other victims of repression.

U.S. programs are also intended to help build solidarity with Cuba’s human rights activists, give voice to Cuba’s independent journalists, help develop independent Cuban NGOs, defend the rights of Cuban workers, provide direct outreach to the Cuban people, and support planning for assistance to a future transition government in Cuba. Partnership with U.S. NGOs and their Cuban counterparts is central to program design and implementation.

The United States Interests Section (USINT) in Havana is also a vital asset in the effort to aid the Cuban people in their struggle for freedom and democracy. USINT stands as a symbol of freedom and opportunity in the center of Havana and is a focal point for Cubans seeking more information about events both in Cuba and around the world.

## **B. Improve U.S. Outreach to Cuban Civil Society**

**Youth, women, and Afro-Cubans:** Youth, women, and Afro-Cubans constitute key segments necessary for the continued growth of the Cuban civil society movement. These groups acutely lack access to

independent and non-regime sources of information that address their specific needs and aspirations for freedom and democracy. At the same time, the regime portrays these segments of Cuban society as pillars of social support and stability for Castro's regime.

Outreach to Cuban youth represents one of the most significant opportunities to hasten the end of the regime. More than half of Cuba's population is under age 35. This generation has the weakest attachment to the Castro revolution; even by Cuban government admission, apathy and disaffection are endemic in this segment of the population. However, U.S. and international pro-democracy programs aimed at Cuban youth, motivating them and mobilizing them are nearly non-existent. Yet, youth have been critical catalysts for regime change in other countries, helping to unify opposition forces, particularly in the former Yugoslavia, Slovakia, and recently in Georgia.

Women have also fared poorly in Castro's Cuba. Over the past decade, many have been treated as commodities to be exploited for the regime's benefit. With Fidel Castro's active encouragement, Cuban women have been advertised as inducements to foreign male tourists. Castro denies the fact that his policies have forced women into prostitution, claiming that Cuban women choose prostitution "because they like sex" and boasts that Cuban prostitutes are "highly educated hookers" who are "quite healthy." It is then not surprising that women, such as imprisoned Martha Beatriz Roque of the Assembly to Promote Civil Society, are at the forefront of the independent civil society movement. The mothers and wives of the 75 activists imprisoned after the March-April 2003 crackdown are a powerful and visible domestic and international symbol of the current struggle for freedom and democracy in Cuba. At the same time, the broader development of women's civil society groups that directly address the concerns of women in Cuba today remains limited. Few international or third-country women's NGOs have developed links with Cuban women's groups or implemented programs to encourage their development. In other societies struggling to rid themselves of dictatorships, these women's groups helped form the backbone of powerful civic movements.

Afro-Cubans and mixed-ethnicity Cubans comprise 62 percent of the population. Yet despite the regime's incessant rhetoric of social inclusion, Afro-Cubans are underrepresented in leadership positions and continue to be



socially marginalized. The regime gives lip service to inclusion of Afro-Cubans and mixed-ethnicity Cubans in government. For example, persons of color currently occupy only 33 percent of the seats (203 out of 609) in the rubber-stamp National Assembly of People's Power, only nine out of 31 positions on the all-powerful Council of State, and just 4 of the 14 provincial Communist Party leadership positions. Afro-Cubans tend to have the least access to external or non-regime sources of information. They have little or no access to outside sources of humanitarian support, and they are the least likely to migrate from Cuba, largely as a result of their poor economic and social condition.

As with youth, more programs need to be oriented towards the Afro-Cuban population. NGOs have proposed promoting the development of civil society within the Afro-Cuban community through targeted broadcasting and by encouraging more African ex-government and NGO leaders to travel to the island for training and outreach and to form national working groups on Cuba in their own countries. Former government leaders from Africa have offered to take the lead in these efforts. Small grants of U.S. funds could provide the critical spark to activate more of the Afro-Cuban community and generate greater involvement by African-Americans and African nations in promoting change in Cuba. The African-American experience in peaceful civil society formation to achieve political change could be instructive in the Cuban environment.

**Political Prisoners and Their Families:** In March and April 2003, 75 human rights and opposition activists were arrested and sentenced to prison sentences as long as 28 years for acts such as possessing and publicly displaying human rights literature, receiving money and medicine from abroad for families of political prisoners, communicating with international media organizations, and organizing meetings and demonstrations to call for political reforms. Members of the security forces and prison officials routinely beat and abuse detainees and prisoners, including human rights activists. According to human rights monitoring groups inside the country, there are between 300 and 400 political prisoners in Cuba.

The detainees and their families face enormous challenges, including meeting their basic economic and social needs. The regime has used the pretext of the arrests to confiscate property, evict families from their homes,

and dismiss members from employment. These courageous people need additional support.

**Independent Civil Society Groups:** Despite years of repression, there is a growing independent civil society movement on the island. Cubans have organized, or attempted to organize, and identify themselves as “independent journalists,” “independent librarians,” “independent writers,” “independent economists,” etc. The key is their willingness to depart from the existing Stalinist structure. These groups are hampered, however, by a lack of basic materials and access to the equipment necessary to conduct their work. Independent libraries operate out of people’s homes and the majority lack even the most rudimentary equipment. The tools of independent journalists often only consist of a simple notepad and pencil as the Castro regime denies them access to basic equipment such as cameras, copiers, and computers. Even possession of a typewriter, regardless of vintage, can be used by the regime as a pretext for detention and worse.

One example is that of Raul Rivero, an accomplished poet and journalist who founded the unofficial press agency Cuba Press. Using a manual typewriter to produce his reports, he often wrote on political and economic conditions in Cuba. For this, he was accused under Article 91 of the Penal Code of carrying out unspecified “subversive activities, aimed at affecting the territorial independence and integrity of Cuba.” The regime also accused him of disseminating “false news to satisfy the interests of his sponsors of the North American government” and of associating with Reporters Without Borders and Agence France Presse. The regime cited his typewriter as evidence of his guilt. He was sentenced to 20 years in prison. Despite this type of intimidation and the scarcity of basic materials, civil society activists continually seek the means by which they can exercise their skills and their rights. Hence, increasing the amount of basic equipment available to them is vital.

A number of regulations govern the export from the United States of equipment, including computers, to Cuba, a state sponsor of terrorism. These export rules are intended to restrict the Cuban government’s access to sensitive technology and to prevent the Cuban government from transferring this technology to other hostile states.

At the same time, it is essential that Cuban civil society gain greater access to computers and other basic modern equipment, such as faxes and copiers, in order to help expand distribution of information and facilitate pro-democracy activities. Greater access to these types of equipment will assist Cuba's civil society in its efforts to disseminate information to the Cuban people and counter regime efforts to harass, intimidate, and stifle opposition and dissent through exclusive control over all forms of communication.

**Religious Organizations and Faith-Based Initiatives:** Religious organizations, including both Catholic and certain authentically independent Protestant denominations, represent the fastest growing and potentially strongest alternatives to the Cuban state in providing basic services and information to the Cuban people.

About four to five million Cubans identify themselves as Roman Catholic, and Cuban Catholic priests estimate that as many as 10 percent of Catholics attend mass weekly. Cuba has close to 1,000 priests and nuns, less than half the total prior to 1960, when Cuba had half of today's population. The regime has failed to live up to its commitment to loosen restrictions on the Church in the wake of the 1998 visit by Pope John Paul II; overall numbers of Catholic Church officials are only slightly higher than before the Papal visit. Many Catholic Church leaders are engaged in a daily struggle with the regime to provide help, both spiritual and material, to the Cuban people. The regime continues to deny the Catholic Church access to the Internet, does not allow the Church to purchase vehicles or to run educational institutions, and engages in other measures to impede its work and growth. Nonetheless, many Catholic churches and Catholic charities regularly distribute medicine and other material help to both Church members and non-members, even though state health officials threaten them with "severe sanctions" for doing so.

Estimates of the number of Protestants in Cuba range from 600,000 to two million. These estimates may be low, however, given the recent explosive growth in evangelical Christian worship in "house churches" not registered by the "Office of Religious Affairs" of the Ministry of Interior (MININT), which is responsible for a number of organs of political control. Less than 30 percent of Cuban Protestants are members of those establishment denominations that make up the Cuban Council of Churches, a

body tightly controlled by government authorities. Several heads of denominations within the Council were, or are now, “deputies” in the National Assembly, Cuba’s powerless legislature. The Council, which works closely with MININT’s Office of Religious Affairs, gives authorization to publish and distribute religious literature and to broadcast religious radio programs. It also approves overseas travel by pastors, and accepts large-scale humanitarian donations, but only after the political overseers in MININT have signaled their acceptance. The largest religious denominations generally reject cooperation with the Council, and have been able to grow and develop limited humanitarian and social services. In addition, several U.S. NGOs are working to develop conferences of ministries, churches, and lay persons with a common interest in providing humanitarian aid in Cuba as a vehicle to strengthen civil society.

## **RECOMMENDATIONS:**

### **A Robust U.S. Assistance Program to Empower Cuban Civil Society:**

- *Recognizing the U.S. assistance program already in place, the Commission recommends that the U.S. Government make available an additional \$29 million (to augment the current Cuba program budget of \$7 million) to the State Department, USAID, and other appropriate U.S. Government agencies for the following measures to aid the training, development, and empowerment of a Cuban democratic opposition and civil society:*
  - *Provide additional grants to willing NGOs for activities supporting democratic and human rights groups on the island to fund an increased flow of information on transitions to a political system based on democracy, human rights, and a market economy to the island, including radio and TV broadcasts, in support of and to augment Radio/TV Martí’s efforts;*
  - *Support NGOs involved in medical assistance in buying and distributing medicines on the island, which can be distributed to unemployed physicians and medical personnel. Over-the-counter medicines, vitamins, and similar products can also be distributed to dissidents and human rights organizations to assist in outreach efforts within their communities;*

- *Work with willing third-country allies to support creation of an international fund for the protection and development of civil society in Cuba. This fund should engage, train, and provide resources for volunteers of different nationalities to travel to Cuba for several weeks to provide logistical and technical assistance to independent libraries, professional organizations, charity organizations, journalists, educators, nurses, and medical doctors working independently of the regime;*
- *Fund programs to provide educational opportunities to family members of political opponents and, working with the OAS, to establish a university scholarship program for the children of Cuban dissidents to study at Latin American universities;*
- *Fund programs to support democracy-building efforts by women, such as programs to train, develop, and organize women's groups in Cuba, and bring third-country NGOs with expertise on this issue into Cuba. Core areas for activity could include areas of concern to women in Cuba — including education, security of the family, health, and sex tourism — that are neglected by the Castro regime;*
- *Fund programs to develop democracy-building and civil-society groups within the Afro-Cuban community. Programs could involve NGO leaders from the African-American community and African countries traveling to Cuba for training and outreach and forming national working groups on Cuba in their own countries. Also fund targeted broadcast programs targeted to the needs of the Afro-Cuban community;*
- *Fund programs to reach out to disaffected Cuban youth to enable them to take greater political/civil society action in support of democracy and human rights in Cuba. The program could draw on youth organizations in Central and Eastern Europe, especially in Poland, the Czech Republic, Albania, Serbia, and others, to travel to Cuba to organize and conduct training, develop informational materials, and conduct other outreach. Many of these groups have been successfully involved in similar efforts in other countries and have expressed a commitment to doing the same in Cuba; and*

- *Fund NGO training programs that promote peaceful methods to build democracy and civil society and advocate greater respect for human rights and fundamental freedoms. While some limited training is already underway, increased funding would enable greater use of techniques and experiences of other countries through expanded training and travel, targeted especially at Cuban youth, and through the greater use of broadcasting.*

**Additional Measures to Support Cuban Civil Society:**

- *Streamline current licensing requirements for providing computers and other basic equipment to Cuban civil society groups with the following goals:*
  - *Increase the capacity of computers and similar equipment that can be donated to Cuban civil society groups to the maximum level allowed by U.S. law;*
  - *Expedite the approval process for licenses sought by NGOs receiving U.S. Government funding to send computers and similar basic equipment to Cuban civil society groups; and*
  - *Increase coordination with willing third-country donor countries and NGOs to maximize the provision of basic equipment to independent Cuban civil society groups.*
- *Encourage a wider array of religious organizations to provide humanitarian assistance and training to Cuban churches through streamlining licensing procedures and expanding outreach to those organizations.*

## RECOMMENDED FUNDING

### A. Building Democracy by Empowering Cuban Civil Society:

|                     |   |
|---------------------|---|
| \$7 million         | Ongoing USAID Section 109 Cuba program  |
| \$5 million         | <u>Human Rights and Democracy</u> : Grants for activities supporting democratic and human rights groups on the island and to fund an increased flow of information to the island on transitions to a political system based on democracy, human rights, and a market economy. |
| \$5 million         | <u>Women</u> : Programs to support democracy-building efforts by women, such as programs to train, develop, and organize women's groups in Cuba.  |
| \$4 million         | <u>Afro-Cubans</u> : Programs to develop democracy-building and civil-society groups within the Afro-Cuban community.   |
| \$4 million         | <u>Youth</u> : Programs to reach out to disaffected Cuban youth to enable them to take greater political/civil society action in support of democracy and human rights in Cuba.   |
| \$3 million         | <u>Civil Society Development</u> : NGO training programs to promote peaceful methods to build democracy and civil society and advocate greater respect for human rights and fundamental freedoms.   |
| \$3 million         | <u>Material Assistance</u> : Provision of computers, short-wave radios, satellite dishes, decoders, faxes and copying machines by U.S. and third-country NGOs to Cuban civil society groups and journalists.  |
| \$2 million         | <u>Independent Libraries</u> : Programs to re-stock, strengthen and expand the Cuban independent library network and to promote their solidarity with national library associations in Europe and Latin America.  |
| \$3 million         | <u>Independent Labor</u> : Programs to promote membership and organizational development in Cuba and to facilitate international contacts by the independent labor movement in Cuba.  |
| <b>\$36 million</b> | <b>Subtotal</b>   |

### B. Illuminating the Reality of Castro's Cuba:

|             |  |
|-------------|--|
| \$5 million | <u>Public Diplomacy</u> : Illuminate the reality of Castro's Cuba, through public diplomacy initiatives worldwide, including conferences, small grants, media and public outreach. |
|-------------|--|

**\$41 million**                      **Total Recommended Funding**

#### **IV. BREAK THE INFORMATION BLOCKADE**

The Castro regime controls all formal means of mass media and communication on the island. Strict editorial control over newspapers, television, and radio by the regime's repressive apparatus prevents the Cuban people from obtaining accurate information on such issues as the Cuban economy and wide-scale and systematic violations of human rights and abridgement of fundamental freedoms. It also limits the ability of pro-democracy groups and civil society to effectively communicate their message to the Cuban people.

According to a December 2003 poll of Cuban public opinion, more than 75 percent of the Cuban public watch state-run television or listen to state radio on a weekly basis.<sup>1</sup> The regime uses these media programs to advance its propaganda war against Cuban civil society and other forces for change. The Cuban public, however, is increasingly seeking external and non-state sources of information. According to the same poll, increasing numbers of Cubans are turning to international television and radio broadcasting for news and information. Foreign TV broadcasters such as CNN, TV Espanola, and TV Martí, as well as radio programs such as Radio Martí, BBC, and Voice of America (VOA) enjoyed high levels of recognition.

Access to the equipment necessary to receive foreign media, however, remains a critical obstacle to empowering civil society. The Castro regime blocks many external radio signals and limits the ability of Cubans to obtain the necessary equipment to receive international broadcasts. According to the poll, only 15 percent of Cubans had access to satellite channels. Forty percent claimed to have a VCR at home. While Cubans recognized and had highly favorable views of foreign radio stations, a far lower percentage had regular access to such stations.

Radio and Television Martí have consistently sought imaginative and effective solutions to increase the audience on the island. The primary, almost exclusive, means of transmitting radio and television signals to Cuba has been by the use of an aerostat. An important step in expanding the

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<sup>1</sup> "Office of Cuba Broadcasting (OCB) Review: Media Audience Telephone Survey, Nov.-Dec. 2003," presented by Casals & Associates, to the Office of Cuba Broadcasting, by Sergio Diaz-Briquets, February 24, 2004.



transmission of accurate and timely information to the Cuban people is through the maintenance and continued deployment of the existing aerostat capability and adding a second transmission capability.

Immediately and for the short-term, existing C-130 COMMANDO SOLO aircraft have the ability to augment regular Radio and TV Martí broadcasts, as demonstrated in May 2003. These aircraft and their experienced crews fly in weather conditions that could ground the aerostat transmission platform now regularly used for broadcasts into Cuba.

Lofting both the C-130 COMMANDO SOLO airborne platform and the existing aerostat platform simultaneously, while operating on two separate frequencies, would advance the objective of reaching a larger Cuban audience. Over the longer-term, an airborne platform dedicated to full-time broadcast transmissions into Cuba, in combination with the aerostat platform, would expand the listening and viewing audience.

Similar patterns of obstruction, control, and lack of equipment apply to the Internet and computers. While 95.7 percent of Cubans polled had heard of the Internet, only 4.5 percent had used the Internet in the past year. The Cuban regime controls all access to the Internet, and all electronic mail messages are subject to strict government review and censorship. There are estimated to be only 270,000 computers in Cuba, with a paltry 58,000 connected to the national Internet network, which blocks access to most sites on the worldwide web. Thus, access to computers and peripheral equipment remains limited, and the Internet can be accessed only through government-approved institutions. Dial-up access to government-approved servers is prohibitively expensive for most citizens, and hence very few have access.

The regime also blocks instant messaging programs and has increased efforts to identify unauthorized Internet and e-mail users. In 2002, the government opened a national intranet gateway to some journalists, artists, and municipal-level youth community centers, but continued to restrict the types and numbers of international sites that could be accessed. Catholic Church representatives have been denied access to the Internet, or even the establishment of an intranet among dioceses.

This blockade on information must be broken in order to increase the availability to the Cuban people of reliable information on events in Cuba

and around the world and to assist in the effort to present a democratic alternative to the failed policies of the Castro regime.

## **RECOMMENDATIONS:**

- *Direct the immediate deployment of the C-130 COMMANDO SOLO airborne platform, coordinated with the Office of Cuba Broadcasting (OCB), for weekly airborne radio and television transmissions into Cuba, consistent with the United States international telecommunication obligations.*
- *Make available funds to acquire and refit a dedicated airborne platform for full-time transmission of Radio and TV Martí into Cuba, consistent with the United States international telecommunications obligations.*
- *Direct OCB to provide audiotapes, videotapes, CDs and DVDs of its programs to NGOs for distribution in Cuba.*
- *Provide funds to NGOs to purchase broadcast time on TV and radio stations in the Caribbean basin that can be received in Cuba for programs on democracy, human rights, and market economies.*
- *Increase the provision of short-wave radios, satellite dishes, decoders, and other similar types of equipment to the Cuban people.*

## **V. DENY REVENUES TO THE CUBAN DICTATORSHIP**

### **A. Undermine Regime-sustaining Tourism**

“Flooding the island with tourists” is part of the Castro regime’s strategy for survival. Since 1992, it has been aggressively developing and marketing a tourism infrastructure, including a cynically-orchestrated campaign to make Cuba attractive to U.S. travelers.

The estimated annual total number of international travelers is in the 1.8 to 2 million range. Of this global figure, some 160,000 to 200,000 legal and illegal travelers have come from the United States on an annual basis over the past decade. Since the October 10, 2003 implementation of increased U.S. enforcement efforts, there has been a decrease in the number of U.S. travelers, reducing the total to about 160,000. The regime has a

target of hosting 7.5 million international tourists by 2010 and 10 million by 2025. Currently, tourism is Cuba's largest single source of revenue, generating some \$1.8-\$2.2 billion in annual gross revenues. Of this amount, it is estimated that the regime nets 20 percent, although its take may be greater given the Cuban regime's routine failure to pay creditors or honor contracts with foreign investors. While Cuba based its initial calculations on luring U.S. tourists because of history and geography, the largest number visiting the island are from Western Europe (primarily Spain, Italy, and Germany) and Canada.

Today, Cuba has approximately 40,000 hotel rooms, and also permits the option for foreign nationals to rent private residences. The regime's eventual goal is to have upwards of 200,000 hotel rooms, and then limit, if not end, the ability of average Cubans to rent out rooms. The regime is moving now to implement this aspect of its strategy by increasing the tax on private room renters, as well as by sharply increasing harassment of those entrepreneurs. It seeks an eventual earning potential of \$20,000-40,000 per hotel room per year.

**Tourism & Travel-related exports:** Central to the marketing of Cuba as a tourist destination, including to U.S. nationals traveling for licensed activities, is its "sand, sun, rum, and cigars" image. Closely related to tourism is the marketing and export of alcohol and tobacco products, a significant revenue-generating activity. Under current U.S. Department of Treasury regulations, licensed U.S. travelers to Cuba can import up to \$100 worth of Cuban goods as accompanied baggage. In practice, these goods are almost exclusively Cuban rum and tobacco. In 2003, such imports by licensed travelers could have generated as much as \$20 million in revenues to the regime through sales. (Actual revenues may have been even greater because of illegal imports by licensed and unlicensed travelers.)

Revenue gained from the sale of Cuban state-controlled commodities and products strengthens the regime. In addition, a number of state companies where these products are manufactured are subject to expropriation claims by U.S. nationals or have lawsuits pending in the United States to resolve ownership rights to product trademarks. Allowing the continued import of such goods increases the Castro government's hard currency reserves, undermines efforts to promote a transition to a market

economy, and legitimizes Cuban government use and marketing of confiscated trade names.

**Educational Travel:** Under current regulations, accredited academic institutions receive specific licenses, usually valid for up to two years, to permit students to travel to Cuba for certain educational activities. These include undergraduate or graduate students participating in a program as part of a course at a licensed institution; students conducting research towards a degree; students participating in a formal course of study at a Cuban academic institution; and other teaching-related activities. In practice, while there are well-meaning participants who use this license category as intended, other travelers and academic institutions regularly abuse this license category and engage in a form of disguised tourism.

Many institutions use Cuba “study-tour programs” to generate revenues for other programs and most accept students not enrolled in their institution. A large number of programs are for a short duration, allow for limited interaction with the Cuban people, and include lengthy unscheduled time periods to permit largely tourist activities to be accomplished. Such travel does not promote a genuinely free exchange of ideas between Cubans and American students. Evidence indicates that the majority of visits by U.S. students are organized by or coordinated through Cuban state travel and tour entities, are highly controlled by Cuban state security officials, and allow for only limited interaction with the average Cuban citizen. Moreover, the regime has often used the visits by U.S. education groups to cultivate the appearance of international legitimacy and openness to the exchange of ideas. Requiring that educational licenses be granted only to programs engaged in full-semester study in Cuba would support U.S. goals of promoting the exchange of U.S. values and norms in Cuba, would foster genuine academic study in Cuba, and would be less prone to abuse than the current regulations. Academic programs of a shorter duration would be permitted only when the program directly promotes U.S. foreign policy goals.

**“Fully-Hosted Travel”:** “Fully-hosted travelers” — those whose travel-related expenses are paid for by the regime or other non-U.S. entity — currently may travel to Cuba without violating the Cuban Assets Control Regulations. Although the regulations currently state that any person subject to U.S. jurisdiction who travels to Cuba without an Treasury Department

Office of Foreign Assets Control (OFAC) general or specific license is presumed to have engaged in prohibited travel-related transactions, the regulations allow a traveler to overcome this presumption by providing a signed explanatory statement, accompanied by relevant supporting documentation, showing that — however unlikely this might be, and however contrary this would be to the regime’s intent of squeezing available dollars from U.S. and other foreign visitors — the traveler undertook no financial transactions.

A number of U.S. travelers, with the assistance of the Cuban regime, have abused the concept of fully-hosted travel to hide tourism to the island. This abuse is especially relevant in the case of Cuban marinas, which are owned and operated by the regime, and used by U.S. pleasure boaters. These marinas and related Cuban government agencies routinely issue letters attesting that the traveler was fully-hosted, when in fact the traveler paid for his/her own travel expenses and paid an additional fee to the Cuban regime to obtain the letter. Thus, the regime facilitates tourism by assisting U.S. travelers to evade U.S. travel restrictions which enhances the regime’s currency reserves and undermines our overall policy goals of minimizing direct subsidies to the regime. Pleasure boaters on “fully-hosted” travel continue to need to seek a license from the U.S. Department of Commerce for the vessel.

**Travel By Private Plane:** Currently, U.S. regulations allow for licensed travelers to obtain a license, known as a temporary sojourn permit, from the U.S. Department of Commerce to travel by private plane to Cuba. While some private plane travel to Cuba is necessary, such as for the delivery of licensed humanitarian goods, this travel increases the regime’s revenues through landing rights, airport/entry-exit fees, and services, and it limits the U.S. Government’s ability to strictly enforce travel and trade prohibitions. Moreover, such travel by private plane, while ostensibly for humanitarian or religious purposes, often includes a tourism element and creates the appearance of business-as-normal relations with the Cuban government.

## **RECOMMENDATIONS:**

- *Continue to strengthen enforcement of travel restrictions to ensure that permitted travel is not abused and used as cover for tourism, illegal business travel, or to evade restrictions on carrying cash into Cuba. This can be accomplished by increasing inspections of travelers and shipments to and from Cuba and continuing training of inspectors at all points of entry and pre-clearance facilities on the identification of unlicensed travelers.*
- *Support efforts by NGOs in selected third countries to highlight human rights abuses in Cuba, as part of a broader effort to discourage tourist travel. This could be modeled after past initiatives, especially those by European NGOs, to boycott tourism to countries where there were broad human rights concerns. Such a campaign, focused on international audiences, would reinforce international attention on the plight of the Cuban people, including political prisoners and civil society.*
- *Eliminate the regulatory provision allowing for the import of \$100 worth of Cuban goods produced by Cuban state entities, including cigars and rum, as accompanied baggage. In order to enforce this measure, Treasury would need to continue to provide training to law enforcement authorities at U.S. ports and pre-clearance facilities to identify and fine violators of the import ban.*
- *Eliminate abuses of educational travel by limiting educational travel to only undergraduate or graduate degree granting institutions and only for full-semester study programs, or for shorter duration only when the program directly supports U.S. policy goals; requiring that the travelers be enrolled in a full-time course of study at the licensed institution; and requiring that educational institutional licenses be renewed annually, rather than bi-annually, to allow for improved enforcement of OFAC regulations.*
- *Eliminate the general license provision for amateur or semi-professional athletic teams to travel to Cuba to engage in competitions and require that all such travel be specifically licensed.*
- *Eliminate the specific license provision for travel related to clinics and workshops in Cuba, leaving general and specific license categories for professional research and attendance at professional meetings unchanged.*

- *Eliminate the concept of fully-hosted travel and require that all Cuba travel-related transactions be licensed under general or specific license, regardless of whether or not the U.S. traveler or another person subject to U.S. jurisdiction is directly involved in and/or pays for the transactions.*
- *Effective March 1, 2004, the President expanded the Cuba national emergency to provide the Coast Guard authority to require pleasure boaters to demonstrate that they have the appropriate Treasury and Commerce licenses before granting them a permit to leave U.S. territorial waters for Cuba. In order to improve unity of effort, responsiveness, and overall effectiveness, federal, state, and local law enforcement agencies should increase active participation in intelligence sharing and establish agreed-upon protocols for locating and prosecuting pleasure boaters who travel to Cuba illegally. We recommend an increase in both maritime surface patrols and air sorties in the region by law enforcement agencies.*
- *Revise the U.S. Government licensing policy to limit the issuance of temporary sojourn permits for private travel, except for the explicit delivery of humanitarian goods or services or when it is in the U.S. foreign policy interest. To mitigate against undue burdens on legitimate religious and humanitarian groups, we recommend increased efforts to reduce the costs charged by licensed scheduled charter flights.*

## **B. Limit the Regime’s Manipulation of Humanitarian U.S. Policies**

To alleviate the hardships of a portion of the Cuban population, the United States has implemented various measures by which those with family members in Cuba can send cash remittances to them; travel to Cuba carrying gifts; and ship “gift parcels.”

Castro has exploited these policies by effectively shifting burdens that ought to be assumed by the Cuban state and by profiting enormously from these transactions. Not only has he benefited from the pacifying effects of these humanitarian outreaches within the population — relying on the exile community to provide the Cuban people what he refuses to — but he attaches high fees to the various transactions involved. Whether sending remittances or care packages or traveling to the island, the costs to the exile

community far exceed market rates and translate into a significant cash windfall to the regime.

The Commission found that more than \$1 billion annually in funds and goods are sent to Cuba from those living outside the island. This revenue stream has been institutionalized over the last 10 years, including by the manipulation of migration flows through the U.S.-Cuba Migration accords. Between 1994 and the first quarter of 2004, the United States issued more than 260,000 immigration travel documents to Cuban nationals, a total roughly equal to 2.7 percent of the island's entire population. It is estimated that of all Cuban nationals who have emigrated to or entered the United States since 1994, more than 50 percent were from the Havana area. In effect, U.S. compliance with the Migration Accords has had the effect of facilitating the relocation of a significant Cuban population to the United States; it is this population that is the most active in traveling and sending remittances and gift parcels to the island. And it is this source of resources, on a net basis, which is by far the largest hard currency source for the Castro regime after tourism. The following data further illuminate this situation:

**Remittances:** Under current U.S. regulations, U.S. persons aged 18 or older may send to the household of any individual in Cuba cash remittances of up to \$300 per household in any three-month period, provided that no member of the household is a senior-level Cuban government or senior-level Cuban Communist Party official. Remittance transactions alone account for an estimated \$400 to \$800 million in annual hard currency flows to the island, with some estimates placing the total as high as \$1 billion. The regime quickly captures a portion of the total value of remittances through transfer fees negotiated with legal U.S. remittance companies and through their "cut" from the unlicensed remittance carriers ("mules") bringing currency onto the island. There is no way to know how much is extorted from "mules," but information collected by legal U.S. remittance companies indicates that courier fees paid to "mules" by U.S. remitters exceed service fees charged by legal U.S. remittance companies, which are approximately 19 percent of the value of the remittance.

The regime recoups more of the remitted foreign exchange when the recipients make purchases at state-controlled *Tiendas para la Recuperación de Divisas (TRDs)* -- literally, Stores to Recover Hard Currency. Also known as "dollar stores," a large number of which also host offices of legal



U.S. remittance companies, these enterprises are a central part of the regime's apparatus to capture hard currency sent to the island. As of 2003, 1,000 dollar stores had been established, of which 300 were in Havana alone. Given the regime's near-monopoly on legal sales of products in dollars, the prices in dollar stores average 240 percent of the value of the product.<sup>2</sup> Between these mark-ups and the limited black market opportunities for Cubans to trade in dollars among themselves, the regime eventually captures a large percentage of the remaining amount of remitted dollars, estimated at 75-80 percent.

**Gift Parcels:** Gift parcels ("*paquetes*") with a dollar limit of \$200 per parcel per month (excluding food, which is exempt from the value calculation) may be legally exported to Cuba and do not require a license. Eligible parcels may only contain items from 14 categories: food, clothing, vitamins, seeds, medicines, medical supplies and devices, hospital supplies and equipments, equipment for the handicapped, clothing, personal hygiene items, veterinary medicines and supplies, fishing equipment and supplies, soap-making equipment, and receive-only radio equipment and batteries for such equipment.

While the gift parcels provide a critical humanitarian benefit to the Cuban people, the Cuban regime directly benefits in two ways. First, such parcels decrease the pressure on the government to provide the basic needs of its people, enabling it to dedicate more resources to strengthening its repressive apparatus, while taking the political credit for the resultant improvement at the margin in the well-being of the Cuban people. Second, through delivery charges, the regime is able to generate additional hard foreign currency.

During the 2002-2003 period, the number of individual gift parcels authorized for shipment was 1.215 million, or about 50,650 per month. In 2003, the total value of licenses approved for Cuban gift parcels was \$243 million. In 2002, the total value of approved gift parcel licenses was \$257 million; in 2001, it was \$302.9 million. There is no reliable figure for value or amount of goods shipped to Cuba outside these means. These are goods

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<sup>2</sup> "Realities of Food Security in Cuba," Presentation prepared by Dr. James E. Ross, Courtesy Professor, University of Florida, for seminar on Humanitarian Aid for a Democratic Transition in Cuba, sponsored by the University of Miami's Cuba Transition Project, Institute for Cuban and Cuban-American Studies, Washington, D.C., January 16, 2004.

that the regime does not have to purchase to meet the needs of the Cuban population.

Because the Cuban government does not permit direct mail or private shipping service to individuals, those wanting to mail packages to Cuba must use the services of consolidators, who ultimately rely on and pay fees to the Cuban state agency CubaPacks for delivery within Cuba. (The United States has repeatedly offered to resume normal postal service to Cuba, but the Castro regime has refused.) On average, U.S.-based consolidators charge \$10 per pound for delivery of food and medicine parcels and \$15 per pound for other eligible items (mainly clothing items), exclusive of the value of the commodities being shipped. CubaPacks, which receives the gift parcels when they arrive in Cuba and delivers them to the recipients, charges processing and delivery fees of \$5 per pound for food and medicine parcels and \$12 per pound for clothes. These Cuban government fees are built into the consolidators' fees. Based on an average weight of 3.5 pounds per parcel, this amounts to \$53.2 million in gross value over the 24-month that the export license is valid. Of this amount, the Castro regime receives \$36.2 million in revenues over the same 24-month period, or \$1.5 million per month, in delivery charges.

**Family Visits:** Under existing U.S. regulations, U.S. nationals and permanent resident aliens are authorized to travel to Cuba once a year to visit relatives in Cuba, without a specific license. Any number of additional trips within the one-year period may be specifically licensed by the Treasury Department and such licenses are routinely issued. This category of travel was intended to support families, provide humanitarian relief to the Cuban people, and promote the sharing of U.S. democratic values.

Again, the regime has managed to exploit a well-intentioned program to generate hard currency for itself. A good portion of this travel involves carrying extra cash into the country, including under the rubric of allowable per diem amounts, which are \$164 per day for any visiting U.S. national or permanent resident alien. As with other travel, Cuba makes money from the charter flights, which it controls; from its dollar stores, where the incoming dollars are generally spent; as well as in a variety of other ways, as outlined in the next section. In 2003, while the total number of U.S. travelers to the island dropped to an estimated 160,000, travelers claiming to visit family comprise as many as 125,000 of this number, which represents no decrease

in this category of travel. And of these 125,000 individuals, at least 31,097 traveled more than once (based on the number of specific licenses for additional family visits issued by the Treasury Department). It is estimated that the regime was able to generate \$96.3 million in hard currency through these family visits from the United States to the island in 2003.

This amount does not include regime earnings through customs duties and a percentage of excess baggage fees levied on the extra baggage that most travelers on family visits bring to Cuba. Cuba allows travelers to the island to bring in goods valued at no more than \$250 free of customs duties. In practice, most travelers on family visits bring in merchandise of much greater value and are therefore required to pay the Cuban regime \$200 per traveler in additional customs duties, on top of the excess baggage fees of \$2 per pound above the 44 pound maximum charged by the charter flight companies, fees of which the regime earns a percentage. It is estimated that the regime earns up to \$20 million per year through fees and duties charged on excess baggage.

When considering possible changes to the “family visits” program, which was implemented in its present form in 1995 and revised in 1999 and 2003, it is important to note that those Cubans who have arrived in the United States within the last ten years under the Migration Accords are the most likely to travel back to Cuba on a regular basis, including through multiple annual trips.<sup>3</sup>

While the present regulations were presented as an effort to facilitate brief and intermittent family visits, the policy, in effect, has facilitated the ability of some Cubans in the United States to “commute” between the United States and Cuba. Should a migrant from Cuba wish to reunite his or her family, there are existing safe and legal methods to bring immediate relatives to the United States for reunification. It is then up to the Castro regime to allow those with immigrant visas to leave Cuba.

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<sup>3</sup> Under current U.S. law, persons who are natives or citizens of Cuba may apply for Lawful Permanent Resident (LPR) or “green card,” status one year after being admitted to or paroled into the United States. As LPRs, they may travel to Cuba, but, as is true for all LPRs and U.S. citizens, they are subject to the Department of Treasury’s Cuban Asset Control Regulations and must comply with these requirements before a Treasury license will be issued. All Cuban LPRs who meet the regulatory requirements may travel to Cuba, regardless of how they initially entered the United States, including if they were originally admitted as refugees.

**Migration as a Revenue Generator:** Remittances, gift parcels, and family visits are generated as a result of the migration of Cubans principally to the United States, facilitated by the fact that the United States is effectively obligated under the Migration Accords to issue at least 20,000 migration documents annually. It was the Castro regime that insisted on the 20,000 visas threshold, not Cuban dissidents or the exile community. While the humanitarian interest of discouraging potential rafters from taking to the seas remains paramount, the regime has effectively been provided an institutionalized safety valve for Cuban discontent with an accompanying revenue generator — it is the Cubans who recently migrated who have become one of the largest sources of funds and goods to the island.

The present system for Cuban emigration provides the Castro regime an additional mechanism to earn hard currency. U.S. law requires a medical examination before permanent entry into the United States; however, U.S. law does not require a foreign government or entity to conduct these examinations. In the case of Cuba, such examinations are conducted by a Cuban government doctor and have failed to identify serious pre-existing medical conditions of some Cubans seeking entry into the United States. However, these examinations have proven to be a reliable source of hard currency for the regime and represent another part of the regime's manipulation of the migration process to approve those individuals it wants to send to the United States, regardless of their true medical condition. Medical examinations in Cuba for migration purposes cost between \$350-400 per person; for the same purpose, the same examination is routinely performed in other Latin American countries for generally less than \$70. The regime earns approximately \$8 million per year from these medical examinations.

Another migration-related source of revenue for the regime is the fees for Cuban passports, which the regime requires for all Cubans seeking to emigrate. The regime mandates a Cuban passport in order for a Cuban to obtain a regime-issued exit permit. Fees for passports are \$55. Fees for exit permits are \$150.

All activities related to the regime's regulation of the exit process can only be paid for in U.S. dollars by the Cuban wishing to exit Cuba in a safe, orderly, and legal manner. In total, these costs amount to over \$12,664,000

per year in additional hard currency for the regime through Cubans migrating to the United States.

Under the current system, visas may be processed at the U.S. Interests Section in Havana, but the determination of who actually gets to leave the country is ultimately determined by the Castro regime, through the issuing of the exit visa, known as the “white card.” There are literally hundreds of cases of individuals who cannot leave the country even though they possess valid U.S. migration documents. There also are cases in which the regime simply extorts payments for exit visas, especially from professionals and those with family members living in the United States. Fees between \$15,000 and \$30,000 are sometimes required to gain the release of professionals. There is no effective means to tabulate the amount earned by the regime through this means of extortion. The regime garners further revenue through the cost of airfare charged to regime-approved charter services. These charters are the primary means of travel for migrants (and other travelers to Cuba). Each traveler must pay a \$25 departure tax and approximately \$300 for airfare.

## **RECOMMENDATIONS:**

Recognizing the humanitarian need in Cuba as a basis for U.S. policies on remittances, gift parcels, and family travel, the Commission recommends a tightening of current policies to decrease the flow of resources to the regime.

### **Remittances:**

- *Prohibit remittances to certain Cuban officials and members of the Cuban Communist Party and its affiliated institutions.*
- *Permit individuals to send remittances only to immediate family (grandparents, grandchildren, parents, siblings, spouses, and children) in Cuba.*
- *Revoke the existing general license provision in the Cuban Assets Control Regulations for banks to send individual remittances to Cuba. Such transactions would require each bank to be specifically licensed as*

*a remittance-forwarding service provider. This will facilitate the oversight and effective enforcement of remittance regulations.*

- *Offer rewards to those who report on illegal remittances that lead to enforcement actions. An undetermined amount of remittances are sent illegally to Cuba, via third country companies and through “mules” who carry the money to Cuba either directly or through third-countries. Rewards will encourage efforts to identify and eliminate illegal remittance networks.*
- *Direct U.S. law enforcement authorities to conduct “sting” operations against “mule” networks and others who illegally carry money to Cuba as a means to disrupt and discourage the sending of illegal remittances.*

### **Gift Parcels:**

- *Recognizing that gift parcels meet a fundamental humanitarian need in Cuba and that the shipment of these benefit the regime less directly than cash remittances, the Commission recommends:*
  - *Prohibit gift parcels to certain Cuban officials and members of the Cuban Communist Party and its affiliated institutions.*
  - *Limit gift parcels to medicines, medical supplies and devices, receive-only radios, and batteries, not to exceed \$200 total value, and food (unlimited in dollar amount); and*
  - *Limit gift parcels to one per month per household, except for gift parcels exclusively containing food, rather than the current policy of allowing one gift parcel per month per individual recipient. This change will have no impact on NGOs that provide humanitarian support or assistance to pro-democracy or civil society groups.*

### **Family Visits:**

- *To reduce the regime’s manipulation of family visits to generate hard currency — while preserving efforts to promote legitimate family ties and humanitarian relief for the Cuban people — the Commission recommends:*

- *Limit family visits to Cuba to one (1) trip every three years under a specific license; individuals would be eligible to apply for a specific license three years after their last visit to Cuba; new arrivals from Cuba would be eligible to apply for a specific license three years after leaving Cuba;*
- *Limit the definition of “family” for the purposes of family visits to immediate family (including grandparents, grandchildren, parents, siblings, spouses, and children);*
- *Limit the length of stay in Cuba for family visitation to 14 days. (This limit would be consistent with limits currently being implemented for humanitarian and other groups visiting the island);*
- *Reduce the current authorized per diem amount (the authorized amount allowed for food and lodging expenses for travel in Cuba) from \$164 per day to \$50 per day (i.e. approximately eight times what a Cuban national would expect to earn during a 14-day visit) for all family visits to Cuba, based on the presumption that travelers will stay with family in Cuba. This new limit will reduce the amount of hard currency that travelers can carry on their person and therefore undermine the efforts of those who seek to carry illegal remittances; and*
- *Limit the volume of baggage carried by those traveling to Cuba to no more than 44 pounds per traveler, without the possibility of purchasing excess baggage capacity. Travelers and groups holding specific licenses to deliver humanitarian goods or to deliver assistance to civil society groups and official U.S. Government travelers would continue to be exempt from this requirement.*

### **Denying Migration Revenues to the Regime:**

- *Recognizing our humanitarian interest in continuing to discourage potential rafters from risking their lives at sea, while seeking to minimize the Castro regime’s ability to earn hard currency by exploiting our visa determination process, the Commission recommends:*

- *Reduce Castro's profiteering from legal migration to the United States, including through charging exorbitant fees for passports, exit permits, medical examinations, and charter flights, by requesting an international monitoring and coordination entity to conduct a thorough review of regime practices with a view to reasonableness and consistency with other nation's practices, and to suggest changes as appropriate.*

### **C. Deny Other Sources of Revenue to the Regime**

**Foreign Investment in Cuba:** Starting in the early 1990s as part of its effort to replace lost Soviet subsidies, the Castro regime has pursued an aggressive effort to attract third-country investors for joint ventures. A number of these ventures involve properties expropriated by the regime without adequate and effective compensation. The Castro regime continues to promote foreign investment opportunities in Cuba, including in confiscated properties, claims to which are owned by U.S. nationals. An unfavorable investment climate, a hostile Cuban bureaucracy, and unwieldy and frequently changing laws have limited the levels and types of foreign investment in recent years. In 2003, for example, the number of foreign joint ventures in Cuba dropped by 15 percent, the most notable decline in recent years and a sign of the Castro regime's failed economic and investment policies. However, it continues to actively seek foreign investment, especially from Europe, Canada, and Latin America, in its drive to reap more hard currency. The Cuban Liberty and Democratic Solidarity (LIBERTAD) Act provides measures to discourage foreign investments in Cuba that involve confiscated property, claims to which are owned by U.S. nationals.

Implementation of these laws must address the legitimate desire of U.S. citizens to seek redress for the confiscation of their property, an objective consistent with efforts to implement a comprehensive strategy to deny hard currency to the Castro regime. For those U.S. nationals who hold an ownership claim to property wrongfully confiscated by the Castro government, Title III of the LIBERTAD Act provides that U.S. national the right to bring an action in U.S. federal court against foreign nationals benefiting from that property. Furthermore, Title IV of the LIBERTAD Act provides authority to impose visa sanctions against foreign nationals who benefit from properties wrongfully confiscated when a claim to the property



is owned by a U.S. national. The U.S. Government should seek to deter investment in Cuba by devoting additional personnel and resources to Title IV implementation and enforcement.

**Cuban Government Front Companies:** The Cuban government is believed to operate a number of front companies in the United States, Latin America, and Europe that are used to circumvent travel and trade restrictions and to generate additional hard currency. These front companies are believed to be involved in efforts to encourage illegal tourism and the sending of illegal remittances and gift parcels to Cuba, as well as helping the regime acquire high-end computer equipment and other sensitive technologies. These front companies provide another source of currency and technological information for the regime and function as a base for economic espionage.

**Venezuelan Oil:** Cuba maintains an extremely favorable oil arrangement with Venezuelan President Hugo Chavez, whereby up to 82,000 barrels of oil per day is received on preferential terms, a portion of which is then sold on the spot market. This arrangement nets more than \$800 million in annual savings to Cuba, mirrored by an identical amount of lost revenues to Venezuela. In exchange, according to his own accounts, Castro has provided Chavez with an army of up to 12,000 Cubans, including doctors, medical personnel, and other technicians to bolster Chavez's popularity with the poorer segments of Venezuelan society, as well as more senior political and military advisors to help Chavez strengthen his authoritarian grip on the nation. Reports from Venezuela also indicate that Cuban doctors are engaging in overt political activities to boost Chavez's popularity. Cheap Venezuelan oil is vital to keeping the Cuban economy functioning, generates additional hard currency, and enables Cuba to postpone much needed economic reforms.

## **RECOMMENDATIONS:**

- *The process for implementation of Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act should ensure that the full range of policy options are made available to the President, and that a detailed, rigorous and complete country-by-country analysis of policies and actions with respect to Cuba is provided to the President for use in assessing whether the statutory requirements for a suspension of this*

*authority are satisfied, i.e., whether suspension is necessary to the national interests of the United States and whether suspension will expedite a transition to democracy in Cuba.*

- *To deter foreign investment in Cuba in confiscated properties, claims to which are owned by U.S. nationals, aggressively pursue Title IV visa sanctions against those foreign nationals trafficking in (e.g., using or benefiting from) such property, including devoting additional personnel and resources to application and enforcement.*
- *Neutralize Cuban government front companies by establishing a Cuban Asset Targeting Group, comprised of appropriate law enforcement authorities, to investigate and identify new ways in which hard currency is moved in and out of Cuba, including Internet banking, pre-paid cards, hawala-type systems, Internet gambling companies, and other such mechanisms. The group would also work to identify and close Cuban government front companies.*

## **VI. ILLUMINATE THE REALITY OF CASTRO'S CUBA**

The current survival of the regime is in part dependent upon its carefully crafted international image. Cuba presents itself internationally as a prime tourist destination, as a center for bio-technological innovation, and as a successful socialist state that has improved the standard of living of its people. This image belies the true state of Cuba's economic and social conditions and the increasingly erratic behavior of its leadership.

**U.S. Embassy Public Diplomacy Efforts:** Public Diplomacy sections at U.S. embassies around the world, especially in Latin America and Europe, maintain extensive contacts with national NGOs and other civil society groups. Through small-grants programs, International Visitor Programs (IVPs), media resource centers, and other public diplomacy initiatives, Public Diplomacy sections have significant capabilities to communicate U.S. policies abroad and to generate host-country national interest on a given issue. With additional funding and other resources, these Public Diplomacy sections could be used to raise awareness of the human rights situation in Cuba, promote the discussion of transition planning for Cuba, and assist in the development of national working groups on the Cuba issue.

## **RECOMMENDATIONS:**

- *Recognizing the importance of an enhanced public diplomacy effort, the Commission recommends that the U.S. Government make available an additional \$5 million for the following purposes:*
  - *Fund U.S. Embassy public diplomacy sections worldwide to disseminate information abroad about U.S. foreign policy, specifically regarding human rights and other developments in Cuba, including Castro's record of harboring terrorists, committing espionage against the other countries, fomenting subversion of democratically-elected governments in Latin America, and the U.S. Government's belief that Cuba has at least a limited, developmental offensive biological weapons research and development effort;*
  - *Provide small grants and other assistance to local national groups interested in promoting greater information about U.S. policies toward Cuba and greater national involvement in support of democracy and the development of civil society in Cuba; and*
  - *Fund and promote international or third-country national conferences to disseminate information abroad about U.S. policies on transition planning efforts related to Cuba.*

## **VII. ENCOURAGE INTERNATIONAL DIPLOMATIC EFFORTS TO SUPPORT CUBAN CIVIL SOCIETY AND TO CHALLENGE THE CASTRO REGIME**

There is a growing international consensus on the nature of the Castro regime and the need for change. This consensus was brought about, in part, by the March-April 2003 crackdown on peaceful pro-democracy activists, the valiant effort by these same activists to continue to reach out to the Cuban people and the international community, and Castro's political attacks against the European Union and other nations. Many of those who once stood by Castro have now begun to speak out publicly against the regime's abuses. This same international consensus has limits. All too frequently, moral outrage and international condemnation have not translated into real actions that directly assist the Cuban people in their quest for freedom and basic human rights. On the positive side, the European

Union and its member states have denounced the Cuban regime, curtailed assistance and, in some cases, stepped up contacts with Cuban dissidents. However, much more needs to be done.

Encouraging international solidarity, challenging the regime in international organizations where appropriate, and strengthening international proactive support for pro-democracy groups in Cuba form a cornerstone of our policy to hasten an end to the Cuban regime and the transition to a free Cuba.

**International Solidarity:** Since the March-April 2003 crackdown, some third-country governments and NGOs have been searching for viable options to support civil society groups and political prisoners in Cuba. International outrage has opened the doors to new and creative strategies to support the opposition in Cuba, as the possibilities resulting from the downgraded public image of the regime increasingly mount. High-profile public initiatives, such as solidarity campaigns involving prominent public figures, solidarity concerts and artistic expositions, TV public interest commercials, etc., are valid options, as sectors of the international community are now much more willing to participate in public criticism of the regime and accept the necessity of halting rights violations in Cuba and supporting independent pro-democracy efforts.

This strategy is designed to generate greater active support for Cuban civil society from new sources and ultimately to develop a larger network of like-minded organizations sharing a body of knowledge and experience about democracy efforts in Cuba. This strategy will not only serve to globalize assistance efforts, but will also bring new perspectives, ideas, and methodologies to the table.

Examples of the types of projects that willing third-countries and NGOs could engage in include: technical training and material assistance to the Independent Libraries Project; outreach initiatives on labor rights in Cuba; technical training for independent unions provided by willing third-country trade unionists; publicly available Internet access facilities in diplomatic missions in Cuba, which also could be used to distribute other informational materials related to democracy, the rule of law, and human rights; direct relationships between willing third-country governments and

independent civil society and opposition groups; and solidarity visits to the families of political prisoners by prominent foreign figures.

**International Working Group on Democracy in Cuba:** A working group on democracy in Cuba composed of willing third-country leaders (ex-presidents and prime/cabinet ministers) could extend formal recognition to the civic movement on the island and contribute to the international isolation of the Castro regime. The working group could also be instrumental in forming national working groups on Cuba that would raise the profile of human rights abuses and mobilize third-country governments to do more to promote change on the island.

**Labor Rights and International Labor Organizations:** Currently, Cuban workers do not have the right to organize freely into independent unions. Cuban citizens who attempt to organize independent unions have been persecuted, and in some cases, imprisoned. In other cases, their families have also been subject to employment discrimination by the government, which maintains “employee files” that contain information on political activities. Because workers have no access to independent unions and the official union confederation merely reflects government views, collective bargaining rights are also denied to employees. Furthermore, Cuban workers do not have a legal right to strike.

The International Labor Organization (ILO) has been especially critical of the lack of freedom of association in Cuba, in particular with regard to the institutionalized trade union monopoly enjoyed by the official union confederation under Cuba’s Labor Code. In 2003, the ILO’s supervisory bodies also examined cases related to threats, detentions, and pressure against workers who attempted to form unions outside the established structure. In June 2003, the ILO Conference Committee on the Application of Standards called on the Cuban government to accept an ILO “direct contacts mission” with a view to ensuring the application of freedom of association in law and practice. The Cuban government rejected this suggestion, and instead argued that Cuban labor movement “unity” was the will of the workers themselves and that alleged attempts to establish new unions were in fact subversive activities funded by the United States. The ILO should be supported in its efforts to improve the labor situation on the island.

**The Inter-American Commission on Human Rights:** The Inter-American Commission on Human Rights (IACHR) monitors human rights abuses in the Western Hemisphere. Any person, group, or NGO may present a petition to the IACHR alleging violations of the rights protected in the American Convention on Human Rights. The IACHR may process petitions alleging human rights violations by state agents and petitions alleging that a state failed to act to prevent a violation of human rights or failed to carry out proper follow-up after a violation, including the investigation and sanction of those responsible as well as the payment of compensation to the victim.

The IACHR continues to exercise jurisdiction regarding Cuba, processes complaints, and has twice requested on-site visits to Cuba. The Commission also continues to prepare reports on the situation of human rights in that country, which have been transmitted to the Cuban government and submitted to the member states of the OAS. However, more can be done to support efforts by Cubans to more effectively utilize the IACHR to highlight the regime's continued human rights violations and focus the activity of the international community, especially in Latin America, on these violations.

## RECOMMENDATIONS:

### **International Solidarity Campaign:**

- *Recognizing the need to solidify international consensus and promote greater direct involvement by third-countries in Cuba, we recommend the implementation of the following diplomatic campaign:*
  - *Increase direct efforts with willing third-country governments to develop a robust, proactive policy to (1) support Cuban civil society, including the opposition, and (2) develop policy frameworks for assistance to a post-dictatorship Cuba;*
  - *Encourage greater involvement in Cuba by willing third-country NGOs to promote the development of Cuban civil society;*
  - *Encourage willing third-country governments to establish direct relationships with legitimate independent civil society groups;*
  - *Encourage willing third-country governments to create public access Internet facilities in their missions in Cuba;*
  - *Assist the development of an International Working Group on Democracy in Cuba through diplomatic support and making U.S. government financial assistance available to willing third-country NGOs as appropriate;*
  - *Encourage like-minded governments and third-country NGOs to develop coordinated international political and legislative actions to condemn the Castro regime and to pressure for change through the creation of Cuba working groups and interest groups and through actions by national legislatures to take up the issue of Cuba, call for hearings, and issue statements; and*
  - *Participate in and support efforts by willing third-country NGOs to host roundtables of experts to discuss transition planning and compare transition experiences.*

## **Labor Rights and the ILO:**

- *To increase international attention to labor rights violations and to bolster support for the advancement of labor rights in Cuba, the following steps to re-energize labor rights efforts should be taken. In addition, increased attention to labor rights and corporate social responsibility in Cuba will have the added impact of raising the risks associated with investment on the island under the current regime and could facilitate efforts to discourage further investments.*
- *Provide informational material on Cuba's labor rights violations at regional labor meetings and at the ILO conference as appropriate. Distribute the Department of State pamphlet "The Dream Deferred: Fear and Freedom in Fidel's Cuba" at similar meetings.*
- *Assist NGOs and other interested parties in organizing conferences abroad on corporate social responsibility, to include NGOs, businesses, and unions. Participants would be encouraged to protect worker rights in existing foreign investment ventures and to speak out strongly against Cuban government labor rights violations at ILO conferences and other international meetings on labor issues.*
- *Work with NGOs and other interested parties to assure that a Cuban independent labor representative or labor representative in exile is able to speak at ILO conferences.*
- *Reach out to willing third-country labor unions and urge them to raise Cuban labor rights violations at regional labor meetings.*
- *Encourage efforts by NGOs to draw attention to exploitative labor conditions in Cuba and assist Cuban workers in obtaining redress for that wrong.*

## **Inter-American Commission on Human Rights:**

- *Fund NGO projects designed to help Cuban citizens obtain effective access to the IACHR and provide in-country training, through appropriate NGOs, to Cuban human rights activists in collecting and preparing information in order to file claims with the IACHR.*

## **VIII. UNDERMINE THE REGIME'S SUCCESSION STRATEGY**



Approaching his 78<sup>th</sup> birthday, Fidel Castro has conspicuously deteriorated physically and probably mentally as well. His decline over the last few years has been apparent on several occasions at public events in Cuba and abroad. The quality of Castro's decision-making has declined along with his physical condition. He has savagely denounced foreign leaders who have been the targets of bizarre and belligerent outbursts. Foreign visitors have been shocked by his decline, although little of this has attracted international media attention.

On the island, however, Cuban officials are aware of his impairments. Senior leaders have been called upon to cover for him and explain away his misstatements. Nothing remotely like this public checking of his absolute power has ever happened before.

The senior Cuban leadership is now faced with the reality that Fidel Castro's physical end is at hand and is making preparations to manage a "succession" of the regime that will keep the senior leadership in power. The regime's survival strategy is to maintain the core elements of the existing political structure in passing eventual leadership of the country from Fidel to Raul Castro and others currently in the senior leadership.

U.S. policy must be targeted at undermining this succession strategy by stripping away layers of support within the regime, creating uncertainty regarding the political and legal future of those in leadership positions, and encouraging more of those within the ruling elite to shift their allegiance to those pro-democracy forces working for a transition to a free and democratic Cuba. To these ends, attention and pressure must be focused on the ruling elite so that succession by this elite or any individual is seen as what it would be: an impediment to a democratic and free Cuba. Targeting current regime officials for U.S. visa denials is one instrument available to the United States to hold them accountable for human rights abuses against the Cuban people and others, including the torture by Castro regime officials of American POWs in South East Asia, or for providing assistance to fugitives in Cuba from U.S. justice. Current U.S. law prohibits assistance to a transition government that includes Raul Castro.<sup>4</sup>

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<sup>4</sup> See Sec. 205(a)(7) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act.

**Transition Coordination:** Another signal of the unwillingness of the United States to accept the Castro regime’s “succession strategy” would be the establishment of a focal point within the U.S. Government to coordinate U.S. programs to assist a democratic transition. Presently, there are offices to address the current bilateral relationship, migration, and other elements of U.S. policy towards Cuba, but no entity or official with a specific mandate to help prepare the U.S. Government for a transition.

The work of this Commission is the first comprehensive effort to address how the U.S. Government can support a democratic transition. Appointing a Transition Coordinator would signal to the regime and to the international community the interest of the United States in proactively preparing for a post-Castro Cuba. It would also provide a means through which the strategies and programs set forth by this Commission can be reviewed, updated, and revised as events on the island unfold. By establishing a dedicated Transition Coordinator, the U.S. Government can be prepared to respond strategically and effectively to a transition in Cuba.

#### **RECOMMENDATIONS:**

- *Target regime officials for visa denial if they (1) are or were involved in torture or other serious human rights abuses or (2) provided assistance to fugitives from U.S. justice. Implementation measures would include:*
  - *A database of Cubans credibly alleged to have participated in torture or other serious human rights abuses; and*
  - *A second database of persons who provide assistance to fugitives from U.S. justice.*
- *Establish a Transition Coordinator at the State Department to facilitate expanded implementation of pro-democracy, civil-society building, and public diplomacy projects for Cuba and to continue regular planning for future transition assistance contingencies.<sup>5</sup>*

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<sup>5</sup> The Transition Coordinator could serve as the Coordinating Official contemplated by Sec. 203 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act.

## **CHAPTER 2**

# **Meeting Basic Human Needs in the Areas of Health, Education, Housing, and Human Services**



## **I. EXECUTIVE SUMMARY**

### **A. Overview**

Cuba's transition from the Castro regime to a democratic society with a free economy will be a challenging process. Meeting the basic human needs of the Cuban population involves the removal of the manifestations of Castro's communism; the introduction of the values and practices of democracy and free enterprise; and the building of institutions and services that will improve the health, nutrition, education, housing, and social services available to the Cuban people.

The fundamental goal of any assistance to a free Cuba must be to empower the Cuban people to enable them to create an authentic democracy and free market economy. Empowering the Cuban people will mean improving their economic and social well-being, ensuring that adequate health and social services are provided, reconstructing a democratic civic culture through education and institution-building, dealing with the human cost of the totalitarian police state, and supporting the Cuban people as they cope with these issues and work to transform themselves.

Improving their condition will require dramatic reforms to ensure that democratic values and a civic culture return, that important democratic institutions — including private and faith-based organizations — are able to flourish, and that helping agents such as schools, clinics, and community centers respond to real needs and are accountable to the citizenry.

Some of the effort to meet basic human needs will involve immediate, short-term assistance to ensure that critical health, nutrition, and social services are addressed; that schools are kept open and provided with needed instructional materials; that housing emergencies are attended to; that comprehensive needs assessments and data collection are begun; and that food aid is distributed as needed.

Over the medium- and long-term, a variety of programs and services are identified that U.S. public and private sources can provide to the Cuban people, as a new Cuban government initiates the process of fundamental reform, establishing a rule of law, safeguarding human rights, and creating a new climate of opportunity. It is expected that such assistance will be available not only from U.S. Government agencies and contractors, but also from other international donors, international organizations and institutions, philanthropic foundations,

non-profit expert organizations, and businesses interested in investing in Cuba's future. Cuban-American and other U.S. citizens and organizations would be involved in these efforts.

Both short- and long-term issues will involve the work of many players and will need to be coordinated. The Cuban people are educated and, despite the repression of the Castro regime, have shown themselves to be remarkably resilient, savvy, and entrepreneurial. They will need the resources (including short- and long-term loans), technical assistance, and general support to enable them to improve health standards, manage the change to a market economy, and maintain and improve their infrastructure and services.

## **B. Seven Foundations for Action in Cuba's Transformation**

There are seven overarching principles that are so fundamental to a successful transition that they cut across all other actions and issues. They are:

1. All that is done must have the goal of empowering the Cuban people. Cuba must be free and sovereign, and the pride its people have in their culture, history and hopes for the future must be affirmed. Assistance proposed herein is illustrative. It will be up to the Cuban people through an open, democratic process to decide what assistance Cuba may seek from international sources.
2. The international community, especially organizations in the Western Hemisphere, can play a leading role in assisting the transition process. The U.S. Government can work through the Organization of American States and regional agencies, and with the United Nations and its agencies, and other organizations and individual countries.
3. Churches and other religious bodies have an important role in building a free Cuba.
4. The Cuban diaspora will want to take a role in helping the homeland. It might be useful to establish an umbrella organization to help coordinate diaspora assistance, such as a "Foundation for Assistance to a Free Cuba."
5. U.S. and other assistance to Cuba should be coordinated to ensure it is managed effectively and provides help where it is needed most. The U.S. Government might consider creating a planning and coordination team before Castro's regime

falls, and, as appropriate, involve public and private sector donors including foundations, non-profit organizations, and corporations.

6. The United States and others should be prepared to help Cuba depoliticize its institutions and promote justice and reconciliation. The U.S. Government can assist Cuban efforts to eliminate profoundly politicized Castro-era textbooks, other instructional materials and media resources, as well as support the Free Libraries of Cuba network to enhance the physical presence of diverse materials and circulation of free ideas. Cubans may want to establish a justice and reconciliation process to address Castro's crimes, identify regime victims, and assist the social healing process; they may request outside help.

7. The United States and the international community should enable the Cuban people to develop a democratic and civic culture, a free economy, and the values and habits essential to both. The U.S. Government could create the "Cuba Civil Society Education Project" to help provide the resources, training, and materials for education in democracy, civic values, and entrepreneurship at all levels. Radio and Television Martí can continue to provide transition information, support and information to civil society, and training opportunities for free Cuba's journalists.

## **II. INTRODUCTION<sup>1</sup>**

The Cuban people will soon undergo a change from the personal rule of Fidel Castro and his communist regime, which have run Cuba since 1959. What follows in this chapter is a survey of areas in which the U.S. Government and private organizations could offer assistance to a free Cuba in the areas of health, education, housing, nutrition, and human services. This document proposes a wide range of possible actions, which a Cuban transition government might request or which the U.S. Government might propose, and a Cuban transition government may accept. They are not intended to be prescriptive; the fundamental goal of any assistance to a free Cuba must be to empower the people to enable them to create an authentic democracy and free market economy.

Empowering the Cuban people will mean improving their economic and social well-being, ensuring that adequate health and social services are provided,

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<sup>1</sup> The following federal agencies contributed to this section of the Report: Department of Education (Chair of Working Group and lead agency); Agency for International Development; Department of State, Bureau of Educational and Cultural Affairs and Bureau of Western Hemisphere Affairs; Peace Corps; Department of Agriculture; Department of Health and Human Services; Social Security Administration; Department of Housing and Urban Development; Department of Labor; and the Executive Office of the President, Office of National Drug Control Policy.

reconstructing a democratic civic culture through education and institution-building, dealing with the human cost of the totalitarian police state, and supporting the Cuban people as they cope with these issues and work to transform their country.

Empowering the Cuban people and improving their condition will require dramatic reforms to ensure that democratic values and civic culture return, that important democratic institutions — including private and faith-based organizations — are able to flourish, and that helping agents such as schools, clinics and community centers respond to real needs and are accountable to the citizenry.

According to a report issued by the Cuba Transition Project (CTP) in June 2003, “living conditions have deteriorated as evinced by an acute housing shortage estimated at 1.66 million dwellings. At least 13 percent of the population is clinically undernourished as the state food rationing system now provides for only a week to ten days of basic alimentary needs [per month]. Unemployment has reached 12 percent, based on official data, and as many as 30 percent of workers are displaced or underemployed” while “university enrollment has fallen 46 percent as would-be college students opt for more lucrative jobs in the tourism industry.”<sup>2</sup>

Further, a paper by Jerry Haar published by CTP in October 2003 indicated that, “while working conditions and labor rights in the Americas offer a mixed picture, in no country in the hemisphere are they worse than in Cuba.”<sup>3</sup>

Some of the effort to meet basic human needs will involve immediate, short-term assistance to ensure that critical health, nutrition, and social services issues are addressed; that schools are kept open and provided with depoliticized texts, other instructional materials; that any housing emergencies are attended to; and that comprehensive needs assessments and data collection are begun. Short-term assistance should be planned in advance and be available as appropriate while a new Cuban government forms itself and sets its plans and priorities for the important work ahead.

Different components of the Inter-American system, such as the Organization of American States, the Inter-American Development Bank, the

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<sup>2</sup> Staff Report, Cuba Transition Project, June 2003

<sup>3</sup> Jerry Haar, “Working Conditions and Labor Rights in Cuba,” Cuba Transition Project, October 2003



Inter-American Institute for Cooperation on Agriculture, the Pan American Health Organization, and the Pan American Development Foundation could coordinate the delivery of assistance offered by other nations of the hemisphere using the same mechanisms and procedures available to all member states. In addition, private organizations (e.g., foundations, expert associations, and faith-based organizations) and businesses could supply much needed assistance, experience, and knowledge. It will be important to coordinate these elements to determine which actions to take and to implement them as quickly and smoothly as possible.

A rapid assessment of immediate needs should focus on the critical initial six months. Longer-term assistance will be necessary for an undetermined period of time as the new Cuban government initiates the process of reforming what exists, establishing a rule of law, safeguarding human rights, renovating and reconstructing infrastructure and services, building new institutions, and creating a new climate of opportunity.

Both short- and long-term issues will involve the work of many players and will need to be coordinated. The Cuban people are educated and, despite the Castro regime, have shown themselves to be remarkably resilient, savvy, and entrepreneurial. They will need resources (including short- and long-term loans), technical assistance, and general support to enable them to improve health standards, manage the change to a market economy, and maintain and improve their infrastructure and services.

## **A. Foundations for Action in Relation to Cuba's Transition**

A well-educated and healthy population, a safe environment, and adequate human services are critical to the success of most, if not all, of the recommendations in the other sections of this report. At the same time, meeting human needs in the special Cuban context depends upon a transition process that ideally embraces several fundamental principles.

### **1. Assistance to a Cuban Transition Must Be a Multilateral Effort**

Many different international organizations and donors are interested in Cuba and will want, and need, to be involved in the transition. It will be important to:

- Mobilize and rely on regional assistance through the Organization of American States, Pan American Development Foundation, and other bodies.

- Invite and work with international organizations, including specialized agencies such as UNESCO, as appropriate.
- Encourage the participation of nongovernmental donors such as religious groups, relief organizations, philanthropic foundations, and corporations.

## **2. Churches and Other Religious Bodies Can Play an Important Role in Building a Free Cuba**

Religious organizations can play an indispensable role in the transition to a free Cuba. This is not simply because religion and religious institutions have been suppressed under the communists or because external religious bodies have roots in Cuba and seek to help. Rather, the special importance of religious institutions in the transition is due to the fact that they are one of the few intact nongovernmental organizations on the island that have the trust of the people and the means to organize through an existing social network of communications and distribution channels at all levels of society.

In the words of Teo A. Babun, Jr., executive director of the aid association Evangelical Christian Humanitarian Outreach (ECHO)-Cuba: “Faith-based nongovernmental organizations currently conduct neighborhood humanitarian services, providing transportation, obtaining medical supplies, and providing meals. Church-affiliated social services are permitted to receive educational, financial, and material support from sister organizations in the United States [and elsewhere]. In return, the Cuban government demands that church-affiliated NGOs on the island serve people without regard to their religious beliefs.”<sup>4</sup>

Religious charities have established a climate of popular trust, a reputation for service to all as opposed to the narrow sectarianism of the past, and effective grassroots networks. Given the manifest difficulties, some of these organizations are truly remarkable:

- The Roman Catholic aid service *Cáritas de Cuba* is reported to have a staff of 30 and some 8,000 local volunteers, located in every Cuban diocese. It conducts a full range of social projects, the most important of which are elder care, care for persons with disabilities and families with disabled children, day

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<sup>4</sup> Teo A. Babun, Jr., “Faith-Based NGOs: Their Role in Distributing Humanitarian Aid and Delivering Social Services in the Special Period,” White Paper Report Association of Cuban Economists, August 7, 2001, p. 4.

care, support for single mothers, outreach to alcoholics, tutoring for adolescents with learning disabilities, aid for small farmers, and classes in subjects like sewing and computer use.

- ECHO-Cuba distributes medicines, medical supplies, food, clothing, and provides educational services through a network of over 100 locations (often house churches) throughout Cuba. Evangelical denominations are the fastest growing Protestant churches in Cuba.
- Indigenous mainline Cuban Protestant churches are also growing and are supported by sister churches in the United States, Mexico, and other countries. They are very active in providing social and medical services. The Protestant interfaith seminary at Matanzas, despite interference from the Castro regime, has managed to educate over 30 percent of the ordained Cuban pastors working in Cuba.

The renewal of Cubans' interest in religion has been considerable in recent years. A modest thaw in religious persecution occurred after the Pope's visit to Cuba in 1998. Religious bodies are now permitted to operate churches, provide social services and even limited educational services (but not open evangelism), and distribute some literature. The Bible is the number one selling book in Cuba, even at officially sponsored book fairs.

Despite a recent relative decline in numbers, Catholics are still by far the largest group of Christians in Cuba and the Church today is probably far stronger and more authentically Cuban than in the past. There are rapidly growing evangelical and mainline Protestant Christian communities, and a small but active Jewish community. They are centered in the cities of Havana and Santiago de Cuba, and supported by B'nai B'rith and various U.S. congregations. In addition, there are a significant numbers of followers of Afro-Caribbean religions such as Santeria. Religion in Cuba appears to have been strengthened, not weakened, by the people's ordeal under Castro.

Reasonably accurate data as of 2000 for the number and distribution of religious Cubans are as follows<sup>5</sup>:

|                             |            |             |
|-----------------------------|------------|-------------|
| Population of Cuba (2000)   | 11,199,176 | 100 %       |
| Protestant Churches:        |            |             |
| Adventist                   | 26,000     | 0.2 %       |
| Baptist                     | 68,100     | 0.6 %       |
| Disciples/Christian         | 30,000     | 0.3 %       |
| Holiness/Church of God      | 10,200     | 0.1 %       |
| Methodist                   | 45,000     | 0.4 %       |
| Pentecostal                 | 198,538    | 1.8 %       |
| Reformed/Presbyterian       | 17,443     | 0.2 %       |
| Independent, House Churches | 5,400      | 0.1 %       |
| Isolated Radio Believers    | 39,200     | 0.3 %       |
| Other Protestant            | 1,550      | 0.9 %       |
| Protestant Subtotal         | 541,431    | 4.8 %       |
| Roman Catholic Church       | 5,178,652  | 46.2 %      |
| Orthodox Christians         | 1,300      | under 0.1 % |
| Other Christians            | 180,100    | 1.6 %       |
| Jews                        | 823        | under 0.1 % |
| Afro-Caribbean Religions    | 1,923,683  | 17.2 %      |
| Other Religions             | 61,664     | 0.6 %       |
| Total Religious Population  | 7,887,653  | 70.4 %      |
| Non-religious Population    | 3,313,025  | 29.6 %      |

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<sup>5</sup> Source: Detail for Country: Cuba, World Christian Database, Center for the Study of Global Christianity, Gordon-Conwell Theological Seminary, 2003, <http://www.worldchristiandatabase.org/wcd/default.asp>. Data derived from the 2001 editions of the “World Christian Encyclopedia and World Christian Trends.”

### **3. Strengthening Social Service Delivery Capability of Independent Churches and Synagogues in Cuba**

Organized assistance bodies such as *Cáritas de Cuba*, ECHO-Cuba, B'nai B'rith, and the relief organizations of the major Protestant churches with Cuban connections (Baptist, Methodist, Episcopal, Lutheran, Pentecostal, Presbyterian) should be included in any planning for short-term and medium- to long-term transition assistance.

#### **i. Use the networks of churches within Cuba and invite sister organizations outside Cuba to assist them.**

##### **a. Religion and short-term assistance**

The churches can play a role in the initial planning and coordination of donor services for short-term humanitarian assistance. Ideally, they would have a “seat at the table” in whatever intergovernmental and interorganizational committees are constituted to oversee provision of immediate transition assistance. Cuban church leaders, as well as members of sister faith communities outside Cuba, can play an important role in the diplomatic and organizational work accompanying the political transformation.

Within most communities, churches and faith-based organizations are a major part of the support system. The Cuban people during a transition likely will want to maintain and strengthen those systems. Faith-based organizations can provide emotional support, a sense of trust, and continuity. They can also be used to educate and to communicate information to individuals and communities on the subject areas covered in this chapter.

##### **b. Religion and medium- and long-term assistance**

Religious organizations and leadership, from the local community up to the national and international levels, can also play significant roles in medium- and long-term reconstruction work in Cuba. Religious congregations, charities, orders, and other bodies will be needed to help provide social services, education, community organization, health care, and to address infrastructure issues such as housing and communications. Houses of worship can play a major role in helping Cuban society make independent ethical and moral judgments, and in providing the values needed to function in a free society.

**ii. Differentiate the leadership of the Cuban Council of Churches, a Castro-infiltrated body, from the sincere grassroots churches that have been forced to join it.**

In 1941, the Cuban Protestant Christian churches formed an ecumenical council to work together on joint initiatives, such as providing aid to the poor and supporting the interfaith seminary at Matanzas. The Council remained independent until it was taken over by the Castro regime in the early 1960s and used as a means to control the Protestant churches then operating on the island. Since then, it is fully identified with the regime and is controlled by Castro supporters, including Christian Marxists and liberationists, several head of the Council are or were members of Castro's rubber-stamp communist national assembly. The Council is now the only legal religious body other than the Roman Catholic Archdiocese of Cuba.

At the same time, it should be noted that most of the grassroots clergy and laity of the denominations that belong to the Cuban Council of Churches (CCC)<sup>6</sup> are sincere Christians who have been caught in an impossible situation. (No member church has been able to leave the CCC since several Baptist groups did so in the early 1960s.) Like the Roman Catholics and others who have had to deal with the regime, the overwhelming majority of these mainline and evangelical Christians are not sympathizers with Castro and the communists, and therefore should not be denied assistance or a role in Cuban religious affairs due to “guilt by association.”

The U.S. government should not deal directly with the CCC during the transition, but should work with the individual member churches and other religious groups that have a stake in Cuba. It is important not to appear to take sides in internal Cuban religious affairs or endorse one faith group or set of groups over another. It should be U.S. policy to support the involvement of all genuinely non-political religious groups in both the transition and the development of a free Cuba, regardless of their beliefs or forced associations with the former regime.

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<sup>6</sup> The CCC includes both evangelical and mainline churches, including Methodists, Presbyterian and Reformed Christians, Anglicans, Friends (Quakers), Lutherans, Mennonites, Nazarenes, the Cuban Salvation Army, and some Baptist and Pentecostal denominations.

#### **4. The Cuban diaspora will want to take a role in helping the homeland**

Well over 1,500,000 Cubans have left the island for opportunities and freedom elsewhere since the communist revolution of 1958.<sup>7</sup> This exceeds ten percent of Cuba's current population of slightly over 11 million. Today, over 1.2 million persons of Cuban ancestry live in the United States alone, over 813,000 of whom are estimated to be Cuban-born.<sup>8</sup> Many other Cubans and persons of Cuban ancestry live in Spain, Mexico, the Dominican Republic, Puerto Rico, and other countries.

##### **i. Urge the Creation of a “Foundation for Assistance to a Free Cuba” to help diaspora Cubans channel assistance and coordinate relief operations**

One important way diaspora Cubans might contribute to a Cuban transition is to set up a foundation through which assistance to Cuba can be channeled. Such a foundation could coordinate donations and other assistance, and would be a more efficient and powerful voice in the transition process than a variety of uncoordinated individual activities.

#### **5. U.S. and other assistance to Cuba should be coordinated to ensure it is managed effectively and provides help where it is needed most**

A defined core team of key U.S. Government agencies, NGOs, international organizations, and vendor representatives should be identified, which can work with Cuban transition authorities to facilitate assistance, manage priorities, and help prevent inefficient or poorly unorganized situations. This assistance should be delivered under the umbrella of the inter-American system to provide other hemispheric nations a framework within which they can make their own contributions.

##### **i. Create and put in place a short-term assistance planning and coordination team before a transition begins**

A team of U.S. Government agencies, in contact with international organizations, private sector organizations (secular relief and assistance organizations, corporations), and religious bodies, should be formed to organize

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<sup>7</sup> “Emigration,” Cuba On-Line Database, Institute for Cuban & Cuban-American Studies, University of Miami, 2001, <http://cuba.iccas.miami.edu/Docs/c01305.pdf>.

<sup>8</sup> U.S. Bureau of the Census, “2000 Census and Current Population Survey Tables,” Census Factfinder, February 2004, <http://www.factfinder.census.gov/>.

and coordinate the initial phase of transition assistance. This should be done, if possible, prior to any actual change of regime and be ready to move quickly into operational mode.

The mission of a short-term coordination team should be to plan for various humanitarian relief contingencies, depending on the situations that develop when the Castro regime ends. All of the priorities discussed in the section on short-term humanitarian assistance would fall within the jurisdiction of this team.

It is vital that relief efforts be coordinated and managed in conjunction with emergent Cuban authorities and those engaged in diplomatic and security measures. Without coordination across all sectors, short-term assistance activities could degenerate into a situation dangerous for assistance workers, unreliable for transshipment of supplies, and overwhelming for the Cuban people and authorities.

## **ii. Create medium- and long-term coordination groups for public and private sector donors that can continue to work with a new Cuban government**

The cooperation and coordination established during the initial short-term assistance phase should be continued into the subsequent phases of the transition, when planning and cooperation on projects will still be desirable.

Donors, vendors, charities and agencies should be encouraged to work with the new Cuban government and non-governmental organizations in Cuba to select priority projects, develop action plans, and carry out joint endeavors. There will be a tremendous amount of work to do. Without continuing coordination there could be problems involving movement of persons, shipments, communications and payment, as well as unnecessary duplication and overlap. Helping ensure the safety and security of key infrastructure, including public buildings, transportation, and communications networks will also be important.

## **iii. The special case of drug use prevention and control**

Castro's Cuba is a proven trafficking point for drugs and has its own drug problems. Drug use and addiction are public health concerns, best dealt with by public health approaches — prevention, early intervention, and treatment — provided the procedures are based on solid findings of scientific research. Outreach, identification, referral, and treatment programs will need to be developed in sufficient number and type until they are available and accessible in every part of Cuba. Once Cuba has established the conditions that will allow it to



rejoin the inter-American system, particularly the OAS, standards and commitments set by the Inter-American Drug Abuse Commission in the Anti-Drug Strategy of the Americas and the Multilateral Evaluation Mechanism will facilitate meeting the objectives outlined.

Resources devoted to education about drug abuse prevention and stopping drug problems could be balanced with near equal emphasis on public health, public safety, and market disruption. Cuban and international resources could be devoted to prevention efforts and to instituting adequate interdiction and control efforts.

**6. As Cuba seeks to depoliticize its institutions and promote justice and reconciliation, the United States and others should stand ready to assist.**

The Cuban transition is likely to resemble other post-communist transitions in that there will be a need to help Cuban society begin the long process of recovering from the effects of ideology, terror, corruption, and warped institutional and social attitudes and habits.

**7. The Cuban people should be enabled to develop a democratic civic culture, a free economy, and the values and habits essential to both.**

Cuban society under Castro operates on the principle of “*resolver*,” or getting by via deals and other informal arrangements to resolve issues. This principle works in the peculiar climate of a communist regime with a pervasive bureaucracy, insufficient and corruptly distributed resources, and a thriving black market. It is not a good foundation for building a free society with an objective rule of law, honest institutions, and formal market institutions. Even though many Cubans understand the concepts of freedom and seek self-reliance, experience with other post-communist transitions indicates that it will take a concerted effort to change old habits and develop a genuine culture of democratic free enterprise.

### **III. IMMEDIATE ACTIONS**

#### **A. The Current Situation in Cuba Prior to Transition**

A thorough, accurate, and comprehensive assessment of Cuba’s humanitarian needs must await the end of the Castro dictatorship. The Castro government rigidly controls calculation of mortality and morbidity rates, estimates of household income, food availability, nutrition, and other key indicators of

humanitarian needs, in order to score political points and win debates in international fora. These data are fundamentally unreliable.

## **1. The Health Care System**

Partial reporting from independent sources inside and outside Cuba indicates the health sector is near collapse and the nutritional needs of the Cuban people are increasingly unmet. This is the result of a long process of decline that began to accelerate fifteen years ago.

The demise of the Soviet Union in the late 1980s led to the sudden withdrawal of billions of dollars in annual Soviet subsidies to Cuba. By 1989, Cuba's entire economy was in crisis. Cuban GDP fell by some 40 percent between 1989 and 1993. The emergence of an epidemic of optic neuropathy in 1991 (a disease caused by nutrient deficiency) characterized that decline. By 1992, the Cuban curative health system was in shambles due to serious shortages of equipment, medicine, and supplies.

The health sector, more than any other, depends on hard currency imports. In 1989, Cuba imported an estimated \$227 million in health-related goods. Part of this value was in-kind or the result of bartering arrangements provided by the former Soviet Union. These non-monetary arrangements disappeared after 1989 with the loss of socialist trade relations. By 1993, Cuba's health-related hard currency imports amounted to only an estimated \$67 million.

Access to basic medicines declined precipitously from 1989 to 1993 and supplies became irregular, depending on unstable access to foreign exchange, rapidly changing sources of purchase, and changing patterns of donation. The Cuban ration system substituted herbal medicines. Cuban hospitals increasingly turned to acupuncture as a substitute for anesthesia.

Cuban GDP grew by only 10 percent from 1993 to 1996, and sporadically thereafter, accompanied by a serious decline in the purchasing power of the Cuban peso that gutted salaries and health ministry budgets. The process of stagnation and deterioration continues to the present.

Today, the Cuban government still prohibits physicians from engaging in private practice, and pays them only about US\$20-\$30 per month, far less than a what a maid or bellboy earns from tips in a Cuban government-run tourist hotel.

As a result, many Cuban doctors and nurses have given up their professions to work in tourism or the informal economy.

## **2. Nutrition and Sanitation**

The failure of the Castro regime's Marxist economic policies together with external factors such as the declining price of sugar have made it impossible for the Cuban government to maintain an effective food-rationing system, either through food imports or through domestic production.

During the first thirty years after the Cuban revolution, the Cuban government imported about half of all protein and calories intended for human consumption. After the withdrawal of Soviet subsidies, importation of foodstuffs declined by about 50 percent from 1989 to 1993, and per capita protein and calorie availability from all sources declined by 25 percent and 18 percent from 1989 to 1992, respectively. Currently, only about 1200 calories per person per day are available from low-cost rationed distribution.

Cuban government statistics show that the burden of calorie, protein and micronutrient deficits falls predominantly on adult men, whose caloric intake fell from 3100 in 1989 to 1863 in 1994. However, infants, children, pregnant women, and the elderly also suffer acute deprivation.

The proportion of newborns weighing less than 2500 grams rose 23 percent, from 7.3 percent of all births in 1989 to 9.0 percent in 1993. Guaranteed daily milk rations reached only children up to the age of 7 after 1992. Anemia affected about half of all children and adolescents and half of pregnant women aged 15 to 45 during the 1990s.

Cuban government data on pregnant women show that, from 1988 to 1993, the percentage of women with inadequate weight at pregnancy rose 18 percent, from 7.9 percent to 9.3 percent. Women with weight gains of less than 8 kilogram during pregnancy rose from 5.3 percent to 5.8 percent.

Cuba's economic decline in the 1990s also resulted in a reduction of the materials needed to ensure clean water. From 1990 to 1994, Cuban government statistics show the proportion of the population with domestic water connections declined from 83 percent to 81 percent in urban areas and from 30 percent to 24 percent in rural areas.

During the same period, the portion of the population without access to potable water increased from 10 percent to 12 percent. The country's ability to produce or import chlorine declined, reducing the population covered by chlorinated water systems from 98 percent in 1988 to 26 percent in 1994. In 1994, only 13 percent of the country's 161 municipal water systems were chlorinated. Mortality from diarrheal diseases rose from 2.7 per 100,000 in 1989 to 6.8 per 100,000 in 1993.

Poor nutrition and deteriorating housing and sanitary conditions were associated with a rising incidence of tuberculosis, from 5.5 per 100,000 in 1990 to 15.3 per 100,000 in 1994. Medication shortages were associated with a 48 percent increase in tuberculosis deaths from 1992 to 1993. From 1989 to 1993, these conditions were also associated with a 67 percent increase in deaths due to infections and parasitic diseases and a 77 percent increase in deaths due to influenza and pneumonia.

### **3. Education**

The Cuban school and higher education curricula are completely politicized. Mathematics, for example is taught by solving problems related to such things as how many guns are needed to defeat counterrevolutionaries. Professionals such as lawyers are trained to function as servants of the regime rather than as ethically independent practitioners. Educators as well as students are required to be state informants. Individuals are not allowed to finish school or enter postsecondary training or education programs unless they are deemed politically acceptable, have demonstrated loyalty to the Castro regime, and have actively participated in required organizations and labor activities.

The state of the educational physical plant is deteriorating due to the collapsing economy, the age of the facilities, and the poor management of available resources. Many facilities dating from before 1958 are in poor shape, especially those in rural areas, particularly in the east of the island. Formerly private and church schools seized by the regime have deteriorated out of neglect.

School and university textbooks and library materials are written and produced by the regime, and the content is suspect in all but the most advanced technical and scientific fields. Access to imported materials is severely restricted, and many books and journals are outdated by the time anyone is allowed to use them.

The educational system has also suffered the loss of hundreds of qualified teachers because of poor pay (the equivalent of less than \$10 a month). Many teachers have left the system to work in tourism. Elementary and early childhood education has been especially hard hit due to both teacher attrition and the relatively low priority placed on these areas by the state. The staffing situation is now such that the regime has instituted programs of training “courageous ones,” secondary teachers who will teach every subject except English and physical education, and crash courses to train secondary students to teach in primary schools.

School completion is also affected by economic problems. Students increasingly see the earning potential of the black market and even menial jobs in the dollar-based tourist industry as incentives to drop out of school. Only about five percent of Cuban school graduates now go on to higher education. Vocational education and training suffers from lack of resources, modern programs, incentives to stay in school, and the traditional low prestige of studying occupational subjects as opposed to academic subjects.

#### **4. Current International Assistance to the Castro Regime**

According to information provided by the U.S. Agency for International Development (USAID), total foreign aid from official sources to all sectors of the Cuban government in 2003 was estimated at \$106.6 million. This includes \$33.6 million in multilateral aid through the United Nations, \$6.37 million from the European Union, \$5.8 million from the OPEC fund, and the remaining amount (in millions of dollars) from bilateral donors including Spain (Central Government and Basque Regional Government), Japan, Canada, China, France, Kuwait, Sweden, Germany, Norway, Switzerland, and Brazil. In addition, Venezuela provides Cuba up to 82,000 barrels of petroleum per day under concessionary financing.

In July 2003, Fidel Castro announced Cuba would no longer accept “scraps of aid” from the European Union (EU). The following month, Cuban authorities informed the EU delegation in Havana of its plan to cancel 22 cooperative projects managed by the EU and other European countries. This came after the EU censured the sentencing of 75 Cuban dissidents to an average of 28 years in prison after mock trials, and the execution of three Afro-Cubans who hijacked a ferry in an attempt to flee the island.

## **5. Traditional Coping Mechanisms of the Cuban People**

Cubans have long used five coping mechanisms to survive:

- Remittances from relatives living abroad;
- Return to rural areas to grow food;
- Humanitarian aid;
- Tourism; and
- The informal sector.

The weakness of these coping mechanisms is that a great portion of the population does not have access to them; this gap combined with high unemployment has meant that a sizeable portion of the population has suffered great deprivation. It is likely that much of this distressed population is in urban areas where there is little tourism. Evidence for this distress may be found in the decline of caloric intake to the lowest per capita level in Latin America as of 1995. According to the UN Statistical Yearbook (2000), Cubans now have less access to cereals, tubers and meats than they had in the late 1940's.

Officially reported ration levels are likely not distributed evenly among all classes of the population given the tendency of Marxist societies to distribute food and medicine based on bureaucratic rank — the more important you are to the survival of the state apparatus the higher your ration.

Thus, it is likely that the official food distribution system is no longer a main source of food for the Cuban poor who increasingly survive through the informal sector, or that there is widespread acute malnutrition, or both. A well designed humanitarian aid program should be targeted on this distressed population of urban poor for whom these coping mechanisms are not available, who are suffering disproportionate deprivation from the economic collapse, and whose precarious livelihoods may be endangered by disruptions during the transition.

## **6. The Link Between Coping Mechanisms and Relief Operations**

At the heart of all humanitarian relief strategies lie two priorities: saving lives and reducing human suffering. While relief commodities can supplement a humanitarian relief effort, it is the immediate rehabilitation programs that yield the greatest and most productive results in making people self-sufficient.

The two essential missions — saving lives and reducing suffering — need to form the basis of the work done by and through UN agencies, the Red Cross, non-governmental organizations, and donor aid agencies such as USAID. An implied part of these two imperatives is the notion that humanitarian assistance should stabilize people's condition, at a minimum, so their situation does not worsen through unintended consequences or inadvertently flawed programming. The more chaotic conditions become, the more likely it will be that the rule of unintended consequences will apply and that humanitarian relief programming will get drawn into the chaos or even exacerbate it if not properly designed.

## **B. Developing a Transition Assistance Plan<sup>9</sup>**

How the transition in Cuba proceeds will profoundly affect the nature of the humanitarian response. Humanitarian relief managers, as a professional principle, plan for the worst and hope for the best.

### **1. Humanitarian Aid Objectives**

The adoption of the following objectives depends on the political situation, the nature and assistance requests of the transition government, and the diplomatic objectives of donor governments.

#### **RECOMMENDATIONS:**

- *A set of basic objectives should be considered in the case of short-term assistance to a free Cuba, and should include:*
  - *Supporting the democratic transition by having relief organizations work closely with ministries in the transition government, so that the public credits the new government with the improvement in living conditions rather than international groups;*
  - *Encouraging building civil society and democratic pluralism by having relief organizations work with emerging local institutions such as churches to administer the relief effort. This joint work should be designed to build local capacity and institutional strength in running programs;*

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<sup>9</sup> Based on the article "Humanitarian Assistance during a Democratic Transition in Cuba," *Studies in Comparative International Development*, volume 34, number 4 (Winter) 2000, written by Andrew S. Natsios.

- *Preparing for long-term development by creatively designing short-term relief programs to serve both purposes simultaneously. This is called the relief-to-development continuum where the humanitarian aid programs are designed to encourage long-term development. For example, seed programs to increase food production over the short-term on an emergency basis could be used to introduce new seed varieties (after they have been locally tested for appropriateness), improved cropping techniques could increase yields, and better storage of the harvest and marketing of produce could increase general availability of food; and*
- *If the transition government is contending for permanent status in an election campaign against other legitimate democratic parties, then the humanitarian relief program should attempt to remain neutral in the campaign by distancing itself from any political party including the incumbent government.*

## **C. Humanitarian Assessment and Program Design**

### **1. Conduct a Needs Assessment at the Outset of Transition**

We will not know for certain what the needs are in Cuba until a humanitarian assessment can be done by an objective outside agency, given that reports from the current Cuban government are politicized. If requested, this assessment can be done by the United States Government through the Office of Foreign Disaster Assistance (OFDA) within USAID using a standard format widely accepted among humanitarian agencies. UN agencies or the Red Cross movement could also do such an assessment.

#### **RECOMMENDATION:**

- *Given the importance of being as prepared as possible to respond rapidly to changes on the island, the OFDA should conduct a needs assessment, based on the information currently available, to:*
  - *determine the food supply situation;*
  - *assess the nutritional status of children;*
  - *examine and report on housing and other shelter;*



- *examine and report on transportation and communications;*
- *assess agricultural production;*
- *assess water quality and supply;*
- *evaluate sanitation conditions and identify hazardous environmental sites;*
- *evaluate the true state of local medical care and facilities;*
- *make a preliminary report on school conditions and resources;*
- *assess the microeconomic situation in Cuba; and*
- *recommend programmatic measures to address the findings.*

Accepting media accounts or reports from non-technical people on these conditions is usually a short route to serious trouble: the wrong medicines, the wrong tonnage and kind of food, and the wrong economic remedies are frequently ordered by people who accept uncritically what they see or hear. This assessment of the microeconomic situation will be of central importance, particularly in the case of Cuba because its economy has been so distorted by Marxist ideology for so long. The microeconomic study will explain the cause of malnutrition or starvation, the relationship of family income to food prices, how expensive food is in local markets, whether famine conditions are developing, the robustness of markets in various regions of the country, any impediments to the development of more efficient markets, and whether localized political tensions or conflicts are rooted in economics.

#### **D. Challenges in Providing Humanitarian Aid**

The challenges to the proper design and successful implementation of the program will be substantial. Some of the issues are predictable.

**1. International humanitarian agencies have developed a set of standards for working in complex emergencies called the “Code of Conduct,” which has sought to correct problems uncovered in previous relief efforts.**

It is essential that all aid groups be familiar with the “Code of Conduct” and the established international standards that have been developed for working in

complex emergencies. One way to facilitate this process could be through the establishment of a “Foundation for Assistance to a Free Cuba,” referred to earlier in this Chapter.

**2. The old order will not relinquish power willingly and will try to subvert or corrupt the transition process to enrich itself and maintain its influence.**

In other post-communist countries, the party cadres have used their inside understanding of bureaucratic offices, their old boy network of connections within the party, their superior education, and any money they had amassed under the old regime to put themselves in a commanding position to disrupt the transition or for personal gain. They will likely see the resources represented in the aid effort as a source of wealth from which they may further enrich themselves.

Following the collapse of other communist regimes, members of internal security apparatus privatized themselves and formed organized criminal syndicates to feed off legitimate new businesses and the humanitarian aid agencies. They did this through protection rackets, threats of violence against aid agencies, raking off rent and equipment, and other schemes. It is possible that a similar phenomenon could appear in Cuba, as the old order seeks to protect its privileges, unless an organized effort is made to protect the aid agencies doing the humanitarian response.

**3. A very large number of aid agencies will likely want to participate in the humanitarian aid response in Cuba because of its visibility within the United States and the public demand for action.**

These efforts must be coordinated. Directing and managing the response of humanitarian agencies to the Cuban transition will not be easy: reducing overlapping aid agencies’ sectoral and geographic jurisdiction, managing the inevitable competition for aid resources and media coverage, and coordinating programmatic conflict among agencies will be a major undertaking. A large number of diverse, eager assistance donors is yet another reason to establish a coordinating committee.

**4. The participation of people at the neighborhood level in making decisions about the aid effort in their communities is desirable and will provide a critical opportunity to build civil society, help develop local institutions, and nurture the democratic values needed to build self-government.**

Because Cuba has not functioned under a stable democratic system within the living memory of most people in the country, we cannot expect democratic values and decision-making processes to be readily understood. The transformation of values will be rocky but important to encourage.

## **E. Implementing Short-Term Assistance**

The architecture of the international humanitarian response system that has developed in the post-cold war period to respond to emergencies similar to the one expected in Cuba is highly diffuse, decentralized, extraordinarily complex, and full of internal tension.

### **1. Key Non-governmental Organizations**

The architecture of the system includes NGOs, which are the front line distributors of aid and managers of local aid programs. While there are perhaps 400 NGOs registered with USAID, only 150 of them are members of the NGO trade association called InterAction, and of these, only 40 to 50 do humanitarian relief programming (the rest are focused entirely on long-term development). Of these 40 to 50 NGOs, only 20 to 25 run large enough programs, possess the technical proficiency and resources, and have sufficient staff to have a serious impact in Cuba.

The qualified NGOs have developed, through past experience as well as their own internal strategic planning, certain sectoral expertise in areas such as public health, medicine, agriculture, and food aid. Many of these 20 to 25 NGOs have been informally meeting within the InterAction umbrella for the past three years to coordinate their ongoing work in Cuba. Those NGOs with a presence in Cuba now have a comparative advantage over those who enter the country for the first time during a democratic transition. They know the local elite, for better or worse, the operation of the local markets, agricultural conditions, medical facilities, and have a staff of some kind in place. Groups that are not established parts of the humanitarian assistance architecture may want to consider coming together to create an umbrella foundation that could work with other donors and to funnel assistance.

One major benefit of NGOs, beyond their experience in emergency response and technical field expertise, is their grassroots network within American society that can mobilize public support among their contributors for an aid effort in an emergency. NGOs have been increasing their presence on the ground in Cuba

gradually, as the economic deterioration has grown more severe. Because they are constrained by the Cuban government from developing indigenous, grassroots organizational structures, NGOs do not have the same ground presence they might have in other countries.

## **2. International Organizations**

Four UN agencies have the operational and legal mandates under the UN Charter to do humanitarian relief work: the World Food Program (providing food aid and food for work projects), UNICEF (addressing the long-term needs of developing countries), the UN High Commissioner for Refugees (providing international protection for refugees), and the UN Development Program (providing long-term development). One UN secretariat level agency, the Office of the Coordinator of Humanitarian Assistance (OCHA), has the mandate to coordinate the emergency response for UN agencies and NGOs. The new High Commissioner for Human Rights has been given the mandate to monitor and protect against human rights abuses.

## **3. Key U.S. Federal Agencies**

The bulk of recent funding for assistance that moves through the international relief aid system has come from two sources: the U.S. Government, through USAID's Office of Foreign Disaster Assistance and Food for Peace; and the European Union's European Community Humanitarian Office (ECHO). When there are refugee emergencies, the State Department's Bureau of Population, Refugees, and Migration is crucial to the response.

## **F. Food Aid for Cuba in the Short Term**

There are a number of different food security scenarios that could confront a transition government in Cuba. For instance, the domestic Cuban food supply, transportation, infrastructure, and the storage base could be disrupted by turmoil that could follow a vacuum of authority. The U.S. Government and private organizations have determined that there may very well exist a severe case of malnutrition and lack of available supply and money to feed the Cuban people, or sectors of the Cuban people, to avoid massive sickness and disease.

## **RECOMMENDATIONS:**

- *The U.S. Department of Agriculture has food aid authorities that could be used to address any of the potential food security scenarios listed above and others:*
  - *Food for Progress is a grant program that can provide any U.S. food commodity to governments, private voluntary organizations, or the World Food Program. While the program is not large, if Cuban food needs are determined to be a priority, an estimated 100,000 tons of food could be quickly purchased and shipped to Cuba. Likely commodities would be rice, beans, vegetable oil, and wheat or flour if needed;*
  - *Section 416(b) is a USAID grant program that could provide nonfat dry milk that could be distributed directly to people or used in processing. If distributed for direct feeding, it would be best to do so through institutions — schools, hospitals, orphanages — and probably through a private voluntary organization or the World Food Program; and*
  - *These programs could be implemented to provide an immediate response to a dire food aid situation as well as serve as a first step for additional U.S. Government and international food aid responses.*

## **G. Action Plan**

We have learned enough from other humanitarian emergencies to begin planning for a transition in Cuba.

## **RECOMMENDATIONS:**

- *Prior to the transition, establish a coordinating committee for government and international intervention and assistance and a parallel committee for NGO assistance. Planning and coordination will be critical for an efficient and rapid response. These mechanisms will help ensure that the diversity of donors can be managed and that Cuban conditions and problems can be addressed as they appear.*
- *Encourage existing Cuban-American charities, which will likely wish to participate in a humanitarian response, to become members of InterAction, the NGO trade association, to become registered with USAID, and to learn USAID*

*grant-making processes and InterAction governance and programming standards.*

- *Encourage charities, particularly those without field experience, to create a joint assistance foundation, the “Foundation for Assistance to a Free Cuba,” to provide resources through established channels and begin collaborative programming efforts with established NGOs in Central American or Caribbean countries, including the coordinating committee.*
- *Prepare to conduct a hands-on needs assessment as soon as possible, to provide objective data and professional observations. Terms and conditions could be developed now for four tracking systems, two in food and two in public health. These should include nutritional surveys of children under five, morbidity and mortality tracking, food market surveys of prices, and household surveys of family food stocks. Data from these surveys are crucial in predicting crises before they occur, determining whether aid programs are reaching the needy population, and where aid should be targeted. Procedures for assessing infrastructure, housing, education, agriculture (from field to market), food distribution systems, plant and animal health, and the microeconomy should also be planned.*
- *A plan should be developed for the immediate immunization for the major childhood diseases of all children under five who have not been already immunized under the existing health system. Should the food security system in Cuba deteriorate and malnutrition rates rise, children under five will be at particular risk.*
  - *The reported high level of immunization coverage in Cuba should be surveyed, as the quality control in the production of these immunizations may be weak. This will reduce the mortality rates among children under five who are always the most vulnerable in any food emergency.*
  - *The well-established primary and secondary school system could be used to provide the nutritional supplements to children to maintain an adequate diet until the new government can create its own public health system.*
- *Work with Cuban churches and their external supporting church institutions to use local religious networks and structures to assist with humanitarian relief. If the transition of previous communist societies is any indication of what will happen in Cuba, the churches will grow rapidly.*

- *The church's established grassroots organizations and volunteer networks could be used together with NGO counterparts as mechanisms for the provision of humanitarian assistance if careful accountability systems are set up to ensure proper targeting of need and control over relief commodities.*
- *While official U.S. Government funding cannot be used to build or support churches, these grassroots institutions can be a stabilizing force during the stresses of a transition and an important force in longer-term development of civil society to guard against the return of totalitarianism.*
- *Prepare to respond positively to a request from a transition government to assist with public security and law enforcement during the initial stages of transition, to protect both humanitarian assistance providers and the Cuban population.*
- *Be prepared, if asked by the transition government, to commission appropriate NGOs to manage large-scale public works projects using local Cuban day labor to provide immediate jobs to ensure minimal income for families that are most at risk during the economic transition and to help with the relief and reconstruction efforts. Such public works projects could be centered, for example, on the rehabilitation of the road system*
- *Prepare to respond positively to a request from transition authorities to help keep schools open, even if teachers are paid with food aid or volunteers have to be temporarily imported, in order to keep children and teenagers off the streets during this potentially unstable period. School attendance can keep teenagers from becoming involved in street crimes, and restore a degree of normalcy to home life. While support for schools is not typically seen as a humanitarian relief program, schools can have an ameliorative affect on the social order during a time of high stress.*
- *Prepare to provide short-term food aid via existing U.S. emergency programs, augmented by cooperation with international organizations, private donors, and other countries*
- *Be prepared to propose a food aid monetization program to merchants, to maintain the price of food at a reasonable level.*

- *U.S. agencies should seek to form a coordination unit with NGOs, the Red Cross movement, and UN agencies operating in Cuba to deal with the transition government as a single humanitarian voice. Studies of coordination mechanisms in other emergencies have found that the most effective system is for the indigenous government to demand a single point of contact.*
- *Recommend that the transition government request that such a coordination mechanism set up and that all humanitarian agencies join this unit and work through it with the transition government agencies.*
- *Use the humanitarian aid program to encourage the democratic transition. Experts on democratization argue that the democratic process is best taught through local government.*
  - *USAID could encourage NGOs that specialize in democratization programming to develop a joint program with humanitarian relief NGOs to set up local mechanisms for the public at the town and neighborhood level to participate in making important decisions in the relief program.*

#### **IV. MEDIUM- AND LONG-TERM ACTIONS**

##### **A. Health**

The Cuban health system of socialized medicine was designed for the population to receive free preventive, curative, and rehabilitation care, including primary care, routine medical attention, dentistry, and hospital care requiring advanced medical technology. Cuba's state-operated medical system started to decline when Soviet subsidies ended in 1989. Cuba is now faced with shortages of equipment, medical supplies and medication. Although the problem is not as severe as in other Caribbean nations, Cuba has an unquantified HIV/AIDS problem, fueled by the regime's tacit acceptance of prostitution.

The physical, mental, and emotional health of the Cuban people is directly linked to their level of empowerment. Healthy individuals are better able to make informed decisions about their own well-being and that of their community. This ability to be involved in the decision-making process leads, in and of itself, to a sense of empowerment.

The Cuban people will likely expect a new government to place an emphasis on public health. With the proper equipment and supplies, Cuban physicians and



other health care professionals will be able to practice medicine to an even higher standard. This will lead to a healthier population that will want to be involved in all areas affecting their lives.

## **1. Public Health Infrastructure: Ensuring Adequate Systems and Resources**

It will be important, if asked by the transition government, to provide adequate epidemiological data and other health unit assistance. Cuban health care units integrate the monitoring, epidemiological surveys, and evaluation of the health care system. Such units also conduct rapid assessments and epidemiological investigations. Good epidemiological data will be necessary to determine where needs exist for short-term interventions and long-term plans in the health sector. UN agencies, along with the World Health Organization/PAHO, already have a presence in Cuba. Several NGOs in New York and Florida may also be able to provide technical assistance to Cuba.

### **RECOMMENDATIONS:**

- *U.S. Government agencies, along with other partners, could work with Cuban epidemiologists by providing technical assistance, training, and equipment needed to update the national surveillance system.*
- *Exchange opportunities, including organized visits to the U.S. Centers for Disease Control and Prevention (CDC) and the National Institutes of Health (NIH), could be arranged for Cuban epidemiologists in order to receive training and instruction in the latest means of collecting and evaluating data.*
- *The calibration and measurement traceability for existing medical equipment and laboratory equipment could be provided organized as well.*

## **2. State of Health Care Delivery: Ensuring Adequate Systems and Resources**

### **i. Acute Care**

Cuba has by all accounts enough hospitals and hospital beds; however, the physical structure of these buildings is often in disrepair and unsafe. There is some question as to whether Cuba, in fact, has a surplus of secondary and tertiary health care facilities. Cuba also produces a surplus of medical professionals. There is no private health care, either in terms of insurance or providers. Sanitation is a concern in health care facilities and hospitals. Medical and surgical supplies,

furniture, equipment, and medications (inpatient and outpatient prescribed and over-the-counter) are in short supply.

### **RECOMMENDATIONS:**

- *U.S. Government agencies and international partners could evaluate hospitals. Although supposedly more than enough hospitals exist, there may be a need for improved safety of the physical structures and improved sanitation.*
- *A “twinning program” could be established between Cuban and U.S. hospitals and/or Cuban provincial and U.S. county health departments to help improve Cuban practices and offer professional assistance.*
- *Cuban pharmacists, who may have been underutilized in the past, may be using a wide variety of medications. They may need additional and up-to-date training, which could be provided via U.S. and other pharmaceutical agencies and exchange programs.*
- *Many Caribbean nations and universities have outstanding medical facilities and programs, and may be able to assist in continuing medical education for Cuban healthcare professionals.*

### **ii. Primary Care**

Family doctors in Cuba, who number some 28,500, provide the vast majority of primary care coverage. There is a surplus of physicians, to the point that the Castro regime exports doctors as part of subsidized programs in the developing world. Cuba’s primary care and preventive medicine systems are faced with shortages of medicines and supplies even though Cuba has an established pharmaceutical industry. Primary care is also hampered by a poor transportation infrastructure, especially outside major urban centers. There are several avenues for assistance to Cuban health authorities in improving primary care services.

### **RECOMMENDATIONS:**

- *U.S. Government agencies and international partners could evaluate the strengths and weaknesses of the Cuban healthcare system, and help determine the need for restructuring and/or modernization.*

- *Encourage institutions in the U.S. and other countries to offer scholarships and fellowships to improve professional training.*
- *Encourage NGOs, Caribbean universities, and private institutions to work with Cuban healthcare providers to address needs identified by Cuban authorities.*

### **iii. Elder Primary Care Services**

Older people present a potentially vulnerable population in Cuba. Fourteen percent of Cuba's population is 60 and over. According to a just released joint MERCK/PAHO report, in the next 20 years Cuba will have more people over 60 than under 15. By 2025, over ten percent will be over 80.

#### **RECOMMENDATIONS:**

- *It might be useful to evaluate the quality of eldercare in Cuba. At present, there are 190 homes for the elderly on the island. Usually the residents of Cuban nursing homes have no extended family. With an aging population, surveillance studies could help prepare for immediate and future needs.*
- *It would be useful to evaluate older people's specific health needs for short- and long-term planning. The present and future older population will require medical services tailored to their needs. According to HelpAge International, most NGOs emphasize primary healthcare programs that neglect older people. Emergency food and nutrition programs are seldom adjusted to their needs and there is a tendency to overlook supplementary food programs for them. Reduced mobility, combined with distances to centralized health systems and water-points, can create significant barriers to older people's access to health services.*
- *Initial efforts might include surveying the acute and chronic health care needs of older people both in the cities and rural areas. PAHO has done some initial work in its SABE study and could continue to be involved. At risk older persons need to be identified.*
- *Systems could be put in place to ensure that older Cubans receive adequate medical treatment, especially for chronic conditions such as diabetes, hypertension, and the need for assistive devices. HHS has the expertise to offer technical assistance in establishing elder care programs. Care of the elderly involves communities, families, and NGO's.*

- *The nutritional situation of the Cuban elderly, reported as severe, could pose a challenge during any transition. In the initial stages, nutritional screening and comprehensive health assessments could be made to prevent malnutrition and severe medical crises.*
- *Nutritional support programs should be mobilized from the world community including U.S. Government agencies, other governments and governmental agencies, faith-based organizations, humanitarian organizations, and UN organizations.*

### **3. HIV/AIDS Prevention and Care**

Cuba currently reports a low prevalence of HIV infection but is at high risk for a rapid spread of the epidemic. Men who have sex with other men represent 85 percent of infected men. They and people practicing commercial sex are the most vulnerable groups for HIV infection. There has now been an increase in the transmission of HIV in the heterosexual population. It is estimated for every case diagnosed there is one case that is not diagnosed. Although the rates are low, it is important that during the transition the prevention message and treatment continue.

#### **i. Changing the Sanitarium Policy**

From the onset of the HIV/AIDS pandemic until 1993, the Castro regime forcibly isolated HIV/AIDS patients in state sanitariums. Since 1993, the regime has not required that HIV positive people live in sanitariums indefinitely. Newly diagnosed patients are required to spend eight weeks in a sanitarium completing courses on how to live with the virus, how to avoid transmitting it to others, the importance of follow-up treatment, and how to handle discrimination. Forty-eight percent of HIV positive Cubans live in these sanitariums. Many of these patients are rejected by their families and are the target of widespread discrimination, and thus choose to remain in the facilities.

#### **ii. International Collaboration**

It will be important to coordinate with the Global Fund for AIDS, TB, and Malaria (GFATM), which has given funding to Cuba for the prevention of HIV and treatment and care of people living with HIV.

#### **iii. Combating Prostitution and Irresponsible Sexual Activity**

Prostitution and child prostitution and exploitation are already a significant problem in Cuba due to increased tourism. Youth often become sexually active due to the absence of support systems and increased unemployment that may occur with changes in established systems. During the transition, the message of prevention can be disseminated through many means, including schools, churches, printed material, television and radio, and peer education. Along with the prevention message, child prostitutes may need additional intervention with psychological issues. The GFATM has also given funding to Cuba for this prevention activity. Several Caribbean countries have very good programs and could share their experiences.

#### **iv. Workplace HIV/AIDS Prevention**

Although the reported incidence of HIV/AIDS in Cuba is relatively low, the growing rate of infection in the heterosexual population and the lack of awareness by many people who carry the virus create conditions in which the disease could rapidly spread. Any spread of HIV/AIDS could have a devastating impact in the workplace and the economy by causing declines in output and productivity; losses of income and available labor; and higher health and labor costs related to sick leave, absenteeism, medical insurance, replacement and training, death-related costs, and shortage of skilled labor. The stigma attached to HIV/AIDS can also be particularly onerous in the workplace, making those who carry the virus subject to severe employment discrimination. On the prevention side, the potential impact of HIV/AIDS in the workplace makes it a powerful forum for raising awareness and attacking the spread of the disease.

#### **RECOMMENDATIONS:**

- *Encourage evaluation of sanitariums for quality of care and treatment. If patients are truly voluntary residents, suggest discussions with Cuban healthcare providers as to whether these institutions should continue.*
- *During the government transition, there may be a need for temporary facilities in communities and prisons where patients receiving antiretrovirals can continue receiving their medications. Non-compliance with medications can interfere with the efficacy of the treatment and increase the risk of resistant strains of HIV. USAID and HHS could coordinate this activity with Cuban physicians.*

- *U.S. Government agencies should coordinate their efforts with the GFATM.*
- *It will be important to continue HIV prevention messages. HHS, USAID, and the Peace Corps could give technical assistance in this regard and in establishing prevention programs.*
- *In cooperation with transition authorities, Cuban employers, the International Labor Organization (ILO), the Academy for Educational Development, free Cuban trade unions, and Cuban health and education authorities, the U.S. Department of Labor could help to design and implement a workplace program to help prevent the spread of HIV/AIDS, enhance workplace protections, and reduce the disease's adverse consequences for social, labor, and economic development. Such a program could strengthen Cuba's capacity deal with HIV/AIDS through some or all of the following activities:*
  - *Assisting the review and revision of existing policy and legislation related to HIV/AIDS;*
  - *Collecting and analyzing data and best practices on HIV prevention and care;*
  - *Developing comprehensive workplace-based prevention and education programs;*
  - *Promoting and facilitating employer and employee interest in such programs;*
  - *Developing and disseminating informational and instructional materials;*
  - *Training outreach workers, instructors, and volunteers; and*
  - *Fostering linkages with relevant HIV/AIDS programs in other countries.*

#### **4. Care for Prisoners**

According to estimates, the Castro regime holds more than 100,000 prisoners, or 900 inmates for every 100,000 people, in some 200 labor camps and prisons. At least 300 members of the total prison population are documented political detainees. It is possible that the total number of prisoners detained on various questionable charges is actually higher. The high number of prisoners, one

of the world's highest rates of incarceration, is reflective of both the communist dictatorship's control practices and the high real crime rate that is the result of the post-Soviet economic decline and the regime-induced breakdown of family structures. By all accounts, prison and camp conditions are extremely poor and inmates are frequently denied proper medical care, external contact, and other services.

## **RECOMMENDATIONS:**

- *Offer to assist health and security authorities to survey the prison population, assessing living conditions and immediate health needs as well as their legal status.*
- *Be prepared to assist in providing treatment for inmates whose detention is in violation of human rights laws, who may need treatment for medical conditions as well as counseling and assistance to help them reunite with their families and regain their occupational status and civil rights.*
- *Be prepared to assist in providing all inmates proper health services, counseling, educational opportunities, and legal services so that they can eventually re-enter society as free and potentially productive citizens.*

## **5. Improving Biomedical and Behavioral Sciences Research**

Cuba shares common health problems with the U.S. and other regional partners. Similar interests exist across a broad spectrum of priority health concerns, including HIV/AIDS, dengue, and other infectious diseases; cardiovascular disease; hypertension; diabetes; nutritional disorders; cancer; and chronic pulmonary diseases, including asthma.

Four initiatives could be undertaken by HHS/NIH, in the short-, medium-, or long-term to help build new or strengthen capacities to help address priority health concerns:

## **RECOMMENDATIONS:**

- *Development of research collaborations and consultations focused on health problems that represent a high burden in Cuba and throughout the region could lead to projects of benefit to the Cuban people and the global community. Workshops, conferences, and scientific meetings, small or large scale, and*

*could include PAHO, U.S. universities, the private sector, HHS/CDC, and other relevant U.S. Government agencies, and NGOs.*

- *HHS could open more broadly its current training programs at HHS/NIH laboratory facilities in Bethesda, Maryland, to Cuban scientists and researchers, as well as its research training programs administered through U.S. universities. These programs cover a broad array of research interests, including HIV/AIDS, emerging infectious diseases, environmental health, and population and health. In addition, expanded efforts to support a return home after U.S.-based training could be considered.*
- *Through a new travel award program, HHS could invite and support travel of Cuban scientists to international consultations on health research issues, or to attend state-of-the-art clinical and scientific conferences held in the U.S. These could include professional society meetings such as the annual meetings of the Infectious Diseases Society, the American Society for Tropical Medicine, American Pediatric Society, and Society for Neuroscience, American Association of Immunologists, and others. Individual research projects would be facilitated through personal contacts.*
- *HHS/NIH could support grant-writing workshops as a means of building Cuban expertise.*

## **6. Mental Health Services**

During the transition, the mental and emotional health of the Cuban people will be subjected to increased stress. Significant events and changes, whether positive or negative, can disrupt daily lives. Emotional stress is most often seen fairly early. It is important that healthcare professionals — including physicians, mental healthcare workers, and other counselors such as qualified clergy — be prepared to deal with this possibility.

### **i. Community-based Intervention**

Initially, the community and community leaders, faith-based organizations, schools, and other civic institutions might benefit from some basic training in community-based interventions to restore a sense of wellness and hope to the general public. Humanitarian organizations and organizations that are trained in these situations can provide crisis intervention as needed.



## **ii. Mental Health Education**

Similarly, mental health professionals may benefit from continuing medical education in the use of the new medications for various psychiatric diagnoses. This can be accomplished through exchange programs with partner countries.

## **iii. Evaluation of Patients in Mental Institutions**

Evaluation of patients in Cuban mental institutions could be done fairly quickly. There are suggestions that the regime has used psychiatric and mental health facilities as instruments of repression and intimidation. The incarcerated population may also need a rapid mental health assessment since many may be political prisoners.

## **iv. Evaluation of the Elderly**

Older people are often overlooked in times of emergency. The feelings of loss, trauma, confusion, and fear familiar to all people in emergencies can be more damaging for older people. They may need special support to recover emotionally and find new roles. Elderly people's chronic health, mobility, and mental-health problems are not a priority for aid agencies in most emergencies.

Relief efforts could include sensitizing and training community mental health professionals to the special needs of older Cubans who may have an especially difficult time dealing with changes and losses. Older Cubans could be provided with crisis intervention, counseling, and information. Outreach efforts to older Cubans could be made, as they may not reach out for services. These efforts could involve organizations such as the American Red Cross, HelpAge International, and Little Havana Activities & Nutrition Center of Dade County, Inc.

## **RECOMMENDATIONS:**

- *U.S. agencies could develop a toolkit for community workers on health promotion that stresses prevention, self-efficacy, and rebuilding trust in each other and the government.*
- *HHS and USAID could work with Cuban mental health professionals to determine how to best rapidly evaluate and decide if urgent intervention is needed for a patient.*

- *U.S. agencies could assist in evaluating patients in Cuban mental institutions.*
- *U.S. programs such as HelpAge International could provide elder health care advice and assistance.*
- *HHS's Administration on Aging and Substance Abuse and Mental Health Services Administration (SAMHSA) could facilitate outreach efforts to older Cubans.*

## **7. Drug Use and Alcohol Abuse Prevention and Treatment**

Cuba is a proven trafficking point for drugs and possesses its own drug problems. With the possible stresses on individuals during the transition there may be an increase in drug use, including alcohol. There are several U.S. and international sources of assistance that could help address these challenges. A great deal of data and written material in many languages can be translated into Spanish. For example, existing health professions training in Spanish developed by SAMHSA could be provided in the early stages of transition, on issues such as screening mechanisms within primary care settings for identifying addictive disorders, co-occurring mental health problems, and traumatic stress. Moreover, in Puerto Rico, the Addiction Technology Transfer Center is an immediate resource that can be tapped as a vehicle to establish host country links and to coordinate addiction training and treatment programs with other NGOs and international relief agencies. There may need to be Cuba-specific research and data on drug use and effective treatment methods. Drug use and addiction are public health problems, which are best dealt with by public health approaches — prevention, early intervention, and treatment.

### **RECOMMENDATIONS:**

- *Be prepared to conduct an evaluation, if necessary, to determine if current regime claims that intravenous drug use is not a problem in Cuba, and to identify the “drug of choice” of the Cuban population. Data may be needed to formulate the best prevention message.*
- *In the initial stages of Cuban freedom, Spanish-language educational materials on prevention from the United States could be reprinted and shared with Cuba. Prevention messages to children should include the dangers of tobacco and alcohol.*

- *As U.S. companies begin operations in Cuba they should be encouraged to adopt drug-testing policies, especially those companies with sensitive positions such as transportation providers. SAMHSA could serve as a resource on drug testing in the government workforce.*
- *Make provisions for continuing medical education through U.S. institutions and the universities in the Caribbean. Primary care health professionals could be trained and prepared to identify and intervene in cases of suspected or reported drug abuse.*
- *The U.S. Department of Education's Institute of Education Sciences and Office of Safe and Drug-Free Schools can contribute to research, dissemination, and educational efforts in Cuba.*
- *HHS's National Institute on Drug Abuse could help establish a research infrastructure. Surveys and data reporting may have to take place in person, as the infrastructure in Cuba will not immediately support polling by mail or telephone. Sources of information include the general public, schools, criminal law enforcement, employers, and medical professionals.*

## **B. Education and Culture**

### **1. Overview**

The current state of the Cuban education system may be summarized by a statement from Cuban scholar Graciella Cruz-Taura in a report to the University of Miami's Cuban Transition Project:

Most assessments of the state of Cuban education continue to conclude that Cuba is an indebted, poor country with a highly educated population that is particularly well trained in the exact and military sciences. One decade after the collapse of the Soviet world, the Cuban educational system is besieged by diminishing resources, ideological ambiguity, and labor demands unable to accommodate the scientifically trained graduates the Revolution had showcased as one of its major accomplishments and as the cornerstone of its legitimacy. It was a system designed to service Marxist-Leninist ideology and the one-party state. If Cuba is going to make a peaceful transition into an age of globalization and post-communism, this philosophy of

education must be reversed to one that will legitimately and effectively service the individual.<sup>10</sup>

Implementing the change proposed by Cruz-Taura and other experts likely will require actions focused on renewing a participatory civic culture that supports free enterprise, the rule of law, and personal accountability; promotes alternative solutions to problems, including those solutions provided by public, private, and faith-based entities; encourages high standards for students and educators; and introduces new governance models that encourage parental and community involvement and devolve significant responsibilities to local and institutional leadership. The aims of education and training at all levels could be to reinforce democracy and produce the knowledge and skills needed to allow Cubans to be successful in the global economy.

This section is divided into three parts: recommendations that apply to the whole Cuban education system; recommendations specific to particular levels and types of education; and recommendations for the related areas of cultural preservation and exchange.

## **2. Assistance for System-wide Reform of Cuban Education**

### **i. Reintroducing Democratic Values Through Education**

A Cuban transitional government, together with assisting governments, international organizations, and private donors, may want to complete a comprehensive review and needs assessment regarding system reform, priorities for action, and available resources. We have identified certain issues as basic to long-term reform and critical at all levels of the education system.

#### **a. Civil Rights and Equal Access to Educational Opportunity**

A democratic Cuba likely will operate a free public education system that is open to all parents who choose to enroll their children in it, and will permit and recognize private and church-related schools and allow parents the option of using them. Access to postsecondary education, both vocational and academic, likely will be encouraged for all qualified graduates of secondary schools, and the higher education system should be open to public, private, and church-related institutions. Assistance to parents and adults in financing education likely will be made

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<sup>10</sup> Graciella Cruz-Taura, "Rehabilitating Cuban Education," 2002

available as resources permit and should be available to all who qualify for it. Cuba has a sad history of separating disabled citizens and denying them access to mainstream opportunities, as well as socioeconomic, racial-ethnic, and political discrimination. The new system likely will cease discriminatory practices that exist and avoid introducing new ones such as discrimination for reasons of political revenge or elitism. The United States could offer several forms of assistance, if asked, to help the transition government establish such a system.

## **RECOMMENDATIONS:**

- *The U.S. Government could assist transition authorities assess areas of vulnerability in providing equal access to educational opportunity for all population groups regardless of racial/ethnic background, religious preference, gender, disability, legitimate political affiliation, or family history.*
- *The U.S. Government could provide technical assistance to Cuban policy makers in the development of laws and regulations that protect the educational rights of all individuals and groups. Experts from the U.S. could advise on this issue, as could agencies such as the U.S. Departments of Justice and Education.*
- *The U.S. Government could assist in putting in place a framework to ensure access to and training for the teaching profession without discrimination with regard to political, religious, or philosophical beliefs, race, ethnicity, family or social background, gender, or disability.*
- *The U.S. Government could assist in training Cuban print and broadcast journalists through educational programs at U.S. colleges and universities, professional exchange programs with U.S. media outlets, and professional mentoring relationships between Cuban and U.S. media professionals*

### **b. Education for a Culture of Democracy**

A priority of the new Cuban education system may well be building a culture of shared democratic ideals and citizenship skills. This likely will require the removal and replacement of biased, ideological, and outdated instructional materials; the retraining of educators; a comprehensive civic education program involving schools, communities, churches, and the media; and curricula designed to address specific post-communist transition issues such as respect for law and trusting others, responsibility and accountability, participatory democracy, and entrepreneurship.

Once initial replacement of heavily politicized materials is complete, a transition government may want to introduce curriculum content in civic and democracy education and in character education programs that inculcate values at all levels by working with public education authorities and appropriate civil society groups, including those providing or sponsoring private education. Training and retraining educators likely will be an essential component, as will be the introduction of material on the new Cuban legal and political systems. Models for this civic curriculum could involve resources such as the Department of Education's *Civitas* Latin America program. In order to minimize resistance to the change, efforts should be made to identify educational texts and materials from other Spanish-speaking countries that could be used by Cuba.

Cubans at all education levels can benefit from education in the principles and values of free enterprise economics and the appropriate knowledge and skills for employment and advancement. This probably requires the modification of the curriculum at all levels, retraining of educators, and encouraging the nascent business community to engage in economics and business education in partnership with public and private educational providers.

Cubans will want to feel that the new system works for them, and they likely would benefit from informal advice, counseling, and networking in addition to more formal services. A useful part of the overall civic and economic education process can be to establish mentoring networks, via churches, business and professional associations, fraternal associations, and clubs to enable Cubans to build the contacts and obtain the advice that will be important as they navigate the new civil society, consider career options, seek to start businesses, or look for jobs or specific assistance. Organizations outside Cuba that have island connections, such as church groups, Freemasons, Rotary and other business clubs, and other private groups can be beneficial as mentoring partners to Cuban citizens of all ages, professions, and circumstances.

## **RECOMMENDATIONS:**

- *The U.S. Government should be prepared, if asked by the transition government, to assist in the following manner:*
  - *Introduce modern civic education curriculum concepts and practices (instruction) at all levels;*

- *Introduce modern instruction in economics and business;*
- *Expand and emphasize exchange opportunities, making them available to Cuban educators, students, community leaders, civic groups, and business entrepreneurs, including arrangements providing opportunities for two-way exchange of people and information (the U.S. Fulbright Exchange program and related programs can be of great assistance in this process); and*
- *Institute mentoring programs and partnerships.*

## **ii. Reforming Educational Governance**

Cuba has always had a national education system overseen by an education ministry. The new Cuban government will determine what kind of governance structure is best for Cuba's future. Regardless, the extreme centralized control, security institutions, and opposition to private education that characterized the Castro regime will no doubt be modified or eliminated. Suggestions for how the U.S. Government could assist a transition change a free Cuban educational governance organization include the following.

### **a. Encourage Educational Diversity**

Modern systems of education are increasingly diverse. Strong public education sectors are supplemented by private sectors that supply both general and specialized services to populations that choose them. Alternative approaches to education, such as distance learning, are becoming increasingly common and important as tools for both traditional and nontraditional providers. And the national system will be more responsive to Cubans and cost-effective if a mechanism is provided that permits public input as well as a measure of self-governance. The post-transition Cuban education system will be stronger and better able to serve all of the needs of the Cuban people and economy if it recognizes and encourages educational diversity.

## **RECOMMENDATIONS:**

- *The Offices of Non-Public Schools and Faith-Based Initiatives, U.S. Department of Education, could serve as facilitating agencies in ensuring that the system recognizes private as well as public educational providers, and could:*

- *Facilitate the development of private, including faith-based, education and training solutions where these can fill demand niches, improve quality, and provide services more efficiently than public institutions;*
- *Ascertain which of the religious groups that had schools in Cuba have plans to reopen their schools, such as the famous Colégio Belen Jesuit Preparatory School in Havana;*
- *Assist in consideration of changing laws and regulations to permit private providers to operate and offer a full range of services, from short courses to degree programs;*
- *Encourage Cuba's new education authorities to consider some degree of decentralization and self-governance, by considering national policies, laws, and regulations that permit local communities and parent organizations a voice in the operation of public schools;*
- *Likewise, they could be encouraged to allow public schools and postsecondary institutions a measure of self-governance, including the capacity to raise funds and accept gifts;*
- *Private schools, postsecondary institutions, and other providers could be allowed complete self-governing rights so long as adequate educational standards are maintained (the Inter-American System could coordinate governance reform assistance provided by Hemispheric partners consisting of law and education experts such as the Inter-American Justice Studies Center or other similar institutions); and*
- *The U.S. Department of Education could contribute research and assistance, in cooperation with USAID, in promoting new and non-traditional solutions. Cuban authorities could be encouraged to consider new solutions to the organization and delivery of education, such as the development of private and charter schools, distance education, and possibly the development of institutions similar to community colleges to help prepare youth and adults for careers or job changes.*

## **b. Education Statistics and Management Tools**

As with other aspects of a transition, Cuba's education system can benefit from the establishment of a modern information system. This step will be



important in order to be able to make and implement good policy decisions and monitor progress over time. A transition government likely will want to ensure that data collection is regular and that all institutions, public and private, are held accountable for performance. This effort could make use of the Summit of the Americas Regional Indicators project and enlist the help of other countries. The National Center for Education Statistics can contribute expertise.

### **c. Parent, Employer, and Community Involvement**

No matter how a free Cuba decides to organize the governance of education, it will be useful to be able to provide ways for the government and the schools to receive assistance from interested donors and to help build democracy through organic connections to the communities in which schools are located and which they serve.

### **RECOMMENDATIONS:**

- *The U.S. Government should be prepared to assist the transition government in doing the following:*
  - *Give parents and communities a supportive role in local education. By working with Cuban leaders and educators, and with advising governments and private organizations, to encourage the involvement of parents, the private sector, and community leaders in education through volunteering, participating in school governance, fundraising, equipment donations, and other forms of partnering. Peace Corps Volunteers could provide assistance to communities in this process.*
  - *Help to build viable stakeholder relations, by offering technical assistance and facilitation for the establishment of parent and community groups, including faith-based groups, and encouraging the establishment of business partnerships with schools and post-secondary institutions.*
  - *Help develop Cuba-specific parent toolkits and other aids to assist in developing research-based, user-friendly publications and other resources in Spanish and other languages for community, faith-based, and parent organizations, and design toolkits for parent and community group use. Possible topics include how to be involved in your child's education, tutoring and homework, keeping children safe and drug-free, and character education. The U.S. Department of Education's Office of Intergovernmental*

*and Interagency Affairs, Institute of Education Sciences, and Office of Safe and Drug-Free Schools could provide assistance.*

#### **d. National Commission on Progress through Education**

To promote national dialogue on school reform, the United States could assist a transition government in establishing a National Commission on Progress through Education, in association with Cuba's existing network of libraries. Each library could be designated as the organizing entity for a local "Progress through Education" dialogue. Community members in attendance could voice concerns and share ideas directly with officials from the new Ministry of Education. The dialogue could focus on particular themes, such as curriculum and teacher education. In addition to serving as a community needs assessment, such a process could help to establish ownership and empowerment in education reform and send the message that the government is dedicated to creating a system of education that is responsive to the needs of the people.

#### **RECOMMENDATION:**

- *Assist a transition government establish a National Commission on Progress through Education, in association with Cuba's existing network of libraries.*

#### **e. Community Education Boards**

Working with a new Cuban Ministry of Education, community education boards could encourage local community participation in local school affairs by establishing an outreach program focused on community ownership and investment in schools. Building from the success of similar initiatives in the region, officials from the Inter-American system and the United States could work with the Cuban Ministry of Education, the Independent Libraries network, and other national stakeholders to establish local school community education boards. The specific functions of these boards would evolve as necessary, yet the two primary goals might be to (1) encourage support and accountability for education in the community by promoting the importance of quality education to a private sector, NGOs, and private agencies, and by demonstrating ways in which these entities can become involved in local schools; and (2) formally represent the needs of the community (teachers, students, and administrators alike) to the national government, and the private and non-profit sectors on an on-going basis.

## **RECOMMENDATION:**

- *Be prepared to work with the new Cuban Ministry of Education, the Independent Libraries network, and other national stakeholders to establish local school community education boards.*

### **f. Leadership Development**

After a transition, a free Cuba will develop a new generation of educational and civic leaders even as it reorients current students, educators, and community leaders. These twin needs provide an opportunity to develop a cadre of potential leaders, experts, and researchers, who can assume positions of influence in academic, government, and nongovernmental sectors.

## **RECOMMENDATION:**

- *Through the Department of State's Bureau of Educational and Cultural Affairs (ECA) Partnerships for Learning program, a variety of educational, youth, cultural, and professional exchange programs can be employed to promote civil society, development of nongovernmental organizations, and good governance practices and linking of Cuban schools, students, and teachers with their U.S. counterparts.*
- *The U.S. Government should be prepared early in a transition to implement exchanges for the purposes of professional development.*

### **iii. High Standards for All**

A free Cuba will likely seek to create an education system that is modern, flexible, and open. There are mechanisms for maintaining high standards that may have particular relevance for the transition process in Cuba and for the specific needs of the Cuban education system as it reforms itself.

#### **a. Curricular Standards and Assessments**

A new Cuba's educational leaders will likely revise the school curriculum to rid it of communist ideology and to update those portions that could not keep pace with international intellectual developments while the Castro regime controlled what people learned and how. Vocational and higher education institutions may also need to revise their curricula as appropriate. If requested, U.S. educators

could assist in the creation of a system of standards, curricula, and assessments in core academic content areas and elective areas in the Cuban school curriculum.

## **1. Duration of Schooling**

Cuba is a country that has operated a school cycle consisting of 9 years of compulsory education. Incentives to drop out and seek employment in the black market or tourism sectors, and perceived disincentives to finish school (through the 12<sup>th</sup> year) and seek postsecondary education, have produced a significant population of undereducated persons.

## **2. Academic Standards for All Students**

A system of standards and assessment may be needed to ensure that all Cuban children (including those with disabilities) have access to a quality education and that their performance is assessed on their achievement of set standards. Individual student achievement data could inform education policy decision regarding curriculum, academic focus, and professional development.

### **RECOMMENDATIONS:**

- *The U.S. Department of Education should be prepared to participate, perhaps in cooperation with the OAS and the private sector, in the creation of a system of standards, curricula, and assessments in core academic content areas and elective areas in the Cuban school curriculum.*
- *Encourage Cuban authorities to adopt policies after the transition that recognize the need for employable adults to have completed school and that provides incentives for youth to stay in school for twelve years and graduate.*
- *Be prepared to assist Cuban authorities in devising a system of standards and assessment to ensure that all Cuban children have access to a quality education and that their performance is assessed based on their achievement of set standards.*

## **b. The Teaching Profession**

Education is one of the professions that a transition Cuban government may need to evaluate and reform. Cuba may suffer a temporary teacher shortage due to a combination of the reform process and the loss of many teachers who had left the

profession during the Castro years, often for work in tourism and other jobs. Several opportunities may exist to offer assistance to Cuba in restoring and maintaining the high professional standards that its education system needs.

### **1. Encourage Cubans to Enter, or Re-enter, the Education Profession**

Aid donors could assist the transition government in providing positive incentives for former educators to re-enter teaching and for new higher education graduates to be attracted to the profession.

### **2. Establish effective Teacher Preparation Practices Through Partnerships**

The United States could facilitate partnerships between Cuban educators and institutions, and those in the United States and other assisting nations, to develop professional teacher standards that are aligned to academic standards, and to redesign teacher preparation programs (including curriculum) as well as programs preparing administrators and other professionals. The U.S. Department of Education could assist with teacher standards development.

### **3. Help Design and Implement Effective Professional Development Programs**

U.S. and other experts could participate in technical assistance missions and teacher and faculty exchanges to implement models for professional development to increase the knowledge base (general knowledge content as well as democratic and civic education content and values) of current pre-K-12 teachers and paraprofessionals, vocational instructors, and postsecondary faculty. The Fulbright Teacher Exchange Program could assist this process, and the effort could involve U.S. community colleges, four-year colleges, and universities.

### **4. Develop a Corps of Potential Leaders Who Would Assume Positions of Influence in Academic, Public, and Private Education**

The Department of State, through the Bureau of Educational and Cultural Affairs Fulbright and Humphrey exchange programs, could implement programs to achieve this objective.

### **5. Establish a “Teach for Cuba’s Future” Program**

One of the critical steps to reform education in Cuba and support the development of a democratic culture may be a fundamental shift in instruction

from a system based on rote learning and ideology to one that teaches independent thinking and problem solving. Such a shift may require not only entirely new teaching materials, but also teachers who are prepared to teach these skills.

## **RECOMMENDATIONS:**

- *USAID should be prepared to collaborate with IARB, private sector donors, and businesses in providing low-cost or free educations for prospective teachers and salary and living cost incentives for returning teachers.*
- *The U.S. Government should be prepared to facilitate partnerships between Cuban educators and institutions, and those in the United States and other assisting nations, to develop professional teacher standards that are aligned to academic standards, and to redesign teacher preparation programs as well as programs preparing administrators and other professionals. The U.S. Department of Education could assist with teacher standards development.*
- *The U.S. Government should be prepared to participate in technical assistance missions and teacher and faculty exchanges. The Fulbright Teacher Exchange Program could assist this process.*
- *The Department of State's Bureau of Educational and Cultural Affairs Fulbright and Humphrey exchange programs should be prepared to implement programs to develop a corps of potential leaders who would assume positions of influence in academic, public, and private education.*
- *The U.S. government, perhaps in cooperation with the OAS, IDB, and countries in the region, could provide funding, technical assistance, and materials in Spanish to a new Cuban Ministry of Education to support a "Teach for Cuba's Future" program, which would be open both to existing teachers and those who seek to enter the classroom for the first time. It could consist of the following components:*
  - *Vacation Institutes of three weeks' duration, to teach teachers how to present lessons that encourage children to think and to work in groups to solve problems, also fostering a spirit of trust and mutual support.*
  - *Resource Centers to provide ongoing assistance to teachers who have attended the Vacation Institutes and to provide sample lesson plans and*

*other resources that support the new national curriculum and the development of thinking skills.*

- *Networks of Teachers and possibly a “buddy” system will be set up during the Institutes, to provide ongoing support to teachers from among their peers as they try out their new skills in the classroom.*

### **c. Accreditation and Quality Assurance**

It will be important for Cuban educational authorities to develop and implement a non-political process for the recognition and regular quality assurance inspection of all schools, post-secondary institutions, and other education providers operating in the country. There are several successful models for such a process, but there is no doubt that a high-quality modern education system needs a quality assurance process to achieve and maintain credibility as well as to protect its standards and its people.

### **RECOMMENDATION:**

- *U.S. Government and other experts, including accrediting associations and quality assurance authorities, should be prepared to cooperate with Cuban educators to develop a workable national system of ensuring the quality of Cuban public and private education providers and programs of study at all levels.*

### **iv. Educational Technology**

Information technology has the potential to help a free Cuba make a technological leap in education reform and also overcome poor physical communications facilities, especially in rural areas and eastern Cuba.

The use of computer-assisted learning techniques and other information technology resources is now common in education systems, and Cuba is no exception. While the Castro regime claims that over 80 percent of Cuban schools are wired for computers and possess Internet access, the truth will have to await an inventory during a transition. What is known is that the Castro regime restricts Internet access to selected sites and operates a very powerful national firewall that blocks most signals. It also censors other electronic media and polices their use.

In addition, school buildings in Cuba are known to vary widely in condition and upkeep, and technology is not always current.

Despite these barriers, many Cubans have learned to operate modern information technology and bypass Castro's censors. In addition, churches have assisted in providing community-based instruction in computer use and access to modern equipment and software.

#### **a. Share Best Practices and Resources**

The United States and other assistance providers can assist the Cuban authorities in developing and implementing good instructional uses of information technology as well as with equipment upgrades and training. Some specific suggestions include:

##### **1. Encourage the Use of Educational Technology Where Possible**

Share expertise on the training of teachers to use technology in the classroom by facilitating technical assistance efforts between Cuban teacher training programs and U.S. school districts, universities and colleges, and other expert groups in examining best practices and integrating educational technology into subject content areas.

##### **2. Assist Cubans in Developing Accessible and High-Quality Educational Technology**

Organize technical assistance for national planning and policy development in the use of educational technology that ensures accessibility and connectivity for all potential users. Develop public-private partnerships and networks of experts to serve as valuable resources for Cuban leadership involved in future strategic planning and policy development efforts.

##### **3. Join and Make use of the Education Portal of the Americas**

This international Internet service is managed by the OAS to facilitate online training offered by over 250 partner institutions of higher learning from throughout the Hemisphere and Spain.

#### **RECOMMENDATIONS:**



- *The Department of Education's Office of Educational Technology could share its database of successful projects on the use of educational technology and coordinate the provision of outside expertise.*
- *The Office of Educational Technology can also provide assistance and resources in the area of technology planning.*
- *The U.S. Government should encourage a free Cuba to join the OAS Education Portals of the Americas electronic network and make use of its resources.*

## **b. Classroom-to-Classroom Linkages**

For Cuban schools that are wired, a program could be implemented to promote classroom-to-classroom connections between Cuban schools and teachers and their U.S. counterparts — including those schools with large numbers of Cuban-Americans — using models such as those established by the Friendship Through Education initiative and the World Wise Schools program of the Peace Corps. Such linkages could also be expanded to other countries, providing an array of new, mutually beneficial linkages with Cuban schools.

## **c. Distance Education**

Distance education can provide many advantages to a free Cuba if it is developed intelligently and if high standards are imposed as for other types of education. Properly done, distance education is an excellent resource for reaching into all locations and for empowering people who may not otherwise have access to educational opportunities.

### **1. Establish Good Policies and Standards for Distance Education**

Cuban authorities, in concert with outside experts, could undertake the development of a national distance learning policy, including standards for accredited providers, and tools such as a resource database

### **2. Create Cuban Versions of Neighborhood Technology Centers**

Cuba could establish its own versions of neighborhood Technology Centers via collaborations involving Cuban leaders and educators, agencies from countries with significant distance learning experience and appropriate private organizations. These centers could be located in rural and urban areas, providing the entire

community with access to technology, computers, and the Internet. Partner with OAS, IICA, and other institutions that are working to establish centers throughout the nations of this Hemisphere.

### **RECOMMENDATION:**

- *The Office of Educational Technology, Office of Post Secondary Education, and regional and state policy groups in the United States could assist in the effort to establish good policies and standards for distance education.*

### **v. Improve Cuba's Educational Infrastructure**

There is little doubt, based on the observation of visitors over the past decade, that Cuba's educational infrastructure is in poor shape. Even "model" schools and other facilities (laboratories, libraries, computing centers) in or near Havana that the Castro regime allows visitors to see show signs of decay and age (often superficially covered by a fresh coat of paint or stucco) and lack the amenities and necessities considered normal elsewhere. Reports of church leaders and others from remote and underserved areas like eastern Cuba indicate much worse conditions. Private educational facilities are at present nonexistent. Former private establishments seized after 1959 have either been converted for other uses and are no longer suitable for educational use, or have been abandoned and allowed to go to ruin for 45 years. Tackling this decay and neglect will take money, time, and expertise, but it may need to be done if Cuba's people are to reap the benefits of a modern and free education system.

#### **a. Develop an Infrastructure Plan Based on a Facilities Inventory**

An educational facilities inventory might be one of the first tasks of educational authorities during the transition after Castro. Based on this, plus an assessment of priorities and resources, Cuba could develop an infrastructure improvement plan. This may well involve the sale or discard of some properties as well as coordination with private and religious educational foundations. The renovation and reconstruction of Cuban schools, community learning centers, and vocational and higher education facilities could be a priority in infrastructural assistance planning. Cuban authorities could work with international financial organizations to introduce low-cost capital financing and other mechanisms to improve the infrastructure.

#### **b. Accessibility and Universal Design**

The principle of empowering all Cubans likely will require attention to making as much of Cuba's educational infrastructure as possible accessible to all, including persons with disabilities. Public and private education authorities should ensure that renovated and new education and training facilities are accessible to persons with disabilities and are wired to accommodate modern educational technology. Assistance agencies, organizations, and businesses should work with Cuban authorities to develop cost-effective design and construction solutions.

#### **RECOMMENDATION:**

- *The U.S. Department of Education's Office of Special Education and Rehabilitative Services can assist Cuban authorities make as much of Cuba's educational infrastructure as possible accessible to all.*

#### **c. Libraries and Information Resources**

The renovation and modernization of Cuba's libraries, museums, and other information resources will be a major undertaking that might best operate in coordination with reforming and modernizing the education system. Public libraries, school libraries, and university libraries, will need adequate current materials to replace outmoded and deteriorated holdings. There could also be assistance in providing needed technical services and in upgrading facilities in conjunction with other educational infrastructure improvements. Cuban libraries and information centers can benefit from modern information technology, and their staffs can be trained or retrained to provide modern information services for a free society. Foreign assistance providers and Cuban experts could cooperate in revitalizing Cuban libraries. Organizations such as the Institute of Museum and Library Services, the American Library Association, and other interested private sector organizations should be encouraged to support this endeavor.

#### **RECOMMENDATIONS:**

- *The State Department's Bureau of Educational and Cultural Affairs should offer to cooperate in the effort to bring to Cuban libraries and information centers new, up to date information.*
- *To promote literacy and reading among Cubans, the Department of Education could provide assistance to Cuban libraries to conduct book fairs.*

#### **d. Adopt-a-School Programs**

Business investors in Cuba may be in a position, and inclined, to assist local schools, vocational education centers, and higher education institutions that supply them with their workforce and support the whole community. This is an opportunity that could extend the resources available to Cuban education reformers, and if possible it should be encouraged.

#### **RECOMMENDATION:**

- *The U.S. Department of Education could join U.S. private organizations and state agencies, partnership organizations such as Sister Cities International, and other countries with successful business-school partnerships to assist in this process.*

### **3. Assistance at Specific Levels and for Specific Types of Education**

#### **i. Early Childhood Education**

##### **a. Modernize and Professionalize Early Education**

Both teachers in the primary grades and child day care providers are frequently poorly qualified in Castro's Cuba because labor shortages have led to allowing secondary (high school) students to provide these services on so-called "emergency" appointments. In addition to encouraging qualified persons to enter the field of early childhood education, transition authorities could review existing policies on early childhood education and related day care and improve or establish standards for professional certification, for accreditation of providers, and curricular and program guidelines that synchronize with the initial school grades.

##### **b. Make Early Education Accessible Through Choice of Providers**

The aforementioned labor shortages plus the fact that many current teachers are may need to be retrained may make it difficult for Cuban authorities to supply adequate early childhood services from the existing public education workforce. Therefore, assistance donors, including private and faith-based organizations, could work with Cuban authorities to provide a variety of early childhood options for families with different needs. The goal should be to ensure equal access to early childhood programs for all families, including those with children with disabilities.

## **ii. Second- (English-) Language Learning**

### **a. Help Strengthen Second (English) Language Education for All**

The Castro regime enforced Russian as the main foreign language to be learned by Cubans prior to the collapse of the Soviet Union. Since 1990, there has been some move toward English, but this has been slowed by the large-scale departure of qualified English language teachers for jobs in the tourism industry. Assistance donors can help improve this situation — which will be very important for competitiveness and to attract foreign investment — by cooperating with Cuban educators and employers in the establishment of effective second-language programs in English in the schools at the primary and secondary levels, in postsecondary institutions, and in courses for adults who need improved language skills. Teacher exchanges in this area could be particularly valuable. Establish school-to-school programs rapidly.

#### **RECOMMENDATION:**

- *The Department of Education's Office of English Language Acquisition could assist with this objective in conjunction with the Peace Corps, USAID, and the Department of State's Bureau of Educational and Cultural Affairs.*

## **iii. Safe and Drug-Free Schools**

### **a. Ensure Safe and Drug-Free Learning Environments**

There is no clear evidence that serious crime or drug abuse problems exist in Cuban schools, but these problems do exist in Cuban society and could infect the schools during a transition if adequate preventive steps are not taken. If asked, U.S. authorities, churches, and other donors should work with Cuban transition authorities and those providing other assistance to ensure that drug abuse prevention and anti-crime measures are implemented as needed in Cuba's schools. This effort could involve coordination across the areas of infrastructural renovation, civic and character education programs, parent and community involvement, and professional development to create learning environments free of crime, health hazards, and climates of mistrust and intimidation.

## **RECOMMENDATION:**

- *The Departments of Justice, Education (Office of Safe and Drug-Free Schools), and Housing and Urban Development, plus the Office of National Drug Control Policy, could provide assistance and expertise, and work with private donors to help Cuban transition authorities develop and implement drug abuse prevention and anti-crime initiatives for Cuba's schools.*

### **b. Develop Cuban Drug Use Prevention, Health, and Nutrition Education Programs**

Technical assistance should be offered to a transition government to assist Cuban educators to develop and implement national curricula, programs, and services to inform students, parents, and adults of the dangers of drug use, to identify patterns of abuse, and to refer cases as appropriate to health and law enforcement authorities. Assistance in the development of curricula can be supplied by experienced private organizations, including religious bodies.

## **RECOMMENDATION:**

- *The Department of Education and Office of National Drug Control Policy should provide joint assistance in developing action and management strategies.*

### **c. Encourage Cooperation Between Educators and Health and Law Enforcement Professionals**

A Cuban transition government will develop its own policies and procedures for coordinating the development and implementation of appropriate health education and drug use prevention programs, referral protocols, training materials, and instructor training across its education, health, and law enforcement authorities.

## **RECOMMENDATION:**

- *If asked, the Office of National Drug Control Policy, perhaps together with partner agencies in OAS countries and their local jurisdictions, could help provide law enforcement coordination.*

#### **iv. Career and Technical Education**

##### **a. Help Improve Preparation for the Transition from School to Postsecondary Education and Work**

The transition to a free economy, the curtailing of the black market economy, and the demobilization of the state security apparatus likely will result in career transition challenges as well as the need for information and programs to prepare Cubans for a host of new employment opportunities. Cuban educational authorities may benefit from assistance in improving and modernizing educational and career counseling and assessment services. These services could be provided for students at the secondary and postsecondary levels as well as for adult learners.

##### **RECOMMENDATION:**

- *The U.S. Departments of Labor and Education could provide assistance in conjunction with state employment agency networks, and the State Department's Faculty Development and Fulbright Senior Specialist Programs can assist in building essential infrastructure.*

##### **b. Implement High-Quality Career Education Programs and Standards**

The transition government may want to increase the quality and relevance of vocational and technical training for secondary students and adults. In keeping with the requirements of the knowledge revolution and the global economy, there could be a focus on higher-order competencies, problem-solving abilities, and communication and critical thinking skills rather than a focus on manual abilities alone. This will involve facilitating the provision of technical assistance, equipment and instructional materials, instructor training, facilitating exchanges, and designing curricula. It is unlikely that the state can do all of this itself, so training collaborations should be encouraged with and among businesses, governments, associations, and faith-based groups.

##### **RECOMMENDATION:**

- *Coordination and assistance to increase the quality and relevance of vocational and technical training could be provided by the Department of Education's Office of Vocational and Adult Education.*

### **c. Implement Entrepreneurship and Business Education**

General education in the values and principles of democracy and market economies could be provided through innovations in Cuban civic education programs, but more specific technical education may also be needed. Both Cuban and international employers likely will need persons qualified in all levels and types of business and industry operations, and preparation for starting small businesses as well as enrichment training and assistance for established entrepreneurs may be desirable. Cuban entrepreneurship education at the technical and vocational level could seek to prepare workers as well as to improve economic literacy skills and promote the start-up of small businesses.

### **d. Focus Training on Tourism and Other Employment Markets**

The Castro regime is belatedly attempting to develop a competitive tourism industry, has a modest reputation in pharmaceuticals, an emerging need for geriatric services, and can develop other sectors and niches where training programs can be focused as foreign investment revives and Cuban entrepreneurs are free to operate normally. Post secondary training programs could be focused on locally important industries and job markets, and collaborations with business can strengthen this effort as well as help finance it.

### **e. Consider Innovative Career and Technical Education Solutions**

A variety of programs for career and technical education should be considered, including solutions new to Cuba but common elsewhere. These could include:

#### **1. Bridge programs**

Bridge programs in career education that span the last years of high school and the first years of post secondary education would be useful to introduce the community college model. These programs permit interested and qualified graduates to continue their educations at higher levels with recognition for prior credit, and provide alternative education programs to address the need to qualify Cubans who possess skills and experience acquired outside the formal economy.



Distance education approaches could be considered whenever appropriate, since this would permit instruction to be supplied from outside as well as inside Cuba.

## **v. Higher Education and Research**

### **a. Consider the Community College Model as Appropriate**

Cuba, like other countries, has many post-secondary needs and opportunities that could benefit from being organized and structured to better serve students and employers needing short programs that also provide access to higher level programs. The U.S. community college is one model solution, and partnerships and exchanges should be encouraged that can expose Cuban higher education to this type of institution and its potential.

#### **RECOMMENDATION:**

- *The Department of Education's Office of Vocational and Adult Education, and the American Association of Community Colleges, can help Cuba establish links and partnerships with U.S. community colleges to facilitate the development of this model.*

### **b. Encourage Private and Non-Traditional Higher Education**

Post-Castro Cuba likely will want a higher education sector that consists of strong public institutions and strong private institutions, and that includes institutions that provide instruction and services via traditional programs as well as via distance education. Religiously affiliated institutions could be allowed to operate without hindrance.

### **c. Help to Improve Higher Education Teaching and Research**

The United States, as well as international research organizations, can facilitate partnerships and collaborations between Cuban faculty, institutions, and their counterparts abroad to develop and improve content and standards in instructional and research programs in academic and professional subjects at the postsecondary level.

## **RECOMMENDATIONS:**

- *The Department of Education's Fund for the Improvement of Post Secondary Education (FIPSE) could assist in this effort through a program cooperating with the new Cuba.*
- *The Department of State's Faculty Development and Fulbright Senior Specialist Programs can assist in building essential infrastructure.*

### **d. Ensure High Standards Through Proper Accreditation**

The best way to prevent problems like those that developed in other post-communist transition states — such as educational frauds and marginal quality providers whose credits and degrees are not recognized elsewhere — may be to establish a strong system of accreditation and quality assurance plus a transparent process for recognizing foreign academic credits, degrees, and professional qualifications. (The latter will be brought to Cuba by Cubans returning from overseas educational programs as well as by foreigners working and living in Cuba.) Licensing and chartering laws that tie approval to operate to becoming accredited by recognized bodies could reinforce a strong accrediting system.

### **e. Build a Strong Academic Research Sector**

It will be important to strengthen and modernize Cuban university and research strengths in established fields such as the health professions and pharmaceuticals, and to encourage concentration in additional fields that support the emerging free economy and the needs of investors. Cuban experts could emphasize internationalization through partnerships with foreign institutions, collaborations with industry, international exchanges, and outreach. Partnerships can be formed with U.S. universities that have already established such programs.

## **RECOMMENDATION:**

- *Cooperative assistance in this area can be provided by the Department of Education's FIPSE, its Office of Post Secondary Education graduate and research programs, and the private sector.*

## **vi. Adult Education and Lifelong Learning**

### **a. Life Skills Education**

Foreign donors and Cuban authorities could work together to develop and implement special functional skills programs targeted to post-communist Cuba that emphasize needs such as consumer skills, job-related skills, economic literacy and financial skills, and assist with civic education for out-of-school adults.

Organizations and countries with experience in post-communist transitions, including USAID and other U.S. organizations can be instrumental in helping produce and disseminate practical and high-quality functional literacy resources for the Cuban transition.

### **b. Basic Literacy Skills**

There are inevitably going to be some adults who did not attain proficiency in basic literacy and numerical skills when they were enrolled in school. Technical assistance from both adult basic education and community college developmental programs to Cuban adult literacy programs could help in developing effective instructional services to build adult basic literacy among adults needing such services. Findings from experimental and field-based research in the United States, which address basic adult reading and teaching English as a Second Language, can also be shared with Cuban program administrators and teachers.

## **4. Cultural Ties and Cultural Preservation**

### **i. Reinvigorate Intellectual and Cultural Ties**

#### **a. Establish a Vigorous Cultural Exchange Program**

Cuban culture is famous for its contributions to fine arts, music, folklore, decorative arts, architecture, and sports. These strengths and sources of national pride could be maintained and strengthened during and after transition through a broad range of professional and cultural exchanges and other means. Specific exchange areas that could be implemented immediately include: music groups and individual performers; artists, visual and performing; sports, both professional and amateur; and cooperation in major sporting events such as the Special Olympics.

## **RECOMMENDATIONS:**

- *The Department of State’s ECA cultural exchange programs, such as scholarships for dance or two-way exchanges within the Jazz Ambassador Program, as well as foundations and U.S. cultural organizations could help support Cuban fine arts, music, folklore, decorative arts, architecture, and sports.*
- *A similar scholarship and exchange program could be developed for scholar-athletes and professionals in the field of sports, as well as joint ventures in the sponsorship of athletic events such as Special Olympics, interscholastic, intercollegiate, and touring competitions.*

### **ii. Urban and Cultural Preservation**

#### **a. Assistance to Cuban Museums, Urban Planners, and Heritage Groups**

The transition government likely will preserve Cuba’s material cultural heritage to be able to present it to future generations. As with libraries, U.S., UNESCO, and other nations’ experts and foundations can assist Cuba to depoliticize and modernize its museums and galleries, inventory historical sites and develop preservation plans, balance conservation and development, train professionals, and seek financing and resources.

## **RECOMMENDATIONS:**

- *The Department of State could propose a cultural preservation project under the “Ambassador’s Fund for Cultural Preservation.” The project could be directed at object(s) in need of conservation; a site/neighborhood in need of preservation; or forms of traditional expression (dance, music, language).*
- *There are also opportunities under the Department of State’s International Visitor Program sponsored by the Bureau of Educational and Cultural Affairs; e.g., a museum project to bring Cuban museum professionals to meet with their counterparts in the U.S. to engage in dialogue about professional and exhibition exchanges.*
- *Under the Department of States’ Citizen Exchanges Program, there is the International Partnerships Among Museums which seeks to bring together*

*foreign museums with American museums for the purpose of exchanging professional staff who work toward a mutually agreed upon project.*

- *The areas of greatest preservation need are in the historic neighborhoods that are in grave danger of being lost and the protection of designated cultural heritage sites. Department of State-sponsored exchanges or “comparative” professional experience in urban planning, preservation, and development could offer Cuban professionals expertise in these areas to maintain both historic neighborhoods and the character of downtown Havana, which has been largely preserved, as well as focusing on Santiago de Cuba and other sites that have suffered neglect.*

### **C. Food and Agriculture**

Cuba currently has a command-driven food, agriculture, and forestry sector. Nutritional issues exist because availability of food has long been a critical issue. However, Cuba has the potential to greatly expand agricultural production if it were to make a transition into a market economy. Such a transition should be one overriding goal during a transition, while ensuring that basic food and nutritional needs are met and that natural resources are not degraded. Additionally, it may be important for Cuba to focus on food safety and animal and plant health issues to ensure consumer safety and a vibrant agricultural sector, as well as to enhance its export capacity to increase income.

Technical assistance should be a key component in assisting Cuba’s transition to a market economy. For example, the use of technology could modernize Cuba’s food safety system. The country’s agricultural production system and processing facilities need updating to give Cuba the chance to achieve global and hemispheric standards. Cuba’s food security can be strengthened by providing a free Cuba access to the U.S. land-grant system of colleges and universities. Such partnerships could help Cuba move from a command-driven system to one that is more in tune with market economies. Additional on-the-ground assessment may be needed, including a thorough examination of: the animal and plant disease situation; existing Cuban statistical capabilities; and the current status of the Cuban agricultural sector, its markets, and its educational/training system.

A vital factor in addressing Cuba’s food security would be the ability to collect relevant and accurate data and to disseminate it in a timely fashion. Provided that there is technical assistance, Cuba would be able to develop a

dependable system of agricultural statistics, market information, and market analysis geared specifically to a market-driven economy. Components of such a program might include the following:

- Assessments of the quality of information available for market analysis and the capacity of relevant institutions;
- Guidance in assembling and evaluating data on key commodity markets;
- Training and assistance in conducting short-term market analysis and medium-term forecasts for key commodities;
- Assistance to establish systems that effectively disseminate information and analysis (including publications, e-publications, and websites);
- Collaborative analysis of trade or policy issues of mutual interest; and
- Provision of personal computers and Internet access facilities to Cuban individuals and organizations involved in the food and agriculture production and marketing process.

Direct nutritional technical assistance support could help the transition government set up logistics and stock control systems for the centralized food banks, helping ensure the delivery of healthful meals. Technical assistance should support commodity assistance programs that supplement the diets of program participants with nutritious foods.

Public awareness initiatives should include help to establish educational programs regarding the link between nutritional meals and health. Assistance could be provided to assist social marketing to better inform the Cuban public of nutritional feeding and education programs and to encourage broad public participation.

International organizations could also offer assistance. The Inter-American Institute for Cooperation on Agriculture (IICA), an agricultural development organization, currently led by ministers of agriculture from every country in the hemisphere except for Cuba, has international programs and partnerships in place, all of which can be used to coordinate international assistance for Cuba. Working with other international organizations, for instance, the United Nations Food and

Agriculture Organization (FAO) could help to make the transition process easier to manage.

## **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building to:*
  - *Establish in Havana an Office of Agricultural Affairs (OAA) and an Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA), which would enable the U.S. Government to assist with development activities and to foster increased trade opportunities for both countries;*
  - *Allow Cuban importers to use credit guarantee programs that enhance Cuba's ability to import agricultural products to help meet its food needs;*
  - *Provide technical assistance that would help Cuba come fully into World Trade Organization (WTO) compliance, including trade-related food safety, and plant and animal health;*
  - *In the short-term, provide technical assistance on post-harvest handling, the transport of tropical fruits and vegetables, and the development of an exporter/importer transportation education program;*
  - *In the intermediate-term, provide assistance to enhance the collection and reporting system of domestic and international shipment costs, to develop commodity and agricultural product grades and standards, and to generate commodity/agricultural product market price news;*
  - *Offer, through the USDA's Cochran Fellowship Program, short-term agricultural marketing and agribusiness-related training with the help of U.S. universities, agricultural trade organizations, market development associations, government agencies, and the private sector;*
  - *Encourage partnerships between experts from land-grant institutions and Cuban counterparts to ensure that extension systems are responsive to farmers' needs, that research is guided by near- and long-term needs, and that teaching adequately prepares the next generation of Cuban agriculturalists;*

- *Assist, through such programs as the International Institute for Tropical Forestry and the White Water 2 Blue Water initiative, in developing sustainable agricultural and forestry practices to limit environmental degradation and assess Cuba's watershed management; and*
- *Assist in defining specific objectives and indicators for the progress and success of nutrition and food security programs, including:*
  - *The design and implementation of a household food consumption survey;*
  - *Providing information on programs that provide low-cost or free meals for children;*
  - *Technical support for commodity delivery, food storage, and food tracking systems; and*
  - *Information and technical assistance for supplemental foods, health care referrals, and nutrition education for pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children found to be at nutritional risk.*
- *Provide technical assistance to cooperative and marketing organizations. Such assistance might include:*
  - *Assessing Cuba's cooperative and farmer organization sector capacity for establishing commercial relations with U.S. firms and markets;*
  - *Assessing the capacity of Cuban government and educational institutions to provide training in commercial agriculture and agribusiness management for farmer-based organizations;*
  - *Assessing agricultural and rural credit and lending institutions in Cuba;*
  - *Providing initial training workshops in principles of U.S. cooperative and commercial marketing organizations; and*
  - *Developing, with appropriate Cuban institutions, a plan for building training program curricula in the areas of cooperative organization, agribusiness management, and agricultural and rural finance.*



- *Providing initial training workshops in principles of U.S. cooperative and commercial marketing organizations.*
- *Developing, with appropriate Cuban institutions, a plan for building training program curricula in the areas of cooperative organization, agribusiness management, and agricultural and rural finance.*

## **D. Housing and Urban Policy**

### **1. Introduction**

Deferred maintenance, lack of resources, and lack of private property rights have created difficult, overcrowded and deteriorated housing conditions for many Cubans. Surveys have revealed that housing considered in “good shape” range from 56 percent in Havana (pop. 2,550,000) to 44 and 38 percent in provinces such as Las Tunas and Granma in the central and eastern portions of the island. Reports of *derrumbes* (houses that collapse) have become more frequent in Old Havana. Almost all visitors to the island comment on the beautiful yet deteriorated structures as well as the lack of paint on buildings throughout Cuban towns and cities.

Once, the Castro regime attempted to remove slums and improve rural housing conditions, but many of the challenges have been difficult to overcome due to lack of resources, shoddy workmanship, and failed government policies. Many rural Cubans left traditional *bohios*, the traditional palm-thatched one room dwelling for *barracones*, or tin roofed concrete dwellings. Meanwhile, large population increases, coupled with an inability to construct an adequate number of units, have led Cubans to live in overcrowded housing in most cities. Large efforts to build modernist Soviet-style public housing have only concentrated the poor in the outskirts of cities. So although housing conditions improved for some, today the difficulties outweigh the successes of Cuba’s housing policy.

Low incomes in Cuban pesos paired with a black-market economy that functions on the U.S. dollar have made daily life difficult for Cubans when most goods are either rationed or available at high prices for dollars. Therefore, Cubans currently are unable to improve their living conditions. Because many Cubans live in deplorable or difficult living conditions, improving living conditions likely will be an immediate priority for many Cubans. Cuban Americans might bring new appliances and building materials to family members and Cubans will attempt to patch roofs, paint, and repair homes that are structurally unsafe and unsound.

International and U.S. non-profit organizations will attempt to meet immediate humanitarian needs that may include housing repair and housing rehabilitation.

The Department of Housing and Urban Development (HUD) could aid a new transition government in Cuba through the following actions: (1) recommend steps to assist Cubans immediately; (2) provide technical assistance in relevant program areas; (3) help coordinate organizations, trade associations, and companies in the design, planning, and construction fields; and (4) recommend approaches and policies in the planning, housing, and community development that work toward the establishment of democratic institutions that engage and empower the Cuban people.

## **2. Immediate Steps**

As Cubans begin to change their lives and their country, many will try to meet the immediate material needs of their families. The suggestions below will go a long way in providing families a way to assess the work that is needed on their homes as well as means to obtain the funds necessary for the repairs. This immediate assistance will also provide hope for the future. Within the first 60 to 90 days after a transition, the Department of Housing and Urban Development could coordinate the following:

### **i. A Commission on Housing and Urban Policies**

Under HUD's aegis, the Department can bring together national and international organizations in the planning and design fields, such as the American Planning Association, the American Institute of Architects, and the National Trust for Historic Preservation, among others, to coordinate assistance in the housing, community development, planning, and design fields. Additional members could include universities, representatives from construction and trade groups, foundations, and international financial institutions interested in housing issues in Cuba, as well as Cuban American experts in the planning and design fields. The latter are familiar with Cuba's history, traditions, and idiosyncrasies and could be helpful in working with Cubans on the island.

### **ii. Temporary Roofing Materials**

Many Cuban homes suffer from leaky roofs that have not been repaired in many years. Cuba's rainy weather, particularly in the summer, is blamed for many of the building collapses. Since water damage is the number one cause of building

deterioration and degradation, providing temporary plastic or PVC material to cover roofs will help stabilize buildings, give some measure of protection, and allow time to develop more permanent solutions. Priority could be given to buildings most in danger of collapse or damage, paying special attention to buildings with historic or cultural significance. Manufacturers of these materials and retail corporations in the building trades might donate or provide deep discounts for the necessary materials.

### **iii. Paint**

Visitors to the island often comment on the deteriorated appearance of Cuban buildings. Cuba is well known for its architectural heritage, but many of buildings look worn and faded. A coordinated effort by foundations and home supply corporations could coordinate volunteers to assist in painting buildings. Exterior painting might require more professional volunteers in the construction trades, but there is no doubt that an immediate improvement in the exterior appearance of buildings would provide a sense of hope and progress to the Cuban people.

### **iv. Microloans for Rehabilitation**

Small loans to help repair dangerous building code violations, update kitchens and bathrooms, and complete other necessary repairs can be an important part in making immediate improvements and help spur the construction sector of the economy. HUD could help coordinate assistance provided by the federal government, foundations, and the private sector. A foundation might be created to fund this specific purpose.

### **RECOMMENDATIONS:**

- *Within the first 60 to 90 days after a transition, HUD should be prepared, if asked, to coordinate:*
  - *Establishment of a Commission to advise on Housing and Urban Policies; and*
  - *Assistance provided by the U.S. Government, foundations, and the private sector, including such things as temporary roofing materials, paint and microloans for housing rehabilitation.*

### **3. Housing Priorities During the First Year**

Within the first year of a transition government, HUD can provide or coordinate assistance in a wide variety of areas including: housing policy, housing finance, building design, construction, and planning issues. HUD also can establish relationships with its counterpart agencies, such as a new Cuban Ministries of Housing and Construction. At the request of its agency counterparts in Cuba, HUD would be willing to provide the following assistance:

#### **i. Assessment of Housing Ministry Strengths and Weaknesses**

Cuba currently has a Ministry of Housing and a Ministry of Construction that built much of the public or “social” housing. An assessment of its strengths and weaknesses could help determine how HUD can best communicate and assist the new ministries.

#### **ii. Survey of Housing Conditions**

Many Cubans live in dangerous and overcrowded housing conditions. Families live in one room apartments and lofts. Forty-five years of deferred maintenance and lack of access to materials and funding have created dangerous electrical, gas, and structural issues. Resolving many of these issues may be of the highest priority. In addition, accurate information on Cuba’s housing conditions is limited. A survey of housing conditions is essential in order to gain an accurate picture of short-term and long-term housing needs. HUD, along with partner universities, would be willing and able to assist Cuba in developing and implementing a survey that will provide a baseline for future needs and goals.

#### **iii. Temporary Housing**

The current regime prevents and controls all external migration from Cuba and all internal migration within the island. The immediate collapse of such controls could cause a rapid population increase in large cities, especially Havana, where change and growth will be most rapid. There may be an immediate need for modular homes that are easy to transport and assemble. There are several companies that build good high quality modular or manufactured housing. Modular or manufactured housing can alleviate some of the overcrowding that already exists as well as the overcrowding that might result from internal migration.

#### **iv. Historic Preservation Efforts**

Cuba has a wealth of architecture built throughout its five hundred year history. Many of these resources are in a deplorable state. Although health and safety issues come first, many of Cuba's buildings should be protected for future generations as evidence of Cuba's cultural accomplishments and heritage. Cuba already recognizes that historic preservation is an important part of its economic development and tourism strategy, and cultural and natural resources also could be a key part in its redevelopment. Several organizations such as the National Trust for Historic Preservation, U.S. International Council on Monuments and Sites (ICOMOS), Cuban National Heritage, and several schools of architecture are familiar with preservation issues in Cuba. Preservation requires specialized knowledge in construction, design, and resource management. A working group could coordinate technical assistance provided to Cuban design professionals.

#### **v. A Cuban National Trust and Revolving Loan Fund**

With the overwhelming amount of historic resources in Cuba, the private sector can play an important role in saving, rehabilitating, and reusing historic buildings. Many countries around the world have created national trusts that buy historic properties and open them for the public. Most notable are the U.S. National Trust for Historic Preservation and the British National Trust, credited with saving many of Britain's historic country houses and landscapes. In this way, private money could help save important historical sites for future generations by supplementing government's limited scope. At the same time, the Trust could foster active participation among Cuban citizens and Cuban Americans interested in protecting their common heritage. The idea of a Cuban National Trust could be taken a step further by the addition of a revolving loan fund. The Trust could be used to buy historic properties and sell them to potential buyers who are willing to rehabilitate the property and find compatible uses for the buildings.

#### **vi. Professional Exchanges**

HUD's Office of International Affairs could serve as a clearinghouse for requests for U.S. technical assistance and organize exchanges of professionals in the planning, design, and community development fields. International Affairs could sponsor U.S. professionals interested in working in Cuba and place Cuban professionals or emerging leaders in U.S. local, state, or Federal agencies, as well as in non-profit or private sector offices.

## **vii. Training**

A new government, democracy, and a free market will bring forth many development opportunities. New investments will also bring about new construction and redevelopment. Reducing overcrowded conditions will also require the construction of new homes. HUD is willing to assemble a group of experts in the fields of architecture and construction familiar with Cuban housing typologies that will help the private sector develop model homes palatable to the potential Cuban consumer. HUD might sponsor a design competition to develop model housing that is reflective of Cuban design traditions yet includes the latest in energy saving technology and construction techniques.

## **viii. University Partnerships**

HUD currently funds two programs that encourage universities to work with their communities and develop future community development and planning professionals. The University Partnership program seeks to tap the intellectual resources of colleges and universities to develop creative and innovative solutions to housing and urban development issues. The Community Work-Study program seeks to attract minority and economically disadvantaged students into graduate programs in community planning and development. The program provides tuition assistance and stipends to students who combine an academic program with practical field experience. A variation on both themes could potentially partner Cuban and American universities by helping Cubans establish program strategies in the field and allowing Cuban students to work directly in neighborhoods. Furthermore, American students interested in the planning, community development, and design fields could be placed in a community work-study program that would allow them to work in local planning agencies, the housing and construction ministries, or new NGO's dedicated to housing and community development. Interested Cuban students might also be placed in a similar work-study program that would allow them to gain experience and coursework in the United States.

## **ix. A Geographic Information System**

A geographic information system (GIS) involves the geo-coding of data for computer mapping of land use and infrastructure to guide urban policy decisions. HUD currently has working relationships with the U.S. Geological Survey and the University Consortium for Geographic Information Science (UCGIS) for work with communities along the U.S.-Mexico Border and for GIS training between

U.S. universities and research institutions throughout the world. A GIS is one of the most effective tools in the phasing and planning of infrastructure. With the overwhelming amount of deferred infrastructure needs, GIS could be an important tool in helping to prioritize needs and identify redevelopment areas.

#### **x. Areas for Redevelopment**

Certain areas surrounding ports, airports, and downtown areas will be ripe for development. Special attention could be placed in identifying these areas so that they may be planned in as orderly a manner as possible. Infrastructure needs cannot be upgraded all at once so selecting areas wisely throughout the island can help spur investment in certain neighborhoods, creating the construction of new housing. These ‘islands of redevelopment’ could also help lessen internal migration pressures. Good planning has been at the heart of redevelopment efforts in many East European cities of the former Communist Bloc. Of particular note are Berlin, Prague, Budapest, and Warsaw.

#### **xi. A Model Permitting System**

HUD could assist a post-Castro Cuba in the development of an efficient and speedy permitting system that can keep track of redevelopment and new construction that will likely take place at a rapid pace. Permitting is necessary to ensure safe building construction methods, good design, and appropriate development. However, a slow and bureaucratic system could discourage investment and development. An efficient system that uses the latest technology and good management could serve as a model for other cities throughout the island.

### **RECOMMENDATIONS:**

- *Within the first year of a transition government, HUD should be prepared to establish relationships with its counterpart agencies, such as a new Cuban Ministries of Housing and Construction, and at the request of its agency counterparts in Cuba, HUD could provide the following assistance:*
  - *Assess the strengths and weaknesses of new Ministries of Housing and Construction;*
  - *Conduct a survey of housing conditions along with partner universities that will provide a baseline for future needs and goals;*

- *Form a working group on preservation issues to coordinate technical assistance provided to Cuban design professionals;*
- *Support creation of a Cuban National Trust and a revolving loan fund;*
- *Serve as a clearinghouse for requests for U.S. technical assistance and organize exchanges of professionals in the planning, design, and community development fields, and sponsor U.S. professionals interested in working in Cuba or place Cuban professionals or emerging leaders in local, state, or Federal agencies as well as in non-profit or private sector offices;*
- *Assemble a group of experts in architecture and construction familiar with Cuban housing typologies to help the private sector develop model homes palatable to the potential Cuban consumer;*
- *Consider sponsoring a design competition to develop model housing that is reflective of Cuban design traditions yet includes the latest in energy saving technology and construction techniques;*
- *Develop university partnerships;*
- *Assist a free Cuba to establish a Geographic Information System;*
- *Assist in the determination of areas for redevelopment; and*
- *Assist a free Cuba in the development of a system that can keep track of redevelopment and new construction.*

#### **4. Longer-Term Planning, Community Development, and Housing Issues**

After the first or second year, urban policy likely will be focused on long range planning, community development, and housing issues. Assistance will be focused on transforming Cuba's centralized planning structure into one that provides for citizen participation yet allows professionals to make wise recommendations using up-to-date and accurate information. Involvement at the local and neighborhood level is at the foundation of civic life and democracy building. It is at the local level that citizens learn to work together and make community choices. Oftentimes, new leaders emerge from local politics and civic involvement. Cuba also has a dearth of NGOs focused on housing and community



development. In the U.S., these organizations help organize neighborhood resources, attract new investment, and build housing in neighborhoods that might otherwise be overlooked. Community development NGOs play an important role in the development of new civic institutions. Finally, the U.S. has resources and experiences that it can share with its Cuban counterparts on a variety of housing issues that are particularly focused on those citizens most in need.

### **i. Planning Assistance**

Cuba has a long tradition of urban planning that dates from four hundred years of Spanish influence. Later, French and American notions of planning and urban design greatly influenced the landscape. This was later replaced by Soviet-style autocratic central planning. Cuba's new planning system likely will respect Cuba's long tradition in urban design and planning that includes civic participation — an important foundation for participation in a democratic society.

#### **a. Local planning**

The U.S. can assist local planning to reorganize, allowing for methods and work styles that will help guide the orderly and more efficient construction and redevelopment of cities and neighborhoods. Teaching methods that include participation by local citizens in the decision-making process will also be a key part in the exchange of U.S. and Cuban planning professionals. Organizations such as the American Planning Association and the International City Management Association can assist in training Cuban professionals.

#### **b. Development management tools**

HUD can assist a free Cuba by bringing together planning professionals and training Cuban professionals on the various development management tools that help guide development in a market-driven economy. Tools such as impact fees can help raise necessary funds for infrastructure in need of repair such as water and sewage systems and community facilities such as schools and libraries that are necessary components of a vibrant neighborhood. Other tools include buying development rights in neighborhoods where dense development might not be desirable, or performance standards that develop a point system for development proposals. The American Planning Association and departments of planning at leading U.S. universities are natural partners in this effort.

#### **c. Specialized working groups**

U.S. planners along with international counterparts could also help Cubans develop strategies for special planning issues in Havana and other provincial capitals. Havana has special urban design and redevelopment issues that will be the focus of initial investment and redevelopment. In addition, many of Cuba's provincial capitals and smaller cities such as Trinidad are UNESCO World Heritage Sites and are worthy of special care and attention. Other larger cities such as Santiago and Cienfuegos also offer a rich array of architecture that deserves protection. At a transition government's request, HUD can help assemble U.S. and international experts to tackle a particular issue.

## **ii. Community Development**

Certain areas in Havana and in some major cities presumably will be the focus of redevelopment due to their geographic location and their tourism (Cayo Coco) or economic (Havana's port area) potential. However, Cubans in other areas also may want to begin repairing their homes and open new businesses that will create vibrant neighborhoods. Community development non-profits and faith-based organizations can play an important part in helping Cubans improve housing conditions and create new housing opportunities.

### **a. Community Development Corporations**

HUD, along with its partners in the community development field, can help Cubans create new community development corporations and non-governmental organizations focused on building new housing. These non-profit corporations could include small investors, international foundations, and churches as partners. Cuba currently has very limited non-governmental organizations that are mostly affiliated with churches, international organizations, and dissident groups. Growth of these organizations could be a key component in improving housing conditions and creating new investment opportunities throughout the island. National groups such as the Local Initiatives Support Corporation (LISC), the Enterprise Foundations, and the Neighborhood Reinvestment Corporation have a large network and extensive training from which new Cuban organizations could benefit.

### **b. Faith-based Organizations**

Cuba's Catholic Church and to a lesser extent Protestant churches sponsor some of the few nongovernmental organizations on the island. Faith-based organizations can be an important part of the island's redevelopment efforts,

particularly in the health sector. HUD can present models of how faith-based organizations in the U.S. are involved in housing and community development. HUD's Office of Faith-based Initiatives can help link faith-based organizations in the United States with their new counterparts in Cuba.

### **c. Self-Help Organizations**

Although Cuba has a failed experience with so-called microbrigades, more organized efforts by successful organizations such as Habitat for Humanity can help meet an immediate need for housing, while organizations such as Youthbuild can help train young people in highly-prized construction skills. Spain's *Escuelas Talleres* focuses on specialized training techniques useful in rehabilitating historic buildings. These self-help organizations can help interested Cubans acquire new skills in the construction industry.

### **iii. Housing Reform**

HUD can help its likely counterpart agencies, the new Ministries of Housing and Construction, to consider new housing policies necessary in a market-oriented and democratic society. Some families may still need assistance in the forms of loans or grants, at least to get them started. Below are some housing policies and issues to consider.

#### **a. Historic Preservation**

Urban areas were long neglected, but since the late 1980s, historic preservation and restoration has been a limited tool for economic development of the tourist industry. Cuba has one of the largest collections of Spanish colonial architecture in the world, as well as notable buildings from the 18th and 19th century. Its own unique style of modernist architecture was recently recognized as worthy of protection. Historic preservation can be a key tool in developing Cuba's tourism economy and an important factor in developing national pride. Cubans could consider new tools that would help protect their unique architecture but that would still accommodate appropriate development. Some ideas to consider include establishing areas of protection that require more stringent development review. Another idea to consider is Spain's One Percent Fund. One percent of all public works projects goes to cultural and historic preservation projects. These projects are usually historic sites worthy of public protection as cultural facilities, such as museums, or which may have a portion open to the public. HUD can help gather experts that can provide technical assistance in the preservation field.

## **b. Fair Housing Laws**

Currently, Cuba claims that there is no housing discrimination, but Cubans are discriminated against in their choice of housing for political reasons. Internal migration controls prevent Cubans from making housing choices on their own, and racial discrimination also exists on the island. HUD can provide direct assistance in establishing laws that protect Cuba's citizens from housing discrimination.

## **c. Private-Sector Housing Markets**

A transition government can adopt homeownership strategies used by other Spanish-speaking countries, like Chile and Spain, which possess a proven track record of extremely high homeownership. For example, Chile has a homeownership rate of 75 percent. Long-term loans and a secondary market have made homeownership an attainable goal for many Chileans. Spain's housing policies have also created a high homeownership rate (85 percent) by giving direct subsidies on mortgage interest rates and releasing jumbo issues of mortgage-backed bonds. More specific recommendations are given in Chapter 4.

## **d. Social Housing Policy**

Cuba currently has a large number of social (public) housing units built mostly in the 1960s and 1970s in the Soviet style. Much of this housing has become overcrowded and is in disrepair. It tends to be depressing and dreary, but inhabitants have few alternatives. If asked, HUD would be willing to directly assist the transition government in surveying public housing conditions and make recommendations for immediate improvement. Since the 1990s, the U.S. has focused its efforts on improving public housing by creating new opportunities for the private sector and creating public-private partnerships. Many of these lessons might be useful to the new Ministry of Housing responsible for Cuba's social housing complexes.

## **e. Subsidy Assistance**

The Cuban transition government may wish to provide some direct investment in housing, including new construction, rehabilitation, and financial assistance to renters and homeowners. In particular, creating a long-term sustainable rehabilitation program can be very important in helping to improve the living conditions of Cubans. If so, there is a wide range of options. Examples of

program models in the United States include public housing, housing vouchers, tax credits, down payment assistance, high-risk mortgage insurance, and interest subsidies. The specific type of assistance would vary greatly in terms of the level of need, the nature of the assistance, and how the assistance is administered. To the greatest extent possible, we recommend that funds be leveraged with private sector funding.

## **RECOMMENDATIONS:**

- *HUD should be prepared to do the following at the request of the transition government:*
  - *Assist local planners establish a local planning system for cities;*
  - *Bring together planning professionals and train Cuban professionals on development management tools that help guide development in a market-driven economy;*
  - *Help assemble U.S. and international experts to tackle specific planning issues;*
  - *Along with partners in the community development field, help Cubans create new community development corporations and non-governmental organizations focused on building new housing;*
  - *Present models of how faith-based organizations in the U.S. are involved in housing and community development. HUD's Office of Faith-based Initiatives can help link faith-based organizations in the United States with their new counterparts in Cuba;*
  - *Help its new counterpart agencies consider new housing policies necessary in a market-oriented and democratic society;*
  - *Help gather experts that can provide technical assistance in preservation;*
  - *Provide direct assistance in establishing laws that protect Cuba's citizens from housing discrimination;*
  - *Directly assist the transition government survey public housing conditions and make recommendations for immediate improvement; and*

- *Recommend new subsidy assistance models.*

## **5. Special Transition Issues in Housing**

### **i. Transition and Socialized Housing**

Although it is important to encourage the development of a free-market economy, some families likely will need assistance to afford decent housing. Government subsidies of housing can be an essential element of social policy. There are a variety of subsidies and delivery systems for providing such assistance.

A first step is to assess the need for assistance. Initially, assistance would probably take the form of direct governmental intervention to ameliorate hazardous conditions. This suggests programs directly administered by the central government to rehabilitate existing housing, to provide emergency assistance to the homeless, or to construct housing to eliminate severe over-crowding. An early step also would be to facilitate the investment of international agencies in Cuban housing.

As institutions for delivering housing assistance are developed, housing assistance programs may need to resolve a series of issues. One of these is the level of need to be addressed. Simply, what portion of the population should receive assistance, how poor should recipients of assistance be, and how much assistance should they receive?

### **ii. Geographic and Community Issues**

Another set of issues concerns geographic targeting. Housing is not only shelter, but also part of community development. Focusing subsidies on certain priority cities, or in certain rural areas, can have a very different impact than providing assistance to individuals regardless of where they live. For example, Cuban rural areas and the eastern part of the main island are very poorly served from a housing standpoint in comparison to greater Havana and the northwest. Targeted allocation of housing resources, including external assistance, may be needed in certain cases. Similarly, some communities are likely to have been deprived of resources in comparison to others, or have enjoyed advantages due to connections to the political and black market centers of power and influence. There will also be geographic issues of topography, microclimates, locally available materials and skills, and infrastructure.

### **iii. What Form Should Housing Assistance Take?**

Another set of issues concerns the nature of assistance. For example, in the United States there is experience building and operating public housing, subsidizing privately-owned rental housing (e.g., Section 8 New Construction, Low Income Housing Tax Credits), subsidizing rents (Housing Choice Vouchers), subsidizing purchasing power (e.g., down payment assistance, interest subsidies), subsidizing rehabilitation (e.g., CDBG, HOME), and subsidizing infrastructure to support housing (e.g., CDBG).

Another issue to be resolved is who receives the assistance. One model is to provide funding to local governments or non-profit organizations to carry out activities on behalf of needy families. Another model would provide funding to private landlords to build and maintain housing. Still another model would provide assistance directly to families that they could apply to building, maintaining, or renting their homes.

Determining how assistance is distributed must also be addressed. At one extreme, assistance could be directed to a particular city or project based on known priority needs. At another, given good data on local needs and an appropriate administrative infrastructure, it is possible to implement a block grant system. In this, HOME and CDBG funds could be divided among local entities that determine local priorities and deliver the programs. A model between these would be some set of categorical programs, in which local entities would write competitive applications for funding and the best proposals would then receive it.

### **iv. Accounting for and Evaluating Assistance**

Finally, in any sort of subsidy system, an accountability system is usually required to ensure that available funds are used for intended purposes. Wherever government subsidies are involved, there is a potential for waste, fraud, and abuse. An auditing and monitoring system also is usually required.

#### **RECOMMENDATION:**

- *If asked, HUD would be willing to provide training in developing a new subsidy system as well as training professionals responsible for managing the new programs.*

## **E. Other Human Services**

### **1. Introduction**

A new Cuba may face a number of social challenges that require significant attention from human services agencies and organizations. During a transition, critical challenges could include serving a large aging population, combating prostitution, guaranteeing child welfare, and providing adequate services for victims of torture and human trafficking. Also, it will be important to develop alternative programs to engage youth, who are currently indoctrinated by government programs that promote complete allegiance to the state and minimize family influence.

Incomes in Cuba are already considerably lower than those of the transition economies of Eastern Europe at the time of the Soviet collapse. Therefore, a free Cuba may share many of the same or worse demographic and social challenges that have confronted other former communist countries. These include a rapidly aging population and a highly developed welfare state that is dependent for revenues on a crumbling centrally planned economy, in which non-compliance and corruption have become endemic.

All of these challenges likely will call for a strong effort from the social services arena. The Department of Health and Human Services (HHS) and the Social Security Administration (SSA) could become involved in advising and assisting a free Cuban government to address social problems in the manner outlined below.

#### **i. Surveying Social and Economic Needs**

At the outset of the post-Castro transition, Cuban authorities may want to conduct as comprehensive a social services survey as possible. Cuban experts could work with PAHO, USAID, and private organizations (e.g., HelpAge International, the main internationally operated NGO to support the elderly in the Caribbean) in assessing the social and economic needs of older Cubans and in developing social care systems that meet the needs of older persons. Assistance providers should prepare for the possibility of the collapse of existing programs — pensions, stipends for caregivers, health care, food, etc.

### **2. Maintaining Social Security for the Retired and Disabled**



## **i. Problems Facing a Transition Government**

In Cuba, social security refers to old age, survivor and disability insurance, cash benefits for illness, maternity, and work injury. Each employer, mainly state-owned enterprises, contributes up to 14 percent of payroll to cover all of these programs and the government covers any deficit.

The Cuban pension system's financial problems, created in part by the 1990s economic crisis, changing social attitudes, and population aging, include the following:<sup>11</sup>

### **a. Adverse demographic factors**

The fertility rate declined from 3.7 to 1.6 between 1970 and 1998, while life expectancy reached developed world levels. The effect was to create rapidly aging population. The UN estimates that 36.4 percent of Cubans will be over age 60 in 2050, up from 15.6 percent today and 25.9 percent expected in 2025. Cuba's working age population (ages 15-59) is projected to peak in 2010, and then shrink by more than one third over the ensuing 40 years. By 2030, there could be only 1.8 working age Cubans for each person of pension-age, compared to 4.2 today.

### **b. Decreased coverage of the labor force**

The number of employers contributing to social security fell from 4.3 million in 1989 to 3.1 million in 1997. At the same time, the share of the labor force covered by social security declined from about 90 percent in 1990 to about 66 percent in 1997. This trend — reflecting the rapid growth of the informal economy — has considerably reduced the dependency ratio of workers to retirees (falling from 6.6 in 1970 to 2.5 in 1998) and produced a severe funding crisis.

### **c. Permissive qualifying conditions and benefit formulae**

A relatively low retirement age and generous benefit formula (based on the highest 5 years out of the last 10, replacing between 50 and 90 percent of earnings), combined with a high life expectancy, has meant that the average pensioner receives a benefit for about 20 years. During the economic crisis, the average retirement age fell from age 63.5 to 60 and the number of disability

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<sup>11</sup> Most of the information in the rest of the section on social security comes from several recent papers written by Carmelo Mesa-Lago, a noted economist and expert on Latin American social security systems.

pensions increased, as Cuba used the pension system as an unemployment and welfare program for older unemployed workers.

#### **d. A growing deficit and actuarial imbalance**

The social insurance system is deeply in the red. In 2000, the government paid 34 percent of social security expenses. In 2001, the pension deficit totaled 2.2% of GDP, while expenses were 6.5 percent of GDP — and growing rapidly. Cuba has no reserve fund.

#### **e. Deterioration of the real value of benefits**

Although nominal costs of social security rose during the 1990s, this rise was due mainly to inflation, which dramatically reduced the real value of un-indexed benefits. By 1998, the real value of pensions had declined 41 percent from the 1989 level. At the same time, government expenditures for social assistance, such as cash benefits to the needy elderly, underwent an even steeper decline. While the Castro regime has been discussing reforms to the system for at least 10 years, nothing significant has been done.

### **3. Reforming the Retirement and Pension Systems**

The Cuban economy and government budget after transition may not be able to sustain the level of unearned benefits and the lax requirements for eligibility that the communist system permitted. At the same time, it will be important to ensure that the retired and disabled populations receive a level of support that prevents health problems, acknowledges the worth of their contribution to society, and limits protests and unrest.

The current Cuban retirement system is funded in part from a 14 percent payroll tax. It is not known how much of that goes to health or other services. What is known is that one-third of pension monies have to come from other sources (presumably the VAT), because payroll tax collections are not sufficient. If only half of the 14 percent goes to pensions and it covers only two-thirds of the pension bill, then under current compliance rates and eligibility rules Cuba needs approximately 11-12 percent of payroll to cover pension costs alone.

In the initial transition period, there will probably be a large increase in non-compliance resulting from the simultaneous collapse of the centrally planned economy and the coercive power of the tax authorities. During this period, paying

the very low benefit levels under the existing system could require significant infusions of aid. Raising taxes to the higher levels needed to sustain current benefits, even under the best of circumstances, probably would undermine job creation in the formal economy and generate even more non-compliance. (China, which also has a large and fast-growing aged population, faces a similar problem.)

The challenge likely will be to create a broad based revenue source designed to minimize the current problem of widespread non-compliance. Cuba has a good chance of being the world's oldest society by mid-century, and any solution must take this fact into account.

## **RECOMMENDATIONS:**

- *In light of the coming collapse of Cuba's centrally planned economy, the U.S. Government should be prepared to encourage a free Cuba to initiate a sustainable, pre-funded social security system, as has been done in other transition economies.*
- *The U.S. Government should be prepared to encourage the transition government to consider funding the transition as much as possible through the sale of state-owned assets. The World Bank has been leading the way in promoting funded approaches in Latin America and Eastern Europe.*
- *Other reforms the U.S. Government should consider encouraging a free Cuba to take include:*
  - *Increasing the minimum pension and adjusting pensions to the consumer price index;*
  - *Moving to eliminate the black market economy, license businesses, and institute laws requiring employer contributions with small business exemptions;*
  - *Applying some of the proceeds from the sale of state assets to a pension fund for the Cuban people;*
  - *Working with lending organizations to obtain loans to help Cuba build the beginnings of a real reserve fund;*

- *Working with charities and churches to find in-kind solutions to providing pensioners with access to basic medical care and human services on the community level; and*
- *Creating a Cuban Elder Corps to help develop income-generating projects for older Cubans who may be without resources, thus also employing them, if in good health, to assist in reconstructing the nation.*
- *The Peace Corps could help provide micro-enterprise training, and HHS's Administration on Aging (AoA) and its aging network could serve as a resource in developing intergenerational programs — providing support to youth and assistance to the elderly.*

#### **f. A national insurance market**

The post-transition Cuban government may want to adopt some or all of the above proposals. The United States has an interest in preventing both a humanitarian crisis within Cuba and a situation that could prompt thousands of Cubans to try to migrate to where benefits are more reliably financed and generous. We and a free Cuban government also may share an interest in finding pension solutions that do not further bankrupt the Cuban economy or drive away the business investments and start-ups on which a new Cuba will depend.

### **4. Social Assistance**

#### **i. Services for the Elderly**

The Cuban government also provides social assistance benefits to those in need, including disabled, single mothers, relatives dependent on a deceased insured, pensioners with low benefits, and workers reaching retirement age but not entitled to a pension, cash benefits, and benefits-in-kind such as food, shelter, and medications. Some of the social assistance programs include free medical care, low-cost meals at soup kitchens, subsidized housing, day care centers, and public and private nursing homes for some elderly. However, these programs do not cover all of those who are in need. The social protection network has also deteriorated in recent years. Rations that in the past covered one month now barely cover 10 days. Many elderly Cubans may become even more vulnerable during and after a transition period.

Development of community and home-based services will be important. It

may be important to assess the short- and long-term needs of older Cubans and to create home and community-based services that meet their needs, and those of their caregivers. These programs may include supportive, nutritional, preventive health, caregiver, and protection of the elderly services. The Administration on Aging, together with other HHS agencies and faith- and community-based organizations could support these efforts by providing or arranging for training, technical assistance, and sharing of materials developed in Spanish.

#### **a. Public information campaign**

During a transition, some older Cuban-Americans may desire to return to Cuba. There could be establishment of educational efforts to inform older returning Cubans about the availability or lack of food, housing, health and medical services, lifestyle changes, and availability of social security and other benefits when they return to Cuba.

#### **RECOMMENDATION:**

- *At the request of a transition government, HHS could develop and distribute educational materials, conduct local workshops, and prepare mental health services to help Cuban Americans with the anxiety and decision making process about returning.*

#### **b. Church and community assistance**

The existing pattern of home-based elder care and care for those with disabilities will benefit from an increased presence and greater freedom for churches and private charities, as well as renewed support for families and community organizations. This assistance will not be able to shoulder the entire burden, but it can do more if it is allowed to do so. Florida International University, under a USAID grant, has worked with Cubans (including visiting religious leaders) to develop program guides for working with older Cubans.

#### **c. Prevent abuse and neglect of the elderly**

Older people may be particularly at risk of abuse and neglect by family members and others during a transition period.

## **RECOMMENDATION:**

- *The Administration on Aging, working with other HHS agencies and NGOs could, if asked by a transition government, help to prepare and distribute information concerning elder abuse and neglect as well as available resources. AoA could also identify potential foster homes or “shared housing” arrangements to provide immediate shelter to the most vulnerable elderly.*

### **d. Discounted medical services**

A Cuban transition government might consider, in cooperation with private pharmaceutical companies, insurance companies, and aid donors, instituting access to basic medical services and medicines on a discounted basis, as is now being done in Africa and other poverty-stricken countries. This solution could also extend to special populations such as those living with HIV/AIDS and other chronic conditions.

### **e. Train and support more social and community workers**

A free Cuba may need to retrain its existing social workers and community organizers, as well as prepare new professionals who can help individuals, families, and groups locate assistance and opportunities in a post-Castro system. Exchange programs and service providers can assist Cuba in doing this.

## **ii. Services for Youth**

Cuba is known to have serious problems with runaway and homeless youth, school dropouts, juvenile delinquency, and child prostitution. Concerted efforts by Cuban transition authorities and public and private assistance donors may be needed to counter these problems.

### **a. Youth Development Programs**

It could be important to introduce positive youth development programs as part of civic engagement efforts, and to provide street outreach, education, and mental health services through shelters for runaways and homeless youth. HHS/SAMHSA could support these efforts, while the Administration for Children and Families (ACF) could use its Family Youth Services Bureau’s (FYSB) clearinghouse and training and technical assistance providers to provide street outreach materials in both English and Spanish. FYSB could form a team of

Government and private/nonprofit youth service agencies to go to Cuba. The latter could include partnerships with faith-based and community-based organizations

### **b. Youth Rescue Programs**

The new Cuban authorities, churches, and other private organizations, including concerned employers, may want to develop special outreach programs to deal with youth crises such as drug abuse, criminal activity (including gangs), prostitution, and diseases such as HIV/AIDS. U.S. federal agencies such as HHS, churches, and specialized youth crisis intervention organizations could assist their Cuban counterparts in developing and implementing special programs to deal with abused, troubled, and diseased youth. Cooperation with youth development program providers and law enforcement could be useful in this effort.

### **c. Youth Mentoring**

American and Cuban adults can also assist Cuban youth through the establishment of mentoring programs sponsored by mentoring associations, counseling services, and churches. Mentoring services can address specific problems faced by Cuban youth as well as general counseling and companionship. Adult mentors could be provided from either Cuba or other countries such as the United States, and can help Cuban youth get the extra emotional and educational support they need to start a new, healthy and productive life. A special mentoring program could be established for children and youth with disabilities to assist and encourage this heretofore isolated segment of Cuban society to find necessary care and appropriate work, and to make sure they have respect and access to needed services.

### **iii. Child Welfare**

Child welfare services involve a combination of services to families and single parents who have infants and young children, as well as a program of care and adoption services for infants and children without living parents or who have been abandoned. Assistance to parents is likely to be provided via other social, educational, and health services in the public and private sectors, as well as through the churches. Abandoned or orphaned children require special services not commonly available under the Castro regime.

## **a. Establish Child-Centered Adoption Services.**

### **RECOMMENDATIONS:**

- *If asked by transition authorities, the U.S. Government in cooperation with private donors such as churches could initiate a technical assistance program to offer a child-centered adoption process:*
  - *HHS could work with USAID to assess the Cuban adoption system and provide necessary assistance to create a child-centered approach. Child tracking systems developed by the World Bank could be implemented and training of Cuban nationals could be developed in partnership with HHS/ACF and USAID, as well as international agencies like UNICEF and/or the Pan American Health Organization (PAHO); and*
  - *ACF could use the methodology of Child and Family Services reviews to conduct an analysis of the overall services providing a benchmark for improving those services.*

HHS's Head Start Bureau currently works with seven Hispanic Serving Institutions (colleges and universities) that are redefining their approach to working with early education staff in new and innovative ways toward attaining an academic degree. Head Start could work to expand the use of the Head Start Bureau's Web-based Learning Center, which is under development, and help implement web-based learning opportunities. The Learning Center is immediately accessible for online technical assistance, resource materials, specialized cottages for a variety of concerns, chat rooms where experts monitor and respond in a problem-solving mode, national consultant pool rosters of expert consultants, and Spanish-speaking consultants, staff, and materials. Head Start could share lessons learned from initiatives for teaching early literacy, such as Good Start/Grow Smart.

### **RECOMMENDATIONS:**

- *The Administration for Children, Youth, and Families at HHS could offer to assist the transition government in the creation of a clearinghouse and provide Spanish- language information and training materials on a wide range of child welfare programs and the creation of performance standards. Training and technical assistance can include early childhood education, fatherhood and family development, homelessness, and developing and enriching the Early Childhood Curriculum and syllabus at colleges and universities in Cuba.*



## **5. Special Social Assistance to Castro Regime Victims**

### **i. Victim Identification and Outreach System**

It could be helpful to create an outreach program to vulnerable populations for the purpose of identifying victims and preventing people from becoming victims. HHS's Administration for Children and Families (ACF) could use lessons learned from the Trafficking in Persons model that includes public awareness strategies, rapid education of intermediaries, and a referral system to handle informational inquiries and crisis and law enforcement calls. Examples of intermediaries include faith-based and community-based institutions, social service providers, NGOs, health and welfare services, the travel industry, and educational institutions.

#### **RECOMMENDATION:**

- *U.S. federal and local experts, as well as private sector providers, could help a transition government establish an integrated call center for telephone crisis counseling to address counseling tasks for victims of trafficking, as well as other social ills such as rape, domestic abuse, at-risk/runaway youth, and homelessness.*

### **ii. Victims of Torture**

It likely will be important to help provide emergency treatment and care to meet victims' immediate needs. Assistance could include helping conduct an assessment of the prevalence of torture victims and the current capacity for providing immediate, short-term and long-term services for victims.

#### **RECOMMENDATIONS:**

- *ACF, through its Office of Refugee Resettlement, could work with USAID and a number of NGOs to develop this assessment if a transition government so requests.*
- *ACF also could undertake assist transition authorities with publicity campaign to gain domestic assistance and support.*

- *The U.S. Government could, if asked, help in the creation of national legislation and legal authorities to continue to help victims of torture and provide long-term services.*

## **6. Child Victims of Commercial Sexual Exploitation**

Prostitution is illegal in Cuba. Nevertheless, the Department of State reports that prostitution of girls and boys is a serious problem, particularly in areas of the country that attract foreign tourists. Police in Cuba have led a general crackdown on prostitution in recent years, but these efforts have not eliminated child prostitution. A transition government will need to find effective ways to address what is formally called the *commercial sexual exploitation of children (CSEC)*, particularly if the government adopts policies that promote more tourism. Simultaneously, the government likely will need to provide counseling and support services to children who have been victimized by CSEC.

The causes and effects of the commercial sexual exploitation of children and adolescents, including child prostitution and trafficking, are complex and multifaceted. Relevant factors include poverty, child abuse and/or abandonment, social attitudes that undervalue children, and weak application of existing laws. Victims of CSEC often suffer irreparable damage to their physical and mental health. Common problems that they experience are early pregnancy, the spread of sexually transmitted diseases, such as AIDS, and dropping out of school. A CSEC program would need to address all of these aspects to effectively combat this complex and tragic problem.

### **i. Remedial Steps**

The U.S. Government, particularly the Department of Labor, has significant experience in developing and implementing programs to combat child trafficking and prostitution. In the Americas alone, the Department of Labor has funded and overseen cooperative CSEC programs in Central America, the Dominican Republic, Mexico, Brazil, and Paraguay. These programs have provided funding and technical assistance to aid in reforming laws covering CSEC, raising awareness about the problem, and providing vital services to its victims.

### **RECOMMENDATION:**

- *If asked, the Department of Labor could assist a transition government in designing and managing a program to combat the commercial sexual*

*exploitation of children and adolescents. Partners could include international organizations that the Department of Labor has worked with and through on past CSEC projects, including the International Labor Organization's International Program on the Elimination of Child Labor, UNICEF, and relevant NGOs. Local Cuban authorities and leaders, including the education community, would also be important partners in any CSEC assistance.*

- *Drawing from experience, a Cuban CSEC project could include the following objectives:*
  - *Identify gaps in the existing legal systems and formulate recommendations for improved legislation for the protection of sexually exploited children and adolescents;*
  - *Make available credible information and intelligence related to CSEC, including possible child trafficking networks, for use in the planning, design, and implementation of public interventions;*
  - *Develop an information system to identify exploiters, and train government personnel in the application of the system;*
  - *Build the capacity of relevant public, private, and religious institutions to fight CSEC in terms of their ability to formulate and implement plans and programs;*
  - *Organize workshops and meetings, and develop coordinated partnership among nongovernmental organizations, law enforcement authorities, trade unions, employers' organizations, community leaders, and the media to mobilize against CSEC;*
  - *Implement outreach campaigns — including school-based programs — and establish youth clubs to raise awareness of the problem nationally, and particularly in target areas and populations;*
  - *Organize and provide legal, health, psycho-social, and educational services to children and their families to remove children from CSEC and prevent children at risk from involvement in CSEC;*
  - *Train professional staff in psycho-social trauma treatment methods and case management with a focus on child participation, and help develop national*

*standards and guidelines for care facilities and the training of caregivers;  
and*

- *Help to develop income generation programs for families in high-risk areas to help reduce vulnerability to involvement in CSEC.*

## **7. The Challenge from a Social Security Perspective**

In the past, the U.S. Social Security Administration has sent specialists to other countries to evaluate their system and propose change. It could provide similar technical assistance to a free Cuba. Other international organizations active in pension reform include the International Labor Organization, the Inter-American Development Bank, the World Bank, and the International Monetary Fund.

Technical assistance alone, however, may not be sufficient to deal with the financial and social challenges facing a rapidly aging Cuba. Even under the most optimistic of scenarios, Cuba faces severe pension and health care crises with the potential to delay economic recovery in a post-Castro transition. Under a worst-case scenario, these crises could lead to unacceptable social outcomes requiring a dramatic humanitarian response from U.S. policymakers and the Cuban émigré community.

### **RECOMMENDATION:**

- *The U.S. Social Security Administration should offer to send specialists to evaluate and propose changes to the transition government.*

## **V. CONSULTING AND COORDINATING WITH THE INTERNATIONAL COMMUNITY**

Many different international organizations and donors are interested in Cuba and will desire to be involved in the transition. Assistance to a Cuban transition must be a multilateral effort and U.S. efforts will generally prove more successful if taken in consultation and cooperation with these groups. Coordinating plans will need to take this into account and be ready to accommodate diverse assistance providers according to interests, capabilities, and the needs of the Cuban people. The U.S. Government should begin to plan how to coordinate with these organizations to show Cubans that legitimate assistance providers have their interests at heart and should not be feared or suspect.

Within the Inter-American system, the Organization of American States, the Inter-American Development Bank, the Inter-American Institute for Cooperation on Agriculture, PAHO, and the Pan-American Development Foundation could all have roles to play and expertise and assistance to offer.

Several UN agencies already operate in Cuba, including the United Nations Development Program (UNDP), UNICEF, PAHO, UNESCO, and the World Food Program. A free Cuban government may want to invite them to remain in Cuba during a transition and to provide services during the short- and longer-term phases. It may be appropriate for other UN agencies to be involved, as circumstances require.

In addition, NGOs can play an important role, including universities humanitarian organizations such as the International Committee of the Red Cross (ICRC), and fraternal organizations such as the Masonic Order.

## **CHAPTER 3**

# **Establishing Democratic Institutions, Respect For Human Rights, Rule Of Law, and National Justice And Reconciliation**



## **I. EXECUTIVE SUMMARY**

The United States is committed to assist a post-Castro transition government in the promotion and consolidation of representative democratic processes and institutions that will respect the human rights and personal freedoms of all Cuban citizens.

Only when the Castro regime's authoritarian institutions and practices are abandoned, its instruments of repression dismantled, and a popularly based democratic process initiated, will Cubans be able to begin governing themselves through the exercise of their own free will. Such a liberation from Fidel Castro's brutal communist dictatorship will inspire a new political order based on national reconciliation, the rule of law, personal choice, and equal justice and opportunity for all.

Leaders of a transition government will surely move urgently to address a number of immediate priorities. Political prisoners will be freed because they have been cruelly incarcerated only for exercising their rights of free speech. The large segment of the population that has been subjugated and silenced by government intimidation and violence will fear no more. The many forms of violence that have characterized the Castro regime's behavior at home and abroad will be abandoned. The Cuban people will have reason once again to be proud as they take collective responsibility for restoring their country to a respected, peaceful, and constructive role in the international community.

Other immediate priorities a transition government will face include: professionalizing military and civilian police and security services; considering whether to end obligatory military service; voiding a number of constitutional provisions that are inimical to democracy; revising criminal codes and sentencing guidelines; deciding what laws and regulations should be rescinded; rebuilding an honest and impartial judiciary; initiating a national debate about the provisions of a new constitution and procedures for drafting and ratifying it; opening prisons to outside inspection; guaranteeing human rights and freedom of speech; and ending all forms of discrimination.

Among the most daunting and immediate challenges a transition government will face are those that will pit popular demands for prosecutions of former Castro regime officials against the imperative of establishing a government firmly founded on the rule of law and due



process. On balance, the prospects for a rapid and peaceful transition to democracy could depend more on this key variable than any other.

There may be calls for truth commissions, which have been used in several countries when new democratically elected governments decided it was best to provide a forum to review allegations of criminal behavior by officials of the former dictatorships. In some of these cases, the commissions did not have much authority to impose punishment, but nonetheless provided a cathartic and peaceful outlet for victims of oppression.

Middle- and longer-term priorities will include building all of the institutions, processes, relationships, and values that will nourish democratic governance. The U. S. Government will be prepared to work with the Cuban people and their chosen representatives, should they ask, to lend assistance in drafting laws and regulations, preparing a new constitution, and establishing a system of checks and balances and the spectrum of national and local level democratic institutions (executive, legislative, and judicial) responsive to the public will.

U.S. public and private assistance could also help in the critical longer-term task of promoting the culture of the rule of law in which citizens believe in their new system, accept its legal and constitutional principles and understand their obligations in that context, and involve themselves in an emerging civil society. In building professional, apolitical law enforcement institutions, international assistance could be beneficial.

As the transition to a multi-party democracy progresses, Cubans will be able for the first time in decades to enjoy the freedoms that prevail in all of the other countries of the Western Hemisphere. The experiences of some of those neighbors — and of the former communist countries — that have progressed from dictatorship to democracy could influence the choices Cubans will make in constructing their own free society. A liberated Cuba should be welcomed back as a full participant in the inter-American system.

The assistance and encouragement of democracies in the region and elsewhere could prove to be crucial in helping to assure that the transition to constitutional democracy is rapid and peaceful. At the request of a free Cuban government, the U.S. Government would also be prepared to assist as Cubans form diverse and representative political parties, interest groups,

labor unions, and other free political institutions, as well as civic, professional, and commercial associations. A national legislature, and regional and local governments as the Cuban people desire; independent courts, and other legal and judicial infrastructure; as well as new and accountable executive branch agencies can expect American counsel and assistance. Eliminating and preventing official corruption will be a continuing priority.

Achieving these goals will not be easy. Already acute economic problems — rationing, shortages of virtually all consumer goods, unemployment, and poverty — could grow considerably worse by the time of the transition. Furthermore, popular expectations for political and economic change will intensify as the old regime disappears. If severe economic hardships are not quickly redressed, a transition government might have to deal with increasingly urgent demands from a newly empowered populace.

A peaceful transition to democracy will therefore require the presence of effective, professional Cuban security institutions that are committed fully to supporting the democratic transition. As an immediate priority, and assuming the new Cuban government desires it, the United States would be prepared to assist a free Cuba develop a truly professional civilian police force. Military modernization will also be important. Reliable military forces could help transition authorities prevent massive sea borne migration and deliver humanitarian assistance.

## **II. U.S. ASSISTANCE TO A TRANSITION GOVERNMENT**

After enduring more than four decades of often brutal dictatorship, the Cuban people overwhelmingly aspire to a future of freedom and representative democracy, of human rights and due process, and of justice and national reconciliation. In desiring to empower themselves under the rule of law, they will no doubt emulate the peoples of other once subjugated nations who have transformed their societies into free and open ones.

The United States is committed to assisting a post-Castro transition government in the promotion and consolidation of representative democratic processes and institutions that will respect the human rights and personal freedoms of all Cuban citizens. Similarly, it will be prepared to work with

independent civil and political groups on the island to help foster the legitimacy and effective functioning of a transition government.

The U.S. Agency for International Development (USAID), in close collaboration with the Department of State and the U.S. Interests Section in Havana, has for some time endeavored to empower the Cuban people by promoting the flow of accurate information on democracy, human rights, and free enterprise to, from, and within Cuba. Grant funding is provided to a wide range of U.S. universities and NGOs enabling them to:

- Build solidarity with Cuba's human rights activists by providing them information and (non-financial) material support;
- Give voice to Cuba's independent journalists by publishing their reports worldwide over the Internet and by disseminating them inside Cuba in hard-copy newsletters;
- Help develop independent Cuban libraries and other non-governmental organizations (NGOs) by providing them books, training materials, and (non-financial) material assistance;
- Defend the rights of Cuban workers by providing information and (non-financial) material support to Cuba's struggling independent labor union movement;
- Engage in direct outreach to the Cuban people by providing them information in hard copy and by electronic means; and
- Plan for a transition by engaging the Cuban people in a dialogue concerning all of the issues a transition government will face.

During the transition, the USAID Cuba program could be expanded to provide training, technical assistance, and other support for Cuba's emerging civil society and to support the informational needs for all the Cuban people. This could include providing computers, Internet access, books, and other informational materials to Cuba's schools and public libraries, as well as ensuring that most Cuban households have working radios capable of receiving national and international broadcasts. The United States could help transition authorities subsidize the sale of television sets capable of

receiving TV Martí, as well as other international media and Cuban transmissions.

In such a new setting, the Cuban people should have access to information, training, and assistance from the United States and other countries that had not theretofore been available to them. Once a democratically elected government is in office, and possibly before, the United States will be prepared to offer financing, technical assistance, training, and other support to help in the establishment of the full range of institutions a true democracy requires. Notably, these include an independent judiciary, an elected national legislature, whatever regional and local governments the Cuban electorate deems appropriate, a competent and accountable executive branch of government, and law enforcement and security services that respect human rights and operate under the rule of law.

In coordination with willing bilateral and multi-lateral donors, and with U.S. and foreign private sector involvement, the U.S. Government could provide funding, technical assistance, training, and exchange programs to help satisfy many of the immediate and longer-term needs of the Cuban people as they consolidate democratic rule.

In the short term, following the demise of the Castro dictatorship, the challenges a transition government is likely to face in fulfilling the democratic and free market aspirations of the Cuban people will be daunting. Most of the resources, institutions, and capabilities for establishing democratic rule will be lacking because they have been banned during the last 45 years.

For these reasons, and because the development of a democratic and prosperous Cuba is a critical goal for the United States, the American people and their government stand ready to work with the international community to assist a post-Castro transition government.

Empowering the Cuban people is central to that effort. Their liberation from the repression and brutality of Fidel Castro's dictatorship will come as their human rights and due process are respected, the free flow of information is made possible, transparent multi-party elections held, and a new constitution freely debated and adopted.

The U.S. Government is committed to supporting the Cuban people throughout this process, and as they develop the many groups and institutions of a new and independent civil society. Independent NGOs, self-help groups, trade unions, political parties, as well as commercial, professional, and other civic associations could be candidates for public and private U.S. assistance. A free press and privately owned and directed media, mainstays in all democracies, will provide independent sources of information, opinion, and analysis.

Churches and other religious organizations can play an important role in the transition. Their ability to provide independent social services and human rights monitoring could be important as independent civil society expands and becomes more involved in Cuba's political life.

Coordinated international assistance, including from the Organization of American States (OAS), international financial institutions (IFIs), and the United Nations (UN) can help stabilize a transition government and promote the peaceful establishment of an elected, constitutionally legitimized successor. In this regard, the U. S. Government should be prepared to work with other donors to help establish an effective Cuban government donor coordination unit.

The coordination of private sector assistance — whether from the United States or elsewhere — will provide an additional challenge for transition leaders. They may therefore decide to employ an NGO umbrella organization to help coordinate the flow. The U.S. Government, if asked, should be prepared to assist a Cuban transition government with the development of donor coordination mechanisms.

A transition government and its democratically elected successor will succeed to the extent that they operate in an accountable and wholly transparent manner, fully disclosing their day-to-day operations and providing the Cuban people with a constant flow of accurate information on all aspects of reform and reconstruction. The U.S. Government should be prepared to offer to assist the creation of a professional public information office within a transition government.

As important as government actions will be during the transition, Cuba's new private sector will provide the capital, entrepreneurial skills, and creativity needed to accelerate democratic and free market change.

Protection of private individual and corporate property rights, including the rights of intellectual property, will provide the basis for private sector development and Cuba's return to the rule of law. The U.S. Government can offer technical assistance and training to help Cuban leaders eliminate the maze of legal and cultural impediments to private sector development imposed by the Castro regime. (See Chapter 4 for further discussion.)

Educational, cultural, youth, and professional exchange programs will be important vehicles for promoting the development of civil society, NGOs, and good governance practices, and can link Cuban schools, teachers, and professionals with their U.S. counterparts. Exchange programs are by nature structured to "share" experiences and expertise. They will offer opportunities for initial overtures and continuing engagement with the people of Cuba.

Since 1997, U.S. universities and NGOs, some with USAID grant funding and others through private initiative, have promoted such change. Training, technical assistance, and informational materials have been provided to a wide range of independent Cuban organizations. Human rights activists, journalists, librarians, doctors, churches, and other groups independent of the Castro regime have begun to build a nascent civil society on the island. With further assistance in the future, they will help to play a key role in charting Cuba's democratic future.

### **III. HUMAN RIGHTS**

Some of the most urgent priorities for a transition government will be in the areas of human rights and equal opportunity. Only when the Castro regime's authoritarian institutions and practices are abandoned, its instruments of repression dismantled, and a popularly based democratic process initiated will Cubans be able to begin governing themselves through the exercise of their own free will.

Unthinking fealty to a single, inflexible, and dogmatic leader and his obsequious political apparatus will no longer be the essential requirement of Cuban citizenship. Liberation from Fidel Castro's brutal dictatorship will likely inspire a new political and social order based on national reconciliation and the protection of human rights and fundamental freedoms. These include freedoms of speech, assembly, and association, the right to

privacy, assurances of the sanctity of private property, and equal opportunity and justice for all.

Human rights violations in Castro's Cuba have been so pervasive and protracted, and so frequently the object of international censure, that redressing them will surely be among the highest and most urgent priorities of a transition government.

### **A. Political Prisoners**

Prisoners of conscience and other political prisoners will undoubtedly be freed as one of the highest immediate priorities of a transition government. According to the estimates of international human rights monitoring organizations, there are more than 300 political prisoners now in Cuban jails. All were incarcerated after summary trials closed to independent observers and without recourse to any real defense or appeals. Nearly all, moreover, did nothing more than to express peacefully their personal opinions in provoking the wrath of Castro's regime.

The most recent group of 75 prisoners of conscience — human rights and pro-democracy activists rounded up in the spring of 2003 and summarily sentenced to long prison terms — did not advocate or resort to violence against the regime, conspire, demonstrate, or call for its overthrow. Some were leaders of the Varela Project, an effort originally conducted entirely within current Cuban law to promote democratic change. Others are founders of the independent library movement, independent journalists, and aspiring independent labor organizers. They are serving prison terms ranging up to 28 years, most under harsh conditions.

Eyewitness accounts document the degrading and inhumane conditions these and the other political prisoners endure: lack of basic sanitation, rodent and insect infestation, beatings, infrequent access to light and exercise, lack of potable water, denial of medical care, extreme temperatures, and often solitary confinement. A number of the incarcerated suffer from serious medical conditions and are serving out their sentences at locations far from their families.

Once they are freed, these stalwart victims of the dictatorship might benefit from direct and indirect U.S. assistance intended to help reintegrate them into society and, in the cases of the infirm, to recover from untreated

medical problems. A large number of former political prisoners also could benefit from such help. Condemned by the regime to live on the margins of society, typically under constant surveillance and intimidation, most are denied employment, benefits, and decent living standards. Generally, former political prisoners must subsist on the generosity of family and foreign benefactors.

The U.S. Government is committed to expanding current programs that indirectly provide humanitarian assistance to political prisoners, former political prisoners, and their families. Additional future assistance could include vocational and technical training, technical assistance, income support, and counseling to help them develop new skills and to compensate for the injustices they and their families have suffered. The U.S. Department of Labor (DOL) has experience implementing job-training and employment programs in neighboring countries, and has worked to address the needs of dislocated and traumatized groups in other transitions. DOL could play a role in helping former political prisoners adjust to new lives in a free society.

## **B. Prison Conditions**

Conditions in Cuban prisons have only been subject to outside accounting through the testimonies of those who survived their sentences and managed to leave the island. No thorough, competent, and independent monitoring of Cuban prisons has been allowed. The Castro government has refused to allow the personal representative of the High Commissioner on Human Rights to visit the country, in direct defiance of several resolutions passed by the United Nations Commission on Human Rights (UNCHR). That said, convincing, first-hand testimony over these many years indicates that conditions are deplorable, sentencing often arbitrary, and criminal prosecution frequently influenced by political factors. Human Rights Watch has reported, for example, that political prisoners have been forced to work in exploitative conditions producing items such as mattresses, clothing, and furniture, which are later sold by the regime.

A transition government could promote transparency and legitimacy in Cuba's opaque penal system by assigning a high immediate priority to opening all prisons to international inspection. The United States would be willing to work with the UN, the OAS, and other nations or organizations to help finance and facilitate such an effort.



### **C. Other Human Rights Abuses**

Many other types of human rights abuses and discrimination have characterized the Castro's regime's treatment of its own people. Child prostitution is still fairly common, particularly in high-tourist areas.

Similarly, the regime's treatment of the seriously mentally ill may be another area of egregious human rights violations. The Castro regime demonstrated its savage disregard of proper standards for the treatment of the mentally ill when, during the Mariel boatlift of émigrés to the United States in 1980, thousands of patients were evacuated from mental institutions and packed onto boats going to Miami.

Separated from families and treatment, for the most part involuntarily forced into exile, and sent without medical or treatment records, these most vulnerable of Cuba's citizens were simply declared surplus by the regime. It is inconceivable too that the decision to do so could have been made by anyone other than Fidel Castro himself. On balance, there are perhaps no more deplorable examples in the modern experience of civilized nations than Castro's brutal treatment of so many of Cuba's seriously mentally ill in 1980.

Given the abominable human rights record of the Castro regime, leaders of a transition government will surely place a high and immediate priority on redressing these abuses in a variety of ways. For example, they will probably want to enact strong anti-discrimination and other laws guaranteeing individual rights, create well-staffed mechanisms to enforce them, and be amenable to public and private international assistance.

### **D. A Cuban Human Rights Commission**

As in other countries that have made successful transitions from dictatorial rule, Cubans may want to establish a local Human Rights Commission. With U.S. Government and other international support, such a body could begin functioning early in the transition at the national, regional, and perhaps local levels to enforce anti-discrimination principles, help inspire legislation, provide guidance to businesses, unions, and employees concerning their rights and responsibilities, and generally to promote the fair and equitable treatment of all citizens. To maximize their impact, these

efforts could also focus on education and outreach strategies to prevent discrimination from occurring in the first place.

In cooperation with a transition government, as well as international entities and private monitoring organizations, the U.S. Government could provide grant funding to NGOs to place human rights monitors at locations across the island with responsibility to review the treatment of any citizens who credibly allege official mistreatment. This would provide an initial level of protection to emerging Cuban democratic and human rights organizations and provide international observers information about evolving human rights matters.

### **E. International Support for Human Rights**

International human rights organizations can assist Cuba's transition to democracy. In particular, the Inter-American Commission on Human Rights (IACHR), an organ of the OAS, could provide many kinds of support based on its experiences in other countries in the Western hemisphere.

The IACHR has the principal function of promoting the observance and the defense of human rights. In carrying out its mandate, it receives, analyzes, and investigates individual petitions that allege human rights violations, observes the human rights situation in member countries, and publishes reports. It organizes visits to countries to analyze human rights situations and investigates credible allegations of abuse.

In 1948, the Cuban government participated in an inter-American conference that established the inter-American human rights system with the signing of the American Declaration of the Rights and Duties of Man. Adopted before the UN Universal Declaration of Human Rights, it was the first international human rights instrument of its kind. In 1959, Cuba also approved the creation of the IACHR.

In January 1962, the OAS voted to suspend the Castro government from participation in the inter-American system, although Cuba technically remains an inactive member. In the course of its Fourth Session in April 1962, the IACHR decided to continue its activities and communications with respect to the human rights situation in Cuba. The decision was based in large part on a determination that it was the government and not the State of

Cuba that was excluded from the OAS and, therefore, violations against Cuban citizens could be investigated.

The IACHR has given special attention to the human rights situation in Cuba by producing seven special reports on human rights conditions. The reports have taken into account individual complaints formulated against the current regime as well as the testimony of numerous witnesses.

During a transition in Cuba, the U.S. Government would be prepared to work with Cuban authorities to help sort, prioritize, and provide information to the IACHR, relating to the human rights situation. A transition government would be encouraged to invite the IACHR to visit Cuba in order to establish a credible baseline on the human rights situation in the immediate aftermath of the Castro regime. The IACHR could publish a special report on the situation, as it has done in other countries.

The IACHR also has the ability to publish studies on related subjects, such as measures to be taken to ensure greater independence of the judiciary, the human rights situation of minors and women, and the human rights of specific segments of a population that may suffer discrimination. The U.S. Government would support and encourage the IACHR to study existing institutions in Cuba that may survive the demise of the Castro regime. The purpose would be to evaluate whether their structures, as opposed to the way they function, are lacking human rights safeguards.

Any person, group, or non-governmental organization may present a petition to the IACHR alleging violations of the rights protected in the American Convention and/or the American Declaration. In this respect, the IACHR has been playing an important role gathering information and identifying human rights violations since the current regime came into power. However, the work of the IACHR in a post-Castro Cuba would be essential to efforts to foster rule of law, justice, and the resulting national reconciliation.

While there are various officially “illegal” NGOs in Cuba that promote the protection of human rights, in a transition scenario these groups could become more broad-based opposition parties or civic associations. There will be a shortage of broad-based organized human rights institutions. In this environment, the independence of the IACHR, and its legal

foundation and jurisdiction, provide it with the necessary legitimacy to become an important instrument for the protection of human rights.

## **F. Guaranteeing Free Speech**

From its first years in power, the Castro regime has exercised a monopoly over all Cuban media and forms of expression. Except for the United States-sponsored Radio and TV Martí, other foreign broadcasts that reach Cuban listeners, and small circulation Catholic Church publications, Cubans have almost no choice but to read and listen to regime propaganda via the official media.

The government controls newsprint, paper, and other communications materials as well as all broadcast capabilities on the island, and has limited the availability of the Internet to well-controlled tourist resorts, joint venture locations, and government offices. Few Cubans, and scarcely any who are unauthorized by the regime, have unfettered access to cyberspace and the boundless independent information available there.

Independent journalists on the island have almost no ability themselves to publish or circulate their writings within Cuba. Generally, their writings are telephoned or otherwise dispatched abroad where they are disseminated to foreign audiences followed by some distribution on the island. Unlike in the former Soviet Union and other communist countries, moreover, little independent underground literature circulates clandestinely. Security forces and their networks of informers have managed to prevent the circulation of any significant independent media. Similarly, the independent libraries have also been violently repressed by the regime. Books have been seized and burned.

As an urgent priority once a transition government is established, and with the consent of the Cuban government, the U.S. Government would be prepared to provide advice and assistance to Cubans who crave the establishment of independent and uncensored media of all types. Technical assistance could be provided to help draft laws and executive orders that restore and protect this fundamental right. Training of Cubans on the island and at American media facilities in cooperation with the private sector would help in the development of independent and professional media capabilities.

The restoration of freedom of the press, the end of the regime's jamming of international broadcasts, and the willingness of a transition government to operate in an open, transparent manner will facilitate civic education and public outreach. In addition, the U.S. Government can offer assistance to increase the flow of accurate information on democracy, human rights, free enterprise, and international developments to all interested Cubans.

Once Cuban government jamming is terminated, Radio and TV Martí and other international media could reach interested audiences throughout Cuba. USAID could continue to provide or subsidize the provision of portable radios, rechargeable batteries, and re-chargers to the Cuban population. Portable computers, software, and other technical assistance from public and private sources abroad would also contribute powerfully to the rapid development of new communications media.

Despite the opposition of the current regime, USAID grantees now sending thousands of newsletters each month by e-mail to Cuban households across the island. The number receiving such materials could be greatly expanded. In addition, USAID and the U.S. Interests Section in Havana provide thousands of books, videos, and other informational materials to Cuba's independent libraries, and other independent organizations. This effort should increase during the transition, and Cuban government libraries should receive substantial USAID and other assistance for administration as well as in the form of reading and audiovisual materials.

The U.S. Government can work with international organizations and others to help a Cuban transition government employ mass media campaigns, including televised town hall meetings; develop national and regional training-of-trainers workshops; and introduce model programs concerning democracy, human rights, and free enterprise.

## **G. Ensuring Equal Opportunity**

In contrast to the regime's persistent propaganda over the years, racial and other forms of discrimination have been serious problems in Castro's Cuba. Furthermore, racially identifiable disparities in income, influence, access, and social position have been getting worse since the holding of dollars was legalized in 1993. On a number of occasions over the years, the Castro regime brutally persecuted male homosexuals, and it is unlikely that

all such official abuses have terminated. Afro-Cubans suffer discrimination most conspicuously in the tourism industry, where lighter-skinned Cubans are favored in government hiring. Since the beginning of Castro's rule, they have also been under-represented in senior government and Communist Party posts.

Other forms of discrimination occur to varying degrees on the basis of gender, religion, ethnicity, and disability, in addition, of course, to political beliefs and economic preference. Nonetheless, the Castro regime insists on the myth that it has created a society based on equal opportunity.

This history of secrecy about discrimination issues could hinder the transition to an economy based on principles of equal opportunity and justice because problems that are not recognized cannot easily be solved. To address this, a transition government could begin the process of developing a culture and practice of equal employment opportunity by initiating an open, truthful dialogue on racial and gender bias issues in Cuba. Such an initiative would help to identify existing barriers to equal opportunity in the labor market and facilitate public discourse on how a free market economy in a democratic society can best address those barriers.

The U.S. Government would be prepared, if asked, to provide support and guidance in whatever decisions a transition government may make to address racial and other social inequality on the island. Specifically, USAID could help develop equal opportunity principles, human rights offices, and enforcement and compliance mechanisms to address racial prejudices and exclusionary practices. In addition, the U.S. Equal Employment Opportunity Commission (EEOC) would be prepared to work with future Cuban leaders by sharing whatever in its extensive experience might be relevant to Cuba's unique situation.

A transition government might choose, for example, to articulate a set of basic principles that will guide its efforts in all areas, including employment, education, housing, and government services. Establishing a framework to ensure civil rights and equal opportunity for all Cubans will be an important component of a successful transition to a free market economy. The effort could begin with an open examination and discussion of racism and other forms of discrimination and inequality.

Assuming both governments agree, the U.S. EEOC would be able to assist Cuba develop equal opportunity protections and create effective compliance mechanisms by providing Spanish-language publications setting forth the principles of equal opportunity and the argument for a pluralistic, merit-based system. It could also train Cuban leaders — in government, schools, and business — to help establish a commitment to the principles of equal opportunity.

In addition, the EEOC could offer exchanges so that Cuban government officials could observe and learn how it and other civil rights agencies work in the United States to prevent discrimination and enforce anti-discrimination statutes. It could also provide assistance for the development of strategies to address the issue of protecting the rights of disabled individuals and for preventing discrimination in education, public accommodations, transportation, and employment.

As a transition government moves toward a free market economy, it will face the challenge of articulating and enforcing principles of equal opportunity in the marketplace. It may also need to conduct a public dialogue to allay any concerns that the transition to a free market society will lead to increased discrimination in the workplace. Cubans can engage in open dialogue to convey the message that the most successful and profitable companies in a free market society are those that utilize inclusive hiring and promotion policies to draw talent and ideas from all segments of the population. Such a dialogue can help demonstrate that diversity and equal opportunity are fundamental business concepts in free market economies.

## **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building for:*
  - *A volunteer legal liaison program to make available legal expertise and technical assistance for Cuba as it modifies and restructures its laws and legal systems;*
  - *Partnerships with U.S. Government agencies, private sector firms, and individuals to share best practices for ensuring diversity, equal opportunity, and competitiveness;*

- *Training programs for government leaders, educators, and the emerging private sector to ensure that equal opportunity and diversity become integral business concepts that are recognized as tools to provide a competitive advantage in the increasingly global economy;*
- *Compliance and law enforcement mechanisms within government institutions that will expedite implementation of equal opportunity principles; and*
- *Training programs for people with disabilities.*

#### **IV. NATIONAL JUSTICE AND RECONCILIATION**

Among the most daunting challenges a transition government will immediately face are those that will pit popular demands for prosecutions of former Castro regime officials against the imperative of establishing a government firmly founded on the rule of law and due process. On balance, the prospects for a rapid and peaceful transition to democracy could depend more on this key variable than any other.

Some of those seeking justice — or vengeance — will want the new authorities to prosecute their alleged tormentors and to enact laws that will permit legal action for a wide range of offenses dating back perhaps through the entire 45 years of Castro’s rule. There may be pressure to create one or more “truth commissions” to investigate and illuminate excesses of the former regime and to identify worst offenders who ought to be punished.

##### **A. Truth Commission**

Establishing an equitable process for undertaking such reviews with appropriate checks and balances including the right to counsel, adequate rules for the use of evidence, consideration of statutes of limitations, and provisions for appeals will be exceedingly difficult, especially in the short term. The challenge for the transition authorities will be greatly compounded by the need to reconstruct Cuba’s legal and judicial systems and by the potential enormity and complexity of the charges that could be brought.

Officials of Castro’s government and its security services, perhaps many members of the Committees for the Defense of the Revolution, regime



militants who inflicted violence on peaceful dissidents, and other pro-regime zealots will be the objects of citizens seeking justice for crimes allegedly committed against them. The list of accused could be long, even if a transition government decided to allow criminal trials only in the most extreme cases and to apply a statute of limitations to some crimes. And prominent senior officials of the Communist Party, the government, the mass organizations, and especially the police and security services may very well be accused of egregious violations.

But however difficult and potentially destabilizing investigations of past abuses could be for a transition government, the failure of new leaders to move quickly to establish a set of at least provisional standards for dealing with such matters could also undermine popular support for democratic change. In the worst of cases, lacking any access to official recourse, some individuals pressing allegations of victimization might be tempted to take matters into their own hands, and thus undermine law and order and perhaps the transition itself. Post-Castro Cuban leaders may, therefore, be hard pressed in the short-term to chart a peaceful and humanitarian course between these opposing pressures.

The decisions new leaders make will likely enjoy legitimacy only to the extent that they faithfully reflect Cuba's unique needs, culture, history, and the morals and values of society. It will be of critical importance, therefore, that transition leaders effectively communicate decisions in these matters to the populace and endeavor to gain substantial popular feedback and support for the stands they take. The experiences of a number of Latin American and former communist countries that in recent years have dealt with similar issues will be instructive. Generally, leaders of new democracies emerging from the ashes of dictatorships have been reluctant to prosecute officials of the old regimes, except in truly extreme instances.

Truth commissions have been used in several countries when new democratically elected governments decided it was best to provide a forum to review allegations of criminal behavior by officials of the former dictatorships. In some of these cases, the commissions did not have much authority to impose punishment, but nonetheless provided a cathartic and peaceful outlet for victims of oppression.

- In Argentina, a truth commission confirmed the “disappearances” of nearly 9,000 people as well as the existence of 340 secret detention and

torture centers. Civil courts identified and prosecuted some former military junta members and other officials responsible for the most flagrant abuses.

- In Chile, a truth commission investigated and assigned blame for 3,000 cases of political violence that had resulted in deaths or disappearances. The Supreme Court terminated prosecution of former dictator Augusto Pinochet on the grounds that he suffered from “moderate dementia.” But criminal investigations of other military officers and secret police are still underway many years after the transition to democracy.
- In Uruguay, several truth commissions began to investigate human rights abuses committed during a previous military regime, but the Congress decreed an unconditional amnesty.
- A South African “truth and reconciliation” commission investigated only cases of extreme violence and amnestied all those accused of crimes as long as they accepted blame and were willing to reveal what they knew about the abuses they were charged with.
- In El Salvador, a United Nations commission registered more than 22,000 grievances, most having to do with extrajudicial deaths, disappearances, and torture. It assigned responsibility to individual military officers and commanders of the guerrilla forces. The government then declared a general amnesty.
- In Guatemala, two truth commissions identified many of those responsible for violations of human rights. The government and the former guerrilla opposition agreed to an amnesty that did not apply to those guilty of genocide, disappearances, torture, and other crimes for which there is no statute of limitation. To date, there have been no successful prosecutions.

## **B. Preserving the Old Regime’s Records**

A possibly essential tool a transition government and the Cuban people could rely on as they consider the merits and demerits of these issues will be the records and archives of the old regime. In particular, the files of the Ministry of Interior’s police, intelligence, and other security services, especially the General Directorate for State Security (DGSE), as well as

certain army (Revolutionary Armed Forces, or FAR) counterintelligence units — if they are not in fact destroyed by the time of a transition — could be invaluable.

Procedures enacted to examine such once secret records have varied in former communist countries. In Romania, the secret police records of the communist regime will remain sealed for 40 years. In Germany, however, where legislation was passed creating a new government agency with responsibility for storing and managing the records of the former East Germany's secret police, the Stasi, citizens can apply to review files. The constitutional court ruled that citizens had the right to know who had been collecting information about them and for what purposes. To protect personal rights and to reconcile them with the public interest, parliament passed a law in 1991 allowing individuals access to Stasi records. Government agencies are able to refer to the records to check the backgrounds of employees, and in some cases former Stasi officers have been denied their pension rights. But the information has not always been reliable and in some cases false.

### **C. Renunciation of Official Violence**

As a high immediate priority, leaders of a transition government will surely abandon all of the forms of violence that the Castro regime has practiced and condoned since its inception in 1959. The large segment of the population that has been subjugated and silenced will fear no more. Officially orchestrated “acts of repudiation” and the intimidation and brutality commonly directed against human rights activists, dissidents, and regime critics should end as the dictatorship does.

The many forms of violence — explicit and implicit — in the Castro regime's incessant demands that the populace militantly join in its “revolutionary” causes at home and abroad will be discarded. And finally, Fidel Castro's lifelong commitment to the use of lethal violence to advance his domestic political and international interests is certain to be abandoned by the leaders of a transition government.

The arbitrary use of the death penalty — for example, as it was applied summarily in 2003 against three young Afro-Cuban men who had hijacked a vessel while committing no lethal offense — will end with Castro's regime. Transition authorities will no doubt terminate the

imposition of the death penalty for political purposes, which has been characteristic of the so-called “revolutionary” justice since Castro came to power. Instead, in a democratic environment sentences, even for the most heinous crimes, will result from transparent legal and judicial processes and be subject to institutionalized appeals procedures, the rule of law, and humanitarian considerations.

The lengthy sentences and harsh conditions both common and political prisoners have endured under the Castro regime’s criminal codes are certain to be thoroughly revised by a popularly based transition government. Draconian laws — such as the one against “dangerousness” — used for political intimidation of dissidents will likely be deleted from the books. Other punitive laws branding those who criticize Castro or his regime as “counterrevolutionaries,” and making them subject to criminal prosecution will also give way. Legal restrictions on foreign travel no doubt will be lifted. And many other laws intended only to preserve the hegemony of Fidel Castro and his political apparatus will expire.

#### **D. International Fugitives from Justice**

Perpetrators of violence, whether officials and supporters of the old regime or foreign nationals who have been given sanctuary in Cuba should be subject to democratic due process. Lacking an effective extradition relationship with the Castro regime, and given the regime’s willingness to shelter violent criminals if a “political” justification for their crimes can be alleged, dozens of fugitives from U.S. justice, including at least four convicted of killing American law enforcement officials, are currently in Cuba with the full support of the regime, and therefore beyond the reach of U.S. legal authorities. The U.S. Government will seek the assistance of a transition government in pursuing these cases and will want to ensure that our nations have a functioning and effective extradition relationship to prevent U.S. criminals from sheltering in Cuba.

#### **V. DEMOCRATIC INSTITUTIONS**

After four and a half decades of Fidel Castro’s personal dictatorship, and starved by that dictatorship of true information about the world and competing political systems, the truth is that, at least initially, Cubans may not be ideally positioned to govern themselves in a representative process with efficiency, transparency, professionalism, concern for basic human

rights, and under the rule of law. Both democratic leadership and citizenship require free association, discussion, debate, and an environment free from intimidation or repression. That being said, the fundamental intelligence and fairness of the Cuban people would be their most important asset as they move quickly to establish an effective and representative democracy.

The U. S. Government would be prepared to work with the Cuban people and their chosen representatives, should they so choose, to provide assistance as Cubans draft a new constitution and create a system of checks and balances, as well as the spectrum of provincial and municipal level democratic institutions (executive, legislative, and judicial) responsive to the public will. U.S. public and private assistance could also help in the critical longer-term task of promoting a rule of law culture in which citizens believe in their new system, accept its legal and constitutional principles and obligations, and involve themselves in an emerging civil society.

## **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building to:*
  - *Reform executive branch management, budgeting, payment, financial controls, auditing, and accountability systems;*
  - *Develop mechanisms and principles for fighting and prosecuting corruption;*
  - *Strengthen legislative institutions, processes, and procedures;*
  - *Encourage decentralized power sharing through the development of provincial and municipal governments;*
  - *Introduce exchange programs to inform Cuban leaders and administrators about democratic policy and decision-making and transparent governance;*
  - *Revise labor laws and reform the structure and functioning of the Labor Ministry to help establish a free labor market; and*

- *Inform Cuban citizens about their new constitution and the role, function, and powers of democratic forms of government.*

### **A. Strengthening Legislative Institutions**

Since it was created, the puppet National Assembly of People's Power has been subordinated to the will of Fidel Castro and the communist party. The 609 members of the unicameral assembly, carefully selected by Castro and his so-called "mass organizations," and who do not even face an opponent in what are termed "elections," meet for only six weeks a year, and have functioned entirely as a rubber stamp for the regime. A case in point is the failure to discuss the Varela project petition organized under its existing rules.

Once Cuba holds free and fair elections for a new legislature, a constituent assembly, or establishes legitimate legislative representation, the United States could encourage and support assistance through the OAS to overcome the historic lack of confidence in the legislative branch of government, help establish its authorities within a system of checks and balances, and modernize the way it functions.

To this end, the OAS could provide support for the generation, exchange, and dissemination of new skills and information on the role, problems, and practices of legislatures and their modernization.

### **B. Independent Political Parties and Interest Groups**

Virtually since its inception, the Castro government has banned independent political parties while persecuting and incarcerating those who attempted to develop them. The regime has consistently been successful in suppressing nearly all forms of independent civil society typically by employing brutal and repressive means. It has only been in recent years, with the emergence of a nascent independent civil society centered on free library, labor, and journalism groups, as well as the Varela Project, that the Cuban people have found emerging democratic alternatives.

The USAID Cuba Program, in cooperation with the U.S. Interests Section in Havana and U.S. NGOs, has provided Cuban citizens with more than two million books, newsletters, videos, and other informational materials elaborating on political freedom, democracy, and human rights.

With the cooperation of a transition government, USAID grantees could greatly expand those efforts, reaching a much larger percentage of the Cuban populace while directly assisting those eager to form and develop independent political parties and interest groups. USAID grantees could work in coordination with the U.S. Department of Education (Civitas Program), the U.S. Department of State (Bureau of Educational and Cultural Affairs), European and Latin American political party institutes, the International Republican Institute (IRI), the National Democratic Institute (NDI), the International Foundation for Election Systems (IFES), and other entities.

### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building to:*
  - *Conduct programs at the national and provincial levels and hold town hall and local meetings for citizen involvement in the formation of political parties;*
  - *Promote democratization of political party structures and processes and introduce concepts and mechanisms for citizen oversight of parties as well as of local government;*
  - *Disseminate concepts and best practices through television and radio broadcasts, videotaped training materials, and town hall meetings;*
  - *Hold a national conference to develop specific recommendations for democratic reforms, including political party formation;*
  - *Inform the Cuban people about the roles, functions, and responsibilities of political parties in a democracy;*
  - *Support media public awareness campaigns;*
  - *Provide training for civil servants, journalists, educators, and others, and in-school programs for high school and university students;*

- *Work with the OAS to support electoral observation missions to help Cuban transition government authorities bring accountability to their electoral process.*

USAID, in coordination with the Department of State's Public Diplomacy experts, could work with UN specialized agencies and others to help introduce model programs providing civic education and information about democracy, human rights, and free enterprise. A transition government and its supporters would be able to employ independent Cuban mass media in this educational effort, including televised town hall meetings across the island. Radio and TV Martí and other international radio and television broadcasters would be able to help carry out a wide range of informational and educational programs. USAID and others could help develop national and regional training-of-trainers workshops for Cubans through personalized information sharing.

### **C. Free and Fair Elections**

Assuming the transitional government and Cuban people agree, the U.S. Government could offer assistance to a transition government for the planning of free and fair multi-party elections. Assistance would draw on the recommendations of the *Transitional Election Planning Manual for Cuba* developed under USAID funding in 1998 to the International Foundation for Election Systems (IFES), a U.S. non-governmental, non-profit, and non-partisan organization.

### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building to:*
  - *Ensure elections are democratic and competitive;*
  - *Observe international laws governing state practice, and paying special attention to voting and election rights and procedures, the rights and responsibilities of candidates, parties and their campaign organizations, as well as the rights and responsibilities of citizens;*



- *Establish procedures for voter registration that are effective, impartial, and non-discriminatory, and ensure that voting is equally accessible for all those qualified;*
- *Ensure that the right to be a candidate is open to all adult citizens, as should be the right to form or join a political group in order to compete in an election;*
- *Guarantee freedom of speech and information and the right to disseminate, seek and receive information needed for making informed choices;*
- *Guarantee the right to freedom of movement throughout the campaign period and to campaign on an equal basis with other political parties;*
- *Ensure the right of equal access to the mass media and access for all parties and candidates;*
- *Provide adequate security and protection for candidates, ensuring they have equal protection of the law and access to remedies for violations of political or electoral rights;*
- *Establish clear criteria on voter and candidate age, citizenship and residence requirements; allow the greatest possible freedom to political parties, consistent with minimum standards of public safety and welfare; and create the conditions whereby all candidates for public office enjoy a level electoral playing field;*
- *Create an unbiased and impartial mechanism for the management of elections and maintain its autonomy;*
- *Train election officials in voter registration, maintenance of voting lists and balloting procedures, personnel training, and proactive measures against fraud and abuse;*
- *Encourage candidates and parties to abide by a code of conduct to govern their actions, and those of the media, during the election campaign;*

- *Protect the freedoms of movement, assembly, association, and expression, especially during political rallies and meetings; and*
- *Permit all candidates and parties to communicate their views to the electorate without interference.*

Because of important deficiencies in the current communist-dominated voter registration process, Cuban transition authorities may find it necessary to compile an entirely new voter list, based on either a house-to-house enumeration or through voluntary self-enrollment as is done in the United States and other countries. If requested, USAID could provide technical and financial support for either approach.

USAID could also help train Cuban electoral commission personnel in democratic procedures related to the supervision of balloting, vote tabulation, handling documents, and verification and announcement of results on election day. Additional assistance could be provided to ensure a comprehensive, national voter information program including times, dates, and places of voter registration; posting of voter registration lists; locating voting precincts; and voting procedures.

#### **D. International Support for Elections**

The OAS could also help provide legitimacy to the electoral process. Once Cuba's suspension from OAS activities is lifted, the United States, in cooperation with and at the request of a transition government, would be prepared to support the assistance of the OAS Unit for Promotion of Democracy (UPD) to encourage the rule of law in Cuba.

#### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building to:*
  - *Offer advice and assistance to help develop and strengthen a democratic electoral system including drafting and other reforms to election law;*
  - *Provide help in redrafting, reforming, or amending, as appropriate, Cuba's electoral code and related legislation;*

- *Sponsor studies, seminars, and research on the strengthening of electoral laws and provide options for transforming the current electoral law and process; and*
- *Offer technical assistance and training to modernize and automate electoral process and systems. This would involve reviewing and modernizing civil registries, and promoting voter participation and civic electoral education.*

Electoral observation missions have been an OAS tool for the promotion and strengthening of democracy in the hemisphere. The observation process often begins at the voter registration stage and continues through actual voting until the verification stage. The main objective is to observe and report on the electoral process. The basic reference point for these missions is the constitution and the laws of the member state in which the election is taking place. The missions work closely with the entity charged with running elections in each country and sign an agreement for each observation.

#### **E. Inter-American Democratic Charter**

The Inter-American Democratic Charter, adopted by all 34 active OAS member states in 2001, provides the ideal hemispheric tool and standard to encourage the development of a democratic system in Cuba. It provides clear benchmarks agreed to by all the countries of the Western Hemisphere by which the progress of democracy in Cuba and the strength of democratic institutions could be assessed. The Charter also provides a roadmap for reinstating the government of Cuba as a full and active participant in the OAS and the inter-American system.

At the same time, one of the most important elements of the Inter-American Democratic Charter has been the recognition that representative democracy requires constant efforts to promote the basic principles, values, and practices of a democratic political culture among the citizens, as well as continuous work to provide advanced training for its leaders. Assuming the transition government requested such aid, the United States would support a Unit for the Promotion of Democracy mission to Cuba that would target such assistance.

By adopting the Charter, a transition government would be accepting the principle that representative democracy is indispensable for Cuba's stability, peace, and development. In order to adopt the Charter, Cuban leaders would have to agree to a number of important provisions reflected in the Charter related to representative democracy, transparency in government functions, freedom of speech and the press, the institutionalization of civilian authority, building democratic institutions, providing opportunities for citizen participation, protecting human rights and democracy, conducting free and fair elections, and promoting the rule of law.

## **RECOMMENDATIONS:**

- *In order to promote good governance and the rule of law, the U.S. Government would work within the OAS to encourage a hemispheric effort to explain to Cuba the importance of signing, ratifying, and otherwise acceding to, the following inter-American instruments, processes, and commitments:*
  - *The Charter of the OAS and its Protocols;*
  - *The Inter-American Democratic Charter;*
  - *The commitments established in the Summit of the Americas processes;*
  - *Inter-American Convention Against Corruption and the Document of Buenos Aires, establishing the Follow-up Mechanism;*
  - *Inter-American Convention against Terrorism;*
  - *The Anti-Drug Strategy of the Americas;*
  - *Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and other Related Materials;*
  - *Inter-American Convention on Mutual Assistance in Criminal Matters; and*
  - *Agreement establishing the Inter-American Development Bank.*

## **F. Public Sector Reform**

An early and critical priority for a transition government will be to begin the process of reconstituting public sector institutions. The Cuban people and their new leaders will need to decide what qualifications — and disqualifying considerations — should apply to hiring and retaining public sector employees. The experiences of other post-communist and post-dictatorial countries in recent years will provide valuable models and lessons. Assuming the Cuban government agrees, the United States would be prepared to offer assistance in fostering the professional development and training of those personnel who will fill the ranks of a new Cuban government.

Through exchange and training programs financed by the U.S. Government, international organizations, educational institutions, and academies of public administration, the Cuban people could develop a new cadre of leadership and administrative talent equipped with modern skills of public management. Some examples of exchange and training programs are:

- Mass media public awareness campaigns;
- Training programs for civil servants, journalists, and educators; and
- In-school programs for high school and university students.

The transition government may wish to consider creating a government-donor Task Force for Comprehensive Public Sector Modernization, which could set parameters and objectives that could guide that process. Such a process could begin by developing a new merit-based civil service, which would foster leaders who adhere to high standards of integrity and transparency.

The long-term credibility of a transition and successor governments will rest to a considerable extent on the quality and integrity of its elected and appointed officials at all levels, as well as its permanent staff. A professional and well-trained civil service, founded on merit principles, will therefore be an essential component of Cuba's transformation to a democratic culture. By fostering the development of a capable, efficient, and impartial civil service, the Cuban people will come to trust and respect their government, lay the foundation for economic growth, and win Cuba the

respect of the international community as the new government negotiates a spectrum of agreements with other countries and re-enters international organizations.

## **G. Fighting Corruption**

A transition government will face the challenge of addressing the destructive results of the Cuban communist system, in which corruption is endemic and in many respects considered normal. Both petty acts of administrative corruption, widespread theft of state-controlled goods by individuals, and state-sponsored forms of corruption have thrived under Castro's rule. Without a proactive strategy for transparency and accountability in government, the levels of corruption and official malfeasance of all sorts could increase as the transition gets underway.

The current civil service is bloated, notorious for its inefficiency, poorly attuned to modern managerial concepts, enmeshed in a tradition of secrecy and lack of transparency, and oblivious to the notion of customer service. Civil servants are poorly paid and its upper echelons are explicitly politicized.

Should the transition government request it, the U.S. Government would be able to offer assistance to transition authorities to establish a civil service personnel system that will build public confidence in the integrity, honesty, and efficiency of government officials. Principles of merit-based employment and standards of ethical conduct for public officials can be emphasized in training and information packets.

A professional Cuban civil service would operate under transparent and fair rules. Individuals would be selected for jobs based on merit and qualifications alone, rather than for political reasons, favoritism, or nepotism. Measures for ensuring transparency in government processes and finances, public access to government information, and impartiality in government decision-making could also be shared with officials and civil servants of a transition government.

To embody the value that government employment is a public trust, a transition government could adopt and enforce rules prohibiting the use of public office for private gain and barring preferential treatment, bribery, special privilege, or retribution in the provision of government services. In

this effort, it can draw upon the many tools, resources, and incentives offered by the U.S. Government through its initiatives to combat corruption globally.

Cuba's new leaders could demonstrate their commitment to take action to end corruption by cooperating in international monitoring and enforcement endeavors and by becoming a signatory to intergovernmental conventions such as the OAS Inter-American Convention Against Corruption and the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Through various mechanisms, including the follow-up mechanism to the Inter-American Convention against Corruption, the OAS could provide assistance to a new Cuban government in this respect.

Corruption facilitates other crimes. Until government officials at all levels respect the rule of law and abide by legally accepted policies and procedures, any attempt to effectively combat other crime will be seriously hindered. The U.S. Department of Justice as well as other USG agencies could assign advisors to work with a willing transition government in training public officials to prevent, detect, investigate, and prosecute corruption.

## **H. Independent Trade Unions**

Currently, Cuban workers do not have the right to organize independent unions. This is true in the domestic economy as well as in areas open to international investment, where the government controls hiring and firing. Workers have no access to independent unions and are denied the rights to strike or to bargain collectively. Those who attempt to organize have been persecuted and, in some cases, imprisoned. In other cases, their families also have been subject to employment discrimination by the government, which maintains "employee files" that contain information on political activities.

The International Labor Organization (ILO) has been especially critical of the lack of freedom of association in Cuba, in particular with regard to the trade union monopoly institutionalized for the official union confederation in the Labor Code.

During 2003, the ILO also examined cases related to threats, detentions, and pressure against workers who attempted to form independent unions. That June, the ILO requested that the Cuban government accept an ILO “direct contacts mission” with a view to ensuring the application of freedom of association in law and practice. The Castro government rejected this, however, and instead argued that Cuban labor movement “unity” reflected the will of the workers themselves and that attempts to establish new unions were in fact subversive activities funded by the United States.

To fully recognize basic rights in the workplace, a transition government should enact democratic labor legislation. It would also be essential to strengthen national labor law administration and compliance. The Department of Labor (DOL) could provide appropriate technical assistance and training. It would also be essential to strengthen national labor law administration and compliance.

USAID and the National Endowment for Democracy (NED) are already providing support to Cuba’s incipient independent trade union movement through grants to U.S. NGOs. Such support should be increased when a transition government is in place in order to ensure that internationally recognized labor rights are fully respected. These rights, embodied in the ILO’s 1998 Declaration on Fundamental Principles and Rights at Work, include freedom of association and collective bargaining; elimination of forced and compulsory labor; abolition of child labor; and the barring of employment discrimination.

These principles are essential for the promotion of an open economy, higher living standards, and a favorable climate for trade and investment. Although the Castro regime has committed itself to upholding these standards by accepting the 1998 ILO Declaration in theory, and ratifying core ILO Conventions on fundamental labor rights, many of these rights are systematically denied in practice.

One key to such an effort will be a complete reform of the Labor Ministry’s inspection functions and investments in efforts to raise awareness among employers, workers, and government representatives about labor rights. To serve as a vehicle for workplace democracy and to open a national dialogue on labor rights, these efforts should be undertaken in a transparent process involving employers, workers, and government representatives.



DOL has experience in other countries implementing programs to improve labor law, strengthen labor inspection, eliminate forced labor, and reduce commercial sexual exploitation. It has worked primarily through the ILO in these efforts, but it has also involved other international and national organizations with expertise.

## **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building to:*
  - *Reform labor laws to facilitate private sector development by establishing a sound, equitable, and predictable framework for collective and individual labor relations, promoting democratic participation, cultivating transparent and accountable laws, and making legislation more accessible;*
  - *Provide technical advice in the reform effort, with special emphasis placed on democratic and participatory approaches in all stages of the discussions with employer and worker organizations and other concerned parties. Promote sustainability by building the capacity to effectively amend, implement, and enforce labor laws;*
  - *Develop public awareness of labor issues, in part by training Cuban partners to conduct seminars on labor laws, core labor principles and available services. After four and a half decades of Cuban government repression of any signs of independent labor activity, substantial effort will probably be needed to provide Cuban workers and employers the knowledge and tools to secure full respect for their rights; and*
  - *Improve the effectiveness of government labor inspection functions by creating a corps of inspectors trained in modern inspection techniques and to assist in developing a system for monitoring violations. This would include steps to:*
    - *Develop policies, training, and procedures for carrying out labor inspections to enforce national laws;*

- *Foster strong institutional linkages among government officials, employers, and workers;*
- *Implement a program to target inspections to the most problematic employers and sectors;*
- *Audit labor inspectorates and develop national plans for labor law compliance;*
- *Train staff in the technical knowledge of modern inspection systems; and*
- *Create a computerized database for labor inspection reports.*

## **I. Support for Decentralization**

In the framework of the inter-American system, decentralization is an instrument for fostering citizen participation and for enhancing democracy at a local level. Diffusion of the powers that have been highly centralized in Havana during Castro's dictatorship would respect the country's earlier history of encouraging effective provincial government. Decentralization would have the added benefit of increasing accountability since it would allow monitoring at the local level. The U.S. Government would support a request by Cuba to the OAS's UPD to develop a program for decentralization in Cuba.

Finally, the protection of private property is fundamental to Cuba's future development. The United States could provide valuable assistance to a transition government that sees the wisdom of protecting property rights, as well as any continuing threats to those rights.

The U.S. Department of Commerce could work directly with Cuba's private sector to develop sound business practices, combat corruption, and improve transparency. It has worked with the private sectors in a number of other countries to improve business practices.

## **VI. THE RULE OF LAW**

As the transition to democracy proceeds, new legislation and constitutional mandates affecting judicial and legal affairs will no doubt be

approved. With both public and private assistance from the United States and other democratic countries, Cubans will be able to access the intellectual resources to draft and approve a new constitution, reconstitute criminal and civil procedures and codes, modernize the legal profession, develop new law school curricula and standards as well as bar associations, institute public prosecutor and defender capabilities, de-politicize the police and military forces and train them in human rights, and establish a new corrections system that will all fully respect the rights of citizens and operate under the rule of law.

### **A. Constitutional Reform**

The Cuban people will decide how to secure their new democracy with a popularly ratified constitution that liberates and empowers them as collectively sovereign. If asked, the U.S. Government would be prepared to offer technical assistance either to amend the current communist constitution through interim legislation and executive orders or to suspend it entirely. In either event, Cubans will want to immediately enjoy the freedoms of unencumbered speech and expression, assembly and association, including the right to form political parties. U.S. assistance could include technical materials and studies to assist in the drafting and popular vetting of a constitution, as well as help in conducting a referendum.

The current communist constitution formalizes an authoritarian, one party political system that has stifled fundamental political and economic freedoms. The immediate, minimal priorities of transition government authorities with respect to the constitution will probably therefore be to dismantle all of the authoritarian powers it propounds and to delete its ideological vehemence. Some of its provisions that are most inimical to democratic governance follow:

- The primacy it grants to the Cuban Communist Party, and the special status its related Communist Youth Union enjoys, has sanctified a single-party, ideologically driven system.
- The privileged status it bestows on Castro's mass organizations contributes substantially to the pressures citizens feel to affiliate with these regime-sponsored entities.

- Language that extols military virtue, struggle, and missions (and requires compulsory military service) places the armed forces on an elevated plane in comparison to civilian society.
- The general mobilization of society for defense contributes to Cuba's militarization and the militancy the regime frequently demands of the populace.
- The principle of state socialist property within a "command" economy, the supremacy of state directives even over peasant private property, and limits on private property and inheritance rights are enunciated.
- The state is constitutionally granted monopoly control over education, culture, sports, health care, and most other services.

Proceeding during the transition period toward democratic governance and the rule of law would be impossible under such constraints. Even if transition government leaders were to decide temporarily to work with some parts of the current communist constitution while amending and deleting others, they will want to immediately countermand its authoritarian and ideological content. The U.S. Government would be prepared to offer technical assistance to facilitate the changes Cubans decide to make.

Ultimately, the full consolidation of democracy will require a wholly new constitution. Thus, an early priority for a transition government — in intensive and broad consultation with Cuban citizens — no doubt will be to begin deliberating specific ways to amend it. A constitutional convention of popularly elected delegates specifically empowered to debate and draft a new charter will be one option.

There are many model constitutions now undergirding newly consolidating democracies in other countries. Constitutional drafting and ratifying processes in the experiences of other newly democratized nations could also be of use to the Cuban people. And once a draft has been completed, the final step, as in most countries that in recent years have made the transition from dictatorship to democracy, would be to submit it for public approval in a referendum.

USAID is currently providing constitutional and rule of law experts to work with the constitutional and juridical commissions of the government of

Afghanistan. Lessons learned there and in Iraq, the former Soviet Union, and other countries would inform whatever U.S. assistance to the Cuban constitutional reform process is requested.

The U.S. Government, as well as other governments and private sources, would also make available to the Cuban people whatever documents and studies they may want as they consider incorporating a Bill of Rights in their constitution. The United Nations Declaration of Human Rights, the American Declaration of the Rights and Duties of Man, those outlined in the Inter-American Democratic Charter of the OAS, as well as those developed in other countries that in recent years have adopted democratic charters, could be useful.

## **B. The Armed Forces**

Although Cuba's military services, serving under the Ministry of the Revolutionary Armed Forces, are directly treated in only two of the constitution's numerous articles, the general militarization of society, including compulsory military service, appears in a number of other places in the document. In effect, the constitution decrees the subordination of every Cuban's existence to the country's defense, postulating the need for eternal vigilance against external threats.

Given the inordinately large size of the armed forces today (even after substantial downsizing in recent years), their shrunken defense and international missions, domestic deployment for agricultural and other production purposes, and the involvement of many officers in managing the economy, the military's role — if any — in a democratic Cuba will likely be a key issue. Furthermore, the respect the armed forces historically enjoyed with the populace may have eroded in recent years as a substantial number of active and retired officers have become engaged in entrepreneurial activities, especially in the tourism sector, and perceptions that some have become corrupt have increased.

At a minimum, therefore, transition government authorities, in consultation with the populace, may conclude early in the transition that an all volunteer force would be preferable to the existing conscript force. The transition government will need to determine early in the transition process the appropriate short-term and long-term missions for the armed forces. In the short term, such missions could include domestic security and disaster

assistance. Over the longer term, the armed forces could become involved in peacekeeping operations. Regular military units that in recent years have been assigned largely if not exclusively to agricultural work will probably be decommissioned and their work privatized. A transition government may also conclude that loyal and dependable military units will be needed at least until a democratic government can be consolidated and a new constitution approved by the people. Reliable military forces could help transition authorities prevent massive seaborne migration and distribute humanitarian assistance.

### **C. Independent Judiciary**

After enduring decades of repressive totalitarian rule in which the judiciary is constitutionally subservient to the communist executive, and the executive used that authority routinely to intervene in judicial matters, the establishment of a truly independent judiciary will be a critical step toward the establishment of a rule of law in Cuba. An independent judiciary, however, is more than a collection of judges who render impartial decisions on cases before them. An independent judiciary also is accountable to the public for both its decisions and its operations. It requires, among other things, judges who know the law, are selected through an apolitical process, enjoy security of tenure, share an expectation that they will be allowed to act independently, and are subject to appropriate disciplinary procedures. Judges need as well to be managers of their courtroom and of resources. There are different models and different views on judicial independence between common and civil law countries. A free Cuba will have to evaluate its judiciary and its many options for judicial reform.

USAID and the Department of Justice have been working with judiciaries in Latin America for almost twenty years. In November 2001, USAID published “Guidance for Promoting Judicial Independence and Impartiality,” based on its worldwide experience in this area. Its programs focus on judicial ethics, selection, training, and administration (including the separation of administrative from judicial functions and creation of court management offices). USAID and the Department of Justice’s contacts throughout the hemisphere include supreme court justices and appellate and lower court judges, court administrators and civil society organizations that have spearheaded important judicial reforms in their own countries. U.S. judges and other experts have participated in many of these programs. This

experience and these resources could all be made available to interested Cuban authorities in the context of a transition.

While a free Cuban judiciary will have to face the legacy of 45 years of politicization and the judiciary's role in acts of repression, at the same time, Cuba at transition will want to address many of the same judicial reform issues now under discussion in the rest of Latin America. Much of the work that has been done by U.S. agencies over the last two decades to strengthen the administration of justice in other countries in the region has focused on the criminal justice system — and more specifically, the need for new procedural codes and new relationships among police, prosecutors, judges and defense counsel to implement them. Given the notorious failings and politicization of the criminal justice system in Castro's Cuba, particularly where cases against the political opposition or those seeking the exercise of their fundamental freedoms are concerned, it would seem natural that transition authorities would want to focus attention on issues related to criminal procedure.

Should that occur, the United States should be prepared to assist in any way possible in the development of information and options for their consideration. Because of the many actors involved in developing, presenting and rendering judgments in criminal cases, assistance in this area would preferably be provided within an inter-institutional context that included all interested parties. The starting point for analysis would be unique within the Latin American context. USAID and the Department of Justice both have considerable experience working this issue in other countries and could be asked to support such an effort. There are also experts from other Latin American countries, as well as Europe, who could readily be tapped to provide their experience moving to a different system of criminal justice, should a free Cuba so desire.

At a broader level, judicial reform should be recognized as a political process that, to be fully successful, must involve the society at large. In other countries in the region, including the United States, civil society groups — such as bar associations, law schools and civil rights watchdog organizations — play a critical role in assessing judicial performance and demanding reform when needed. Civil society is in effect the ultimate constituency for judicial reform; another important challenge faced by a free Cuba is the systematic crushing of independent civil society by the current totalitarian government. When the opportunity arises in a free Cuba to make

changes in the institutional structure of government, attention should be given early on to identifying the most knowledgeable and committed actors outside government — be they organizations or individuals — who will begin to articulate the changes needed in the justice system. These sources may provide new names for government positions, but perhaps more importantly in the long run, they will become part of the judicial reform process. In all countries, judicial reform is an ongoing evolutionary process that needs civil society participation. USAID has worked in many other countries in the hemisphere facilitating the development of such groups. The United States should be prepared to support similar groups in Cuba.

## **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government, through DOJ, USAID and other agencies, should be prepared to provide technical assistance and capacity building to:*
  - *Train new and current professional and lay judges to abide by rule of law procedures in criminal adjudications, as well as train and employ courthouse staff — including marshals, reporters, legal clerks, notaries, and other administrative personnel;*
  - *Provide full-time advice and technical assistance through resident legal advisors (RLAs) to help establish fair and effective legal and judicial practices and institutions;*
  - *Train judges and prosecutors in methods of effective trial advocacy through programs designed to assist prosecutors in instituting effective trial advocacy, including techniques for the analysis and use of evidence, handling witnesses, police/prosecutor interaction, presentation of evidence, charging decisions, and oral trial techniques. Technical assistance could also be provided to prosecutorial and judicial components in organizational development, judicial and witness security, and case management;*
  - *Assist in drafting a uniform criminal procedure code that respects the rights of criminal defendants, including the right to counsel, the presumption of innocence, and the right to a trial with an impartial and incorruptible decision maker;*



- *Assist in drafting constitutional amendments and laws that increase separation between the judiciary and the executive, buffering judges and attorneys from political influences that can distort the judicial process. Work to eliminate inconsistencies in criminal laws, striving to achieve a coherent legal framework to which judges and attorneys could refer when adjudicating cases;*
- *Educate Cuban citizens about their new administration of justice system, which will be critical to the success of democracy. Administration of justice specialists would be able to teach citizens the difficulties inherent in their jobs and the assistance they require from the general public; and*
- *Develop effective community policing and community prosecution programs. Citizens would learn how public officials (and defense attorneys) should be doing their jobs, which would increase the transparency of government prosecutions and make citizens more likely to join together and fight against corruption within the administration of justice system.*

#### **D. Reconstituting Police Forces and Functions**

The reorientation of the security services from internal control to democratic policing and service to the community will be an important part of the transition. The United States has assisted other countries in Latin America to establish civilian police forces in the wake of democratic openings. However, the changes in structure, attitude and capability that will be needed in Cuba will undoubtedly have unique characteristics.

Cuban security forces are profoundly politicized and serve as agents of repression. They have been privileged members of Cuban society under Castro and are undoubtedly resented and feared by others in the community. An initial question will be whether those currently in the police service can so transform their relations with the public to be accepted as legitimate leaders and officers of a new law enforcement organization. Certainly, as a point of policy and at a minimum, the United States would recommend the dissolution of the apparatus of political repression, including the General Directorate for State Security.

One of the most important tasks that should be assumed by the transitional Minister of the Interior and the Director General of police would be the development of a mission statement and strategic plan for the new police force. A problem-solving, community-oriented approach to policing could be an appropriate organizational philosophy. A civilian, as opposed to a military, structure should be developed for the police, along with policies and procedures that reflect generally accepted international norms of policing, professional conduct and human rights. Effective management and administrative systems, including personnel, budget, and information, should be put in place, as well as an office of professional responsibility, internal affairs unit, and/or an inspector general to handle allegations of misconduct in a transparent and credible way. A review of all training curricula would be needed, as well as new core curricula, to implement the new vision for the police force. There is abundant material from other countries in Latin America and other regions of the world that have made the transition to democratic policing that could provide useful models for Cuban authorities as they address these many issues.

The Departments of State and Justice have considerable experience working with police forces in transitional situations, often in coordination with other donors and international organizations. In general, such assistance programs have begun with in-depth needs assessments of both the police organization and existing training programs. An initial vetting of existing command and officer levels is recommended, to eliminate individuals who have engaged in criminal activities or human rights abuses. Those who are accepted into the new force have generally been required to complete “transition courses” that are designed to introduce or emphasize basic concepts of democratic policing. This initial training has been of a limited duration (customarily three to four weeks), so that a large number of officers could be cycled through the course without wholesale disruption to actual police services.

The U.S. Government should be prepared to assist a free Cuba develop a democratic police force. Assistance could cover all or some of the areas identified, as well as specialized training or technical assistance in areas of interest for international law enforcement cooperation, such as counter-narcotics, terrorism, or pursuit of international organized crime. The Department of State would have responsibility for overall organization and policy direction of any such effort and would call upon the expertise of the Departments of Justice, Treasury, and Homeland Security, as well as

state and local law enforcement agencies, as appropriate. Any assistance to the police would be closely coordinated with assistance to other institutions in the criminal justice system, as well as interested civil society organizations.

## **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to provide technical assistance and capacity building to:*
  - *Coordinate internships for Cuban police with internal affairs units in major U.S. police department where they could observe how investigations are conducted, the way the internal affairs units are managed, and how they handle public complaints;*
  - *Provide integrated criminal investigation training to Cuban police, prosecutors, and judges. This training would initially focus on basic criminal investigation training and management development;*
  - *Provide other programs to bolster the institutional strength of Cuban police forces, including instructor development and training, academy development assistance, strategic planning assistance, and forensic development assistance;*
  - *Assist in vetting personnel in order to ensure a police force that is committed to respecting democratic due process and the human rights of all individuals; and*
  - *Implement a basic- recruit training program that would provide basic police skills to the members of police forces. The curricula would place a major emphasis on human dignity and respect for human rights.*

## **CHAPTER 4**

# **Establishing the Core Institutions of a Free Economy**



## **I. EXECUTIVE SUMMARY**

The Cuban economic system is broken; it will not be easily fixed. It will take time to build national institutions, as well as develop in individuals the attitudes, expertise, and skills capable of managing Cuba's reconstruction. Lessons learned from other transition countries demonstrate that it is extremely important to identify and prioritize needs, and to manage expectations correctly.

The reconstruction effort in a free Cuba will also be costly. In this regard, the burden of reconstruction need not fall completely on the shoulders of the United States and must be done in close consultation with the Cuban people. There is a significant role to be played by the international donor community, the international financial institutions (IFIs) including the Inter-American Development Bank (IDB), and the United Nation's development agencies, all of which can provide programs and assistance to a free Cuba. We should seek engagement by the international community and the IFIs to better ensure a smooth transition when the time comes.

Economic change in Cuba will not occur in a vacuum. Two generations have grown up under Castro's repressive system. There are Cubans (e.g., the communist elite) who will have vested interests in maintaining the status quo. They will present a difficult but not unprecedented problem, one that experience shows will not be easily solved. As we have learned elsewhere, a disenfranchised political elite and military can be dangerous.

It is crucial that the Cuban people are full partners in the reform process, that whatever proposals we make to a free Cuban people are realistic, and that any promises made are promises kept.

## **IMMEDIATE ACTIONS**

Stabilizing and liberalizing the economy are fundamental preconditions for economic growth and for the creation of a viable free market economy. A free Cuba should design a macroeconomic stabilization and growth program to ensure price stability and to anchor the expectations of its population. A stable macroeconomic environment is a necessary precondition to support high levels of investment and productivity growth. The core components of a stabilization policy include sound fiscal and monetary policies that limit deficits to sustainable levels

and limit the monetary financing of these deficits. Closely linked to the monetary policy is a decision over the exchange rate regime, which will be the decision of the new Cuban transition government.

The United States, the international community, and the IFIs (including the IDB) can offer assistance and resources to a free Cuba to design an effective economic strategy that includes sound macroeconomic policies, price liberalization, deregulation, investment climate and legal reforms, and privatization. We should draw on experiences in working with other non-market economy transitions to encourage Cuba to decontrol prices in the near term.

The U.S. Government should work with the IFIs, NGOs, and other interested parties to make the preparations to assist a free Cuba to gain access to short term financing for trade and reauthorizing the trade credit insurance program for Cuba. The U.S. Government should work with a free Cuba so that it can qualify for, at the earliest appropriate time, preferential benefits under the Caribbean Basin Economic Recovery Act (CBERA) and the U.S. Generalized System of Preferences (GSP). The U.S. Government should also establish a Joint Committee on Trade and Investment (JCTI) which could serve as a first step toward possible negotiation of a Free Trade Agreement with a free Cuba, and should be prepared to move quickly to establish an embassy in Havana with strong commercial and agricultural components, in order to provide information to and establish contacts for U.S. companies interested in exporting to or investing in Cuba. Moreover, the U.S. Government should be prepared to encourage its regional allies to include a free Cuba in regional free trade arrangements and work with Cuba in the World Trade Organization to further reduce barriers.

A free Cuba will urgently need to engage the IFIs, including the Inter-American Development Bank. We should encourage the IFIs to engage fully with a free Cuba, including technical assistance and financing as soon as possible. Finally, the U.S. Government should be prepared to work through existing international institutions and with a free Cuba's other bilateral partners to address financing needs, including debt relief from its creditors and donor aid.

If requested by a transition Cuban government, the U.S. Government, in coordination with the IFIs, should be prepared to assist in developing a new investment regime that fosters foreign investment and eliminates restrictions to

trade and investment. The U.S. Government should also consider negotiating a Bilateral Investment Treaty at the earliest possible time in the transition.

The U.S. Government, in order to prepare for a transition and to be ready to implement programs quickly, should consider establishing a Standing Committee for Economic Reconstruction (SCER) to review specifically and regularly reconstruction plans and to ensure that appropriate U.S. Government agencies are prepared to implement programs immediately. Strong consideration also should be given to establishing a standing private sector advisory committee. As an initial step, this standing committee could review and comment upon this report, ensuring that it becomes a longer term planning document. The committee could then meet on a regular basis to complement the SCER in planning for prompt assistance to a free Cuba.

## **MEDIUM- AND LONG-TERM ACTIONS**

Settling the issue of expropriated properties will be critical to a transition Cuban Government. Proper resolution of this issue will be seen by many as a signal that Cuba is once again open for normal business. Potential investors will be reluctant to get involved in Cuba as long as questions of ownership, property rights, and restitution remain unsettled. The longer this issue remains open, the longer it will take for Cuba's financial and economic recovery. This will be especially true in cases of the ownership and clear title of commercial property. As progress is made in this area, so will progress be made in getting businesses established, jobs created, and the economy growing.

The U.S. Government should encourage a free Cuba to indicate at an early stage in the transition, and in the strongest possible terms, that it intends to settle the expropriation issue as quickly as it can and in an open and fair manner. The U.S. Government should also encourage Cuba to settle outstanding claims issues as expeditiously as possible, using an open, transparent process.

The U.S. Government should work with the Cuban-American community and a free Cuba to facilitate the low-cost, speedy transfer of remittances and promote their use to finance self-employment and small business start-ups in Cuba. The U.S. Government should encourage the Cuban-American community and the larger U.S. investment community to create a "Friends of Cuba" organization that could provide private-sector support to Cuba during transition and assist in



promoting microfinancing and a more open flow of goods and services on the island.

The U.S. Government should be prepared to offer assistance to a transition government in developing an independent central bank and, along with the IFIs, offer to provide technical assistance to develop its banking system, including its regulatory framework.

The U.S. Government, in conjunction with the IFIs, also should offer to provide technical assistance on budgeting, expenditure management, debt management, and procurement rules, as well as technical assistance to help set up a new revenue collection agency and to ensure its enforcement capabilities.

The U.S. Government should offer to assist in developing a more rational design for Cuba's numerous economic ministries and encourage the World Bank to assist with reforming the public sector through its Governance Reform Program. The U.S. Government, working with other Latin American allies, should be prepared to provide assistance to Cuba in the area of e-government.

The U.S. Government, if requested, should offer a free Cuba assistance in re-creating the right to own, rent, and sell private property, with particular emphasis on homeownership. The U.S. Government, based on its experience, should offer to provide advice in establishing a credit-enhancing agency along the lines the Federal Housing Administration (FHA) initially followed and assist Cuba in developing primary and secondary mortgage markets. It should also assist in the implementation of a framework for the protection of intellectual property, encouraging investment and jobs.

The U.S. Government should offer to help establish mechanisms to place workers in new jobs. Technical advice should be offered to help change the laws and role of the Labor Ministry to allow a free labor market to function. Changing attitudes about the government's role in providing employment will be essential to a free Cuba's economic prosperity.

The U.S. Government should offer technical advice to a transition government in supporting projects that create healthy labor-management relations and assist Cuba by providing a coordinated process to revise labor laws to be

consistent with International Labor Organization (ILO) standards and promote strengthened labor-management relations.

The U.S. Government should be prepared to provide training to Cuban entrepreneurs, focusing on harvesting the benefits of a market economy. The U.S. Government should encourage a free Cuba to permit employees of denationalized firms and agricultural cooperatives to purchase shares in these formerly state-owned enterprises. The U.S. Government should extend its trade capacity building efforts to Cuba, including those geared toward rural development and export diversification, and work with a Cuban transition government to remove all obstacles to self-employment and other forms of entrepreneurship in a free Cuba. The U.S. Government should greatly expand programs that assist in training mid-level managers in U.S. business practices.

## **II. INTRODUCTION**

Political change in Cuba will be accompanied by change in the economic framework of the country. Lessons learned in the transition of the centrally planned economic systems of Eastern Europe and the former Soviet Union teach us that this can be an arduous process where it is extremely important to manage expectations correctly. Critics claim that proponents of free markets and economic liberalization have oversold the benefits to countries that adopt them and to their citizens. Promised results have not kept pace with popular expectations and, as a result, dissatisfaction has spawned a counter reaction, and led to the rise of governments that are not ideologically committed to democratic and free market values (e.g., the Chavez government in Venezuela). Replacing Cuba's state-controlled economic model with a free market system will create hopes that economic growth and job creation will occur in a fairly short period of time. The expected inflow of U.S. business people, talking of investment and trade, will reinforce those hopes.

Past experiences show that growth may be slow and uneven in coming. Cuba's infrastructure, both institutional and physical, is either nonexistent or inadequate. Creating institutions to support the new economy, creating a new legal structure, including new economic and commercial legislation and regulations, and refurbishing/replacing an existing physical infrastructure is time consuming and, in the latter instance, expensive.

Historically, even in countries where reasonable physical and bureaucratic infrastructures were in place, the transition to a free market model was slow, painful, and politically sensitive. The former Soviet Union and Eastern Europe demonstrate the enormous challenges facing transition governments. Where the necessary political will and economic infrastructure were lacking, efforts to promote democracy and free markets have failed.

Economic change in Cuba will not occur in a vacuum. Besides the lack of necessary infrastructure, there are numerous other important factors to consider. Among these is the fact that, for more than four decades, the people of Cuba have been subject to a repressive regime that rarely rewarded private initiative. Two generations of Cubans have grown up under this centralized economic system. And there are Cubans (e.g., the communist elite) who will have vested interests in maintaining the economic status quo; they will present a unique problem.

It is therefore crucial that the Cuban people are the centerpiece of any reform process, that whatever proposals made to the Cuban people are realistic, and that any promises made are promises kept. There are a number of activities and programs that need to be put in place immediately during a transition. It is essential that actions to establish the social safety net be prioritized and implemented to mitigate changes that may cause hardship to the Cuban people.

There are a number of issues affecting the establishment of a free economy, among them:

#### **A. Centralized Economic Control**

The Cuban state owns, operates, and regulates virtually all means of production, employment, and pricing in Cuba today. State-owned and operated enterprises and joint ventures with foreign partners are virtually the only sources of lawful employment. The state screens candidates for jobs in joint-venture firms; Cuban workers receive only 5 percent of the salary paid by foreign investors to the Cuban state. The military controls a lion's share of Cuba's present economy, including control over several key ministries.

Since 1993, when the Cuban economic crisis hit bottom as a result of the withdrawal of subsidies from the Soviet Union, Cuba has somewhat stabilized its economic freefall. In part, it has done this by aggressively pursuing joint ventures

with foreign investors and exploiting humanitarian policies designed to alleviate the suffering of the Cuban people (see Chapter 1). However, gross domestic product (GDP) in 2003 was still below 1989 levels.

Cuba's precarious economic position is complicated by the high cost of foreign financing. Castro's government defaulted on most of its international debt in 1986 and does not have access to credit from international financial institutions like the World Bank. As a result, Havana must rely heavily on short-term loans to finance imports, chiefly food and fuel. Because of its poor credit rating, a \$12.2 billion hard currency debt, and the risks associated with lending to Cuba, interest rates have reportedly been as high as 22 percent. In 2002, citing chronic delinquencies and mounting short-term debts, Moody's lowered Cuba's credit rating to Caa1 — "speculative grade, very poor." Furthermore, Dunn and Bradstreet rate Cuba as one of the riskiest economies in the world.<sup>1</sup>

Limited economic reforms in the early-to-mid 1990s were introduced out of necessity by the Castro regime to encourage more efficient enterprises and to permit limited self-employment. But beginning in 1995, state enterprises, as well as the self-employed, were subjected to increased control and curtailment of economic activities. This trend towards re-centralization of economic activity continues today. No independent labor unions exist, collective bargaining is not allowed, and strikes are outlawed. Cuban state salaries, which are paid in Cuban pesos, are insufficient to meet the minimum basic needs of the population given the "dollarized" dual economy. Prices are regulated by the state with no regard to market conditions.

The *Wall Street Journal*/Heritage Foundation's *Index of Economic Freedom 2004* ranks Cuba among the world's most economically repressed societies, putting it in the same category as North Korea, Iran, and Libya.

## **B. Outstanding Expropriated Property Claims**

The expropriation of U.S. assets was one of the major initial causes of the deterioration of relations between Castro's Cuba and the United States and of the imposition of the U.S. trade embargo. The U.S. Foreign Claims Settlement

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<sup>1</sup> "Debt Default Hurts Cuba's Credit Rating," *The Miami Herald* (April 8, 2002), p. 19G, as cited on cubanet.org.

Commission (FCSC) has certified 5,911 claims (totaling about \$1.8 billion) by U.S. nationals against the Castro regime for the taking of their property since January 1, 1959. Of this amount, more than 85 percent, or \$1.58 billion, involves 898 corporate claimants and the rest corresponds to individual claimants. One hundred thirty-one (131) of the 5,911 claimants — 92 corporations and 39 individuals — have certified claims of \$1 million or more. Forty-three corporate claimants and five individuals have certified claims in excess of \$5 million. The FCSC determined that simple interest at 6 percent should be included as part of the certified claims. Using this figure results in a value in excess of \$7 billion, as of April 2004.

Expropriation claims by nationals of other countries were much smaller than those of the United States. For the most part, they have been settled through bilateral agreements between Cuba and the respective country, although often at a fraction of the assessed value and at a very slow payout rate by the Castro regime. For example, Spanish claims were valued at \$350 million, but settled for \$40 million. Even with the sizeable reduction, Cuba took six years to pay the agreed value. In addition, Cuba also expropriated property from a large part of the Cuban population, including some who have become U.S. citizens. This, too, will be a key issue that Cuba must grapple with when settling outstanding property claims.

### **C. Lack of Private Property Rights, Including Real and Intellectual Property Rights**

Cuban citizens cannot legally buy or sell real property (unless specifically authorized by permit — e.g., purchasing an automobile). They may trade homes or apartments, provided, however, that no money changes hands. Typically, housing swaps involve under-the-table money exchanges, with Cubans who are caught suffering severe penalties. The fact that Cubans may trade, but may not buy or sell dwellings, creates a special difficulty for families that change size or for Cubans who move from one place to another.

Prolonged austerity and the state controlled economy's inefficiency in providing adequate goods and services have created conditions for an active informal, black market economy. As the variety and amount of goods available in state-run peso stores has declined, Cubans have turned increasingly to the black market to obtain needed food, clothing, and household items. Pilfering of items from the workplace to sell on the black market or illegally offering services on the

sidelines of official employment is common. Cuban companies regularly figure 15 percent in losses into their production plans to cover this illegal activity. A report by an independent economist and opposition leader speculates that 40 percent of the Cuban economy operates in the informal sector.

Article 15 of Cuba's communist constitution broadly defines "socialist state patrimony" to include all lands not owned by small agricultural producers or cooperatives formed by small agricultural producers. This "patrimony" includes properties expropriated from foreign nationals as well as properties left by Cubans forced to flee the island. The constitution also specifically prohibits mortgages on small landholdings. All major real estate transactions are negotiated through a central market, although a black market among Cubans exists parallel to the official central market. Article 23, however, allows foreign investors to acquire and hold rights, pursuant to Article 15, to assets forming part of the "socialist state patrimony," but only upon prior and specific approval of the Council of Ministers or its executive committee.

Cuban citizens cannot enter into contractual obligations with one another or with foreigners. Only the Cuban state, or a Cuban state entity, can legally contract with third-country nationals. For example, contracts for the purchase of U.S. agricultural products, sales of which are permitted by U.S. law, are negotiated with the Cuban Ministry of Foreign Trade's *Empresa Comercializadora de Alimentos* (Alimport), not with private Cubans or foreign investors in Cuba.

In terms of intellectual property, although Cuba theoretically issues patents to individual inventors, the patent holder has a binding "social obligation" to license/transfer the patent to the state in order to "benefit" society.

#### **D. Constraints Upon Entrepreneurship**

The state is the largest employer in Cuba. According to Cuban government statistics, about 75 percent of the labor force is employed by the state. The actual figure may be more than 90 percent, with some 150,000 small farmers and another 108,000 "*cuentapropistas*," or holders of licenses for self-employment, out of a total workforce of about 4.4 million people.

Today the state rarely grants new licenses for lawful self-employment. Moreover, existing self-employed workers are subjected to constant harassment

and Cuba has revoked many existing licenses or failed to renew them. In the agricultural sector, so-called “violators” may be subjected to detention, heavy fines of up to 1,500 Cuban pesos, and/or the confiscation of their goods. Only the self-employed pay personal income taxes. The *Oficina Nacional de Atencion Tributaria* (ONAT), Cuba’s internal revenue agency, is in charge of repressing/curtailing lawful self-employment and does so through onerous tax practices.

Finally, the self-employed are specifically prohibited from forming “cooperatives, associations or any type of collective production organization.” As a result of stricter controls and harassment, the overall self-employed sector has declined from 208,500 in 1995 to about 100,000 in 2003.<sup>2</sup>

### **III. IMMEDIATE ACTIONS**

#### **A. Introduction**

Based on an analysis of transitions from non-market to market economies in Eastern Europe and the former Soviet Union, the World Bank drew some lessons and recommendations from the most successful reform policies.<sup>3</sup> Key among these was the need to privatize while encouraging competitive new enterprises and discouraging the continuation of former state enterprises. The World Bank identified a number of reforms that successful transition economies had undertaken, including:

- macroeconomic stabilization;
- price and trade liberalization;
- the imposition of hard budget constraints on banks and enterprises;
- an enabling environment for private sector development;
- a reform of the tax system and restructuring of public expenditure;
- legal and judicial reform; and
- reform of public sector institutions.

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<sup>2</sup> U.S. Department of State, *Background Note: Cuba*, Bureau of Western Hemisphere Affairs (November 2003).

<sup>3</sup> The International Bank for Reconstruction and Development/The World Bank, *Transition: The First Ten Years, Analysis and Lessons for Eastern Europe and the Former Soviet Union* (Washington, D.C., 2002).

In addition, the World Bank noted that success in a transition means the ability to generate economic growth. This in turn was dependent upon a number of factors that, in their totality, were conducive to encouraging the growth of new enterprises while, at the same time, assisting in the process of privatizing state enterprises. These included:

- developing a favorable climate for domestic and foreign investors;
- securing property and contract rights;
- providing basic infrastructure;
- reducing excessive marginal tax rates;
- simplifying licensing and regulatory procedures; and
- developing a competitive and efficient banking system.

This chapter deals with several of these factors.

## **B. Stabilize the Economy, Decontrol Prices, and Begin to Denationalize State-Owned Entities**

Stabilizing and liberalizing the economy are fundamental preconditions for economic growth and for the creation of a viable free market economy. A free Cuba should design a macroeconomic stabilization program to ensure price stability and to anchor the expectations of its population. A stable macroeconomic environment is a necessary precondition to support high levels of investment and productivity growth. The core components of a stabilization policy include sound fiscal and monetary policies that limit deficits to sustainable levels and limit the monetary financing of these deficits. Closely linked to the monetary policy is a decision over the exchange rate regime, which will be the decision of the Cuban transition government.

Prices in today's Cuba remain substantially state-controlled, distorting economic decision-making and leading to a misallocation of resources. Decontrolling pricing is essential to enabling the free market to allocate resources and production decisions and thereby stimulate growth.

In order to implement these policies, a free Cuba will need an effective Finance Ministry and Central Bank, as well as effective tax collection. External technical assistance will likely be available, both through the U.S. Government and IFIs, to support the design of these policies and their implementation.



Privatization of state-controlled enterprises can help consolidate private property rights, stimulate the economy, and provide the basis for the enterprises to run efficiently. Careful thought and consideration should go into how state-owned enterprises will be privatized, whether it will be through a voucher system, public bidding process, management-employee buyout, or targeting of strategic investors. Each method has both positive and negative benefits and it is feasible to use a combination of these methods in the privatization process. For example, small enterprises could be sold quickly through a public bidding process to new owners. This has the benefit of unleashing an entrepreneurial spirit and encouraging a sector that will provide most of the growth and job creation during the early years of transition. Agricultural cooperatives could be sold to their members, which is a form of a management-employee buyout. Other agricultural enterprises could target sales to strategic outside investors who have the experience, resources, and know-how to restructure the enterprise and make it economically viable. Whatever method(s) a free Cuban government chooses, the rules for privatization must be clearly established and the process should be transparent.

Any efforts to privatize state-owned or -controlled entities will have to come to terms with the undue influence of the military in Cuba's economic life. The Cuban military (FAR) controls a large percentage of Cuba's present-day economy. More than 230 factories and firms are included in the Union of Military Enterprises. In addition, current or former FAR senior officers control several key ministries, among them are Sugar, Transport and Ports, and Information Technology and Communications. Tourism, civil aviation, and the marketing of cigars and other tobacco products are controlled by the military. Likewise, active and retired officers also manage banks, the state electronics monopoly, and other key economic sectors. According to one study, these enterprises account for 89 percent of exports, 59 percent of tourism revenue, 24 percent of productive service income, 60 percent of hard currency wholesale transactions, 66 percent of hard currency retail sales, and employ at least 20 percent of state workers.<sup>4</sup>

Beginning in the mid-1980s, the FAR introduced a new management system, the *Sistema de Perfeccionamiento Empresarial*, into many of its military enterprises. The goals of this new system ranged from promoting greater self-

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<sup>4</sup> Domingo Amuchastegui, "FAR: Mastering Reforms," in *Cuba in Transition*, Volume 10, Association for the Study of the Cuban Economy (August 2000).

sufficiency to increasing efficiency and productivity in FAR enterprises. In October 1997, *Perfeccionamiento Empresarial* was adopted as the Cuban Communist Party's official policy to guide restructuring of the Cuban state economic system.<sup>5</sup> *Perfeccionamiento Empresarial* trains executives, managers, and advisers at European, Japanese, and Western Hemisphere universities and business schools, but it is a long, drawn-out process involving many layers of bureaucratic review and control. As a result, to date, only a handful of enterprises have completed the entire process.

According to one analyst, these enterprises appear to function as protected monopolies entrusted to regime favorites, picked more for their loyalty than their competence. Some evidence suggests that the regime may also tolerate some level of corruption in their operation to allow trusted officials to increase their own standard of living.<sup>6</sup> Finally, there exists no clear evidence that military managers have succeeded in meeting the *Perfeccionamiento Empresarial* goal of introducing greater efficiency and productivity into their operations. The sugar industry in particular has consistently experienced historically poor harvests since its take-over by the military. Nevertheless, the *Perfeccionamiento Empresarial* process has developed an educated professional core with some understanding of market principles. It has also introduced the prospects, at least in theory, of market economics into Cuba's closed economic system. However, the military's extensive involvement in the Cuban economy also may have created a vested constituency dedicated to maintaining the current closed economic structure.

Many of Cuba's medium and large enterprises will need to be restructured, with corporate governance methods put in place to enhance their value prior to any privatization. When assessing the value of Cuba's state-owned/controlled enterprises, the value should take into account the viability of the enterprise and not the circumstances of the current state of the Cuban economy. The United States and the IFIs can offer assistance to a free Cuba to help it design an effective privatization program as well as prepare specific enterprises for privatization.

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<sup>5</sup> Ibid.

<sup>6</sup> Brian Latell, *The Cuban Military and Transition Dynamics*, Cuba Transition Project, Institute for Cuban and Cuban-American Studies (University of Miami, 2003).

## RECOMMENDATIONS:

- *The U.S. Government should encourage the IFIs to engage with the Cuban transition government to design and implement an effective economic strategy that includes sound macroeconomic policies, price liberalization, deregulation, investment climate and legal reforms, and privatization.*
- *The U.S. Government and the IFIs should offer assistance to a free Cuba to help it design an effective privatization program as well as prepare enterprises for privatization, including industries and enterprises operated or managed by the Cuban Armed Forces.*
- *The U.S. Government should provide examples to a free Cuba from Eastern Europe concerning that region's experiences in transitioning from a centralized economy, including experiences with the restructuring of enterprises controlled by militaries.*

### C. Trade

A renewed trade relationship with the United States and Latin American partners will be critical to developing and sustaining a free Cuban economy. In 1958, despite its small economy, Cuba was a relatively important U.S. trade partner, ranking as the 7<sup>th</sup> largest U.S. export market and the 7<sup>th</sup> leading source of U.S. imports. Even under the most optimistic assumptions, this position is not likely to be replicated anytime soon. Cuba today is a relatively minor actor in the multilateral trade arena, with 2002 exports of about \$1.6 billion (mostly in sugar and nickel).

The composition of Cuban exports has changed substantially in recent years. Sugar, once the mainstay of the Cuban economy, has declined in both absolute and relative terms. Tourism has emerged as the number one hard-currency earner for the Castro regime, having surpassed sugar exports as a revenue source in 1994. The U.S. International Trade Commission, in a study examining the effects of the U.S. embargo on both Cuba and the United States, identified several sectors where the United States might be able to realize small, but important near-term gains in

trade and investment with Cuba if trade relations were normalized (and all-important financing was made available).<sup>7</sup> These sectors included:

- maritime transportation;
- tourism; and
- exports of wheat, rice, and fats and oils.

Similarly, the Commission noted several sectors for which normalization of trade relations would have a potential impact on U.S. industry. Some positive aspects include access to less expensive nickel and cobalt. At the same time, U.S. industries could lose market share in citrus, sugar, and perhaps cigars.

Clearly, one of the first steps to be taken as part of the re-establishment of a full official U.S. presence in a free Cuba should include a permanent U.S. Government Foreign Commercial Service. This entity would play the vital role of serving as an information clearinghouse for U.S. business executives; as a point of contact for requests for meetings with the proper Cuban transition government agencies; and in identifying joint venture, investment, and trade partners.

Because the demands for information and for business services are expected to be large once a transition is underway, and because it will involve the participation of many U.S. Government agencies, a new embassy should include representation from other agencies. For example, the United States should explore having representatives from the Small Business Administration (SBA), the Overseas Private Investment Corporation (OPIC), and Export-Import Bank (EXIM Bank) co-located to create a type of one-stop shop for business executives. Because Florida will probably be a principal jumping off place for Cuba, a mirror operation could be established in Miami to provide similar information before executives depart for Cuba.

The U.S. Government should be prepared to include members of the Foreign Agricultural Service in a new U.S. embassy in a free Cuba. Having such a presence will enable the U.S. Government to coordinate development activities in the agricultural area and foster increased trade opportunities for both countries.

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<sup>7</sup> United States International Trade Commission. *The Economic Impact of U.S. Sanctions with Respect to Cuba*, Investigation 332-413 (Publication 3398; February 2001).

It is important to work with both a free Cuban government and a Cuban private sector to assist them in developing new markets for their products and new products that are up to acceptable standards. To that end, the National Institute of Standards and Technology should be prepared to provide technical assistance in the standard's area and the Patent and Trademark Office should be prepared to position itself to provide technical assistance in the area of intellectual property rights protection.

The U.S. Government and its regional partners should also consider working with other hemispheric economies to reintegrate a free Cuba rapidly into the regional trading system that has developed over the past two decades. As a first step, the U.S. Administration in office at the start of transition should request the U.S. International Trade Commission to undertake a *Probable Economic Effects* study focusing on the likely impact on U.S. industry and agriculture of integrating Cuba into the Caribbean Basin Economic Recovery Act (CBERA). The report could be used as guidance toward eventually reviewing eligibility for preferential treatment to Cuban products under CBERA and under the U.S. Generalized System of Preferences (GSP). The U.S. Government should also consider steps Cuba will need to take in order to meet U.S.-Cuba Free Trade Agreement standards and work with Cuba to identify appropriate assistance, including from multilateral and other bilateral sources. The goal would be to set Cuba on the path to eventual negotiation of a U.S.-Cuba Free Trade Agreement. A free Cuba should also be encouraged to solidify its regional trade ties with its Latin American and Caribbean neighbors and to tap regional neighbors' trade expertise.

Trade capacity building has emerged as a key component in support of U.S. efforts to liberalize trade in the world and, in particular, the Western Hemisphere. The President's 2001 International Trade Agenda emphasized the need to "help developing countries and emerging markets begin the process of integrating themselves into the world trading system." Since that time, trade capacity building activities, implemented by a broad range of U.S. Government agencies, have assisted developing and transition countries to participate in and benefit from expanding global trade. In FY02, U.S. trade capacity building assistance to the Americas totaled more than \$90 million, up from \$61 million in 2001. Trade capacity building efforts range from providing technical assistance directly to governments aimed at increasing understanding of World Trade Organization (WTO) commitments, to facilitating trade by lowering the costs of doing business. These elements are important elements of the Free Trade Area of the Americas

(FTAA) negotiations, as well as within the ongoing or planned free trade agreement negotiations with Central America, the Dominican Republic, Panama, and the Andean Community.

## **RECOMMENDATIONS:**

- *The U.S. Government should be in a position to work with a free Cuba to establish a U.S.-Cuba Joint Committee on Trade and Investment (JCTI). The JCTI would focus on post-embargo relations affecting trade and investment. It would also serve as a precursor and first step toward the possible negotiation of a U.S.-Cuba Free Trade Agreement.*
- *The U.S. Government should be prepared to establish a Foreign Commercial Service presence as part of our Embassy in a free Cuba in order to provide information to and establish contacts for U.S. companies interested in exporting to or investing in Cuba.*
- *The U.S. Government should be prepared to move rapidly to establish a U.S. Department of Agriculture (USDA) presence as part of our embassy in a free Cuba. Specifically, USDA's Foreign Agricultural Service (FAS) should be prepared to establish an Office of Agricultural Affairs (OAA) in a re-opened U.S. embassy. USDA's Animal and Plant Health Inspection Service (APHIS) should be in a position to establish an office alongside the OAA to lend its support to USDA animal and plant health activities, all of which will be essential in the early stages of a new government.*
- *The U.S. Government should encourage its regional allies to consider including a free Cuba in its free trade arrangements.*
- *The U.S. Government should offer to provide technical assistance to a free Cuba by the National Institute of Standards and Technology in the area of standards and encourage the Patent and Trademark Office to provide technical assistance in the area of intellectual property rights protection. The U.S. Government should also encourage a free Cuba to seek complimentary assistance from multilateral institutions.*
- *The U.S. Government should encourage a free Cuba to involve its newly emerging private sector in an advisory role on future trade matters. By doing*

*so, Cuba would help to establish an environment conducive to private sector-led growth, as it would ensure that the needs of business are properly addressed and taken into account by government regulators.*

- *The U.S. Government should be prepared to extend its trade capacity building activities, including customs cooperation, to a free Cuba, with a principal focus on the island's transition to a free market system and on encouraging efficient and secure trade between the United States and Cuba.*
- *The U.S. Government should offer to help a free Cuba upgrade and expand its use of free trade zones as a means to attract investment and expand trade. Free trade zones are used throughout Latin America and Asia, where they have proven to be attractive to investors because they rationalize resources and improve productive efficiency.*
- *The U.S. Government should be prepared to establish an aviation relationship with Cuba (as discussed in Chapter 5, section IV) based on Open Skies principles. This would provide valuable benefits to U.S. and Cuban shippers, travelers, and air carriers.*

#### **D. Rejoin International Financial Institutions (IFIs) and Other International/Regional Institutions**

Cuba is not a member of the institutions of the international financial community. To join these organizations requires a majority vote by the Board of Governors (or equivalent) of each institution. Membership is strictly sequential: first, Cuba would need to achieve membership in the IMF, then the World Bank, and finally its regional IFI, the Inter-American Development Bank (IDB). IMF and World Bank membership is a prerequisite for debt reduction in the Paris Club.

As a member, a free Cuba would be required to subscribe to its quota share in a combination of local and convertible currencies. That membership subscription would provide the basis for future lending. Lending from the IMF could take place through different facilities, depending on the circumstances on the ground in Cuba. The IMF could undertake some activities to support Cuba before it was admitted to the Fund, including providing technical assistance and some informal activities. The IMF's relationship with West Bank/Gaza Strip is one example of its technical assistance activities.

Cuba will also need assistance from the Organization of American States (OAS) in adhering to the principles and aspirations regarding democracy and human rights expressed in the Inter-American Democratic Charter approved on September 11, 2001. Although Cuba is a member state of the OAS, the Castro government is suspended from active participation in the organization. The Cuban government will therefore need to reestablish its qualifications for a return to active participation in the OAS. Further, the suspension of the government of Cuba must be withdrawn before it can join the IDB.

Lending from the World Bank and the Inter-American Development Bank is generally carried out in the context of a three-year country assessment strategy (CAS). A CAS can take up to several months, although that period could undoubtedly be expedited if Cuba were determined to have substantial needs for immediate assistance. A critical factor in determining the interest rate associated with any such lending would be Cuba's per capita income levels.

#### **RECOMMENDATIONS:**

- *The U.S. Government should encourage a free Cuba to rejoin the IMF, World Bank, and OAS, and join the IDB as quickly as possible.*
- *The U.S. Government should encourage the IFIs to engage with the new Cuban government to design and implement an effective economic strategy that includes a range of macroeconomic and microeconomic reforms to provide the basis for sustained growth.*
- *The U.S. Government should encourage the IFIs to provide a free Cuba with technical assistance in a variety of areas, including privatization, where the World Bank in particular has extensive expertise based on its study of transitions in a number of former non-market economies.*

#### **E. Encourage Foreign Investment**

To keep itself afloat, the Castro regime actively courts foreign investments, which take the form of joint ventures (with the Cuban government often holding half or more of the equity) or management contracts with third-country businesses.



A new legal framework laid out in 1995 (Law No. 77) introduced a number of modest changes to Cuba's foreign investment regime, but significant restrictions are still in place.<sup>8</sup> For example, approval for all foreign investment is still required on a case-by-case basis. Firms may only contract with a designated state labor supply agency for workers, and the state is responsible for disciplining workers and resolving labor-management disputes. Although the law also allowed for majority foreign ownership in joint ventures with the Castro government, in practice, majority ownership by the foreign partner is practically nonexistent.

The number of joint ventures formed each year has been steadily declining since 1997, and foreign direct investment flows decreased from \$448 million in 2000 to \$39 million in 2001, with little prospect for near-term improvement. Of the 540 joint ventures formed since the Cuban government issued the first legislation on foreign investment in 1982, 397 remained at the end of 2002. According to Granma online, 342 still operated at the end of 2003. Many of these investments are management contracts, or special arrangements regarding supplies, or the provision of services normally not considered equity investment in Western economies. European companies have grown increasingly frustrated with what they perceive as arbitrary investment rules, excessive paperwork requirements, and uncertain payment schedules. In 2002, a group of European Union embassies in Havana presented a list of complaints to the Castro government of the difficulties faced by European businessmen operating in Cuba. Presented as a constructive exercise by the Europeans, the initiative angered the Castro government.

A number of issues that are a consequence of Cuba's current foreign investment regime will need to be examined. For example, the sale or transfer of investors' capital to third parties is subject to Cuban government approval. This failure to provide a viable "exit strategy," unless changed, will undoubtedly have a chilling effect on future foreign investment. Law 77 also failed to settle the issue of investor certainty. Article 3.3 of the Foreign Investment Law continues to leave open the possibility of Cuban termination of investment agreements seemingly at will and without due process or adequate compensation. Moreover, the inability to

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<sup>8</sup> Robert David Cruz, *Foreign Direct Investment in Post-Castro Cuba: Problems, Opportunities and Recommendations*, Cuba Transition Project, Institute for Cuban and Cuban-American Studies (University of Miami, 2003).

hire workers directly is another feature of the current investment regime that will need to be altered.

Ensuring protection for intellectual property and pursuing vigorous enforcement of IPR laws and regulations will be one key to attracting additional foreign investment. In May 2000, Cuba's IPR law was modified by Decree-Law 203 for Trademarks and Other Distinct Signs. This was designed to bring Cuba into conformity with the WTO TRIPs agreement.<sup>9</sup>

Cuba is a member of most multilateral international treaties in effect relating to IPR law, including the Paris Convention, the World Intellectual Property Organization, and the Bern Convention. Since Castro came to power, both the U.S. and Cuba, as parties to the 1929 General Inter-American Convention for Trademarks and Commercial Protection, have reciprocally recognized trademark rights.

In terms of patents, Cuba, which developed its pharmaceutical industry by more than occasionally violating international patents, is today a staunch defender of its own IPR with some 500 patents registered around the world. As a consequence, Cuba has developed joint ventures in biotechnology and pharmaceuticals in a number of worldwide markets, particularly in developing markets. For example, a recent joint venture in Malaysia will eventually produce biotechnology products for Southeast Asian markets.

## **RECOMMENDATIONS:**

- *The U.S. Government and the international financial institutions should be prepared to assist a free Cuba in developing a new investment regime that fosters foreign investment and investor confidence, consistent with appropriate free market mechanisms.*
- *If progress can be made on a process for settling outstanding claims and the establishment of a sound policy and legal framework for foreign investment, the U.S. Government should consider complementing this by negotiating a Bilateral Investment Treaty with a free Cuba at the earliest possible time.*

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<sup>9</sup> Jesus (Jay) Sanchelima, "Selected Aspects of Cuba's Intellectual Property Laws," in *Cuba in Transition*, Volume 10, Association for the Study of the Cuban Economy (August 2000).

- *The U.S. Government should encourage a Cuban transition government to provide assurances that it will continue to uphold its obligations under international intellectual property agreements. Doing so early in the process would be an incentive to foreign investment and thereby facilitate Cuba's move to a free-market economy.*

## **F. Reschedule External Debt**

Cuba's precarious economic position is complicated by the high price it must presently pay for foreign financing. The Cuban government defaulted on most of its international debt to Western countries in 1986 and does not have access to credit from international credit institutions. This means Havana must rely heavily on short-term loans to finance imports, chiefly food and fuel. Because of its poor credit rating, a \$12.2 billion hard currency debt, and the risks associated with Cuban investment, interest rates have reportedly been as high as 22 percent.

In 1995, Cuba restarted informal contacts with the Paris Club of Creditor Nations for possible rescheduling agreements of its external debt. Cuba has bilaterally negotiated a number of rescheduling agreements with some of its official and commercial creditors, including a 1998 rescheduling with Japanese creditors for \$769 million. However, it defaulted on this agreement in October 2002. At the same time, Cuba suspended all payments on the \$380 million owed to Bancomext, the Mexican government's export financing bank. In May 2003, the Spanish government acknowledged in response to a Spanish parliament inquiry that Cuba is Spain's top foreign debtor government, presently in default on an estimated \$816 million. Cuba's outstanding debt to the U.S. Government is approximately \$36.2 million, not including late interest. The entire amount is in arrears. The Paris Club works on the consensus of its 19 member creditor countries and requires the debtor to have an IMF arrangement with strong policy reform conditionality in order to be eligible for debt treatment.

A free Cuba will need to normalize relations with its external creditors. This would involve a number of actions by Cuba and the international community, including an effort to reschedule Cuba's debt, including arrears, and establish conditions whereby Cuba might resume making debt service payments in accordance with its financial capacity. Multilateral debt rescheduling would require an IMF program, according to longstanding Paris Club practice. This,

along with economic reforms, would likely accelerate the flow of new money into Cuba.

#### **RECOMMENDATIONS:**

- *The U.S. Government should encourage both the World Bank and IMF to provide loans to a free Cuba, if needed.*
- *The U.S. Government, working with its allies, should offer to assist a free Cuba in securing debt relief from its major creditors. It should also offer to help Cuba in securing donor aid from other sources (e.g., the EU).*

#### **G. Trade Financing/Credits**

The rapid rise of small- and medium-sized private-sector enterprises will be a key determinant in the success or failure of a transition government's economic reconstruction and development programs. Cuba's export sector will play a critical role in sustaining economic growth and ensuring job creation. A number of institutions and sources may be looked to, including the Cuban-American community, to provide financing for Cuban exporters. Some of these are discussed in greater detail below.

In addition, consideration should be given to reviving a program used during the late 1980s and early 1990s in Central America by the U.S. Agency for International Development (USAID) and the EXIM Bank to provide badly needed trade financing. Specifically, the U.S. Government should consider reinstating for Cuba the "trade credit insurance program" under which USAID, in FY1985, was authorized to issue guarantees to the EXIM Bank of up to \$300 million for export credit insurance authorized by the EXIM Bank to support U.S. exports to the private sector in Central America on repayment terms of up to one year. The program ended on September 30, 1991.

#### **RECOMMENDATIONS:**

- *The U.S. Government should work with the multilateral development banks, NGOs and other interested parties in assisting a free Cuba to gain access to short term financing for trade.*

- *The U.S. Government should consider reauthorizing the trade credit insurance program for a free Cuba.*

#### **IV. MEDIUM- AND LONG-TERM ACTIONS**

##### **A. Settle Outstanding Expropriated Property Claims**

###### **1. Background**

Settling the issue of expropriated properties will be critical to a transition Cuban Government. It will be seen by many as a signal that Cuba will be open for normal business once again. Potential investors will be reluctant to get involved in Cuba as long as questions of ownership, property rights, and restitution remain unsettled. The longer this issue remains open, the longer it will take for Cuba's financial and economic recovery. This will be especially true in cases of the ownership and clear title of commercial property. As progress is made in this area, so will progress be made in getting businesses established, jobs created, and the economy growing.

It will not be easy. The challenge is complicated by a variety of factors. There are multiple claimants (companies and individuals, U.S. and non-U.S. nationals), different types of properties (commercial, agricultural, and residential) and existing foreign companies operating through joint ventures in expropriated facilities. In many cases, records may have been lost, altered, or otherwise prove difficult to confirm ownership or clear title. Also, a Cuban transition government will have finite resources to devote to compensation payments.

Eastern European and former Soviet states provide a number of recent examples dealing with expropriation. Eastern European countries followed one of two models — restitution or compensation — during this difficult process. Restitution involved the return of the expropriated property to the original owner. In the case of residential property, it often required that the original owner take physical control (i.e., live in) the returned property. In cases where restitution was not possible, the original owners were compensated either in whole or in kind (in cash, bonds, or vouchers), or in part. Compensation, on the other hand, provided payment to the former owner for the expropriated property. In some instances, a mixture of the two approaches was used.

## **2. Commercial Property**

It will be important to establish a process to settle commercial property claims without disrupting jobs and distribution systems. At the outset of a transition, it is likely that all state enterprises and joint ventures will continue operating as though everything were normal, until clear ownership and titles are established, so that payrolls continue to be met and goods and services continue to be provided. This process will be complicated by the fact that some expropriated properties are presently hosting joint ventures with third parties. The fate of joint venture contracts between the Castro regime and third-country businesses should be addressed by a new Cuban government. As the legal owner of each property is determined, a transition government will need to maintain an environment for a smooth titling of those properties.

## **3. Residential Property**

The situation involving residential property will be extremely complex. Castro has been telling Cubans for years that the end of communism will result in a mass of exiled Cubans returning to Cuba to claim their homes. The specter of mass evictions that this raises is compounded by estimates that Cuba already suffers from a tremendous housing shortage (around 1.6 million units), and that much of the existing housing is substandard, particularly as one moves further out from Havana.<sup>10</sup> The issue of residential housing raises the potential for major political dissatisfaction by a large segment of Cubans at the start of a transitional government. Moreover, housing will be one of the major avenues for average Cubans to begin realizing their dreams via homeownership and, in particular, the equity benefits of owning a major piece of collateral. Clear title to property is a major step toward promoting individual entrepreneurship, bringing people into the formal economy, and providing them with a stake in the island's future.

Whichever path is eventually chosen — restitution, compensation, or some mix of the two — the experiences from Eastern Europe demonstrate the advantages of proceeding quickly and of placing an emphasis on using the process, in conjunction with privatization, to develop small- and medium-sized enterprises.

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<sup>10</sup> Carmelo Mesa-Lago, *Growing Economic and Social Disparities in Cuba: Impact and Recommendations for Change*, Cuba Transition Project, Institute for Cuban and Cuban-American Studies (University of Miami, 2003).

A strong, economically viable middle class will be essential to forming a stable government and economy.

#### **4. Intellectual Property**

Under current U.S. law and regulations, the Cuban government and its entities have generally been permitted, under license, to register trademarks and logos with the U.S. Patent and Trademark Office (USPTO). Cuba has registered trademarks in the United States for a number of goods. A number of trademarks are in dispute currently over ownership. This is an area that will need to be addressed promptly during a transition in Cuba.

#### **5. One Approach for Dealing with Expropriated Real Property**

The U.S. Government, if requested by a transition Cuban government, could help establish a structure for addressing property expropriations. Creation of a Commission on the Restitution of Property Rights (CRPR), Property Claims Courts, and a Supreme Commission on the Restitution of Property Rights under the supervision of a new Cuban Supreme Court, could form the framework for such property resolution process. This structure could establish entities, such as the CRPR and Property Claims Courts, at the local/provincial level, which might expedite the process, as it would allow local transition officials, who are more familiar with issues in the province, to have a greater voice in the property issues, which in turn could contribute to future provincial viability. The process could be governed by the following guidelines:

- All title to real property should temporarily remain with a free Cuban government, or whoever has current title, until this process determines who has clear title.
- Any damage to the property before a final ruling should be dealt with as an offense against a free Cuban government.
- Those eligible to file a claim should include all Cuban nationals who lost title or possession of real property without due compensation, and U.S. nationals whose claims were certified by the U.S. Foreign Claims Settlement Commission (FCSC) and nationals of other foreign countries who have

legitimate rights and interests in real property. No distinction should be made as to whether Cuban nationals left or stayed in Cuba during the Castro regime.

A CRPR should be required to reach a settlement agreement between the parties as quickly as possible, perhaps within a year from the initial filing. Potential claimants should be required to file initial claims for ownership within a specific time frame (e.g., six months). Once all parties have submitted their claims, the CRPR might be given another specified period (e.g., three to six months) to consider the matter. If, after this time period, the initial claim is uncontested, the claimant should be adjudged to have the right to compensation or restitution, as reasonably appropriate, with respect to the property in question. Title to the claim would either pass to the claimant or remain with the state, as the case may be, but in any event it would be clear, and immune to challenge.

A CRPR should have the power to determine (a) who has title; (b) whether the property should be returned to the title holder, remain with the state for reasons of public interest or necessity, or be awarded to the current occupant; (c) what conditions might be appropriate as to the use and/or conveyance of the property if it is to be returned to its former owner, and what obligations the new owner may assume; (d) what compensation should be given to the former owner if the property is not returned; and (e) what compensation is to be given to other parties with an interest in the property (e.g., foreign investors) and on what conditions.

With regard to commercial property claims, a CRPR goal should be to establish the legal owner and return possession as soon as possible. A free Cuban government may wish to consider allowing the CRPR to offer compensation (whether in the form of cash, bonds, or vouchers) to bona fide purchasers of full or partial rights and interests in property.

With regard to claims involving residential property, in cases where the CRPR finds in favor of the former owner, temporary tenant restrictions should be permitted to avoid undue hardship on current occupants. If the CRPR finds that the property is occupied as a home, then the claimant should be unable to evict the tenants and take possession of the property for a specified period of time. Additionally, the owner will be restricted as to how much rent to charge the tenants or in the amount of any increases in their rents. These restrictions may be waived by mutual consent of the owner, the tenants, and the CRPR. This waiver or release



of the tenant's restrictions may be secured by contract with consideration to the tenants from the decreed clear title owner with permission of the CRPR.

If a settlement agreement cannot be reached, then the case should be referred to the Property Claims Court for adjudication. The Property Claims Courts would serve as the initial appeals court in cases involving property claims that were not resolvable at the Commission level. The Supreme Commission in Havana would serve as the arbiter of last resort, and have the discretion to consider appeals and review rulings of a Property Claims Court. It could have the authority to reverse Property Claims Court decisions, or remand them for further consideration. Finally, the Supreme Commission could decree a final clear title to the owner.

### **RECOMMENDATIONS:**

- *The U.S. Government should encourage a free Cuba to indicate at an early stage in the transition, and in the strongest possible terms, Cuba's intent to settle the expropriation issue as quickly as it can and in an open and fair manner.*
- *The U.S. Government should encourage a free Cuba to settle outstanding claims issues as expeditiously as possible, bearing in mind that a long, complicated process is not in Cuba's best economic interest.*
- *The U.S. Government should be prepared to work with a free Cuba to establish a mechanism that is open and transparent to resolve property claims. A mechanism that is perceived as fair and free from political influence will be critical to ensuring that the process works quickly and creates a minimum of residual hard feelings.*
- *In the area of trademarks and patents, the U.S. Government should be prepared to assist a free Cuba to develop a modern trademark and patent registration mechanism and appropriate legal protections. The U.S. Government also should work with a Cuban transition government to address trademarks and patents in dispute.*

## **B. Rekindle Entrepreneurship and Private Enterprise**

### **1. The Role of Remittances**

A post-Castro transition in Cuba will not enjoy the luxury of time to address the immediate challenge of an unemployed/underemployed population, estimated at 12 percent of the island's current four million active workforce.

Judging by the failure of the current Cuban regime to generate new jobs (as evinced by the displacement of over 100,000 agricultural and blue-collar sugar industry workers who continue to receive salaries while attending vocational or university courses), political and social stability in a transitional post-Castro Cuba will depend to a great extent on the ability of a fledgling private sector to provide meaningful livelihoods for the Cuban people.

While Cuba has an educated and technically skilled work force, the island will nonetheless begin a transition in a state of impoverishment. Foreign direct investment (FDI) by multinational companies will likely be directed toward larger state-owned enterprises undergoing privatization while IFI loans will be necessary to rebuild the island's public infrastructure. In other words, conventional sources of capital and schemes of foreign aid will not resolve the critical underemployment that afflicts the Cuban economy today and that will only be aggravated by the collapse of the Castro regime's statist policies.

As with other aspects of a transition, the Cuban-American community could play a pivotal role in job creation on the island. At present, remittances from Cuban-Americans are estimated by the Inter-American Development Bank at over US\$1 billion a year and constitute the second largest source of foreign exchange for the Castro regime, second only to tourism. It is estimated that the Cuban-American community may have assets worth as much as \$40-\$50 billion. Even if a relatively modest share of the combined assets of Cuban-American firms were invested in a post-transition Cuba, they would dwarf the estimated \$2 billion in foreign investment received by Cuba since the early 1990s.<sup>11</sup>

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<sup>11</sup> Sergio Diaz-Briquets and Jorge Perez-Lopez, *The Role of the Cuban-American Community in the Cuban Transition*, Cuba Transition Project, Institute for Cuban and Cuban-American Studies (University of Miami, 2003).

As noted in Chapter 1, remittances today serve two purposes: a means of meeting the basic consumer needs for Cubans fortunate enough to have relatives and loved ones abroad and a significant source of revenue for the repressive regime. In a transitional economy, remittances could serve as the start-up capital for reviving self-employment and small enterprises on the island.

## 2. Microfinancing

Given the urgency — economically as well as psychologically — of addressing the immediate needs of the population, creating and implementing a microfinancing program should be paramount. In this process, the Cuban-American community in general, and the Cuban-American business establishment in particular, could be called upon to capitalize microdevelopment funds for start-up enterprises on the island. For example, the early success of *paladares* (home-based restaurants) and *casas particulares* (home-based boarding establishments) in the mid-1990s reveal what enterprising Cubans can accomplish when given an incentive, even under an intolerant and repressive regime. It should be recalled that a number of *paladares* and *casas particulares* were initially financed by remittances from those in the U.S. with enterprising relatives on the island. Access to such start-up capital would be greatly expanded with the presence of microfinancing institutions, especially for those Cubans who do not have relatives abroad.

Microfinancing institutions are not humanitarian or charitable organizations, and the availability of their funds should be seen as an investment in specific ventures. This will hopefully encourage venture capitalists and financial institutions to view microfinancing as a low-risk option to invest in Cuba.<sup>12</sup>

Microfinancing is also the most effective form of public-private partnerships to foster the growth of small- and medium-sized enterprises. A concrete example that could certainly be emulated and replicated in Cuba is the work of the Enterprise and Growth Foundation (*Fundación Empresa y Crecimiento* or FEC) in Mexico. Funded by multinational Spanish companies operating in Latin America, including *Telefonica* and *Santander* Bank, this foundation seeks to address the

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<sup>12</sup> *The New York Times*, “Banking for the World’s Poor,” (November 19, 2003). Case-in-point: During the Asian financial crisis, a leading bank in Indonesia lost only 2 percent in defaults from among its microenterprise portfolio, but almost 100 percent in its corporate portfolio.

need for financing of small- and medium-sized business ventures in Mexico. Within six months of beginning its work, the FEC was evaluating more than 100 projects. The investment fund, currently valued at US\$17 million, is professionally managed by Mexican nationals rather than by the foreign investors. According to FEC, three ventures have been approved for a total disbursement of US\$6 million and have generated some 500 jobs in Mexico over the six-month period. Due to the success of the microfinancing program, the Mexican government's *Nacional Financiera* (NAFINSA) development bank and the IDB have joined in supporting the program.

While no one scheme will be a panacea for Cuba, certainly such public-private partnerships offer a feasible approach for reviving private enterprise in a cash-strapped Cuban economy and rapidly creating employment opportunities.<sup>13</sup>

### **3. Partnerships**

In addition to its role in providing potential financial resources to Cuba, the Cuban-American community might provide other forms of badly needed assistance. For example, business networks between the Cuban-American community and their Cuban counterparts could do much to help foster trade. Informal contacts between interested business associations could be used to overcome informal barriers that inhibit trade, such as weak enforcement of international contracts and inadequate information about trading opportunities.

In addition, the Cuban-American business community could effectively energize the small business sector in Cuba. The management, production, and technical know-how of the Cuban-American community could inject life into an emerging Cuban small business sector in a relatively short time. Moreover, Cuban-American firms could also play the role as “first movers”: investors who could enter the Cuban market early in the transition and by their presence and example change market expectations and advance the flow of foreign direct investment from more conventional sources.

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<sup>13</sup> Marcelo Risi, “Capital para los pequeños,” *BBC Mundo* (September 2003).

#### 4. Small and Micro Enterprises

In the United States, small business accounts for 50 percent of jobs, 40 percent of GDP, 30 percent of exports, and one-half of technological innovations. These businesses provide the basis of a middle-class life for millions of people. The emergence of small- and medium-sized private-sector enterprises in a free Cuba will determine success or failure of reconstruction and development programs. A Cuban transition government should consider what policies it can implement to generate small and microenterprise (SME) development.

Microenterprise versus Small Business. In developing countries, microenterprise is part of a strategy of poverty alleviation, typically based on the village lending approach pioneered by Grameen Bank. Not necessarily an end in itself, microenterprise development can increase awareness of the negative circumstances of a country's business environment that force would-be business owners into the inefficient informal sector. Once this is recognized as a problem, steps can then be taken to formalize the informal sector as a country considers how to move from microenterprise to small business. Creating a supportive environment for small business involves improving the legal, regulatory, and judicial environment (commercial law, contract law, etc.), financial sector improvement, commercial banking reform, small business managerial training, and so on.

Applicable SME Model for Cuba. Two small and microenterprise development models might be applicable to a free Cuba. The first is Latin America; the second are transition countries moving from socialism to a market-based economy, as is the case in Eastern Europe and the former Soviet republics. In Latin America, in 2003, the U.S. Small Business Administration (SBA) started a network of SME agencies in the Western Hemisphere called the *SME Congress of the Americas* to serve as a forum for sharing ideas on the SME experience among Latin American nations. In a post-Castro environment, Cuban engagement with this group would be useful.

In the case of the former socialist countries of the Soviet Bloc, there are several country experiences to consider. Poland, Hungary, and the Czech Republic made relatively rapid transitions, creating an enabling environment for SMEs and ultimately economic integration with the EU. These former socialist countries share their experiences at the *SME Working Party of the OECD*, to which SBA has

been a contributor. Compared to Cuba, however, these are relatively affluent countries; so the SME experience of the poorer transition countries may offer better examples for Cuba early in a transition.

Applicability of SBA and possible technical assistance to Cuba. SBA is an SME agency wholly oriented toward the United States. Its experience reflects a sophisticated economic environment and first-world SME issues. Nonetheless, the SBA has worked successfully in developing countries. In the past two years, SBA completed more than \$4 million of USAID-funded SME projects in countries such as Nigeria and Egypt. A free Cuba should be considered for the establishment of Business Information Centers (BICs), which are on-the-ground, community-based locations for office support, fax, copying, PC, Internet, business training and applications software, workshops, and advice on dealing with entry-level business problems. SBA recently helped set up BICs in Nigeria.

#### **RECOMMENDATIONS:**

- *The U.S. Government should work with the Cuban-American community and a free Cuba to facilitate the low-cost, speedy transfer of remittances and promote their use to finance self-employment and small business start-ups in Cuba.*
- *The U.S. Government should encourage the Cuban-American community and the larger U.S. investment community to create a “Friends of Cuba” organization that could provide private-sector support to Cuba during transition and assist in promoting microfinancing and a more open flow of goods and services on the island. This organization should focus on bringing entrepreneurs from the United States and Cuba together to promote business relations and establish initial business contacts.*
- *Assistance should be offered to promote microfinancing in Cuba. With assistance from USAID — perhaps a program similar to the partnership with VISA for Central American microfinancing projects — and other aid bodies, joint public-private ventures could pool financial resources and invest in sound business plans by new Cuban entrepreneurs.*
- *The U.S. Government should work with the IFIs to encourage the creation of microfinance enterprises in a free Cuba, similar to those that have been successfully deployed in other developing countries.*

- *The U.S. Government should offer to Cuban entrepreneurs demonstration tours of U.S. small businesses to promote best practices and encourage small business development. The U.S. Government also should be prepared to establish small business mentoring programs to encourage exchanges of successful small businesspersons with their Cuban counterparts.*
- *The U.S. Government should encourage Cuban transition officials to examine the experience of the U.S. Small Business Administration to determine if a comparable entity would be helpful.*
- *In addition, the U.S. Government could offer microenterprise assistance, including exposure to the many community-based lenders that make use of SBA start-up funding.*
- *The U.S. should be in a position to offer to establish Business Information Centers in a free Cuba.*
- *The United States should encourage a free Cuba to participate in the SME Congress of the Americas so that it can learn from the experiences of other Latin American countries in promoting SMEs.*

**C. Establish an Independent Banking System and an Independent Central Bank**

The key objectives for a Central Bank include maintaining price stability through monetary policy, promoting safety and soundness in the banking sector through effective banking supervision, and fostering and maintaining a stable and competitive market-based financial system. A Central Bank needs to be empowered to license and supervise commercial banks as well as other financial intermediaries, such as money transmission companies and foreign exchange bureaus, and operate as a lender of last resort for the existing commercial banks. Depending on a free Cuba's choice of exchange rate regimes, the role for the Central Bank may be more or less limited.

The first task will be to create the legal basis for the Central Bank's independence and operations. However, it will take time to institutionalize this independence in practice.

The private banking system has a traditional role of allocating resources efficiently and stimulating economic growth by intermediating between borrowers and investors. In a properly functioning market economy, a sound banking system fulfills basic functions such as executing payments, implementing monetary policy, mobilizing savings, and intermediating between borrowers and investors.

Part of the foundation for a well functioning banking system is a legal infrastructure to promote a modern competitive banking system, and a supervisor that has the institutional capacity to rigorously monitor the condition of its banks and to resolve problems within an adequate legal and regulatory framework. A properly functioning supervisory system builds: depositor confidence; deeper levels of financial intermediation (thus economic growth); and faster resolution of problems, and at an earlier stage, so that there is little cost to the taxpayer.

Reform will necessarily involve decisions on how to build a private banking system either through entry of new private banks, entry of foreign banks, or privatization of existing state banks. State banks in transition economies have traditionally presented problems, because of large numbers of non-performing loans, links to state enterprises, opaque governance structures, and the dominance of the deposit base. Reform will need to address each of these problems, including auditing the state banking sector, severing links to non-performing borrowers, and preparing the banking system for privatization. It will also need to ensure that the public banks do not inhibit the growth of a private banking system by using its stronger deposit base and likely perception of government backing to offer lower interest rates.

## **RECOMMENDATIONS:**

- *The U.S. Government and the IFIs should be in position to offer assistance to a free Cuba in developing an independent central bank based on its experience with other developing countries in Latin America.*
- *The U.S. Government and the IFIs should offer to provide a free Cuba with technical assistance to develop its banking system, including its regulatory framework and the capacity to supervise the banks.*



- *The U.S. Government should offer to do training in best practices for bank supervisors in a free Cuba.*

#### **D. Build an Effective Finance/Economy Ministry**

An effective finance ministry will be needed to conduct fiscal policy, oversee the budget process, manage the debt, and coordinate overall economic policy. In a transition, Cuba's national budget will likely be radically overhauled to meet the needs of a new market economy. This includes rationalizing expenditures away from subsidizing state enterprises and determining the economic needs and viability of Cuba's numerous social programs. Effective debt management will be critical to ensuring that Cuba can meet its financing needs and manage the profile of its debt. Its first task will likely be to normalize external debt. It will also need to manage the balance between domestic and external debt. Such a ministry would also need to ensure that proper expenditure controls are in place and procurement rules are followed.

#### **RECOMMENDATION:**

- *The U.S. Government, in conjunction with the IFIs, should offer technical assistance to a Cuban transition government on budgeting, expenditure management, debt management, and procurement rules.*

#### **E. Create an Independent Tax Collection Agency**

During a transition period and the change in the locus of economic activity from the state sector to the private sector, building an effective market-oriented tax system and agency to collect taxes will be necessary to ensure adequate revenue collection and preserve the transition government's ability to set tax policy. Maintaining revenues also will support stabilization during a transition period and ease the need for the new government to obtain financing. It will be critical that the Cuban transition government stress the political neutrality and independence of any taxing authority. As noted earlier, ONAT, Cuba's existing internal revenue agency has been an instrument of state control for those involved in self-employment activities. Tax avoidance, a problem experienced in many Latin American countries, is likely to be a problem in Cuba also, unless Cubans are convinced that a new authority will be truly apolitical.

## **RECOMMENDATION:**

- *The United States and the IFIs should be prepared to offer technical assistance to a free Cuba to help set up the new collection agency.*

### **F. Streamline Existing Government Economic Ministries**

Communist Cuba has never been short of bureaucracy. The Council of Ministers, through its nine-member executive committee, handles the administration of the economy, which is largely state-controlled except for a tiny and shriveling self-employed sector. Fidel Castro is President of the Council of State and Council of Ministers and his brother Raul serves as First Vice President of both bodies as well as Minister of Defense. Immediately below the Council of Ministers there are 30 Central State Administration bodies comprising 27 Ministries and three Institutions.

The transformation of Cuba's present centralized economic policies into those of a competitive market democracy will require major structural changes and technical assistance. One of the early priorities will be the need to reform, reorient, and consolidate existing ministries that deal with non-market economic issues into a structure designed to encourage market development, promote private sector economic growth, and expand trade.

E-government can be a key factor in streamlining and restructuring the various ministries. Visitors to Cuba will undoubtedly find a citizenry starved for information. Clearly, inefficient government and corruption will be some of the challenges faced by a Cuban transition government in the short term. Cuban entrepreneurs will have little idea how to manage an economy and conduct business in the Information Technology (IT) age. A modern, robust, and liberalized telecommunications infrastructure and access to computers are fundamental to the success of any E-initiatives.

Proper use of the Internet and a simple e-government system can simplify procedures for foreign investors and provide for the speedy delivery of important commercial information. Government procurements can be posted on the web, taxes can be collected, utility bills can be paid, and government services information can be maintained and updated, all online. This is a particularly valuable medium as it helps promote the concept of open government. In view of

the closed nature of the Castro regime, this would be an indication that times are genuinely different.

## **RECOMMENDATIONS:**

- *The U.S. Government, if requested, should assist a free Cuba in developing a more rational design for its numerous economic ministries.*
- *The U.S. Government should be prepared to provide assistance to a free Cuba in the area of e-government. In addition, assistance in this area should be sought from countries that have extensive experience in this sector.*
- *The U.S. Government should encourage the World Bank to assist a free Cuba in reforming its public sector through its Governance Reform Program.*
- *U.S. Government institutions such as OPIC and EXIM should be prepared to assist U.S. telecommunications and information technology companies in establishing investments in the sector.*
- *The U.S. Government should be in a position to assist a Cuban transition government in consolidating and/or improving mechanisms among the various ministries. For example, in the United States, the Trade Promotion Coordinating Committee, chaired by the Secretary of Commerce, is used to coordinate promotion activities among the numerous federal entities involved in trade. Mechanisms such as this could be a model for a free Cuba.*
- *The U.S. Government should offer technical assistance for evaluating and eliminating unnecessary regulations that hinder the efforts of private enterprise, thus simplifying procedures. It should also offer assistance in improving the public sector's management and technological skills.*

## **G. Promote Ownership of Private Property**

### **1. Establish Private Property Rights**

The restoration of private property rights will be one of the biggest challenges of the transition period. In particular, as noted above, the challenge of expropriated property, especially residential property, is a Gordian Knot. Many

Cubans left the island under difficult conditions, leaving behind their families, their possessions, and their way of life. Many believed they would return soon, beginning a wait that is now in its forty-fifth year. In the meantime, the Castro regime's Urban Reform Law gave renters property, at least in name, while the subdivision of many homes created overcrowded and substandard living conditions. In addition, a lack of supply and years of deferred maintenance have taken their toll on Cuba's housing stock. The regime has stoked fears that Cubans will immediately lose their homes should Cuban exiles return. Similarly, this has been one of the most difficult issues in Eastern Europe. Somehow, restitution or compensation of property must be balanced with the need to maintain and not exacerbate an already severe housing crisis. Without clear protection of private property, real estate, and investment, sustained economic growth will be difficult to achieve.

At the World Summit on Sustainable Development in Monterrey, the U.S. Government stressed the key link between property rights, market opportunity, and democratic governance. Accessible and transparent property rights systems — comprising laws, institutions, and information systems harmonized with informal practices — are a “hidden” infrastructure often taken for granted or overlooked, yet essential for commerce, services, and governance. As Peruvian economist Hernando de Soto argues, broad-based growth means making the law effective to mobilize the vast assets of smaller firms and of poorer households that constitute this informal economy.

Through this “hidden” infrastructure, governments recognize rights and responsibilities in uses and transactions of property. At the same time, incentives and information are generated that are vital to public and private planning, revenue collection, and service provision, for example, housing, credit, water, energy, and disaster management.

Good governance of property is important for the provision of financial services to micro, small and medium enterprises. Property rights matter both for primary access to credit (securing loans for consumption and enterprise activities) and for capital availability to lending institutions (securitization of loan portfolios/secondary markets participation).

With regard to primary credit supply, pledging of collateral was traditionally a barrier to access to institutional sources of credit for small and informal

businesses. The introduction of microfinance institutions dramatically reduced this barrier. Microenterprise development programs have demonstrated that the immediate need for credit can be answered without collateral and that specialized microfinance institutions are effective in removing other barriers to credit access (e.g., by offering alternative administration mechanisms and risk management techniques).

Still, the limited dollar amount for microfinance loans can be a damper to enterprise development. Graduation to bigger, individual loans at better interest rates is facilitated by collateral. Also, coverage of the still-underserved target population can be expanded through property system reforms that make collateral-based lending viable.

In an interview with the Center for International Private Enterprise, Hernando de Soto noted that:

Clear-cut property rights are indeed essential since you can only pledge collateral if you own something. If you give somebody a valid, respected, secure property title, it's really the first step in the securitization process. Let's take the U.S. example, ...at the bottom of these mechanisms is the fact that somebody who owns land or other private property can pledge it as collateral. This engenders a great deal of the capital markets in the U.S. and even anchors the rest of its financial system.

Today, many donors offer significant support for improving the documentation of property rights and streamlining administrative processes regarding property-based transactions.

The bottom line is that transparent and equitable property markets are a keystone of vibrant market economies, strong democracies and healthy environments. These bring the peace and stability needed for nascent market economies to mature.

## **2. Assistance in Creating a Real Estate Market**

Creating a viable system of institutions and markets that restores consumer confidence in the secure holding and exchange of real estate will be an important

part in Cuba's transition to a free market economy worthy of investment. A major challenge in Cuba will be re-creating a property titling system along with laws, standards, and regulations under which property can be bought, sold, transferred, or foreclosed.

In most market-based economies including the United States, the responsibility and discretion for most of the choices regarding transactions, operation, and maintenance of real estate are left with the private parties most closely associated with the decision. A vast private sector infrastructure of professional service providers generally emerges to meet the need, including real estate developers (who, with architects, general contractors, and builders, construct residential housing as well as commercial office and retail space), appraisers (who help value property), property insurers (who protect against casualty losses), real estate brokers (who help people buy and sell property), lenders (who, supported by a broad financial network, broker the financing), property managers, etc. Each profession normally adopts professional standards and accepted codes of conduct. With the ability to own and exchange real estate, it is reasonable to expect that the professional service sector needed to produce real estate and facilitate its exchange would develop in Cuba, particularly with the assistance of the professional service sector in the United States and non-profit organizations such as the Institute of Real Estate Management and the National Association of Realtors. That process will be accelerated with the standardization and discipline that development of a primary mortgage finance system will impose.

### **3. Establishing a Primary Mortgage Market System**

Establishing a primary mortgage market system in Cuba will be an important part of bringing about broad ownership of private property and the sound basis for a stable and growing economy. A key prerequisite is an institutional framework of credit enhancements and mortgage products that permit households to leverage a modest level of assets to finance most of the purchase price of a home with borrowed funds. In the United States, the principal institutions by which government assists mortgage finance have evolved since 1934 to include the government-operated Federal Housing Administration (FHA) and Ginnie Mae and Federally-chartered Fannie Mae and Freddie Mac, coupled with private mortgage insurance (PMI). Federally insured depository banks and thrifts also play a significant part in providing mortgage finance. However, a viable system for Cuba would not need to be so institutionally complex.

The aforementioned institutions provide either a credit enhancement that links borrowers to funds from lenders in the primary market or a credit enhancement that links lenders to funds from ultimate investors in the secondary market. FHA helps borrowers secure mortgage funds from lenders by providing them a credit enhancement in the form of government-backed mortgage insurance at an actuarially fair premium that protects the lender against default loss up to 100 percent of the unpaid principal balance. Ginnie Mae helps lenders secure loanable funds from the capital market by providing them a credit enhancement in the form of a government guaranty of on-time payment of principle and interest to capital market investors should a lender fail to make the payments. Thus, FHA borrowers utilize FHA insurance in the primary market to secure mortgage funds from lenders who in turn utilize the Ginnie Mae guaranty in the secondary market to obtain the borrowed funds from capital market investors. Thus, a single governmental entity combining the functions of FHA and Ginnie Mae could provide the necessary primary and secondary market credit enhancements. However, such an entity would need to set standards governing lender approval, credit and collateral underwriting standards, minimal property standards, settlement standards/consumer protections for single-family and multifamily finance, respectively.

Would-be owners in need of financing to purchase a home or multifamily structure must assure lenders and ultimately the credit enhancer (mortgage insurers or guarantors) that they not only have the capacity but also sufficient incentive to repay the loan according to schedule, and protect and maintain the security for the loan. Hence, any would-be owner seeking financing must overcome two key obstacles. The first is underwriting with a demonstration of responsible management of past credit situations and a reliable source of income that the lender determines sufficient, after considering other scheduled and normal expenses, to support the loan.

The second hurdle is the accumulation of sufficient cash to pay the equity down payment and transaction costs associated with the property sale and mortgage financing. The equity down payment is in essence an insurance deductible that the borrower must forfeit before a lender or a mortgage insurer would bear any loss. The down payment and accumulation of cash to pay transaction costs not only serve as an incentive for the borrower to act in ways consistent with minimizing the potential for a lender's or insurer's loss, but it also

represents a demonstration of the borrower's capacity to budget and accumulate funds, a skill the owner will need to build in order to cover capital repairs and maintenance of the property.

#### **4. Establish a Secondary Mortgage Market System**

A secondary mortgage market affords two principal advantages. First, it lowers the cost of mortgage finance by allowing credit risk and interest rate risk to be separated and borne by those best able to bear it. Second, it levels the cost of finance by connecting local housing markets to international capital markets so that borrowers have access to the lowest cost funds, not just those available locally. As mentioned above, a credit enhancement for lenders in a secondary mortgage market would provide them a liquid source of funding by permitting lenders and investors to easily sell and buy bundles of mortgage loans without regard for the underlying credit risk. Establishing a secondary mortgage market would require a governmental entity, similar to Ginnie Mae, to underwrite a security instrument backed by mortgage loans and guaranteed against loss from credit risk that could trade in international capital markets. That entity would have to set out, administer, and enforce the terms and conditions under which the guaranteed security instrument could be issued. It would have to establish standards for the guaranty and its pricing, create a process to service and manage the instrument, monitor performance of issuers, provide for recovery of collateral from defaulting issuers, and provide training.

#### **5. Develop a Government Agency to Promote Housing**

Cuba currently has a Ministry of Housing and a Ministry of Construction that built much of the country's public or "social" housing. An assessment of their strengths and weaknesses will help determine how best the U.S. Government can communicate and assist a free Cuba to address the Cuban people's housing needs. This assessment can be done in coordination with similar efforts by other nations such as Spain and Mexico.

#### **RECOMMENDATIONS:**

- *The U.S. Government, through USAID and other donor institutions, should offer to assist a free Cuba in re-establishing the right to own, rent, and sell private property. Particular emphasis should be placed on U.S. experience*



*with homeownership and on promoting the benefits of property rights and ownership.*

- *Given the nascent character of any mortgage market in a newly free Cuba, the U.S. Government could provide advice in establishing a credit-enhancing agency along the lines the FHA initially followed. A Cuban transition government should be offered expertise in underwriting, property valuation, and minimum construction standards.*
- *The U.S. Government should assist a free Cuba in developing primary and secondary mortgage markets based on its vast experience in these areas.*
- *The U.S. Government should be prepared to offer to assist a Cuban transition government to organize itself to address the housing issue and to train Cuban officials in a transition government, including in the promotion of affordable housing by private sector entities, mortgage guarantees for financial institutions, and fair housing protections.*

## **H. Establish Free And Efficient Labor Markets**

According to Human Rights Watch, the Cuban government's virtual monopoly on jobs allows it to exercise tight control over the nation's workforce.<sup>14</sup> To be given a job, a worker in Cuba is asked to sign a contract that includes a pledge of support for the Cuban Communist Party.<sup>15</sup> Such policies and practices prohibit an efficient use of human resources, placing workers in jobs they may not have the skills for or interest in doing. As a transitional Cuban government begins to denationalize state-owned and controlled entities, workers will encounter a new world in which the state will no longer be the provider of the paycheck, allowing for a more productive and efficient free market economy and potentially causing significant worker dislocations.

### **RECOMMENDATIONS:**

- *The U.S. Government has significant experience working with countries that have recently undergone or are undergoing transitions from controlled*

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<sup>14</sup> Human Rights Watch, *Cuba's Repressive Machinery* (1999).

<sup>15</sup> Center for a Free Cuba, *The European Union and Cuba; Solidarity or Complicity* (September 2000).

*economies to market economies. This technical assistance should be offered to a free Cuba to help it establish mechanisms that can ease the transition, helping place workers in new jobs, as well as changing old attitudes about the role of government in providing employment.*

- *The U.S. Government should also offer technical advice to a free Cuba to the extent that a transition may require changing the laws and role of the Labor Ministry to allow the free labor market to function and to improve a free Cuba's compliance with International Labor Organization (ILO) core labor standards.*
- *The U.S. Government should also be prepared to offer its extensive experience helping countries develop their labor market information systems and infrastructure for those systems. For example, in several Caribbean countries, a U.S. Department of Labor project has installed computer software and hardware to support labor market information systems; assisted stakeholders in the development or enhancement of Labor Force Surveys, Occupational Wage Surveys, and Productivity Indicators; and provided direct assistance in sampling and survey design by technical experts.*
- *The U.S. Government should also assist a free Cuba by providing a coordinated process for revising labor laws in order to promote strengthened labor-management relations. This would facilitate private sector development by establishing a sound, equitable, and predictable framework for labor relations; promoting democratic participation of social partners in governance; cultivating transparent and accountable laws; and making legislation more enforceable.*
- *The U.S. Government should also offer extensive technical advice to Cuba in supporting projects that promote healthy labor-management relations, a key element to a healthy and dynamic workforce. In Vietnam, for example, where the industrial relations system is inadequate to support the country's transition towards a market economy, the U.S. Department of Labor has a project to develop workplace democracy and sound industrial relations at the national, provincial, and enterprise levels, including the prevention and settlement of disputes.*

## **I. Promote Healthy Labor Management Relations with Newly Independent Unions**

As stated in Chapter 1, the ILO has been critical of the lack of freedom of association in Cuba, particularly the official union confederation's monopoly on trade unions as institutionalized in the Cuban Labor Code. During 2003, the ILO's supervisory bodies also examined cases related to threats, detentions, and pressure against workers who attempted to form unions outside the established structure. In June 2003, the ILO Conference Committee on the Application of Standards pointedly requested that the Cuban government accept an ILO "direct contacts mission" with a view to ensuring the application of freedom of association in law and practice.

Cuba is clearly in violation of the ILO's 1998 Declaration on Fundamental Principles and Rights at Work, particularly with regard to the right to freedom of association and collective bargaining. These basic principles are essential to promoting an open economy, higher living standards, and a favorable climate for trade and investment. Although Cuba has legally committed itself to upholding these standards by accepting the 1998 ILO Declaration and ratifying core ILO Conventions on fundamental labor rights, clearly many of these basic rights are systematically denied in practice.

Keys to any effort to rebuild and fortify a free labor movement in a post-Castro Cuba would be complete reform of the Labor Ministry's inspection functions and investments in efforts to raise awareness among employers, workers, and government representatives about labor rights. To serve as a vehicle for workplace democracy and to open a national dialogue on labor rights, these efforts should be undertaken in a transparent process involving employers, workers, and government representatives.

### **RECOMMENDATIONS:**

- *The U.S. Government can offer extensive technical advice to a free Cuba in supporting projects that foment healthy labor-management relations, a key element to a dynamic workforce. DOL has experience in other countries running programs to improve labor law, strengthen labor inspection, eliminate forced labor, and reduce commercial sexual exploitation. It has worked*

*primarily through the ILO in these efforts, but it has also involved other international and national organizations with expertise.*

- *The United States can also provide medium- and long-term assistance to a transitional government in Cuba by providing a coordinated process for revising labor laws so that they are consistent with ILO standards and promote strengthened labor-management relations. This would facilitate private sector development by establishing a sound, equitable, and predictable framework for labor relations; promoting democratic participation of social partners in governance; cultivating transparent and accountable laws; and making legislation more enforceable.*
- *A robust program to address labor rights in a free Cuba would include involvement in the following areas:*

### *1. Labor Law Reform*

*Reformed labor laws could facilitate private sector development by establishing a sound, equitable, and predictable framework for collective and individual labor relations, promoting democratic participation, cultivating transparent and accountable laws, and making legislation more accessible.*

*The DOL could work with international experts and partners, such as the ILO, to provide technical advice in the reform effort. Special emphasis would be placed on democratic and participatory approaches in all stages of the discussions with employer and worker organizations and other concerned parties. As a result, the program would promote sustainability by building the capacity to effectively amend, implement, and enforce labor laws.*

### *2. Raising Awareness*

*After four and a half decades of Cuban government repression of any signs of independent labor activity, substantial effort will probably need to be exerted to provide Cuban workers and employers the knowledge and tools to secure full respect for their rights. The DOL could assist a transition government undertake a broad range of activities to develop*

*public awareness of labor issues and train Cuban partners to conduct seminars on current labor laws and available services.*

### 3. Strengthened Inspection Services

*DOL could also provide assistance to help improve the effectiveness of government labor inspection function. The goals would be to create a corps of inspectors trained in modern inspection techniques and to assist in developing a system for monitoring violations. If the transition government agrees, the DOL could provide assistance to*

- *develop policies, training, and procedures for carrying out labor inspections to enforce national laws;*
- *foster strong institutional linkages among government officials, employers, and workers;*
- *implement a program to target inspections to the most problematic employers and sectors;*
- *audit labor inspectorates and develop national plans for labor law compliance;*
- *train staff in the technical knowledge of modern inspection systems; and*
- *create a computerized database for labor inspection reports.*

## **V. ENGAGING AND EMPOWERING THE CUBAN PEOPLE**

The U.S. Government should facilitate the flow of remittances and other private funding flows to Cuba during a transition to help provide the Cuban people with the resources they need not only to survive but also to prosper through the creation of small and medium enterprises.

The Cuban-American community is especially well placed to provide support for Cuban entrepreneurs during the initial transition to democracy and free enterprise. Cuban-American firms should use their in-depth knowledge of the U.S. market to accelerate the establishment of commercial and economic linkages

between the U.S. and Cuba and facilitate the island's reintegration into the world economy.

The United States should provide training to new Cuban entrepreneurs focused on the benefits to be derived from working with a market economy, and in particular the importance of adopting strong rules of law to facilitate the smooth functioning of the market. For the past 45 years, Cuban entrepreneurs have been forced either to flee Cuba or to engage in informal and often "illegal" business activity. The Castro government taxed, harassed, and otherwise impeded self-employment and other market-driven activities.

The United States should encourage Cuba to permit employees of denationalized firms and agricultural cooperatives to purchase shares in these formerly state-owned enterprises.

The United States should extend its trade capacity efforts to a free Cuba, including those geared more directly toward promoting rural development and encouraging export diversification.

The United States should work with a transition government to remove all obstacles to self-employment and other forms of entrepreneurship in a free Cuba. With U.S. Government funding, Cuban-American and other U.S. NGOs and consulting firms can provide training and technical assistance to any Cuban who wants to open a small business.

The Pan American Development Foundation and Junior Achievement International, through USAID funding, are already training business trainers in Cuba. The U.S. Government should greatly expand these and similar efforts during a transition. U.S. Government programs that assist in training mid-level managers in U.S. business practices should be expanded to include Cuban professionals.

## **VI. CONSULTING AND COORDINATING WITH THE INTERNATIONAL COMMUNITY**

### **A. The International Community**

Issues involving privatization, debt, aid, and trade, to name a few, can all benefit from including the international community before, during, and after the transition process. For example, in the area of trade, the United States could encourage the European Union (EU) to finalize a free Cuba's access to the Cotonou Agreement, which would provide preferential access to the EU market for certain Cuban products.

Other transitional economies should be approached to the extent that they may offer valuable lessons to Cuba based on their recent experiences.

The burden of the reconstruction need not fall completely on the shoulders of the United States. Clearly much of the training and education can be provided by international organizations such as the World Bank, the Inter-American Development Bank, and the Organization of American States. Also, there is a huge body of knowledge and inventory of good practices that can be drawn into the process.

Organizations such as *Fundación Chile* can be called upon to share experiences with the newly formed Cuban government and the developing Cuban private sector. Trade associations in the United States and abroad can be called upon to lend technical expertise regarding best practices, research and development, trade generation, and job creation. Specific industry associations can be used to provide information and matchmaking opportunities for specific ventures. State government development agencies can provide business contacts and assist in the formation of investment ventures.

### **B. Some Initial Internal Steps**

In order to be prepared for a transition and to implement programs in the economic arena quickly, it would be prudent to establish a U.S. Government Standing Committee for Economic Reconstruction (SCER), to act in coordination with the Department of State Transition Coordinator (see recommendations in Chapter 1) specifically on economic issues addressed in this report. The SCER

would meet as necessary to review reconstruction plans, ensure that appropriate agencies are prepared to implement programs immediately and to update programs as needs change or as a situation might dictate. This committee should be made up of representatives from Commerce, State, USAID, Justice, SBA, OPIC, EXIM, Agriculture, HUD, USTR, and Treasury. Other agencies can be included as required. This Committee should be chaired at the Deputy Assistant Secretary (DAS) level with participation at the DAS or Office Director level at participating agencies. The Committee should report periodically regarding its reconstruction plans and its readiness to implement the same.

In a similar vein, strong consideration should be given to establishing a standing private sector advisory committee composed of Cuban experts from around the country to ensure that the best available advice is provided to the U.S. Government as it prepares for a free Cuba's transition. As an initial step, this standing committee should review and comment upon this report, ensuring that it becomes a longer term planning document. The committee would then be expected to meet on a regular basis to add more detail to this initial planning.<sup>16</sup>

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<sup>16</sup> Both the SCER and a private sector advisory committee could assist a Cuba Council -- which may be designated under Sec. 203 of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act -- to ensure coordination with the private sector in responding to a transition in Cuba.



## **CHAPTER 5**

# **Modernizing Infrastructure**



## **I. EXECUTIVE SUMMARY**

As a result of years of inadequate investment and neglect of repairs and maintenance, Cuba's infrastructure has significantly deteriorated. Examples of the abysmal state of Cuba's infrastructure are not difficult to identify from published reports and personal accounts. The only investment realized in Cuba's transportation infrastructure over the last two decades has been to support the narrow interests of the tourism market, not the general population. Ports, roads, and bridges suffer from a lack of investment, as do many of the supporting components of a healthy transportation and distribution system.

To assist a transition government in Cuba and meet humanitarian, as well as reconstruction challenges, significant infrastructure investments will be needed in transportation systems, energy, telecommunications, water resources, and sanitation. This chapter provides an overview of Cuba's infrastructure using all available sources of information and reflects how the U.S. Government can assist a transition government in Cuba to meet humanitarian and reconstruction challenges.

The chapter's first section focuses on the first 90 days and actions that support humanitarian assistance. Since infrastructure, by definition, implies facilities and equipment that are unlikely to be built or acquired in a 90-day timeframe, this section of the report will identify short-term actions, such as operational changes and signing of new cooperative agreements, that can facilitate the most rapid assistance to the Cuban people in a time of transition. This section will also identify the areas of infrastructure in need of on-site technical evaluation to establish needs and priorities for longer-term infrastructure.

In the short-term, the U.S. Government can assist a free Cuba and its citizens by facilitating the acquisition of new and/or used equipment, opening avenues of cooperation between public/private U.S. transport entities and their Cuban counterparts, conducting technical needs assessments, and providing technical assistance to formulate an infrastructure development plan that will identify emergency requirements as well as medium- and long-term needs.

To address long-term infrastructure needs, elements of the U.S. Government can support a free Cuba in seeking donor assistance from the

international community and organizations such as the World Bank and the Inter-American Development Bank to help finance feasibility studies, assess and prioritize needs, improve the operation and financial viability of public utilities, upgrade and replace plants and equipment, undertake the privatization of utilities, encourage competition in services, and develop regulatory mechanisms for natural monopolies.

## **II. INTRODUCTION**

Sound physical infrastructure is required for any country to develop and sustain economic growth and quality of life for its citizens. It is the backbone of social and economic development, and for a transitioning Cuba, it will be critical for success. After years of inadequate investment and neglect of repairs and maintenance, Cuba's infrastructure is in a state of serious deterioration. All basic infrastructure, including transportation, energy, telecommunication, and water and sanitation facilities have suffered, and all such systems are antiquated, unreliable, and incapable of supporting the increased demands associated with an open, consumer-oriented, market-based economy.

Infrastructure development and maintenance is capital intensive. For nearly 30 years, Cuba received large subsidies, principally from the former Soviet Union, and mostly via concessionary sugar-for-oil agreements. Wasting this capital on military adventurism, the Castro regime ignored the day-to-day infrastructure needs of the nation, which is in part responsible for the long-term damage to the economy. Since the Soviet Union's collapse in 1991 and Cuba's loss of what had been a \$6 billion a year subsidy, Cuba's state-planned economy has had difficulty generating sustainable revenue. Capital shortages are reflected in a pattern of deferred maintenance and a lack of renewal of the country's infrastructure. Even before the break-up of the Soviet Union, Cuba's showed the damages of its ideologically based, state-planned system, with its distortions and misplaced subsidies that favored inefficient operation of state-run enterprises for political reasons at the expense of market-driven production.

Regardless of these economic constraints, the Cuban government has spent disproportionately large sums of money to establish its influence in many third world countries through both military and foreign aid expenditures. Large sums were also directed to activities such as the development of biotechnology and bioscience centers not appropriate in

magnitude and expense for such a fundamentally poor nation, and which have failed to be justified financially. In fact, this sector has continued to receive heavy investment despite cutbacks in other sectors of the economy, one of which has been basic infrastructure. The investment in the biotech sector has not resulted in significant inflows of capital, and has raised questions about the types of activities undertaken.<sup>1</sup>

Examples of the abysmal state of Cuba's infrastructure are not difficult to identify from published reports and personal accounts. The collapse of the sugar industry has led to a substantial reduction in rail assets, with more than a third of the rail network — itself antiquated and very poorly maintained — being mothballed. The rail signaling system dates from the middle of the last century, and is in need of substantial improvement. Ports, roads, and bridges similarly suffer from a lack of investment, as do many of the supporting components of a healthy transportation and distribution system. For example, firms now doing business in Cuba report a significant shortage of warehousing facilities, particularly refrigerated warehousing facilities, with implications both for the transportation system and the ability to serve the population's basic food and health needs.

In the electric energy generation sector, several factors have led to a serious deterioration of the Cuban system, including lack of proper maintenance, use of inappropriate fuel, aging equipment, unsuitable spare parts, lack of system equilibrium, and the effects of blackouts. Some sources estimate Cuba's current real capacity at only 1,200 megawatts. In a free Cuba, the infrastructure will need to be modernized to generate 3,900 megawatts as soon as possible to help support economic development. A robust capacity for generating electrical energy will be essential.<sup>2</sup>

Telecommunications is one of the most important areas of infrastructure investment. In the last 30 years, the world has witnessed a revolution in telecommunications technology in which Cuba has barely participated. Microwaves, fiber optics, satellites, wireless phones, digital switching, computer networking, Internet, electronic mail, faxes, and interactive television are all examples. During the course of Castro's revolution, Cuba's telecoms capacity actually decreased, going from 15

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<sup>1</sup> Cereijo, Manuel, *Cuba's Infrastructure: Present and Future*, Institute for Cuban & Cuban-American Studies, University of Miami, 2003.

<sup>2</sup> Ibid.

telephone lines per 100 inhabitants in 1959 to 3.5 lines per 100 persons in 1999. Moreover, many of the existing lines and systems are not suitable for the speed, bandwidth, and applications of modern telecommunications.<sup>3</sup>

Similarly, infrastructure associated with water and sanitation has suffered since the 1959 revolution. Little or no maintenance has been given to plants, distribution, collection, and transmission systems due to lack of investment due to antiquation and a shortage of spare parts. Water and sanitation facilities in the urban areas of Cuba are an average of 70 years old. The universally accepted useful life of water distribution and sewer lines is 50 years, and then only when reliable, routine maintenance is performed.<sup>4</sup>

These examples are typical of a wider pattern of inadequate and failing infrastructure due to age, lack of investment, poor maintenance, and failure to acquire necessary spare parts. The transport system, and virtually all other aspects of Cuba's infrastructure that support its society, suffer from the same lack of attention and consequent degradation. To assist a free Cuba and its citizens, all aspects of the existing infrastructure will need to be examined and modernized in order to support and foster broader economic growth, social development, and democratic institution-building.

This chapter provides an overview of Cuba's infrastructure using all available sources of information and reflects how the U.S. Government can assist a transition government in Cuba to meet humanitarian and reconstruction challenges. The chapter's first section focuses on the first 90 days and actions that support humanitarian assistance. Since infrastructure, by definition, implies facilities and equipment that are unlikely to be built or acquired in a 90-day timeframe, this section of the report will identify short-term actions, such as operational changes and signing of new cooperative agreements, that can facilitate the most rapid assistance to the Cuban people in a time of transition. This section will also identify the areas of infrastructure in need of on-site technical evaluation to establish needs and priorities for longer-term infrastructure. Long-term issues are addressed in the chapter's second section. Throughout the chapter, actions where the U.S. Government may provide assistance to a free Cuba are shown in *italics*. Recommendations represent a best estimate based on the available information.

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<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

### III. IMMEDIATE ACTIONS<sup>5</sup>

#### A. Transportation

##### 1. Aviation

###### i. Air Traffic Management/Airway Facilities

To facilitate coordination and hand-offs and improve flow management for a projected increase in air traffic, once a transition government is in place, the Federal Aviation Administration (FAA) and the Institute of Civil Aeronautics of Cuba (IACC) should agree to establish liaison positions in both the Havana Air Traffic Control Center (ACC) and the Miami Air Route Traffic Control Center (ARTCC) for immediate exchange of controllers and the development of a flow management unit. The FAA will need to identify a bilingual FAA liaison that is operationally current, that is familiar with the Cuban ATC environment (from the Miami ARTCC), and that has a broad background in traffic management, procedural development, and instruction. The liaison would also require extensive knowledge of International Civil Aviation Organization (ICAO) standards and recommended practices. The liaison would be located at the Havana Center for a period of up to 12 months.

#### RECOMMENDATIONS:

- *Once a transition government is in place, seek a Technical Assistance Agreement for immediate exchange of controllers (Miami and Havana) to facilitate coordination and hand-offs and improve Flow Management for projected traffic increases.*
- *Encourage a transition government to establish a liaison at the Miami ARTCC facility to facilitate coordination in the new air traffic environment.*

The accurate and efficient transmission and reception of critical voice and data communications are crucial for the safe management of air traffic, particularly when automated data exchange is not available. The current

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<sup>5</sup> Actions that may be taken in the first 90 days of a post-transition government.

communications arrangement and system between Cuba and the United States is barely sufficient for current traffic levels and is inadequate for accommodating the projected growth in traffic. The FAA and the IACC should jointly examine point-to-point (Havana-Miami initially) options for expanding bilateral communications capabilities to ensure the safe transmission of critical information. Experts from the ICAO's MEVA (*Mejores al Enlace de Voz del ATS*) Project Team for Latin America and the Caribbean should be involved in the discussions.

#### **RECOMMENDATIONS:**

- *Provide assistance with restructuring radar sectors and improving operational procedures.*
- *Advise on upgrading communications systems.*

#### **ii. Safety Oversight**

The FAA has a statutory obligation to ensure the safe operation of foreign aircraft operating in the United States. When a foreign air carrier files an application for direct service to the United States, the FAA conducts an International Aviation Safety Assessment (IASA) to determine the foreign government's level of compliance with ICAO standards. Given the level of U.S. Government interest and the likely interest of any airline based in a free Cuba to begin operations to the United States following the normalization of relations, the FAA should be prepared to assign a technical team to conduct a review of the aviation safety oversight system as soon as it is feasible.

#### **RECOMMENDATIONS:**

- *Conduct technical review to determine compliance with ICAO standards. The technical evaluation would focus on the following areas:*
  - *Runway and taxiway conditions;*
  - *Lighting and marking;*
  - *Airport signs;*



- *Runway safety areas;*
- *Airport rescue and firefighting;*
- *Emergency planning; and*
- *Airport operating personnel.*
- *Following the onsite evaluation, the technical team would prepare a report documenting existing conditions and assist in creating an action plan for bringing airports into compliance with ICAO standards. The technical team would spend approximately 14 days in Cuba for the evaluation. The report could be completed within 60 days.*

Based on the results of the technical review, the U.S. Government should provide the resources necessary for a team of safety experts, FAA or contractual as appropriate, to work with Cuban IACC officials to correct any deficiencies in the Cuban government's safety oversight system.

- *Provide technical assistance as needed to bring the Civil Aeronautic Institute of Cuba into compliance with ICAO standards.*

### **iii. Airports**

In preparation for an immediate response to humanitarian assistance needs and the need to expedite air cargo shipments, a technical evaluation of all of Cuba's airports and their compliance with ICAO standards must first be conducted. Once a free Cuban government exists, FAA airport experts would need to perform a technical evaluation of several major airports in Cuba to determine the current level of compliance with ICAO standards. A team of airport safety specialists would need to visit three of Cuba's major international airports to identify immediate safety concerns and interim solutions, including Jose Marti International Airport at Havana; Juan Gualberto Gomez International Airport at Varadero; and Antonio Maceo Airport at Santiago.

### **RECOMMENDATIONS:**

- *Conduct technical evaluation of major airports in Cuba for compliance with ICAO standards.*

- *Provide technical assistance/training to achieve ICAO compliance as needed.*
- *Develop a forecast based on increased U.S. passenger traffic at three principal airports.*
- *Identify possible means to increase capacity and expand/modernize facilities.*
- *Assist in the development of new emergency/contingency plans to meet the projected increased demand.*
- *Conduct aircraft rescue and firefighting audit and training as needed.*

#### **iv. Security Infrastructure and Oversight of Air Operations**

For security staffing at key gateways, additional staffing for security checkpoints could be realized by realigning resources within the airports. Other measures include authorizing overtime for the current staff and using the National Screening Force to augment screeners in order to meet surge requirements. As the volume stabilizes, additional screeners may be needed to accommodate an increase in passenger volume. Compliance with U.S. security requirements, as expressed in Aviation Security Plans, Security Directives, and Emergency Amendments, is required.

For a foreign airport to be authorized to provide last point of departure service to the United States, a request must be submitted to the Department of Transportation (DOT). DOT confers with several U.S. Government entities (e.g., Transportation Security Administration [TSA], Federal Aviation Administration [FAA], other DOT components) in developing the response to this request. TSA's evaluation involves sending a survey team to the airport to determine the existing security posture and to ascertain whether a more in-depth assessment is required prior to initiating service. Surveys and/or assessments include reviews of aviation security components such as passenger and baggage screening procedures, cargo handling, physical security at the airport, and established policies. Once TSA is confident that the security level meets ICAO Standards and Recommended

Practices (SARPs), an advisory of any aviation concerns is submitted to DOT.<sup>6</sup>

### **RECOMMENDATION:**

- *Conduct airport assessments in Cuba prior to granting a Cuban airline permission to serve as the last point of departure for the United States.*

The Transportation Security Area Representative (TSAR) Program was initiated in 1990 as a result of the downing of Pan Am flight 103. Created in the Aviation Security Improvement Act of 1990 (49 U.S.C. appendix 1301 note), the position of TSAR (formerly referred to as Civil Aviation Security liaison Officer) was established to promote alignment and consistency between the security requirements of the U.S. and foreign governments. This position was also designed to foster reciprocal relationships with host countries to ensure the safety and security of the air transportation system. The Act established the TSAR position as the principal representative of TSA in all matters relating to transportation security in a designated area of responsibility. Once additional direct commercial services begin between the two countries in a transition context, liaison activity will be required.

### **RECOMMENDATION:**

- *Provide guidance on compliance with U.S. security requirements, to*

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<sup>6</sup> Prior to the arrival of a TSA assessment team, the Transportation Security Administration Representative (TSAR) would arrange appropriate meetings and briefings. U.S. Interest Section representatives, host government representatives, and airport officials would be pre-briefed on what the assessment team would observe and how the information that is gathered would be used and safeguarded.

The assessment teams would use the minimum SARPs established by the ICAO's Annex 17 as a reference of measurement. The assessment would take roughly one week, depending on the size and complexity of the airport. The assessment team would be expected to directly observe the measures and processes involved in fulfilling the SARPs.

The results and observations of each assessment would be shared at an out-briefing with the Cuban government via the U.S. Interests Section. Then, using information provided by the assessment team, the Administrator would determine whether the assessed airport(s) implements and maintains effective security measures.

If no significant problems were noted, a letter would be sent to the Cuban government, through the U.S. Interests Section, summarizing the results of the assessment. Should the Administrator determine that effective security measures are *not* maintained at a particular airport, there would be several options available, depending upon the gravity of the situation.

*include passenger and luggage screening.*

## **2. Maritime**

### **i. Port Operations**

Repair and replacement of equipment is a key maritime infrastructure priority in Cuba. The main facility that handles containers is at the Port of Havana, which presently operates at 60 percent capacity or less. Additionally, the city of Havana faces congestion problems associated with state-sponsored development of the island's tourist industry.<sup>7</sup>

#### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to analyze and advise a free Cuba on port privatization prospects recognizing possible complications associated with Castro-era expropriation policy.*
- *If requested by a transition government, the U.S. Government should be prepared to assist a free Cuba in identifying priority needs for port equipment and investments in port and intermodal infrastructure.*

### **ii. Intra-island Barge and U.S./Cuban Ferry Operations**

An intra-island barge transport system could complement Cuba's inefficient land-based transport system, especially where the road system is deteriorated, inadequate, and congested. Cuba's waterways and numerous seaports provide a good foundation for freight movement by barges. The condition of any existing barges, however, is unknown. Although present low freight volumes do not justify barge movements, during a transition such capacity would be valuable to handle increasing freight volumes and emergency shipments.

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<sup>7</sup> The only gantry crane equipment seen in Cuba is located at the Port of Havana. The gantry cranes, many manufactured in Eastern Europe, can handle primarily 20-ft containers. The road system could possibly accommodate 40-ft containers but the trucking capacity is not known. There is no railroad equipment to accommodate 40-ft containers.

**RECOMMENDATION:**

- *Analyze and advise Cuban authorities on prospects for using intra-island barges to relieve Cuba’s inefficient land-based transport system.*

For a regular short-sea shipping and/or ferry service with the state of Florida to be viable, a considerable volume would be needed to allow profitable operations. Cooperation with other modes, shippers, and forwarders would require logistics coordination, service level, frequency, and reliability for effective door-to-door transport.

**RECOMMENDATIONS:**

- *Facilitate expansion of existing U.S.-Cuban ferry service to transport passengers and cargo.*
- *Facilitate short-sea shipping opportunities for U.S. commercial interests involving operations between the United States, Cuba, and other Caribbean island nations.*

**iii. Navigation Facilities**

Navigation has historically been a vital component of Cuba’s commerce and will play an even larger role in a free Cuba’s commerce. Though the actual condition of Cuba’s many ports is unknown, most are believed to be operating at some level. Immediate efforts could be directed to the staff at the Ministry of Transportation of a free Cuba and the Cuban Port Association to determine if depths at the major harbors are currently adequate for the ingress and egress of vessels, and the adequacy and accuracy of fixed navigation aids. Anecdotal evidence collected by the U.S. Coast Guard on authorized missions reveals that Cuban-reported depths are often unreliable. The immediate needs would only be focused on the major harbors and/or any bottlenecks in the system. Cuban capabilities will be assessed to determine if there are adequate in-house resources available, what contracting capabilities are either in place or available to support the Cubans, and whether or not new contracts need to be issued.<sup>8</sup>

<sup>8</sup> A list of the major harbors is listed below:

| Principal Harbors |  |                        |
|-------------------|--|------------------------|
|                   |  | Maximum Depth (meters) |

## RECOMMENDATION:

- *Conduct Navigation Facilities Evaluation*

An acquisition plan identifying various contracts for services related to Architects/Engineers (A/E) services, surveys, geotechnical and geographic information systems, and other related support will facilitate the

| Harbor       | Province      | Entrance          | Anchorage | Docks |
|--------------|---------------|-------------------|-----------|-------|
| Bahía Honda  | Pinar del Río | 8.8               | 11.8      | 9.1   |
| Cabañas      | Pinar del Río | 6.7               | 6.4       | 6.4   |
| Mariel       | La Habana     | 10.0              | 9.1       | 9.1   |
| La Habana    | La Habana     | 13.1 <sup>1</sup> | 10.0      | 12.8  |
| Matanzas     | Matanzas      | 185.0             | 27.4      | 10.3  |
| Nuevitas     | Camaguey      | 11.5              | 9.7       | 10.6  |
| Puerto Padre | Las Tunas     | 8.2               | 7.9       | 7.9   |
| Gibara       | Holguín       | 14.3              | 7.0       | 3.9   |
| Banes        | Holguín       | 9.1               | 9.1       | 7.6   |
| Nipe         | Holguín       | 71.3              | 14.6      | 10.3  |
| Guantánamo   | Guantánamo    | 22.5              | 8.3       | 7.3   |
| Santiago     | Santiago      | 13.7              | 9.1       | 8.8   |
| Cienfuegos   | Cienfuegos    | 13.1              | 12.8      | 9.1   |

<sup>1</sup>Increased depth may be limited by highway tunnel

**General:** Initiation of efforts would be through the in-house Cuban workforce, existing construction and/or Architect/Engineer (A/E) contracts or the issuing of new contracts, if needed. Work would initially proceed with the assessment of the critical harbors and then move to the remaining principal harbors to determine their condition and needs for emergency actions, and to establish a process for rehabilitation. This initial effort would include surveys of the harbors and assessment of the piers, bulkheads and other marine and support structures. The above list of principal harbors provides a magnitude of the scope of the effort required. Known depths as currently reported in available literature are noted. As coordination is established with the Cubans within the framework of the overall development assistance plan, an order of work or priorities can be developed for the assessment of the harbors. The type of effort immediately needed includes the following:

- 1) **Hydrographic Surveys.** Establish the requirements for performing Multibeam surveys of harbors, to include docking areas, and supported by geo-referenced aerial photography as well as Lidar capability. The critical harbors could be surveyed within the initial two months.
- 1) **Geodetic Positioning Framework.** From the existing network in Cuba, confirm its location and accuracy for needed survey work.
- 1) **Geotechnical Studies.** Provide for capabilities for core borings and geophysical investigations in support of the structural assessment of facilities.

**Reconnaissance Assessment of Facilities.** Through the use of A/E contracts, perform a reconnaissance-level assessment of the critical harbors through the use of surveys, geotechnical studies and inspection of the docks, bulkheads, wharfs and marine facilities as to their structural integrity, maintenance and renewal and replacement needs. Establish a priority points process to rank the deficiencies and criticality of needs.

improvement of navigational facilities. Ideally, such a plan would identify more than one contract, which could include small firms with bilingual capabilities (Spanish and English), as well as emerging Cuban national firms from the current Ministry of Construction framework.

**RECOMMENDATION:**

- *Assist in development of an acquisition plan.*

**3. Railroads<sup>9</sup>**

Because published/available rail-related data and assessments of Cuba's rail system are either outdated and/or based on perfunctory observations, a critical requirement is to have a qualified U.S. team quickly perform an accurate system assessment to assist a free Cuba in restructuring and improving Cuba's railroads.

**RECOMMENDATION:**

- *If requested by a free Cuba, the U.S. Government could contract with a U.S. company specializing in rail system assessments to ascertain status of railroad bridges, culverts, track, and other critical rail-related infrastructure assets including rolling stock.*

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<sup>9</sup> Rail transportation has played an important part in Cuba's economy for many decades, with its railroad hauling primarily sugar and tobacco commodities. The overwhelming majority of the Cuban population has ready access to rail service.

Cuba's railroad, the *Union de Ferrocarriles de Cuba* (UFC), is operated as a fully integrated state enterprise by Cuba's Ministry of Transport. Current staffing remains high for the size and volume generated by this system.

Although the rail infrastructure is in need of maintenance, upgrading and/or modernization, a more critical need in the near term is the replacement of locomotives and other rolling stock.

Intermodal (rail/truck/maritime) traffic between Cuba and the U.S. will be vital to successfully transition the controlled economy to a free market-driven economy. Such economic transition must occur quickly and effectively in order to achieve efficient, on-time delivery of services to potential customers, both in the U.S. and Cuba. Furthermore, container traffic moved by rail to distribution centers and/or the end customer is vital for the UFC itself to become profitable.

Currently, rail access to/from ports appears to be haphazard. Access to piers often is nonexistent, inadequate, e.g., one rail spur only, or in need of maintenance and repairs. Since intermodal traffic would be a major key to economic success in a free Cuba, every effort should be made early on to focus on improving rail access to/from ports.

## 4. Highways

### i. Provide Staff Expertise

This work could include detailed analyses of key processes to identify administrative and procedural problems, conflicts, and resolution of issues that may arise during various phases of the rebuilding effort; updating manuals in order to meet widely accepted international practices; developing integrated information systems; establishing project delivery timelines; and establishing a relationship between the Cuban Ministry of Transportation (CMOT) of a free Cuba and the U.S. DOT to facilitate the establishment of technology transfer centers.

#### **RECOMMENDATION:**

- *If requested by a free Cuban government, the U.S. Government could provide advisors to the Ministry for a 2-year period, with options to renew. They would assist Cuban officials with design, construction, and maintenance issues associated with primary and secondary roads and bridges, as described below.*

## **B. ENERGY INFRASTRUCTURE**

Several factors have led to a serious deterioration of the Cuban energy infrastructure system, including lack of proper maintenance, use of inappropriate fuel, aging equipment, unsuitable spare parts, lack of system equilibrium, and the effects of blackouts. Some sources estimate Cuba's current real capacity at only 1,200 megawatts. In order to support a market economy, the infrastructure would need to be modernized to generate 3,900 megawatts. Because current sources provide only a fragmentary view of the current state of Cuban energy generation and distribution capabilities, a comprehensive on-site evaluation of the existing infrastructure will be essential to, *inter alia*, assess the 1) adequacy of electric power supply to meet critical needs, including potential need for emergency generators; 2) adequacy and reliability of oil and natural gas supply sources, both domestic and foreign; and 3) adequacy and status of the electricity transmission and distribution network, crude oil and product pipelines and refinery facilities, and natural gas pipelines and distribution network.



## **RECOMMENDATION:**

- *Work with officials of a free Cuban government to perform a comprehensive assessment of energy sector needs, priorities, and acquisition planning.*

Once a transition is underway and Cuba begins operating under a new, market-oriented philosophy, the country will require significant increases in energy supply for transportation, to provide tourism-related services, increase production of cement and other construction materials, boost production of numerous industrial and primary goods, and support the mining industry.

## **RECOMMENDATIONS:**

- *Oil and Gas: In coordination with and subject to the desires of a free Cuban government, assess the adequacy and reliability of oil and natural gas supply sources, both domestic and foreign. In concert with a free Cuban government, identify funding needs and assist in providing or coordinating access to financing. In the gas sector, secure supply for power generation use and to industries that have converted to natural gas use.*
- *Refining: Again in coordination with Cuban authorities, assess the condition of the refining infrastructure and evaluate investment needs. Cuban officials will need to guarantee supply of adequate crude for processing, which would likely require financing guarantees.*
- *Electricity: Working with a free Cuban government, assess the adequacy of the electric power supply to meet critical needs and assess the need for new generating facilities, transmission lines, and substations. Provide access to financing and continue investments to expand power generation capacity. The U.S. Government should encourage a free Cuba to incorporate modular units to increase electricity supply to major cities without relying on major transmission grids and maintain local distribution grids. Guarantee electrical supply to water utilities.*
- *Nuclear: After coordination with free Cuban officials, assess radioactive materials in Cuba and determine which facilities require decontamination and decommissioning (D&D).*

- *Renewable Energy and Energy Efficiency: Subject to the desires of a free Cuban government, encourage or assist in a complete assessment of potential renewable energy resources (wind, hydropower, solar, biomass).*

## **C. WATER RESOURCES INFRASTRUCTURE**

It will be productive to assess the capability and status of the Cuban ministry and individuals who previously had responsibility in the water-resources field. Those engineers and scientists are vital resources for providing historical knowledge and identifying critical needs.

### **1. Safety of Dams**

U.S. sources should help Cuban technical staff to identify any critical dam safety issues. The inspections would assess the condition of the dams, identify urgent corrective measures, define needs for additional studies, scope and estimate cost of repairs and improvements, and evaluate the operations and maintenance schedule of each structure. Dam repair and rehabilitation is often very expensive and funding should be programmed to address critical issues quickly.

### **2. Drinking Water Quality and Wastewater Assessment**

There may be a need for a rapid assessment of immediate equipment needs to ensure that drinking water systems are operational and chemicals needed to treat the water are available. Functioning drinking water treatment facilities would need to be optimized to ensure the highest quality of drinking water possible using existing facilities.

### **RECOMMENDATION:**

- *If requested by a transition government, assess existing plants to ensure that the population is receiving water that is clean and safe.*

Quality and quantity of source water are critical considerations in determining where to focus triage efforts. An ample quantity of raw supply, regardless of any inadequacies of the treatment and distribution

infrastructure, can keep pressure in the distribution system to prevent continual recontamination of pipes.

### **RECOMMENDATION:**

- *Offer technical assistance to develop a coordinated program of capital rehabilitation of the distribution system and distribution to end users of home water disinfection chemicals (i.e., sodium hypo chlorite as used in many developing nations).*

Specifics of Cuba's water supply system are not known, but the lack of safe and adequate potable water is common throughout Latin America. A report by CEPIS,<sup>10</sup> "Assessment of Drinking Water and Sanitation 2000 in the Americas, PAHO, Sept. 2001" indicated that only 62 percent of Cubans have reasonable access to disinfected water. The inspection of existing water treatment plants should be a high priority. It is reasonable to assume that more capacity would be needed and/or the effluent quality would not be up to standards considered safe in the United States. Therefore, rehabilitation and expansion of treatment plants would likely be an immediate need.

### **RECOMMENDATIONS:**

- *Offer assistance to assess the extent of any potential contamination of drinking water sources and address need to eliminate the source of pollution or install advanced treatment to address the contaminant of concern.*
- *Develop recommendations for equipment renewal and expansion.*
- *In concert with Cuban authorities, develop and put in place appropriate quality control and assurance for the treatment processes.*

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<sup>10</sup> CEPIS is the Spanish acronym for Pan American Center for Sanitary Engineering and Environmental Sciences (CEPIS), a regional center of the Pan American Health Organization (PAHO).

## **IV. MEDIUM- and LONG-TERM ACTIONS**

### **A. REGIONAL PLANNING COUNCILS**

Many of the infrastructure improvements described in this chapter transcend municipal or provincial boundaries. Improvements to water and sewage systems, highways, public transportation, and the electrical grid, for example, would demand large-scale improvements and investments simply to modernize infrastructure that is overburdened and that has suffered years of deferred maintenance. Cuba had a history of regional planning predating the Castro revolution, which could prove useful in a transition scenario.

The World Bank and the Inter-American Development Bank could potentially provide some of the funding. The necessary funding, however, would likely not all come at once. This would require free Cuban authorities to make difficult decisions, including regarding phasing. The areas that receive infrastructure improvements first would likely be the areas that also redevelop first; therefore, choosing the areas that receive infrastructure improvements would have a huge economic impact on the regional economy. Regional planning efforts in other cities such as Cienfuegos and Santiago could also help improve job access in those regions, which have suffered under the Castro government, and create a better atmosphere for economic development.

In the United States, municipalities frequently create capital improvement plans for five or ten years in order to select and phase necessary infrastructure projects. In a free Cuban context, regional planning councils could help prioritize projects and the phasing of large, multi-year infrastructure improvements. Development would follow infrastructure, so selected projects would spur economic development in selected neighbourhoods. A capital improvements plan with recommendations from engineers and planning professionals, with public input, and selected by elected officials, would help create an orderly yet open and democratic system for needed infrastructure improvements. An open process at the regional level would also help foster citizen participation and the development of local democratic institutions.

## **RECOMMENDATION:**

- *The Department of Housing and Urban Development and organizations such as the National Association of Regional Councils (NARC) can assist a free Cuba in the development of a regional planning approach that includes elected officials, planning professionals, and the public. Regional cooperation would help develop common strategies that also efficiently use available funds for issues that transcend simple political boundaries but are more reflective of the regional economy.*

## **B. TRANSPORTATION**

### **1. Aviation**

An efficient air transportation system is a critical element of infrastructure that would facilitate the development of tourism, employment, and overall economic development in a post-Castro Cuba. It is unrealistic to expect that Cuba will be able to handle the anticipated immediate and substantial increase in user demand that may occur when Cuba is free. In particular, the rapid expansion of the Cuban air transport system would lay the foundation for Cuba to re-establish aviation relations with the U.S. and, in turn, assist in the growth of an efficient, market-based international economy with exponential potential for increasing commercial and business exchanges, investment, exports, and tourism. Depending on a number of variables, air passenger traffic between Cuba and the United States is likely to grow in a transition scenario.

#### **i. International Air Services Agreements**

Upon initial resumption of air services with Cuba on the basis of comity and reciprocity, in addition to rights under the 1953 bilateral aviation agreement, the U.S. Government should seek negotiation of a bilateral air services agreement on Open Skies principles. Open Skies air transport agreements enhance aviation relations by allowing airlines to make commercial decisions with minimal government intervention. They provide for open routes, capacity, frequencies, designations, and pricing, as well as opportunities for cooperative marketing arrangements, including code sharing. A liberal regime would offer Cuba the best environment for developing its markets to attract additional air services for the benefit of travelers, shippers, tourism, and the broader economies of both countries.

It is U.S. policy to pursue liberal, market-oriented Open Skies agreements with virtually all nations that are willing to make the commitment. Since 1992, the U.S. has reached bilateral Open Skies agreements with more than sixty partners throughout the world. Our partners include countries at all levels of economic development. The United States should also encourage Cuba to adopt a liberal aviation framework with its international partners.

## **RECOMMENDATION:**

- *The United States could assist Cuba in developing a liberal international aviation policy. Bilaterally, the United States should negotiate a new aviation agreement with Cuba on Open Skies principles.*

## **ii. Organizational/Governance Structure**

### **a. Institute of Civil Aeronautics of Cuba**

The Institute of Civil Aeronautics of Cuba (IACC) is the government organization responsible for regulating and maintaining civil aviation safety oversight for Cuba, and for providing air traffic/air navigation services. The IACC also has oversight responsibilities for the airport system and is responsible for the inspection and certification of airports.

### **b. *Empresa Cubana de Aeropuertos Sociedad Anónima***

The *Empresa Cubana de Aeropuertos Sociedad Anónima* (ECASA) handles overall management and operation of Cuba's airport system. In addition to the airports, ECASA operates four airlines, in-flight catering operations, ground operations, and other service companies.<sup>11</sup>

Cuba is one of the original members of the International Civil Aviation Organization (ICAO) of the United Nations and is currently a member of the ICAO Council. Cuba is also a member of the Latin American Commission for Civil Aviation (LACAC), a regional organization that meets to discuss and plan required measures for cooperation and coordination of regional civil aviation activities.

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<sup>11</sup> U.S.-Cuba Trade and Economic Council, Inc., "Economic Eye on Cuba," December 20, 1998.

### **iii. Current State of Aviation Infrastructure**

#### **a. Cuban Air Carriers**

The quality and condition of the island's aviation infrastructure will dictate how readily a free Cuba could adapt to forecasted increases in air travel expected once U.S.-Cuban relations normalize.

#### **b. Cuban Air Carriers (International)**

Cubana Airlines is the government-owned air carrier, which is part of the IACC. An aging fleet led to a string of accidents in 1990s and to a dubious distinction of being identified as one of the worst airlines in the world in 1999. Since then, the Cuban government has purchased a new Airbus 320 and 330, and an IL-62 for international flights, has leased a used DC-10 through a French airline (AOM), and has continued to use aging Russian aircraft (YAK- 42 and AN-24) for domestic flights and cargo flights on Cabaña Cargo. According to IATA statistics, Cubana carried 598,800 passengers internationally on 5,284 flights in 2000.<sup>12</sup> Aircraft from 62 foreign airlines (mainly from Europe) arrived in Cuban airports last year.<sup>13</sup>

Aero Caribbean Airlines is a small regional commuter airline with routes to Santo Domingo, Managua, Nassau, Freeport, Port au Prince, Montego Bay, and Grand Cayman. Its fleet consists of Antonov An-26s, ATR 42-300s, Ilyushin Il-18Ds, and Yakovlev Yak-40s.<sup>14</sup>

#### **c. Cuban Airport Operations**

The Cuban government has developed an extensive network of airfields to provide aviation services throughout the island nation. *Empresa Cubana de Aeropuertos Sociedad Anónima* (ECASA) is responsible for the overall management and operation of Cuba's airport system. The IACC maintains oversight responsibilities for the airport system and is responsible for the certification process for airport operations.

Several airports maintain runways, aprons, and parking areas that can accommodate large commercial transport aircraft. The airports vary in terms

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<sup>12</sup> Cubana web-site [www.cubana.cu/ingles](http://www.cubana.cu/ingles)

<sup>13</sup> Center for Promotion of Investment in Cuba web-site [www.cpi-minvec.cu](http://www.cpi-minvec.cu)

<sup>14</sup> [caribbeanaviation.com/airlines](http://caribbeanaviation.com/airlines); [nashtravel.com/aerocaribbean.com](http://nashtravel.com/aerocaribbean.com)

of available services and general condition. Five cities — Camaguey, Havana, Holguín, Santiago, and Varadero — operate airports with runways that are more than 10,000 feet in length. The two longest runways in the country are found at Havana’s José Martí International Airport and Santiago’s Antonio Maceo International Airport. Both airports operate runways of approximately 13,100 feet, which can accommodate the largest wide body aircraft on the market today.

| <b>Major Airports in Cuba Used for Commercial Aviation Operations</b> |                                 |                        |                                    |                           |
|---|---------------------------------|------------------------|------------------------------------|---------------------------|
| <b>City</b>   | <b>Airports</b>                 | <b>Elevation (ft.)</b> | <b>Longest Runway Length (ft.)</b> | <b>Runway Width (ft.)</b> |
| Camaguey  | Ignacio Agramonte International | 413                    | 9,842                              | 180                       |
| Cienfuegos  | Jaime González                  | 100                    | 7,874                              | 135                       |
| Havana  | José Martí International        | 210                    | 13,123                             | 148                       |
| Holguín   | Frank País                      | 348                    | 10,154                             | 164                       |
| Santiago  | Antonio Maceo Intl              | 225                    | 13,123                             | 148                       |
| Varadero  | Juan G. Gómez Intl              | 213                    | 11,483                             | 160                       |

Source: Defense Intelligence Agency Report – November 1998

The CIA World Factbook reports that Cuba had 161 airports in 2002. Approximately 70 of these airports operate with paved runways. Of this total, seven reportedly operate runways longer than 9,900 feet, which can accommodate most large commercial jet aircraft. Another 10 airfields have paved runways between 7,996 and 9,900 feet. Most of these airports can also handle large commercial jet and turboprop aircraft.

### **1) Conditions of Airport Facilities**

Limited official information is available on the current condition of airport terminals, buildings, runways, and emergency services. Given its economic reliance on tourism, the Cuban government has invested in upgrading airport terminals in the principal tourism locations since the mid-1990s.<sup>15</sup> Most airports have adequate fuel and cargo handling equipment, as well as air traffic control equipment for managing movements of civil

<sup>15</sup> Among others, the airports in Havana, Santiago, Varadero and Cayo Coco have new terminals and facilities. The Cuban government has worked primarily with European and Canadian organizations on the upgrades.



aircraft. Maintenance facilities are also available at the larger airports. In addition, Airport Rescue and Firefighting (ARFF) equipment is available at larger airfields, although the condition of the equipment is not known.<sup>16</sup>

Excessive vegetation growing near and around airport runways is a common problem in Cuba. In particular, tree encroachment is reported as a problem for the safety of aviation operations at several airfields.

## **2) NAVAIDS**

The amount and sophistication of air traffic control equipment available to support aviation operations varies among airports. Advanced radars and navigation aids are available at several major airports, though their operational integrity is not known. Most radar systems are airport surveillance radar (ASR) systems, which typically have ranges of between 50 and 60 miles. International airports typically have approach control supported through air/ground radio systems, instrument landing systems (ILS), and non-directional beacons (NDB).<sup>17</sup>

### **d. Air Traffic Management/Airway Facilities**

#### **1) Current U.S.-Cuban Air Traffic Environment**

Proximity and operational necessity have fostered a working relationship between the United States and Cuba on air traffic procedures and operations. The Federal Aviation Administration's (FAA) Miami Air Route Traffic Control Center (ARTCC) and the Havana Air Traffic Control Center (ACC) communicate daily to transfer control of aircraft across the common Flight Information Region (FIR) boundary, through which much of the traffic passes en route between the U.S./Canada and the Caribbean, Central and South America.<sup>18</sup>

A significant amount of en route traffic between the U.S. and Latin America/Caribbean passes through the Cuban FIR, due to its size and location 90 miles off the coast of Florida. The volume of this traffic that flies over Cuba has increased in recent years by an average of more than 3

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<sup>16</sup> Sources: Defense Intelligence Agency Report – November 1998; Joint Theater Transportation Study, DI-2000-187-99

<sup>17</sup> Ibid.

<sup>18</sup> The United Nations International Civil Aviation Organization (ICAO) determines FIR boundaries.

percent per year, for a total of 48 percent since 1990. In 1990, the Havana ACC handled approximately 300 aircraft operations per day. In 2004, the number has grown to approximately 560 operations per day.<sup>19</sup> This upward trend is expected to continue for the foreseeable future. Air traffic into Cuba's seven principal international airports<sup>20</sup> is mostly conducted by chartered aircraft and European, Canadian, Mexican, and Caribbean commercial carriers.<sup>21</sup> According to the "Country Infrastructure Brief" by Cuba Caribbean Consulting of Miami, air transportation within Cuba is somewhat limited due to a shortage of available aircraft.<sup>22</sup>

The Miami ARTCC and the Havana ACC coordinate transfer of control for more than 500 aircraft in four of the five approved radar sectors on a daily basis.<sup>23</sup> There are two direct voice circuits ("hot" phone lines that are voice activated) used to coordinate information on aircraft entering each country's airspace. In addition, controllers use seven MEVA Network dial lines to place direct calls between the Centers and one Aeronautical Fixed Telecommunications Network (AFTN) circuit for transmitting aircraft flight plans (including departure times and estimated time of arrival at the FIR boundary) to the receiving facility.

## **2) Air Traffic Control System in Cuba**

The Cuban Air Traffic Control (ATC) system is relatively modern for a country with limited resources, a reflection of the government's interest in encouraging tourism. Cuba has full radar coverage over its flight area, with multiple radar sites. Most of the ATC equipment is Canadian and French. The Air Traffic Control Center (ACC) located on the grounds of the José Martí International Airport in Havana handles all en route flight service for the island. In addition, the Havana ACC controls the approach (landing and take off) for all Cuban airports that conduct Instrument Landing System (ILS) or other Instrument Flight Rule (IFR) approaches. It is a dual-use

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<sup>19</sup> Statistics from FAA Miami Air Traffic Control Center and Cuban IACC website.

<sup>20</sup> The seven principal international airports are Havana, Varadero, Camaguey, Santiago de Cuba, Holguin, Cienfuegos, and Cayo Largo del Sur.

<sup>21</sup> U.S. carriers that provide authorized charter service to Cuba are American Eagle, Continental (Gulfstream), Delta (Marazul Tours), United, Falcon Air, Golden Air, and Miami Air. Most fly to Havana, but service is also offered to Camaguey, Cienfuegos, Holguin, Santiago, and Varadero.

<sup>22</sup> Country Infrastructure Brief, Report No. IF-06-98, CubaCaribbean Consulting (formerly Development Co.), 2001

<sup>23</sup> Along the 11 approved north bound and south bound routes

facility, with three en route air traffic sectors, the approach to José Martí, and one military operations sector.<sup>24</sup>

The Havana Center is similar in size to a small U.S. approach facility such as that located in Ft. Myers, Florida, but with the additional responsibilities of an en route center. Any aircraft that flies through (overflies) Cuban airspace is assessed an overflight fee for use of the air navigation services. Overflight fees generate a significant amount of revenue for the Cuban government, given Cuba's advantageous position as a direct route between the eastern U.S./Canada and Latin American/Caribbean air travel. The Havana ACC has a dedicated position to track and record overflight aircraft.

In 2003, the IACC completed construction on a newly renovated ACC building on the José Martí airport surface in Havana. The new center, designed and built by INTELCAN Technosystems, Inc. of Canada, is purported to have a modern automated Air Traffic Management (ATM) system with Voice Communications Control Switching, Radar Processing and display, Flight Data Processing, Air Traffic Network Message Switching, VHF Ground to Air radios, an intercom and recording systems, and a nationwide Data Telecommunications Network.<sup>25</sup> The ACC uses off-the-shelf computers and monitors, with an advanced ATM software package customized to meet the operational requirements of the Havana ACC. INTELCAN maintains that the software has been designed to allow for a seamless transition to a new satellite-based Communications, Navigation, and Surveillance/Air Traffic Management (CNS/ATM) environment, which Cuba expects to move to over the next few years.<sup>26</sup>

Separation standards in Cuban airspace are greater than those applied in the U.S. Havana ACC maintains a minimum of 10 nautical miles between aircraft horizontally, rather than the five or three miles in the United States.

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<sup>24</sup> For the purposes of this report we will focus on civilian operations exclusively.

<sup>25</sup> INTELCAN Technosystems Inc. Project Experience website. The FAA has not yet seen the new facility; the next bilateral air traffic operations meeting is scheduled to take place in Havana in July 2004.

<sup>26</sup> Ibid; the Miami ARTCC confirms that the Cuban controllers have not yet moved into the new facility, pending completion of training on the new equipment.

### **3) Cuban Air Traffic Controllers**

The FAA has a working relationship with the Cuban Air Traffic Controllers in Havana. Although most air traffic controllers are civilians, the Cuban ATC system functions much like a military organization. The controllers wear uniforms and generally work 10-12 hour shifts.

### **4) Safety Oversight - Organizational/Governance Structure**

Safety Oversight/Flight Standards issues will be among the most complex, most time consuming, and potentially most costly to resolve in an environment with the expected dramatic increases in air traffic. Pressure on the IACC to increase operations to meet expected demand (both arriving and departing Cuba) may be far beyond current capabilities.

### **5) ICAO Audit of the Cuban IACC**

In June 2000, ICAO issued a summary report of its November 29 – December 6, 1999 audit of the Institute of Civil Aeronautics of Cuba (IACC) under the ICAO Universal Safety Oversight Audit Program (USOAP). ICAO audits all member states under the USOAP. The purpose of the USOAP visit was to determine the IACC's level of compliance with the ICAO Standards and Recommended Practices (SARPs) in the area of safety oversight.<sup>27</sup> This was a follow up visit to the initial USOAP carried out in 1996. The USOAP team found Cuba's level of compliance to be "essentially satisfactory,"<sup>28</sup> but noted a number of findings that did not meet the SARPs. Again reflecting the government's interest in encouraging tourism, Cuba subsequently submitted an action plan to address the findings and recommendations from the interim audit report. The Safety Oversight Audit section of ICAO considered the plan to be adequate. Since then, however, there have been no follow up audits to ensure that the action plan has been completed and that the IACC is meeting minimum ICAO standards. It is important to note that findings from USOAP reports do not satisfy FAA requirements to verify the adequacy of safety oversight capabilities of foreign civil aviation authorities from countries with service to the United States.

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<sup>27</sup> USOAP audits are based on ICAO Annexes 1, 6, and 8 of the Chicago Convention and associated guidance material. Cuba, as a signatory to the Chicago Convention, which established ICAO in 1944, has pledged to meet minimum safety standards and recommendations established by ICAO.

<sup>28</sup> ICAO USOAP Summary Report, Audit of the Institute of Civil Aeronautics of Cuba, June 2000, p.2.

## **RECOMMENDATION:**

- *The FAA should conduct a separate, more detailed assessment of the Cuban IACC.*

## **6) FAA International Aviation Safety Assessment (IASA) Program**

The FAA has a statutory mandate to ensure the safe operation of foreign aircraft operating in U.S. airspace. The FAA's International Aviation Safety Assessment (IASA) program seeks to ensure safety by verifying that foreign civil aviation authorities are in compliance with the international safety oversight SARPs established by ICAO.<sup>29</sup> The IASA program goes into greater detail than USOAP, and, unlike ICAO findings, an IASA finding of non-compliance carries consequences, which provides an incentive to correct deficiencies or face restricted or denied service to the United States.

## **RECOMMENDATION:**

- *The FAA should conduct an IASA of the IACC.*

## **7) Bilateral Agreement and Economic Authority**

The U.S. Departments of State and Transportation (DOT) would seek to negotiate a new bilateral air services agreement with Cuba to replace the existing 1953 bilateral agreement. Once an acceptable agreement is in place between the two governments, the airlines would need to apply to DOT for economic authority to fly to the United States.

## **RECOMMENDATION:**

- *The U.S. Departments of State, Transportation (DOT), and Commerce (DOC) would seek to negotiate a new bilateral air services agreement with a free Cuba on the basis of Open Skies principles, to replace the existing bilateral agreement dating from 1953. Pending completion of a bilateral air services negotiation, the two governments could allow a range of air services operations to resume on the basis of comity and*

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<sup>29</sup> The establishment of the FAA's IASA program led to the development of the ICAO USOAP program.

*reciprocity, in addition to the rights dating from the 1953 bilateral air agreement. FAA and TSA regulatory requirements would also have to be met before service can commence, and DOT would need to grant economic authority to carriers.*

## **8) IASA and the TSA Security Assessment**

The application for economic authority filed with DOT will trigger an automatic IASA of Cuba. A team of FAA aviation safety inspectors would travel to Cuba to assess the government's compliance with ICAO standards in Annexes 1, 6, and 8.

Before Cuban airlines could begin service to the United States, the Transportation Security Administration (TSA) requires a security assessment. TSA assesses the airport(s) that would serve as the last point of departure before arriving in the United States. After these assessments are successfully completed, the airline would need to work with the FAA to obtain an air carrier certificate and Operations Specifications for approved U.S. routes.

### **iv. Identified Infrastructure Development Needs and U.S. Assistance**

#### **a. Safety Oversight - Organizational/Governance Structure**

While the ICAO USOAP report found that the IACC complies with most of the ICAO standards and recommended practices for safety oversight, concerns remain over other outstanding findings cited in the USOAP reports. Other safety concerns relate to the aging Cuban aircraft fleet, the dearth of manufacturing support for some of the Soviet models, and the limited resources for proper maintenance of equipment and training of personnel. In addition, conflict of interest issues will likely arise as a result of the Cuban government's position as both the owner and regulator of the country's air carriers. All of these factors contribute to the need for a full FAA IASA as soon as politically feasible.

**1) Technical Review to determine compliance with ICAO standards.**

**RECOMMENDATION:**

- *The FAA could work with the IACC to evaluate its compliance with ICAO SARPs in maintenance facilities and procedures, fueling facilities and procedures, and ground handling of aircraft in Cuba.*

**2) Provide guidance on any needed changes to the eight critical elements of safety oversight in accordance with ICAO standards.**

**RECOMMENDATION:**

- *The U.S. Government could assign a team of safety experts to work with Cuban IACC officials on the correction of any deficiencies in the eight ICAO Critical Elements of a Safety Oversight System, and the development of an action plan to achieve compliance. The FAA could also offer guidance on the process of certifying airlines, as well as approving maintenance and repair facilities.*

**3) Operations/Airworthiness/Cabin Safety Inspector Training**

**RECOMMENDATION:**

- *Based on the results of the recommended technical review, the FAA should be prepared to offer reimbursable, in-country inspector training in operations, airworthiness, and cabin safety inspection as needed.*

**b. Airport Operations**

**1) Technical Evaluation for compliance with ICAO standards**

See page 260, Safety Oversight

**2) Technical Assistance/Training**

**Capacity-Building Assessment**

Cuba may need to expand airport capacity to meet the expected demand for aviation services. Capacity constraints at existing airports may

actually limit the ability of U.S. and Cuban air traffic service providers to take full advantage of new procedures that would be implemented to accommodate the increased demand for air travel.

**RECOMMENDATION:**

- *The FAA can arrange for capacity building assessments of the major international airports for increases in both passenger and cargo traffic. These assessments would focus on the impact of increased aviation traffic on the airports and develop a strategic plan through which those airports could accommodate increased traffic through additional runways and/or taxiways, etc.*

**Critical Airports Assessment**

An in-depth evaluation would require approximately 12 months, given the large number of airports with paved runways in Cuba. This study would focus only on those airfields with paved runways.

**RECOMMENDATION:**

- *If agreed by both countries, the FAA could also arrange for an evaluation of the entire Cuban airport system to determine which airports are critical to the future of the overall system and which are superfluous. In addition to passenger traffic, the study would evaluate the requirements for accommodating expected increases in general aviation and cargo activity.*

**Certification/Inspection Program Assistance**

**RECOMMENDATIONS:**

- *The FAA would propose a follow-up visit to evaluate Cuba's Airport Certification/Inspection Program initiated in 1999 to verify its compliance with ICAO Safety Standards and the ICAO Manual for Airport Certification. FAA airport safety certification specialists would conduct meetings and interviews with government agencies and airport operators to determine legislation and programs in place to certify and inspect airports. The FAA inspectors would prepare a comprehensive report within 90 days of the visit to document existing airport*



*certification and inspection programs and any areas where improvements would be necessary.*

- *The FAA has an Airport Certification Inspection course based on ICAO requirements and recommended practices that could be taught in Cuba to airport safety inspectors. In addition, the FAA would offer guidance to the senior airport officials at the IACC on the management of a successful airport certification program.*

### **3) Aircraft Rescue and Firefighting (ARFF) Capabilities**

#### **RECOMMENDATION:**

- *The FAA has Aircraft Rescue and Firefighting (ARFF) experts who could conduct thorough analyses of the ARFF capabilities at the principal international airports in Cuba. Using ICAO SARPs and related guidance material, the FAA ARFF team would identify areas where improvements are needed to be ICAO compliant.*

### **4) Emergency/Contingency Planning Assistance**

#### **RECOMMENDATION:**

- *Based on the needs identified in the FAA's initial Technical Evaluation for ICAO Compliance, the FAA could offer emergency and contingency planning assistance to each of the principal airports with international operations.*

### **c. Air Traffic Management**

The demand for air travel to and from Cuba is expected to increase dramatically when the U.S. travel restrictions to a free Cuba are lifted. This increase in aviation activity will have an impact on air traffic services (ATS) in both the U.S. and a free Cuba.

In addition to anticipated increases in passenger and major carrier activity, the FAA foresees a proliferation of small carriers interested in providing service to and from Cuba and substantial increases in general aviation (small/private or business planes). Significant and sustained increases in air cargo are expected as U.S. companies and government

agencies seek to assist in meeting the long-standing needs of the Cuban people.

The following is a survey of the areas in which the U.S. Government could offer assistance to a free Cuba in the areas of Air Navigation Services (ANS) (including air traffic management and efficiency) and ANS Infrastructure (including communications, navigation, and surveillance).

### **1) Improve Air Traffic Flow Management and Operational Procedures (e.g., coordination and transfer of control)**

#### **RECOMMENDATION:**

- *The FAA should encourage a free Cuba to establish a liaison at the Miami ARTCC facility to facilitate coordination in the new air traffic environment.*

### **2) Automation Systems Interfaces**

#### **RECOMMENDATION:**

- *The FAA and IACC should investigate a means of interfacing their flight data and radar data processors, allowing for automated data exchanges. This will increase controller flexibility and system capacity to help meet the projected increase in traffic.*

### **3) Restructure Radar Sectors**

#### **RECOMMENDATION:**

- *If mutually agreed upon, the FAA can arrange a capacity building analysis of radar sectors within the Havana ACC and provide recommendations for improvements.*

### **4) Assist with the adoption and use of basic Global Positioning System (GPS) in Cuban airspace**

Cuba is currently working with Europe on global navigation satellite systems.

## **RECOMMENDATION:**

- *The U.S. Government should explore the capabilities that the U.S. GPS Augmentation System might provide to Cuba.*

### **5) Controller Training**

Cuban air traffic controllers can handle the current air traffic volume in Cuba. With a potential normalization of relations between the United States and a free Cuba and the anticipated increase in traffic that would likely follow, a free Cuba may need additional controllers and training to meet the increased volume.

## **RECOMMENDATION:**

- *The U.S. Government should be prepared to offer technical assistance to Cuban controllers to deal with the expected increase in flights and training for any additional controllers needed.*

### **6) Liberalization of International Air Agreements with the U.S. and others**

It is advisable to pursue an Open Skies bilateral air transport agreement with a free Cuba. If necessary, such an agreement could include phased-in provisions. Cuban air carriers, after some 50 years of government control, are not likely to be operationally or financially capable of competing with deregulated and more efficient U.S. carriers in an immediately open-market environment. Moreover, it is unlikely that Cuban aviation and tourism facilities will be able to handle an immediate and substantial increase in user demand. Phased-in provisions will allow time for Cuban infrastructure development. An Open Skies agreement would provide a basis for each country's airlines to enter into cooperative marketing arrangements, including code-sharing operations with other airlines and with surface transportation providers. These agreements would be beneficial to U.S. and Cuban carriers.

## **RECOMMENDATION:**

- *The U.S. Government should pursue an Open Skies bilateral agreement and also support Cuba's effort to liberalize aviation relations with third countries.*

## **2. Maritime**

Cuba's maritime transport system of waterways, ports, and intermodal connections played a dominant role in Cuba's early settlement and growth. As an island state, Cuba depends heavily on marine transport for trade and commerce, and thus, the well-being of its people. However, the Cuban marine transport system, like other parts of its national transport infrastructure, has been in a state of long-term deterioration due to a persistent lack of maintenance and supply of equipment.

Cuba's extensive coastline can help stimulate regional growth and economic development. To help Cuba take advantage of its geographic position and compete in a global trading environment, a robust marine transport system with efficient waterways and ports with links to rail, trucking, barge, and pipeline operations will be necessary. Low-cost barge transport growth could also complement Cuba's overall transport system by alleviating land-based transport congestion and thus increasing productivity.

Due to the importance of linkages between Cuba's maritime assets and other modes of transport on the island, the need to rapidly evolve intermodal aspects of its transport system is critical. To achieve a seamless global supply chain, dependence on technology and connectivity will become a high priority for a free Cuba as the volume of cargo increase. Additionally, if Cuba is to conform to the recent "24 hour manifest rule" mandated by U.S. Customs Service, investment in technology and training will also be required.

### **i. Organizational/Governance Structure**

At present, the Cuban Ministry of Transportation (MITRANS) is the institution responsible for maritime civil transportation, including auxiliary and connective services. It administers, on behalf of the Cuban regime, an enterprise system composed of more than 250 public and private enterprises as well as joint ventures.

## ii. Current State of Infrastructure

### a. Main Ports and Facilities

The U.S. Business Council, with funding from the U.S. Agency for International Development (USAID), completed a study on “Ports of Cuba.” In 2001, The Cuba Caribbean Development Co. published the report “Ports of Cuba Report, IF-02-96,” that provides a comprehensive profile of strategic Cuban seaports, including accessibility, stage of development, transportation, and other potential trade and commerce issues. This section provides key characteristics of Cuba’s ports and does not revisit extensive and/or specific technical details that are already published.

Cuba, with 44,206 square miles, is the largest island in the Caribbean. Between the eastern and western extremities of the island, there is a distance of approximately 750 miles. Cuba’s coastline of approximately 2,200 miles has an extraordinarily large number of good harbors, among which are the bottlenecked harbors that have narrow entrances but commodious anchorage. The main harbors of this type are Bahia Honda, Cabanas, Mariel, Havana, Nuevitas, Puerto Padre, Nipe, and Tanamo on the north coast, and Guantanamo, Santiago de Cuba, and Cienfuegos on the south coast. The principal open harbors are Matanzas and Cardenas.



There are a total of 70 ports in Cuba. Ten of these can be categorized as major, including Havana (60 percent of all cargo), Matanzas, Santiago de Cuba, Cienfuegos, Nuevitas, Caibarien, Guantanamo, Cardenas, and Mariel.<sup>30</sup>

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<sup>30</sup> **Havana** - The container terminal of Havana Harbor (TCH S.A.) is a joint venture between Cuba and Spain started in 1998. It is the only one of its type in Cuba, due to its high technological specialization through a modern information network. The investments are currently addressing berthing and storage capacity, port handling equipment, and railway access.

**Cienfuegos** is the second largest port in the Caribbean. It is the marketing and processing center of a region producing sugarcane, tobacco, coffee, and rice; it also has rum distilleries and fish canneries. Cienfuegos as the capital of Cuba's most industrialized province, is a major hub of industry, commerce, and trade. With its expansive, deep bay, the city receives much of the shipping business for goods needed by other industrialized cities in the area. Cienfuegos has enough land for future development and could accommodate Post-Panamax vessels.

**Matanzas** is the third largest port with a large, deep harbor with deep oil terminal. Industries in the city include sugar refineries and textile mills. Matanzas is located on the turnpike between Havana and Varadero Beach. Matanzas is important for transshipment services to the Caribbean of bulk and bagged fertilizers. It is also linked to the national railway system. The port also operates the port of Cardenas that provides tourist ferry traffic to the province.

**Cardenas** lies in the Matanzas province. It processes and exports sugar and has industries producing tobacco, beer, and soap. A fishing fleet is based at Cardenas, which is also an important commercial center.

**Nuevitas** is sheltered by a huge harbor, has two auxiliary ports, and is a major shipping point for Cuban sugar as well as other products from the surrounding agricultural region. It also possesses diversified light industry and serves as a road and rail terminus. Ports handle about 6 percent of total sugar exports, serving 5 sugar mills from Camaguey and Ciego de Avila provinces, and have cargo facilities for bulk grain handling. Nearby are a thermoelectric plant, fertilizer and cement plants. It is connected to Camaguey city by railroad system and a 2-lane highway.

**Mariel** port has the greatest possibilities for development in the Western part of Cuba and at the same time it is very close to Havana. It is particularly interesting when evaluating new options of transshipment due to the fact that it is close to the main ports of North and Central America. The Port can handle general cargo and containers. The port equipment includes 5 shore cranes (10 to 20 tons capacity). Mariel free zone is considered an important logistics factor for future marketing development.

**Santiago de Cuba** is located in the eastern part of Cuba. Its geographic position in relation to the maritime lines that go to and from the Panama Canal, the Caribbean Sea and the north part of South America, give the port the potential to be a transshipment hub. Minerals, agricultural produce, and woods are exported. The city is also the terminus of a major highway and railway. One of Cuba's most comprehensive port facilities with a capacity of handling over 3,000,000 tons/2,721,000 metric tons of containers, bulk grain, or liquid cargo. Port facilities are good and able to handle bulk grains, liquids, and containers. The two thermoelectric plants and an oil refinery are the backbone of local and regional industry.

**Guantanamo** is on the Guaso River. It is the processing center for a sugar- and coffee-producing region and has road and rail connections with Santiago de Cuba. At **Guantanamo Bay**, the United States maintains an important naval station. The base has naval installations covering c.45 sq. mi (116 sq. km). Guantanamo Bay, as a Navy base, is not built for normal cargo operations, meaning the piers do not have large cranes like a commercial port (<http://www.msc.navy.mil/N00P/pressrel/press02/press02.htm>).

## **b. Container Facilities**

The container terminal of Havana Harbor (TCH S.A.) is a 50-50 joint venture between Cuba and Spain, formed in 1998. TCH was originally budgeted for traffic of 180,000 TEU<sup>31</sup>/year being reached by the end of its 15-year concession (with a 5-year option) in 2013, but throughput reached 262,000 TEUs.<sup>32</sup>

The facility has the technical ability to handle cargo with very modern, complex, fully outfitted equipment. However, Cuba's frequent blackouts make the entire system unreliable, as equipment and refrigeration units can not function without power. Also, the generators are old and break down regularly, and are a challenge to repair without skilled labor and easy access to replacement parts. In 2003, the port of Havana handled a total of about 300,000 TEUs a year.

## **c. Shipyards**

Cuba has four shipyards located close to the City of Havana, Havana, Santiago de Cuba, and Cienfuegos, which are also specialized in naval repairing and constructing steel polyester and aluminum. There is also a naval engineering division that carries out related projects, repairs, supervision of naval construction, diagnosis, development of specialized plans, and maintenance systems. Shipyards in Santiago de Cuba are capitalized in association with Dutch companies.

## **d. Cruise terminals**

Cuba's government-operated Cubanco S.A., a joint venture between the Cuban Ministry of Transportation and Silares Terminals del Caribe NV, currently operates cruise ship terminals at the port of Havana, the port of Santiago de Cuba and on the Isla de la Juventud. The company constructed a fourth passenger-ship terminal at the Cuban port of Cienfuegos.<sup>33</sup>

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<sup>31</sup> The International Standards Organisation specifies standard shipping containers as 20 feet long by 8.5 feet square. These are the standard unit for measuring container throughput-one such standard container is 1 twenty-foot equivalent unit or 1 TEU.

<sup>32</sup> <http://www.worldcargonews.com/htm/n20030201.424841.htm>

<sup>33</sup> [www.cruisehavana.com/news01.html](http://www.cruisehavana.com/news01.html)

## **e. Intermodal Connections**

Intermodal transport is critical for Cuba's economy and expansion of foreign trade. Cuba, however, would need to develop sophisticated logistics and supply management expertise to integrate its transport system into customer-oriented, end-to-end services.

### **1) Current State of Intermodal Transport**

Any development of intermodal transport would necessitate a level of normality in the transportation network before embarking into more sophisticated integrated networks. This process is hampered because Cuba's continuing economic crisis has dramatically slowed the pace of motorization while the Castro regime ensured that development has been tightly controlled. Particularly noticeable is how the modal share of motorized transport fell from 93 percent to about 43 percent (from 1962 to present), making Havana one of the most non-motorized cities in the world (57 percent modal share) just under Beijing, China (62 percent); Jaipur, India (66 percent); and Bobo Dioulasso, Burkina Faso (87 percent).

### **iii. Identified Infrastructure Development Needs and U.S. Assistance**

#### **a. Organizational/Governance Structure**

Good governance provides an enabling environment for the expansion of trade and economic growth. Current transition strategies have increasingly recognized the importance of well-functioning social institutions as the necessary foundation of a well-functioning market economy. A free Cuba's transport and logistics integration into the Western Hemisphere will be an important strategic objective.

When a transition to a free Cuba takes place, additional investments would be needed for maritime connections, including a program to break up congestion around ferry ports (previously major entry points for American tourists) in order to accommodate the significant anticipated increase in economic and hence transport activity. A priority is to promote the rapid growth of export-oriented private business<sup>34</sup> enterprises and facilitate the

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<sup>34</sup> Cuba Transition Project – Foreign Direct Investment by Robert David Cruz 2003



development of business management skills necessary for success in a globally integrated market economy.

**RECOMMENDATION:**

- *The U.S. Government should focus primarily on providing technical assistance, transferring knowledge and information, and promoting a multinational effort to provide the financing needed to rebuild transport infrastructure that promotes trade and economic development.*

**b. Capital Improvement Needs - Port Assessments**

A significant effort by new leaders to improve the marine transport system will be required to support the rapid growth of maritime commerce expected following a change in government on the island. A free Cuba may require assistance in developing a marine transport strategy to meet the present and future needs of Cuba's commercial and recreational users in the areas of public safety, efficient movement of cargo, and national security while facilitating recreation and environmental protection.

**RECOMMENDATION:**

- *The U.S. Department of Transportation should offer technical assistance in these areas.*

In the initial period of transition, it may be easier for large transnational firms to raise the capital necessary to build new ports or modernize existing ports than for a new Cuban government. Privatized ports may represent an option for developing much-needed infrastructure within a short time frame. Experience suggests that a regulatory structure that balances private and public interests is necessary in the case of privately owned and operated infrastructure.

**RECOMMENDATION:**

- *Encourage international financial institutions, such as the IMF, the World Bank, and the Inter-American Development Bank, as well as other governments and the private sector, to provide Cuba technical assistance to modernize its ports through capital improvement.*

### **c. Human Development Needs - Maritime Training**

#### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Maritime Administration (MARAD) could send maritime experts from the U.S. Merchant Marine Academy (USMMA) to Cuba to provide training, or Cubans could be trained at the USMMA.*
- *Under the same conditions, MARAD, working with the Department of State, could develop a maritime education and training program in Cuba.*
- *Working with international aid organizations, the U.S. Government should encourage representatives of a free Cuba to attend the World Maritime University, located in Sweden and established by the International Maritime Organization (IMO). The university offers specialized postgraduate education in maritime transportation.*

### **d. Security and Safety of the Marine Transportation System**

Cuba is a party to the basic International Maritime Organization (IMO) conventions and protocols to improve maritime safety and protection of the maritime environment, including SOLAS, COLREGS, MARPOL, the Load Lines Convention of 1966, STCW, the Facilitation Convention of 1965, Inmarsat Convention of 1976, and the Intervention Convention of 1969. Notably, Cuba is not a party to the SOLAS Protocol of 1988, the Load Lines Protocol of 1988, the amendments to Inmarsat, the Intervention Protocol of 1973, the OPRC Convention of 1990, or any of the liability agreements.

Cuba appears to be an active member of the Viña Del Mar Agreement, an agreement of nine Latin American states to address Port State Control (PSC) of Vessels, that implements port state control inspections in support of IMO treaties and protocols. However, shipmaster's reports from the guide reference no PSC type inspections and examinations by Cuban officials to determine compliance with international safety, security, and environmental standards aboard visiting commercial vessels. The lack of information regarding the quality, degree of intrusiveness, and technical acumen of Cuban PSC boarding teams leaves uncertainty regarding the capability of Cuban maritime safety officials in this area. Comments on

examinations reported by masters in the guide were limited to issues related to Customs (including sealing of valuables in a transit room and accounting for currency), crew identification (sometimes including full musters), veterinary victuals (including sealing of meats, milk, cheese, poultry, and fish products not sourced from U.S., Australia, Canada, and New Zealand), sanitary and certificate review (including collection of copies of all required documents and forms). Thorough inspection by Border Guards, often with dogs, are conducted of all man-sized spaces prior to a vessel's departure after all other Cuban port authorities are ashore (searches are often conducted along with crew musters).

### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Coast Guard (USCG) could provide support to a transition government through an existing International Training Program. Under this program, the Coast Guard provides training to officers, enlisted, and civilian personnel from foreign military and civilian agencies when USCG operational and training requirements permit, in compliance with applicable laws and authorities.*
- *The Coast Guard could deploy mobile education and training teams (MET/MTTs) to provide training in all mission areas. In addition, Cuba may desire, and the United States may wish to provide, Coast Guard resident training and support from the Caribbean Support Tender after the emergency phases are complete.*

### **e. Privatization / Commercialization Prospects**

Like ports in other Latin American nations, it is anticipated that Cuba's largest and most important investments will come from the private sector with assistance from institutions such as Inter-American Development Bank (IDB) and the World Bank. Most of these investments will be made for privatization of state-owned assets, and will come from private companies with specific objectives and from capital markets. Cuba's close proximity to the United States, its underdevelopment and plentiful mineral resources, its educated work force, its top-rated natural attractions, as well as other characteristics, have a positive impact on potential foreign investors.

## **RECOMMENDATION:**

- *The U.S. Government, through its industrial base (private port industry and manufacturing) and the international institutions, including the World Bank and the Inter-American Development Bank, could assist in a free Cuba's privatization of its port industry.*

### **f. Navigation Facilities**

Intermediate and long-term efforts should focus on strategic planning to both rehabilitate and enhance the country's navigation system. In concert with a free Cuba's Ministry of Transportation and Port Association, navigation modeling should be performed to analyze current and project navigation needs. The modeling results will allow informed, strategic decisions to be made about future navigation investments.

## **RECOMMENDATIONS:**

- *The U.S. Army Corps of Engineers could provide state-of-the-art computer models and training if needed.*
- *If requested by a transition government, the U. S. Coast Guard could provide:*
  - *technical assistance in determining correct mix of Aids to Navigation (A-to-N);*
  - *technical assistance in revising, updating, and identifying needs in Marine Information area;*
  - *technical assistance in assisting in development or modification of A-to-N units; and*
  - *technical assistance in any potential improvements to their training infrastructure to accomplish the A-to-N mission, either through establishing in-house capabilities or through resident or deployable training teams.*

### **3. Railroads**

#### **i. Introduction**

##### **a. Importance of Railroads to Cuban National Economic Development**

The overwhelming majority of the Cuban population has ready access to rail service. Rail transportation has played an important part in Cuba's economy for many decades, hauling primarily sugar and tobacco commodities. Rail passenger transportation has been equally important, particularly during the last decade as gasoline and diesel fuel shortages/rationing have reduced automotive traffic.

##### **ii. Organizational/Governance Structure**

Cuba's railroad is currently operated as a fully integrated state enterprise by Cuba's Ministry of Transport. The UFC<sup>35</sup> employs approximately 23,000 staff, although moderate staff reductions have been made in recent years. Current staffing remains high for the size and volume generated by this system, but is not atypical from other government-owned and -operated systems around the world.

##### **iii. Traffic Volumes/Commodity Flows**

The UFC operates approximately 3,200 miles (5,000 km) of so-called standard gauge track. The main artery of this standard gauge line runs along the spine of Cuba, which has been nominally maintained, including for purposes of military shipments. An additional 4,400 miles (7,000 km) of predominantly narrow-gauge rail trackage is operated by approximately 80 plantation railroads that haul cargo to and from the UFC mainlines. The majority of commodities carried are related to the tobacco and sugar industries. According to various economic reports and databases, more than 70 plantations and their related rail systems have ceased operation in recent years.

Only 95 miles (151.7 km) of tracks in Cuba are electrified. This electrified section is used for commuter passenger traffic between Havana and Matanzas.

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<sup>35</sup> Cuba's railroad, the *Union de Ferrocarriles de Cuba* (UFC)

## **a. Current State of Rolling Stock, Infrastructure, and Operations**

Prior to 1959, most, if not all, of Cuba's rolling stock was U.S. made, with locomotives manufactured by either General Motors or General Electric. U.S. locomotives continue to be prized for their robustness, reliability, and relative ease of maintenance and repair. However, obtaining spare parts has been difficult, but not impossible.

Since 1959, the former Soviet Union, the former Czechoslovakia, Romania, and Canada have provided Cuba with rolling stock. These locomotives have proven unreliable after only minimal length of service, in part because of climate incompatibility. Replacement parts are scarce and directly affect UFC's ability to provide nominal service.

The freight car fleet is made up of pre-Castro era cars manufactured in the U.S., and cars more recently manufactured, mostly from former Soviet Bloc countries. To keep the fleet operational, the UFC has, since 1959, adapted and domestically manufactured spare parts from obsolete U.S. and other foreign country designs.

## **b. Infrastructure**

As described in the October 1999 *Railway Age* magazine, UFC's "...main lines are laid with 112-pound, Soviet-supplied bolted rail, Cuban-made pre-stressed concrete ties, and screw bolt fasteners. Track products are scarce, as is maintenance-of-way equipment." In the same article, the editor states in his first hand account that "(i)n the early 1990s, UFC undertook reconstruction of its Havana-Santiago de Cuba main trunk, but this project didn't get very far due to Cuba's economic downturn. Some of the new construction has been cannibalized to repair other parts of the network."

The basic UFC main-line rail infrastructure was well designed and built and is capable of carrying considerably heavier loads, (e.g., military equipment), at greater frequency of operations if modern rolling stock were available.

Branch and/or plantation lines, predominantly of the so-called narrow gauge kind, often are in marginal shape. The condition of a small, one commodity, company-owned railroad is most often directly related to how

well that company is doing economically. In a reconstituted free market economy, a number of companies may simply want to abandon some or all of their own rail transportation in favor of other transportation alternatives.

Generally, rail hub infrastructure such as major railway stations, e.g. Havana, has been nominally maintained. Some stations have been restored and/or modernized. For instance, a major new railway station was built and brought on-line in Santiago in 1997. In 1998, rail facilities at and with access to the port of Matanzas, from where much of Cuba's sugar production is shipped, were upgraded. These cases are the exception, however, as many other stations around the country are crumbling due to financial neglect. Reflecting Cuba's dire housing shortage, it is reported that Cuban families have actually taken up residence in some stations, leading to vandalism and further, even faster, deterioration of facilities.

When Soviet aid ceased in the early 1990s, several countries signed cooperation agreements with Cuba to assist in maintaining, and in some cases, modernizing rail-related infrastructure. However, this assistance appears not to have materialized in any major way, as witnessed by recent multiple suspensions of passenger services due to track deficiencies.

Rail access to/from ports appears to be haphazard. Access to piers often is nonexistent, inadequate (one rail spur only), or in dire need of maintenance and repairs.

#### **RECOMMENDATION:**

- *Since intermodal traffic would be a major key to economic success in a free Cuba, early U.S. Government technical assistance should focus on improving rail access to/from ports.*

#### **iv. Identified Infrastructure Development Needs and U.S. Assistance**

##### **a. Capital Improvement: Infrastructure Modernization**

In 1998, the Cuba-Caribbean Development Co. estimated that approximately 30 percent of Cuba's track infrastructure needed to be replaced on a high priority basis. Capital improvements would exceed \$400 million (1998 dollars), annualized over an 8-year period. Assuming the

percentage estimate is correct, we concur with the subsequent monetary estimate to revitalize the system.

### **b. Capital Improvement: Rolling Stock Modernization**

It was also estimated that approximately \$88 million over an 8-year period needs to be invested in rolling stock replacement on a high priority basis. However, if new locomotives are to be purchased, FRA<sup>36</sup> views this estimate as low given the cost of \$1.5-\$2.5 million (in 2004) for a modern, fuel-efficient locomotive. If 30 percent of the fleet were to be replaced, estimated by Cuba-Caribbean Development Co. to total some 236 locomotives, the cost would be roughly double that amount (\$140-\$177 million).

A more affordable scenario would be for the UFC to purchase primarily refurbished U.S. locomotives, which are available as U.S. railroads transition to more powerful, fuel efficient, and environmentally cleaner locomotives. Under this scenario, the locomotive replacement cost would total approximately \$70-\$90 million.

#### **RECOMMENDATIONS:**

- *Facilitate sale of refurbished U.S. locomotives to a free Cuba.*

### **c. Technical Assistance & Training**

For a revitalized rail system to be economically successful and effective for potential customers/users, rail safety should become a key issue for Cuba's rail future. Rail container and general cargo movements will have significant opportunities in Cuba's future.

#### **RECOMMENDATIONS:**

- *As it has done in a number of foreign countries, FRA could assist in establishing a Cuban rail safety program. For example, several Western*

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<sup>36</sup> The Federal Railroad Administration (FRA) was created by the Department of Transportation Act of 1966 (49 U.S.C. 103, Section 3(e)(1)). The purpose of FRA is to: promulgate and enforce rail safety regulations; administer railroad assistance programs; conduct research and development in support of improved railroad safety and national rail transportation policy; provide for the rehabilitation of Northeast Corridor rail passenger service; and consolidate government support of rail transportation activities.



*Hemisphere countries have adopted portions of FRA's rail safety program.*

- *In addition, FRA has provided on-the-job training for representatives from numerous countries, by having foreign rail safety staff perform inspections alongside FRA inspectors in FRA regions similar to the geography and climatic conditions of the visiting inspectors' country.*

## **4. Public Transportation**

### **i. Introduction**

Given the low level of personal auto ownership in Cuba, public transportation is a crucial element for providing the necessary mobility to drive Cuban national economic development. Ensuring that Cuba's new government is able to support the development and maintenance of an effective public transportation system is vital for economic growth.

Public transportation creates jobs and a good transit system can and does attract business. New employers will make decisions to locate or leave a community based on its transportation system. Transit provides independence and economic opportunity by connecting people to jobs. Public transportation will improve the quality of life of the Cuban people. Not only is public transportation the safest mode of travel, but it also reduces and manages congestion.

### **ii. Organizational/Government Structure**

Presently, public transportation in Cuba is provided by state-run entities such as Cuban National Railways and the Havana Urban Bus Company. Land-use and transportation planning are important elements in developing public transportation services. These will be important areas to maintain and develop during a transition to a free Cuba.

Havana, with a population of over 2 million, will require the most intensive investments in public transportation resources. Other Cuban cities such as Santiago de Cuba, Camagüey, Holguín, and Guantanamo all have populations below 500,000 people and services can be provided to these areas through well-planned bus operations. Rural areas also have serious unmet public transportation needs.

### **iii. Current State of Infrastructure/Operations**

#### **a. Commuter Rail**

Cuban National Railways (CNR) provides commuter rail services in the Havana area. According to *Jane's*,<sup>37</sup> CNR provides the following services: The 90 km Havana (Casablanca)-Matanzas line is electrified 1.2 kV DC. Diesel services also run from Tulipan station to San Antonio (35 km, six stations), Central station to ExpoCuba (20 km, six stations), the Los Palos line (81 km, 15 stations, peak hours only), and other routes.

#### **b. Bus Systems**

The Havana Urban Bus Company (HUBC) provides bus services. A flat fare is charged and is paid directly to the driver. According to *Jane's*, HUBC provides 100 million passenger journeys annually, with 200 routes, at a length of 2,410 km. The average peak-hour speed is 18 km/h. The fleet is composed of 3,000 vehicles, including 400 Ikarus articulated buses.

According to *Jane's*, the majority of vehicles are Girón models, built by the local Havana factory assembling kits supplied by Ikarus. Some second-hand vehicles from Spain are also in service. Huge *Tren Bus* tractor-hauled vehicles also came into service in the early 1990s, capable of carrying up to 350 people. These are commonly known as camels. *Jane's* reports that fuel shortages have put many routes out of action and that a lack of spare parts has led to a major reduction in the number of Girón buses fit for service.

#### **c. Jitneys**

*Jane's* reports that a large number of jitneys or *colectivo* services are operated with 1950s American sedans.

#### **d. Ferries**

According to *Jane's*, in the Havana area two ferry services operate across Havana Bay providing links within the city between the main

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<sup>37</sup> *Jane's* Information Group ([www.janes.com](http://www.janes.com)).

quayside and Casablanca and Regla. The Casablanca service provides a link into the main central business district from trains terminating at Casablanca station.

#### **e. Subway**

Havana has no operational subway, although detailed plans for a subway were developed during the 1980s.

### **iv. Identified Infrastructure Development Needs and U.S. Assistance**

#### **a. Capital Improvements**

Cuba will require a large number of buses to meet its public transportation needs. Tied to these bus purchases are facilities for bus maintenance. Commuter rail operations may also require new rolling stock. An inventory of current rolling stock and public transportation infrastructure will need to be undertaken as part of a transitional government. As buses run on roads, the urban road infrastructure in the cities must also be at a level to permit the smooth flow of buses and cars.

#### **RECOMMENDATION:**

- *The U.S. Government could help identify U.S. companies that sell both refurbished and new transit buses. It could also identify U.S. companies with experience in developing and operating maintenance facilities.*

#### **b. Institutional Development**

The institutional ability to plan, develop, operate, and maintain public transportation services is as important as rolling stock and infrastructure. Important decisions will be made by a free Cuba, including the amount it would be willing to subsidize public transportation services, fare structures, route control, the role of the private sector in provision of services, types of services to be provided, and land-use and transportation planning.

#### **RECOMMENDATION:**

- *The U.S. Government and international financial institutions such as the World Bank can support institutional development by informing a free*

*Cuba on how public transportation is structured in many developing countries.*

### **c. Capacity Building**

As public transportation is developed in a free Cuba, it will be important for Cubans to have the knowledge and capacity to maintain and improve these services.

#### **RECOMMENDATION:**

- *The U.S. Government and international financial institutions, such as the World Bank, could provide information on what types of knowledge are required within government institutions and assist in obtaining training. Also, U.S. private sector companies could provide expertise in planning, operations, and maintenance services.*

### **d. Privatization / Commercialization Prospects**

A number of U.S. and international firms may be interested in providing public transportation services and maintenance operations in a free Cuba. A private Cuban corporation, possibly aligned with international firms, may also be able to provide services. Successful examples that a free Cuba could emulate exist in such Latin American cities as Bogotá, Colombia, and Curitiba, Brazil.

## **5. HIGHWAYS**

### **i. Introduction**

Successful rebuilding of the Cuban road infrastructure could be accomplished in a variety of ways. Training, capacity building, planning, and institution building, along with repair of the most significant bridges and the numerous potholes throughout the major road system, will be vital to improving Cuba's road infrastructure, as will be the goal of assisting Cubans to develop a transportation infrastructure designed for the safe and efficient movement of people and goods.

Medium-term assistance should be geared toward facilitating those projects designed to modernize the infrastructure, provide for institution

building, and establish the groundwork for long-term investment and growth. Finally, long-term planning should focus on those needs which are not immediately visible but which will arise as the island shifts into a consumer driven economy. These issues will necessitate focusing on planning, budgeting, and implementation of technological advances.

Relationships could be established with a host of partners including U.S. public and private entities, as well as international organizations such as the World Road Association (PIARC).<sup>38</sup>

## **RECOMMENDATION:**

- *If requested by a transition government, the U.S. Government could partner with international institutions such as PIARC to support efforts in the highway infrastructure rebuilding process and to train Cuban personnel.*

## **ii. Organizational/Governance Structure**

Currently, the Cuban Ministry of Transportation is responsible for directing, executing, and controlling the application of government policy in matters involving land, maritime, transportation or connected services, and civil maritime navigation. The list of responsibilities of the Ministry includes:

- All planning and development involving transportation.
- Environmental protection.
- Issuance of licenses on the island and within its jurisdictional waters.
- All security involving transportation matters including maritime navigation.
- Planning and maintenance of the road system.

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<sup>38</sup> “The road system plays a vital role in the performance of economies, in the social functioning of communities, and in achieving effective land use and regional development. As an international open forum for information exchange, PIARC is in a unique position to address the full range of road transport and road infrastructure issues. Participants in PIARC have found that they have much to learn from each other. They could develop more effective policies and technical approaches by learning from successes and failures elsewhere. The benefit of PIARC's activity would be reflected in more efficient road administrations, an improved contribution of road transport to the wider economy, safer transport, and a more harmonious relationship among road transport, transport users, the environment, and society.”  
<[www.piarc.org](http://www.piarc.org) Accessed: January 2, 2004>

- Regulating all matters involving transportation including design, signalization, and maintenance of signal systems and signage.

### **iii. Traffic Volumes / Commodity Flows**

Highway cargo transportation was 14 mmt<sup>39</sup> in 1989 and 8 mmt in 1994. Sixty-four percent of this cargo was transported under the auspices of the Ministry of Transportation; 8 percent under the Ministry of the Revolutionary Armed Forces; 7 percent under the Ministry of Sugar Industry; and 11 percent under local authorities and municipalities.<sup>40</sup>

As Cubans come to enjoy political and economic freedom, it is reasonable to assume that the road system would be under additional pressure from increased traffic volumes and an increase in the flow of commodities across the island. The U.S. Government may be able to assist in the planning for the increased flow, and it could do so hand-in-hand with the institution building process.

### **iv. Current State of Highway Infrastructure**

As noted previously in this report, investment in infrastructure under the Castro dictatorship has been near zero. As a result, Cuba faces a major task in rebuilding and restoring almost its entire road infrastructure. Roadways, sidewalks, highways, traffic control systems, pavement markings, signage, and guardrails are in need of repair and restoration. Perhaps 50 percent of the structures need to be replaced. As noted in a recent report, the highest priority capital improvements and expansion projects are related to Intermodal projects and enhanced access, and would total approximately \$1 billion.<sup>41</sup>

#### **a. Primary Highways**

Cuba is about the size of Pennsylvania, and it has approximately 38,000 miles of roads crisscrossing the island. Within this number are 400 miles of expressways.<sup>42</sup> Of the total number of miles of roadways, only about 19,000 miles are paved. The Central Highway runs through the center

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<sup>39</sup> mmt: million metric tons

<sup>40</sup> Cuba Caribbean Development, LLC, *“Rehabilitating and Modernizing Cuba’s Infrastructure”* p. 23

<sup>41</sup> CubaCaribbean Consulting, LLC, *Rehabilitating and Modernizing Cuba’s Infrastructure*, p. 25.

<sup>42</sup> <http://www.cia.gov/cia/publications/factbook/geos/cu.html#Trans> accessed, February 10, 2004.

of the island and extends between Pinar del Rio and Santiago de Cuba. Nearly all of Cuba's cities, towns, airports, harbors, and agricultural areas are accessible by paved roads. Only a few towns in the mountainous, primarily coffee producing regions in Guantanamo province, remain accessible by unpaved roads.<sup>43</sup>

By the time of the 1959 Revolution, Cuba had one of the most extensive road networks in Latin America. Since then, further expansion was undertaken, although road maintenance decreased dramatically. In the 1990s, Cuba had about 12,420 miles (20,000 km) of highways, including over 9,000 miles (14,500 km) of major highways.<sup>44</sup> This extensive highway system transects the island, but as it was built for military purposes, it bypasses cities and towns, connecting with them through secondary roads, and is severely lacking in gasoline stations.

### **b. Secondary Roads**

Secondary roads in Cuba make up the majority of unpaved roads on the island. These minor roads have traditionally comprised the most neglected part of the nation's road system, especially in the eastern part of the country. The absence of street lighting makes driving at night dangerous. This danger is exacerbated by the fact that some cars and most bicycles lack running lights or reflectors. Street signage, where it exists, is often confusing. Most Cuban cars are old, in poor condition, and lack turn signals and other standard safety equipment. Secondary rural roads are narrow, and some are in such bad condition as to be impassable by cars.

### **c. Bridges and Overpasses**

Via Blanca Expressway connects Havana City, Matanzas, Varadero, and Cardenas with a total of 89 miles, 4-lane way. It has several of the most impressive bridges in the country (Bacunayagua, Canimar, and others).<sup>45</sup>

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<sup>43</sup> Cuba Caribbean Consulting, LLC, *Rail & Roads Abstract*, p. 2.

<sup>44</sup> Institute for Cuban & Cuban American Studies, University of Miami, <http://cuba.iccas.miami.edu/Docs/c01418.pdf> Accessed February 12, 2004.

<sup>45</sup> CubaCaribbean Development, LLC, "Rehabilitating and Modernizing Cuba's Infrastructure" p. 24

## **v. Assistance and Program Building Resources Available to a Free Cuba**

### **RECOMMENDATION:**

- *If requested by a transition government, the U.S. Government, specifically the FHWA, could take the lead in providing immediate assistance in the coordination of emergency reconstruction and repair, as well as the provision of needs assessment and training for medium and long-term projects. Coordination with international partners will facilitate the infrastructure rebuilding and reinvigoration effort and allow the United States to focus attention and resources on the areas with the highest critical need. Similarly, coordination among various U.S. Government agencies would be useful in speeding the revitalization process and assuring the maximization of resources.*

Specific recommendations for immediate assistance to a free Cuba include the following:

#### **a. Road Construction Assistance**

### **RECOMMENDATION:**

- *The FHWA could coordinate community based labor-intensive projects for the repair of existing roads and the development of new roads on the island.*

This approach has successfully been applied in areas where technology and resources are scarce, but where there is a large and willing labor force available. This would be particularly useful in providing immediate assistance in the City of Havana to repair roads that have suffered from maintenance neglect, and in the countryside to connect towns with new roads and pave the existing network of unpaved roads on the island.

#### **b. Provide Training**

### **RECOMMENDATIONS:**

- *If requested by a transition government, the FHWA could take the lead in facilitating training in such areas as:*



- ***Planning and Design*** – Facilitate training in design management to Cuban transportation officials.
- ***Construction Quality Control/Quality Assurance*** – Coordinate the provision of technical manuals for road building that are in accordance with international practices.
- ***Safety*** – Coordinate training courses to inform Cuban personnel on state of the art technology road safety systems. Additionally, in the area of driver safety, “train the trainer” courses could be coordinated that would enable these persons to train other Cuban nationals. This would not only provide for immediate needs, but would also allow the U.S. Government to accomplish institution building on the island by promoting a “Road Safety Culture.” To better ascertain additional safety issues the U.S. Government may advise on, it would be important to obtain a broader assessment of the current condition of Cuba’s highway infrastructure.
- ***Project Management*** – As Cuba transforms once again into a market economy, there will be a need for training personnel in management of project financial resources and expenditures. The U.S. Government could provide assistance in the development of project timelines and management support that takes private sector initiatives into consideration. The training should be designed to focus on such things as effective utilization of project financial management systems, accounting, and financial reporting.

### **c. Technology Transfer**

The Castro regime's self-imposed isolation from the democratic mainstream in the hemisphere means that Cuban transport authorities have not benefited from programs developed by the United States over the last 45 years. Technological, process, and systems advances, training courses, and materials have, for the most part, not reached the Cuban transportation community.

## RECOMMENDATIONS:

- *If requested by a transition government, the FHWA could work side by side with Cuban personnel and international entities on the island. The promotion of T2 centers would allow for the meaningful sharing of hands-on experience and technological information.*
- *If requested by a transition government, the FHWA could also provide assistance in the area of technology transfer by providing:*
  - ***On the Job Training*** – *Working with Cuban transportation officials through a “learning by doing” approach. This would serve to update Cuban transportation entities on the latest in U.S. technology and allow U.S. personnel to assess the state of the Cuban transportation system while learning new methods of road construction that can be applied in tropical climates.*
  - ***Personnel exchanges*** – *Members of the Cuban transportation sector could be brought to the U.S., where they could participate in intense course work targeted to their specific needs. Funding would need to be provided as this is beyond the budgetary means of many individual agencies within the U.S. Government, such as FHWA.*
  - ***Support for Needs Assessment*** – *The evaluations should focus on medium and long-term needs of the Cuban transportation system by providing technical support to entities that would be engaged in the actual reinvigoration of the island’s road system. Supporting a needs assessment would allow Cuban transportation officials and those entities engaged in rebuilding to identify and prioritize specific areas of assistance. The needs assessment could consist of both organizational and functional assessments. Medium- and long-term plans of action could be used as the basis for future planning for the island. The U.S. Government could work closely with Cuban transportation officials and others in the international donor community in devising this plan*
  - *In order to accurately assess the needs of the transportation system for medium and long-range planning, it would be necessary to do more in-depth assessments than is possible without being on the*

*island. Contractor evaluation teams could be hired to assist in the preparation of long- and medium-term plans for the island.*

#### **d. Coordinate with Technology Transfer (T2) Centers in a free Cuba**

In Cuba, technology transfer centers have an extensive network for the acquisition and distribution of information on technology and processes throughout the island. This would cut the delivery time by working with existing entities and thus leverage resources.

#### **vi. Preliminary Activities To Be Considered**

Any development activity would require some initial preparation. In this effort, organizers could consider the following in preparation to assist Cuba, if resources were made available.

- A preliminary survey of laws to review the status of current laws in the United States and Cuba and their impact on the type of assistance that we can offer.
- Devising a hardship plan for issues that might arise as a result of staffing offices for infrastructure restoration efforts.

#### **vii. FHWA Technical Assistance Program Participation**

If the government of a free Cuba wishes, FHWA could share with Cuban authorities the benefits of its long history of providing technical assistance to countries throughout the world. The range of technology transfer material available to a free Cuba would span traditional highway transportation topics, such as transportation planning pavements, to state-of-the-art technology for intelligent transportation systems. Technical assistance could also involve institutional and program delivery issues such as enabling legislation, organizational management, value engineering, innovative financing, and private/public partnerships. Bilateral arrangements or multilateral development and technical organizations would be required. These arrangements themselves could be used as vehicles for further strengthening the ties between the United States and a free Cuba.

## **RECOMMENDATION:**

- *If requested by a transition government, FHWA could facilitate the exchange of information between Cuba and other nations to share technological and process information that may not already be available on the island.*

## **viii. Coordination of International Efforts**

### **RECOMMENDATION:**

- *The U.S. Government could take part in a coordination effort with a free Cuba designed to focus the power of the existing U.S. network of research sources in identifying areas of the Cuban infrastructure that require restoration and building. The network could further act as a vehicle for transferring technological information to the island. International partners could take the lead in working with the local citizenry in speeding up the process of innovation, restoration, and reinvigoration.*

## **ix. Institution Building in a Free Cuba**

### **RECOMMENDATION:**

- *If requested by a transition government, FHWA efforts could be directed to institution building.<sup>46</sup> The FHWA could provide assistance to a free Cuba in the transition of the Cuban transportation organization into an institution that would respond to external, market-driven demands rather than military needs. Providing guidance to and facilitating training of transportation officials could assist a free Cuba with the establishment of a more efficient and effective transportation sector.*
- *The U.S. Government could assist a free Cuba by facilitating Cuban involvement and participation in training and certification programs developed in the U.S and used by our international partners abroad.*

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<sup>46</sup> “Institution building is defined as a process of creating capacity within and among organizational sets to redefine the operating culture, formal and informal rules, convention and norms of individual and collective work in response to environmental challenges.” <http://csf.colorado.edu/sristi/papers/fpm.html> Accessed: January 7, 2004

*These programs could be targeted to specific transportation infrastructure development needs and could be focused on those areas of greatest interest to Cuban transportation authorities.*

- *Technical assistance could also be provided immediately by making the International Visitors Program available to Cuban transportation officials. This program is a vehicle for, inter alia, facilitation of technical exchanges. These programs bring transportation experts from around the globe to the United States for meetings with their American counterparts. As a result, relationships are established, information is exchanged, and communication between participating nations and the U.S. is enhanced. Technical information could also be provided via the Internet and CDs, as well as via hard copies.*
- *Relationships between foreign nationals and the DOT could also be available through the Loaned Staff Programs. These programs could spearhead the effort to make information available to a free Cuba by opening the door to their working with U.S. agencies. This would go a long way toward making Cuban officials aware of the latest technological advances while promoting reestablishment of ties between the two nations.*
- *Following a transition, another way to facilitate ongoing institution building efforts on the island might be to promote direct engagement with Cuban officials and transportation experts on the island. This could be accomplished through participation in Cuban organized conferences, joint workshops, and exhibitions dealing with road maintenance, multimodal transport, safety, and other similar pursuits.*

#### **x. Privatization / Commercialization Prospects**

In terms of the transportation infrastructure, privatization would mean that the rebuilding effort must be done in partnership with a burgeoning Cuban private sector. This might encourage the evolution of transportation-related private sector industries in Cuba. Prior experience has shown that privatization and encouraging private enterprises can result in increased revenues to the government, job creation, job training, and institutionalization of a private transportation industry. As with other aspects of Cuban infrastructure, the U.S. Government should facilitate the

exchange of information regarding the benefits of privatization and the experiences of other countries in this area.

## **6. Traffic and Vehicle Safety**

### **i. Introduction**

According to 1996 World Health Organization (WHO) / Pan-American Health Organization (PAHO) statistics, road traffic crashes are fourth leading cause of death for all ages and the leading cause of death in the Cuban population between 1-49 years of age. The 1996 data is slightly higher than previous years, suggesting that traffic crash-related fatalities are rising, based on adjusted rates. Due to the lack of better data, however, it is difficult to determine the exact scale and nature of road safety problems in Cuba, therefore any specific kind of assistance to Cuba should be preceded by a detailed analysis of Cuba's traffic safety condition.

Very little information is available on the Cuban government's approach to road traffic safety. It is unknown, for example, whether Cuba's approach encompasses all three components of road traffic safety considered by to the United States: the human/behavioral aspects, the vehicle aspects, and the environment or infrastructure. It is also uncertain whether or not motor vehicles in Cuba must meet certain standards and regulations. It is not known if Cuba develops and enforces any of its own regulations and, if so, how.<sup>47</sup>

### **ii. Organizational/Governance Structure**

An agency within the Cuban Ministry of Transport, the *Direccion de Seguridad e Inspeccion Automotor* (DSIA), performs some similar functions to those of the National Highway Traffic Safety Administration (NHTSA) in the United States. There are several other agencies within and outside the Ministry that also perform functions related to traffic safety. However, no information is available to determine how well coordinated the activities of these organizations are.

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<sup>47</sup> In general, developing and vehicle non-manufacturing countries import cars that meet another country's requirements. Most vehicles around the world are built according to the U.S. Federal Motor Vehicle Safety Standards (FMVSS), which are almost identical to the Canadian Motor Vehicle Standards, or to the regulations of Economic Commission for Europe (ECE) or Japanese regulations, or, in some cases, a combination of several different regulatory systems.

### **iii. Identified Program Structure, Development Needs, and U.S. Assistance**

#### **RECOMMENDATION:**

- *If requested by a transition government, the National Highway Traffic Safety Administration could provide training and assistance to the Cuban transition government in the establishment of all aspects of a national highway traffic safety program.*

#### **a. Partnership with International Organizations**

#### **RECOMMENDATIONS:**

- *The U.S. Government and industry could jointly:*
  - *encourage and support a free Cuba's full and active participation in vehicle and traffic safety international organizations, including the World Forum for Harmonization of Vehicle Regulations (WP.29) and Working Party on Road Traffic Safety (WP.1) under the United Nations Economic Commission for Europe, Western Hemisphere Transportation Initiative; and*
  - *facilitate Cuba's active participation in standard-setting and other professional organizations, including the International Standards Organization and the Society of Automotive Engineers.*

## **C. ENERGY INFRASTRUCTURE**

### **1. Introduction**

The Cuban energy sector and its infrastructure exhibit diverse characteristics ranging from a power generation infrastructure that is decreasing in capacity and reliability to an active oil and gas sector that has international private sector participation. According to the U.S. Department of Energy's Energy Information Administration (DOE/EIA), Cuba's energy consumption in 2001 was nearly 0.4 quadrillion Btu (equivalent to

approximately 200,000 barrels of oil per day).<sup>48</sup> Of that total, 92 percent came from petroleum, 6 percent from natural gas, and 2 percent from coal, geothermal, solar, wind, hydroelectric, and other sources. In 1999, sources report that nearly 80 percent of Cuba's energy consumption was in the industrial sector, while only slightly more than 20 percent was used to meet commercial, transportation, and residential needs.

Cuban oil production has more than doubled since 1991. In 2002, oil production averaged 49,300 barrels per day (bbl/d). The *Oil and Gas Journal* reported in December 2003 that Cuba's estimated proven oil reserves total 750 million barrels. Most domestic crude oil production consists of heavy, sulfur-laden oil, which is either used to fuel power plants or converted into useable fuels by refineries located in Cuba. Refineries also process imported crude oil. Cuba imports nearly 82,000 bbl/d of crude oil and refined products from Venezuela, representing more than a third of the island's oil demand. Cuba has a financial arrangement with Venezuela that expires in 2005 allowing for the purchase of oil under preferential conditions. Cuba also imports petroleum products from other countries, including Mexico.

Natural gas production in Cuba has also increased significantly since the early 1990s, and as of January 2003, proven natural gas reserves stood at 2.5 trillion cubic feet (tcf). The Cuban government claims increases in oil and natural gas production already fulfill more than 50 percent of domestic energy demand.

The Castro regime has set a goal to generate all of its electricity demand from domestic crude oil resources, eventually making the island self-sufficient in resources for this sector. However, limited supply and high costs of electricity have resulted in low consumption per capita and frequent blackouts in the residential sector. Unlike most countries, industrial and even commercial users have a higher priority than residential users when supplies are scarce. The Cuban regime claims that 95 percent of the population has access to electricity from the grid, leaving over 500,000 people in rural areas who must depend on other sources of power. Renewable energy (solar, wind, small hydro) plays a role in the Cuban energy sector but is still only a fraction of total energy and electricity production.

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<sup>48</sup> Source DOE/Energy Information Administration, Total Primary Energy Consumption 2001



## 2. Energy Overview

Two-thirds of the energy used in the Cuba is imported in the form of oil or petroleum products. These imports are refined into petroleum products or burned in power plants in order to generate electricity. For more than three decades, Cuban imports came from the Soviet Union. After the Soviet Union collapsed in 1991, Cuba's economy contracted, in part because of the country's inability to obtain petroleum at the concessionary terms it had received from the Soviet Union. Total energy consumption has remained relatively flat after the steep decline of nearly 25 percent following the end of Soviet subsidies, but domestic oil and gas production has been increasing since 1995. Increasing Cuban oil production means fewer imports and thus an improved balance sheet. Flat energy consumption has resulted in old and inadequately maintained infrastructure for handling imports, including infrastructure for offloading and transferring the imported crude oil and products. On the other hand, new infrastructure for increased domestic production has been added.

Cuba's energy infrastructure includes the import terminals for fuels,<sup>49</sup> pipelines that deliver imports to refineries and power plants, pipelines (or in many cases, trucks) that deliver the products to the distribution centers, transmission lines that deliver the high voltage power to the consuming cities, transformers that lower the voltage for final distribution, and facilities for delivery to the end users. Most of the energy is consumed in the principal cities and thus the energy infrastructure is designed and maintained to meet those needs. No excess capacity is available and with any lifting of severe energy consumption restrictions or attempts to increase the gross domestic product (GDP), energy supply and delivery will be the limiting factor for economic growth given that per capita demand should and will increase significantly.<sup>50</sup>

Total energy consumption decreased drastically after 1990 and has only recently leveled off, as can be seen in Figure 1 below. As mentioned above, most of the energy used in Cuba is in the industrial sector, while only slightly more than 20 percent is used to meet transportation, commercial, or residential needs (Figure 2 below). This contrasts greatly with other nations

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<sup>49</sup> The "modern" port at Matanzas can handle tankers of up to 150,000 DWT.

<sup>50</sup> Amy Myers Jaffe and Ronald Soligo, *Energy in Cuba*, Papers and Proceedings of the Twelfth Annual Meeting of the Association for the Study of the Cuban Economy (ASCE)

where the transportation sector is a more significant consumer of energy. Less than 11 percent of energy consumed is in the transportation sector. Beginning in the early 1990s, bicycles and donkey carts often replaced buses and cars to meet daily transport needs, and by the end of the decade, up to 70 percent of the freight and more than half of intercity travel were based on the rail system.

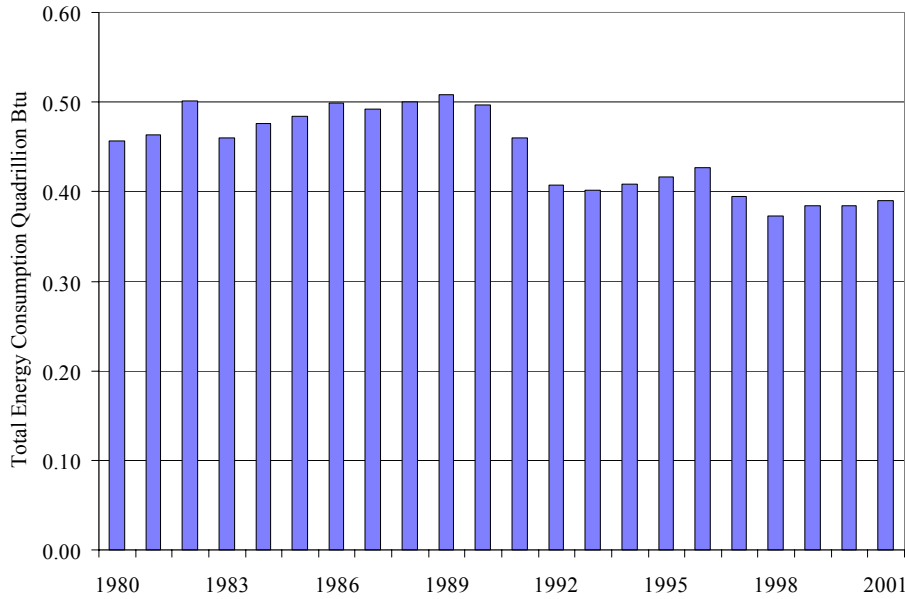


Figure 1. Historical data of total energy consumption in Cuba (Source DOE/EIA 2001)

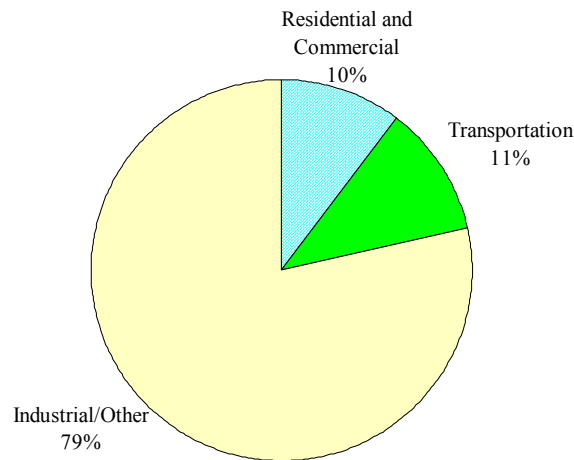


Figure 2. Estimated total energy consumption by sector (1999)

The primary energy consumed per capita in Cuba (reported in 2001 by DOE/EIA) only began increasing recently (35 Million Btu per capita; population 11.2 million) and is similar to that of the Dominican Republic (32 Million Btu per capita; population 8.53 million), which is growing at a more significant pace. However, it is well below the value before 1990, which was around 47 Million Btu per capita. Once the dictatorship in Cuba has ended and the core institutions of a free economy are being created, tourism will undoubtedly rise sharply, as will energy requirements. Thus, a reasonable long-term target may be to reach levels similar to those of Puerto Rico (108 Million Btu per capita, population 3.96 million). The speed with which this target is reached will be a function of the investments made in the energy sector in the years to come.

The latest energy balance available from the Energy Information Administration (DOE/ EIA) is from 2000; however, it serves the purpose of confirming that most of the power generated and the energy consumed in Cuba has its origins in residual fuels as seen in Figure 3.

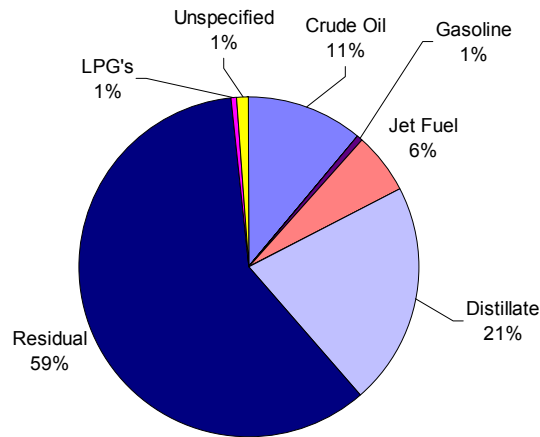


Figure 3. Fuel imports (Source DOE/EIA Energy Balance 2000)

This mix will likely evolve as domestic production of oil and gas increases and replaces imported residual fuels. DOE/EIA reported Cuban imports of nearly 130,000 barrels per day in 2000. The origin of these imports has evolved in time away from the former Soviet Union, to Mexico, and more recently Venezuela. The Caracas Accord signed in 2000 between Cuba and Venezuela provides Cuba with high volumes of crude and refined product, as well as financing terms well below market rates (2 percent

financing, in some cases with 15-year maturity). Additionally, the “accounts past due” is approaching \$1 billion payable to Venezuela,<sup>51</sup> most of which accrued during 2003. As mentioned above, Cuba does not import natural gas products (CNG, LNG, or others). Natural gas produced in Cuba tends to be sour and in the past 5 years, efforts to process this production have resulted in approximately 200 megawatts (MW) of new power generation capacity and approximately 200 barrels per day of natural gas liquids (propane, butane, and pentane) used primarily for residential distribution.

Electricity consumption is on the rise from its 1994 minimum but still below its peak in 1990 as can be seen in Figure 4 below.

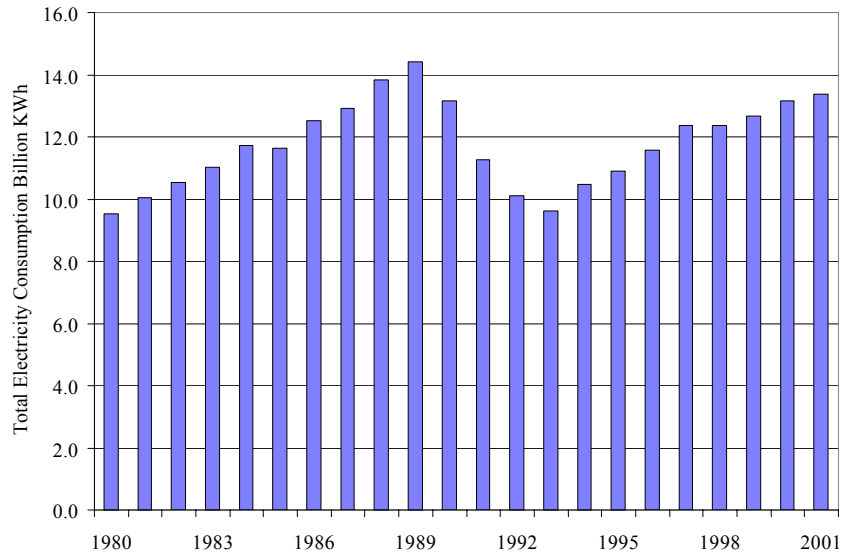


Figure 4. Total Electricity Consumption (Source DOE/EIA 2001 Assessment)

Use of renewable energy sources is receiving a great deal of attention and is playing a role in the Cuban energy mix. However, renewables are still only a fraction of total energy and total electricity production, as can be seen by comparing Figure 4 (above) and Figure 5 (below), which shows that only 7 percent of electricity is generated from renewable fuels/sources.

<sup>51</sup> Reported in the *Wall Street Journal*, 2/2/2004 and *El Universal*, 2/07/2004.

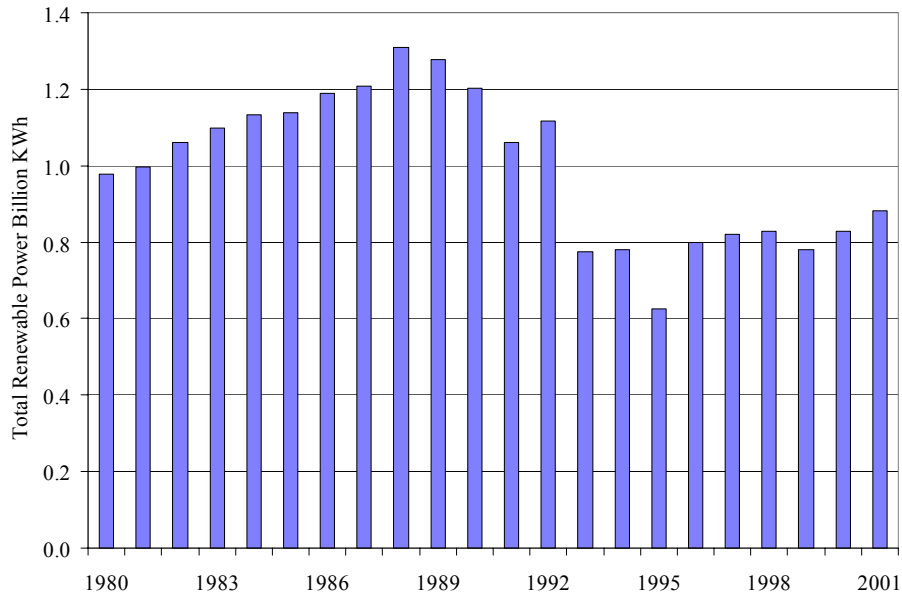


Figure 5. Power generated from renewable sources (Source DOE EIA 2001 Assessment)

### 3. Organizational/Governance Structure

The Ministry of Basic Industries is the Cuban government agency responsible for the activities related to the power sector (generation, transmission, distribution, and commercialization), the oil and gas sector (exploration, production, refining/processing, and commercialization of hydrocarbons and products), and the mining sector (nickel and other minerals). Additionally, the ministry is also responsible for some downstream industries such as petrochemicals. In order to better support the general activities, the ministry is also responsible for 8 “support” companies:<sup>52</sup> that are in charge of performing or helping with:

- Production
- Research
- Projects
- Maintenance
- Construction
- Internal commercialization
- Importation of raw materials and components
- Exportation of finished products

<sup>52</sup> See <http://www.cubagov.cu/gobierno/fichas/fminbas.htm>.

The Energy Sector Authority covers all the activities related to hydrocarbons and electricity, and currently oversees two energy producing entities: *Cubapetroleo* (CUPET) and the Electric Union. CUPET is the Cuban state oil company responsible for all matters related to hydrocarbons, while the Electric Union is a public service enterprise that generates, transmits, distributes, and commercializes electric power.

With the promulgation of the Mining Law of 1995, the National Office of Minerals Resources was created as the main regulatory agency. Its main functions are the control and supervision of the concessions in the hydrocarbon and mineral areas. That office is also responsible for the protection of hydrocarbon and mineral resources, the rational exploitation of such resources and environmental oversight of such activities.

Even though environmental oversight of exploitation activities is the responsibility of the National Office of Mineral Resources, the Ministry of Science, Technology, and the Environment is the body responsible for directing, implementing, and monitoring state and government policy related to science and technology, environmental policy, and the peaceful uses of nuclear energy. It also is responsible for biological security and monitoring chemical substances controlled by the Convention on Chemical Weapons.

#### **4. Current State: Energy and Minerals/Mining Infrastructure**

##### **i. Oil and Natural Gas Profile**

Cuba is a net importer of crude petroleum and refinery products, but in recent years has focused its efforts on increasing the production of crude petroleum and natural gas. With some foreign investment since 1997, Cuba's production of crude petroleum has doubled. Production of natural gas has increased more than tenfold.

The U.S. Geological Survey (USGS) assessed the potential for undiscovered conventional oil and gas resources in part of the North Cuba Basin during the World Energy Assessment 2000 Project. It was assessed that a potential of about 480 million barrels of oil remain to be discovered in the North Cuba Fold and Thrust Belt Assessment Unit of the North Cuba Basin. This area represents the most appealing region of Cuba from a prospecting perspective.

## RECOMMENDATION:

- *U.S. Government agencies should reestablish working relationships with a free Cuba in an effort to assist with additional basin studies. Areas to focus on include: assess the North Cuba Foreland Basin Assessment Unit and the North Cuba Yucatan Shelf Assessment Unit (both of the North Cuba Basin), which was not assessed in 2000 given the lack of information. Given what the Cubans have published since 2000, these assessments are now possible. Following this, work could begin to focus on other Cuban basins and encouraging private sector participation.*

The increase in oil production has resulted in the increase and availability of natural gas for domestic use, residential, industrial, or power generation. This availability has made investments in storage and distribution of natural gas more attractive. Domestic natural gas displaces imports, and given that the transfer price to the consumer is only a subsidized production cost (as mentioned above, in some cases the transfer price is negligible), there is a decrease (if only fictitious) of energy costs to the consumer due to decreasing volumes of imports. Residential natural gas usage is still limited.<sup>53</sup>

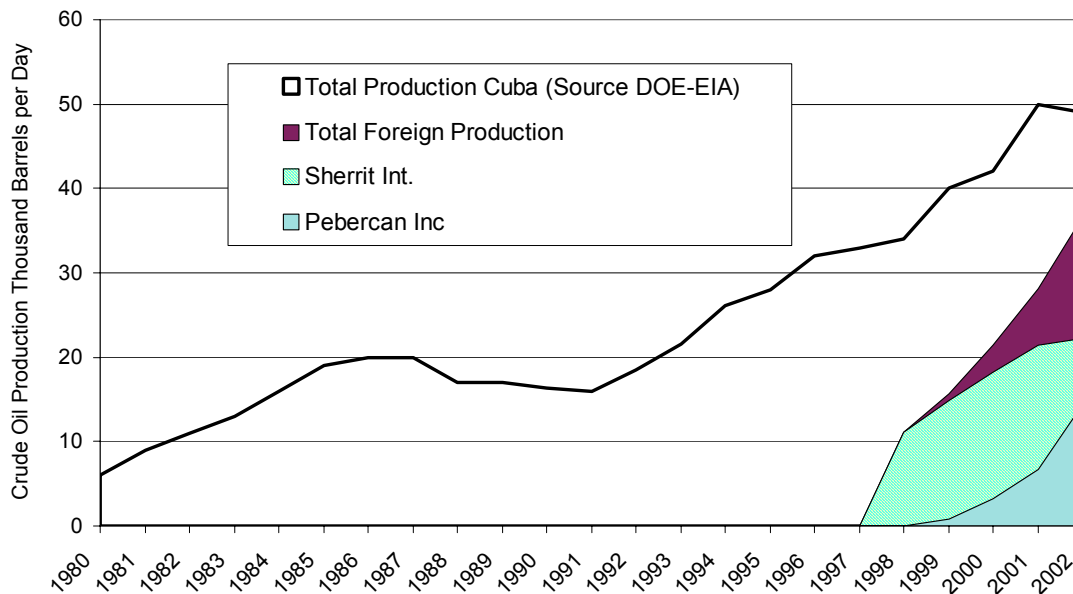


Figure 6. Historical increase in the production of Crude Oil in Cuba

<sup>53</sup> Press Release, Radio Habana Cuba, January 14, 2004

However, since 1998, numerous efforts have been made to treat the natural gas produced. *Energas*<sup>54</sup> receives natural gas, at no cost, from CUPET, which it processes to produce power that it sells at a fixed price of 4.5 cents per kilowatt hour (KWh) for a hefty profit. Two of the byproducts of the sour natural gas processing are sulfur and small volumes of condensates (propane and butane) and other natural gas liquids, which can be used for residential consumption.

There are examples of high quality reservoirs (Pina) both onshore and offshore. The latter will likely be tied to recent exploration activity towards the northwest of the island. For these reservoirs, lighter crude is expected. This exploration activity will likely discover hydrocarbon reservoirs that are adjacent to, or shared with, U.S. or Mexican hydrocarbon reservoirs as can be seen in Figure 7. Most territorial waters up to the international border or the end of the exclusive economic zone (EEZ) are likely to eventually be subject to exploratory efforts. If so, this could become an issue in the future, given the moratorium for oil and gas activities in Florida, and will undoubtedly be a cause for environmental oversight.

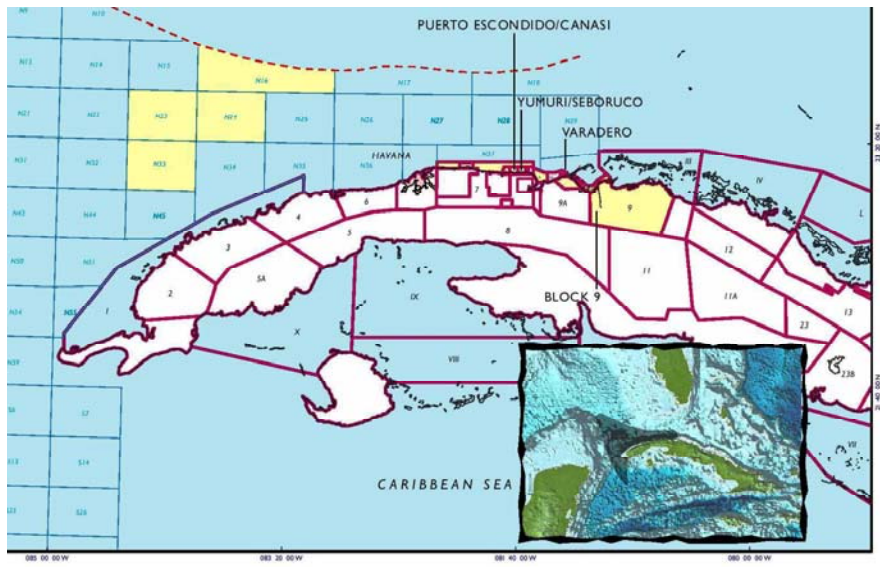


Figure 7. Offshore blocks open for Oil and Gas Exploration and Production (Source: Sherritt International Annual Report 2002 and USGS)

<sup>54</sup> Energas is a 20 year partnership between Sherritt International Corporation (1/3), CUPET (1/3) and Unión Eléctrica (1/3) ending in 2017.



## **ii. Minerals/Mining**

Cuba's mining industry is dominated by the production of nickel, which is one of the country's leading sources of foreign exchange. Cuba is also an important producer of cobalt, which is a byproduct of its nickel operations. Nickel is produced by three operations in eastern Cuba. One of these operations is a joint venture between Sherritt International Corporation (50 percent) and the Government of Cuba (50 percent). The other two mines and plants are operated by the state. Production of nickel has increased significantly after Sherritt's investment in Cuba.<sup>55</sup> Foreign investment in the mining sector became possible when Cuba changed its law regarding foreign investment in 1992. In 1993, nickel production was only about 28,800 metric tons. In 2002, production was about 73,000 metric tons. At present, international companies are exploring at least two other deposits of nickel. The Castro regime has also worked with financial institutions like ING Bank to find ways to finance investment in its plants to improve productivity.

In addition to nickel and cobalt, Cuba is a small producer of cement, chromite, copper (although mines were being closed in 2001 and 2002), gold, gypsum, steel, silica sand, and stone and other minerals for domestic consumption. In the 1990s, several mining companies were actively exploring in Cuba. Exploration has since decreased significantly. One of the reasons was the low price of gold that prevailed in recent years.

## **iii. Refining**

Existing production is handled in the local refineries with much difficulty given that their design corresponded to imports of Soviet crude oil, which was generally lighter and had lower sulfur content than Cuban crude oil. In the late 1980s, based on the prospects of increasing Cuban production, the Cienfuegos refinery was planned and built but did not achieve full operational status given deficiencies in its design and lack of investment. Over the years, there has been much publicized interest in the refinery so that it could be upgraded and brought online. Interest expressed by Libya, Venezuela (PDVSA), and most recently PETROBRAS and Repsol-YPF, has not resulted in a partnering agreement. One after the other, the tentative partners walked away from the refinery after completing their

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<sup>55</sup> See Chapter 4 of this report for Expropriation issues.

evaluations. Several reports reflect that anywhere from \$100 million to \$300 million will be required to upgrade the refinery.

The three operational refineries account for approximately 110,000 barrels per day of current refining capacity,<sup>56</sup> which is well below their nominal capacity of over 200,000 barrels per day. Two significant refineries process most of the imported crude, one in Havana, and the other in Santiago de Cuba. Together they process nearly 55,000 barrels per day of crude. The third refinery, located in Ciego de Avila, produces 4000 barrels per day of lubricants for domestic consumption.

Infrastructure for handling crude and gas products is very limited. Most existing pipelines are not very extensive, except for the pipeline connecting the port of Matanzas and the non-operational Cienfuegos refinery. Other minor pipelines have been inaugurated in recent years,<sup>57</sup> such as the one that links the Nico Lopez refinery to the international airport in Havana for the delivery of aviation fuel, and another transfer pipeline, which delivers crude to the port of Matanzas. New ventures have been announced that are supposed to distribute and commercialize natural gas and natural gas liquids. The venture will have as partners CUPET, TOTAL, and Trafigura<sup>58</sup> and will increase direct supply of methane gas to Havana and also distribute propane gas.

#### **iv. Electricity**

The power sector has shown much less activity. Very little new investment has been made over the past decade. Major capital expenditures have concentrated on the maintenance and upgrading of old turbines and boilers that use diesel and other heavy fuels as the source of energy. The old power plants mostly run on fuels refined from imported low sulfur crude, resulting in high power costs. Some efforts have been made to upgrade the facilities and increase effective power generation capacity and/or efficiency.<sup>59</sup> These efforts are in some instances tied to initiatives to treat the Cuban sour natural gas and use it for power generation. As mentioned above, two integrated ventures owned by *Energas* use the associated gas production from the Varadero and Boca de Jaruco fields. This venture is

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<sup>56</sup> Cuba News, n1, p9, Monday, January 1, 2001

<sup>57</sup> Oil infrastructure improves. Granma (CUBA), Friday, October 12, 2001

<sup>58</sup> Trafigura is a British company. <http://www.trafigura.com/trafigura/trafigura.html>.

<sup>59</sup> Work outsourced to foreign companies such as Spain-based Iberdrola S.A.

based on the treatment of the sour gas that was previously flared and is used in co-generation facilities to produce steam and up to 200 MW of power.

The limited supply and the high costs of electricity have resulted in low consumption per capita and have supported energy efficiency strategies, some of which can be as simple as rationing power supply. On the other hand, locally produced fuels need to be diluted (with cleaner fuels) and would still have a difficult time finding their way into the power sector without an overhaul of key components of the existing infrastructure. If environmental regulations were added to this picture, emission mitigation measures, such as flue gas desulphurization units, would be needed. If this is taken into consideration, perhaps the best possible use for Cuba's high sulfur crude is exportation in order to fund the import of more adequate fuels for local consumption. As for power transmission, the power grid is near capacity and is also declining due to the lack of maintenance. Another problem is that most of the existing infrastructure is based on above-ground transmission lines strung on wooden poles, which make the Cuban system more vulnerable to extreme weather when compared to more modern concrete poles.<sup>60</sup> Only parts of old Havana have buried lines<sup>61</sup> that were recently put in place.

Most of the electric power is consumed by the industrial sector (66 percent),<sup>62</sup> which has the highest priority, followed by residential use (25 percent). The commercial sector is third sector in total power consumption but tends to have a higher priority in receiving power when compared to local residential use. This prioritization and the constant energy deficit result in daily blackouts in the residential sector. Additionally, in situations of extreme deficit, industrial activity is affected. This has resulted in unplanned water shortages due to problems at the water treatment facilities and pumping stations. At times, propaganda from the Castro regime announces that with the increase of local oil and gas production, or with the oil coming from Venezuela or other news events, there would be no more major blackouts. These announcements<sup>63</sup> put a lid on news items from Cuba on blackouts that were not weather related. Blackouts are increasingly frequent.

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<sup>60</sup> Interamerican Development Bank, EDE Sur EDE Norte Electric Distribution Project, Dominican Republic 2000.

<sup>61</sup> Development-Cuba, Interpress Service, 9/18/2000.

<sup>62</sup> Source: Energy Statistics and Balances of Non-OECD Countries 1994-1996, OECD.

<sup>63</sup> On October 30, 2000, the then Minister of Basic Industries declared an end to blackouts due to the signing of the accord with Venezuela to supply oil to the island.

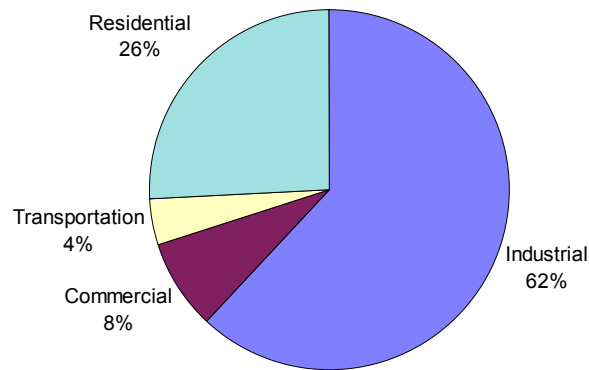


Figure 8. Breakdown of electricity consumption in Cuba (Source Union Electrica, Cuba 1999)

## v. Nuclear Energy

Also in the power sector, construction on the first of many planned nuclear power plants was initiated in the 1980s with significant support from the former USSR. The *Juragua* plant was never completed and after many failed attempts to finish the project the Russian government announced in 2000 that it was officially terminating its connection with the effort, leading to the project's abandonment by the regime. There are no reported efforts to revive the possibility of nuclear generation capacity. The use of nuclear energy and science is limited to medical research and treatment, and the National Office of Mineral Resources of the Ministry of Science, Technology, and the Environment is responsible for the oversight of the handling of radioactive material.

## vi. Hydropower / Dams

### a. Introduction

Total power production in Cuba from hydroelectric plants is estimated to be less than 0.5 percent. Total estimated power production in Cuba in 2001 was about 15,301.3 GWh, with only about 75 GWh produced from

hydroelectric plants. The potential for hydropower is greater than what has been developed to date.

### **b. Organizational/Governance Structure**

The Electric Union of Cuba, which falls under the Ministry of Basic Industry, is responsible for the electric grid (National Electroenergy System or NES). The Electric Union and the National Institute of Hydraulic Resources (NIHR) operate Cuba's hydroelectric stations.

### **c. Facilities**

There are more than 220 dams and many other smaller structures for storage and diversion of surface waters.

### **vii. Renewable Energy**

The lack of productive investment in base power generation should have provided a greater opportunity for distributed generation mostly based on renewable resources. However, this opportunity has not brought any significant results.

One renewable energy initiative that has received significant attention and publicity has been Cuba's efforts to use sugar cane byproducts as the source for biomass fuels. The waste product from sugar cane production, bagasse, is burned for fuel in other countries with sugar cane resources. While we believe this concept has not moved beyond the idea and study phase, it has recently attracted attention from Brazilian interests given their experience on the production of ethanol from biomass.

## **5. Identified Energy Infrastructure Development Needs and U.S. Assistance**

### **i. Energy Sector Requirements/Opportunities**

Once a free Cuba begins operating under a new, market-oriented philosophy, it will require significant increases in energy supply for transportation, to provide tourism-related services, increase production of cement and other construction materials, boost production of numerous industrial and primary goods, and to support the mining industry.

## **ii. Oil and Natural Gas**

In the short-term, access to new capital will limit growth. In the medium-term, with the growth of the sector, other issues will come to bear such as advanced oil and gas exploration and production technology (3-D seismic, offshore rigs) and, more importantly, spill response equipment and teams. In the longer-term, as blocks closer to the international borders are exploited, the issue of shared hydrocarbon reservoirs with the United States and Mexico will likely arise. Experience from the North Sea and other areas will prove useful. Another long-term issue, enhanced and improved recovery of the hydrocarbon resources based on (treated) seawater and the use of domestic sour natural gas as a means to maintain energy (pressure) of the reservoirs, should be considered as an efficient and possibly cost effective way to improve recovery.

### **RECOMMENDATION:**

- *If requested by a transition government, the U.S. Government should be prepared to assist and facilitate study opportunities for transfer or application of offshore technology: production, 3-D seismic, oil spill response, or to expand natural gas processing facilities for residential and power generation use.*

## **iii. Minerals/Mining**

In a market-based free Cuba, there is a great potential for further development of the nickel industry and for development of construction materials. The emergence of a free Cuba is very likely to increase Cuba's tourism industry dramatically, which combined with a need to upgrade existing infrastructure, will increase the domestic demand for construction materials. In addition, an overseas market for construction materials from Cuba could develop over the next ten years if the construction quarries in south Florida are used as cisterns to hold water for rehabilitation of the Everglades ecosystem. Currently, these quarries supply construction aggregate to a market that extends as far north as Jacksonville, Florida. Cuba would have to compete against other sources of aggregate such as the existing quarries on the Yucatan Peninsula and operations that might develop in the Dominican Republic.

## **RECOMMENDATIONS:**

- *In the medium-term, the USGS should be prepared to provide assistance and facilitation to help build or modernize critical governmental institutions such as geological surveys, mines ministries, and related organizations. This would include developing and implementing mineral resource exploration programs that use modern methods and concepts, modernizing geochemical and geophysical surveys as well as geological maps, developing and implementing programs to monitor ecosystems in the face of new infrastructure development, and developing approaches to sustainable development of non-fuel mineral resources.*
- *Other U.S. Government agencies could provide assistance with modernizing mining laws, modernizing mining methods, and improving recovery of both products and waste; increasing energy efficiency of mining operations, multiple-use land management practices, remediation of abandoned mine sites, and development of new markets for materials that can be mined in Cuba.*

### **iv. Refining**

Cuban refineries have been declining in capacity due to lack of maintenance. The immediate need is to guarantee supply of crude adequate for the programmed refinery runs and initiate a continuous effort to maintain and reclaim processing capacity. In the long-term, as the Cuban transportation sector grows to keep pace with expected economic growth, increased processing capacity could prove useful.

## **RECOMMENDATIONS:**

- *The U.S. Government should be prepared to assist in the maintenance/overhaul of refinery units in an effort to increase/reclaim processing capacity.*
- *The U.S. Government should be prepared to assist a free Cuba increase its refinery capacity to meet increasing local demand by the transportation and other sectors.*

## v. Electricity

In the short-term, access to needed capital will help pave the road to reliable electricity supply. To bridge the gap between these new investments and the dire supply situation that exists today, modular units could be brought in to increase electricity supply to major cities without relying on major transmission grids.

### **RECOMMENDATIONS:**

- **Medium-term:** *The U.S. Government should be prepared to provide assistance in assessing the age and condition of the transmission and local distribution grids. Existing wooden poles could be upgraded to concrete poles.*
- **Long-term:** *The U.S. Government should be prepared to provide assistance in assessing existing power plants in an effort to determine if they should be converted or upgraded to process/utilize more efficient technologies through import/export incentives.*

## vi. Nuclear Energy

There are no reported efforts to develop nuclear generation capacity.

### **RECOMMENDATION:**

- *There are opportunities for interaction and exchange of information with a free Cuba on the decontamination and decommissioning of radioactive medical equipment, as well as monitoring procedures for radioactive material.*

## vii. Hydropower / Dams

All indications are that Cuba's hydropower production potential has been largely untapped. In general, hydropower facilities require large initial investments but provide many years of reliable production with low maintenance.



## RECOMMENDATIONS:

- *The U.S. Government could assist with planning, focused on maximizing the potential of the existing dams, and also look for hydropower development opportunities in undeveloped watersheds.*
- *The U.S. Government could assist in the development of an effective dam safety inspection program; any dams not inspected in the early (critical) phases of work should be inspected. It is very important to develop and maintain baseline data for future, periodic inspections. Inspections should be performed by an experienced multi-disciplinary team and include (if possible) individuals with historical knowledge of the dam being inspected.*
- *Based on the needs assessments developed in the inspection program, a priority list for repairs and improvements should be developed.*
- *Rehabilitation work could be accomplished using the contracts that were put into place during the critical needs phase to accomplish the work in a timely manner. All repair work should have expert quality management oversight due to the special construction requirements often required on dams.*
- *The U.S. Government, through the USACE, could provide a course in Spanish already developed for dam safety. This training could be implemented for all personnel involved in Cuba's dam safety program.*
- *The U.S. Government could assist in developing a budget and determining finance sources for an adequate dam safety program and establishing a capacity building process that includes dam operators and personnel involved in the management of the structures.*

### **viii. Renewable Energy**

In the short-term, renewable energy resources will not supply significant energy to the Cuban economy.

## RECOMMENDATION:

- *The U.S. Government can facilitate the exchange of information between a free Cuba and other Caribbean nations to share technologies and progress on the implementation of renewable energy technologies*

## D. TELECOMMUNICATION

### 1. Introduction

The Cuban telecommunications infrastructure lags far behind the world, and is in the bottom rank of performers within the Caribbean region. Cuba, with 650,000 telephone lines in service, has a lower fixed line penetration (5.8 percent) than any large Caribbean nation with the exception of Haiti. In terms of its telecommunications development, Cuba is closer to the low-income nations of the world rather than the lower-middle income bracket to which it belongs. Consistent with the regime's efforts to portray itself as a capable partner for international investors, even as it clamps down on information dissemination on the island, Cuba's international telephone infrastructure far surpasses its domestic telephone backbone.

Telephone service varies greatly in quality from place to place despite improvements in recent years. Cubans have to wait for years to receive telephone lines, often with no success. Those who have telephones, however, enjoy fairly reliable service both within cities and long distance between cities. According to several reports, public telephones are widely available, and large numbers of public telephones have been installed that use prepaid debit cards. As telecommunications take off throughout Latin America, Cuba feels pressured to develop its telecommunications sector as well, even though the island has limited funds and few investors to finance its much-needed telecom growth. The current equipment is incapable of providing enhanced services but may be sufficient to provide basic communications services during a transition period from communism to democracy.<sup>64</sup> The Cuban regime claims that by 2004, 92 percent of the lines in Havana and 74 percent of the networks in the interior of the country will be digital, but there is no way to verify those numbers.<sup>65</sup>

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<sup>64</sup> Cereijo, M. "Telecommunications in Cuba: Recommendations for Modernization." *Cuba Transition Project, Institute For Cuban & Cuban American Studies, University of Miami*. January 2004, p.iii.

<sup>65</sup> Paul Budde Communications Pty Ltd. "Telecommunications and Information Highways: Cuba." 2004, p. 1.

Cuba's cellular telephone system is operated by *Cubacel* (owned 50 percent by the Cuban Ministry of Communications, 12.5 percent by *Telecomunicaciones Internacionales de Mexico* [TIMSA], 37.5 percent by Canada's multi-industrial conglomerate, Sherritt International Corp.) and C-Com (owned 50 percent by the Cuban Ministry of Communications and 50 percent by Brussels-based DHL Int'l). Cuba's mobile penetration, with 22,000 subscribers, is less than 1 percent.<sup>66</sup>

As Cuba tries to diversify its national products and services away from commodity based sectors toward high-tech and service oriented sectors such as biotechnology, medicine, and tourism, the opportunities offered by a modern telecommunications infrastructure are becoming more evident. Regime webmasters are creating World Wide Web sites (under the “.cu” domain, but most often hosted on Canadian or other foreign servers, to overcome endemic bandwidth problems on-island) to lure in tourists and foreign investors and to sell Cuban products internationally. Domestically, historic avenues are being dug up to lay high-speed digital lines and cable.<sup>67</sup>

### **i. History of Cuba's Telecommunications Sector**

After four decades of neglect of the telecommunications infrastructure by the regime, the infrastructure is in poor working condition and was, by 1995, largely obsolete. Outdated coaxial cable trunk systems, using an X.25 network, are standard in Cuba.<sup>68</sup> High speed Internet and telecommunications services, both domestic and those connected to Cuban communities internationally, are very limited despite the 1980 Cuban Communist Party Congress authorizing the development of computerized telecommunications. It was not until 1988 that the first real domestic electronic network was operative in Cuba. AT&T, Sprint, and MCI began offering direct dialing into Cuba in 1994.<sup>69</sup>

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<sup>66</sup> Otero, F.J. "Mobile Opportunities in the Caribbean, 2.5 Cuba." *Baskerville Strategic Research*. (Appendix B).

<sup>67</sup> Barksdale L. B. "The Great Possibilities of Telecommunications in Cuba." p. 3 <http://cybercuba.com/npa1.html>.

<sup>68</sup> Press, L. "Cuban Telecommunication Infrastructure and Investment." *Larry Press*. August 1996. <http://som.csudh.edu/fac/1press/devnat/general/index.htm>.

<sup>69</sup> Barksdale, p. 3.

## **ii. Organizational/Governance Structure: Current Policy and Regulatory Environment**

The Ministry of Information and Communications, established in January 2000, is in charge of regulating information technology, telecommunications, postal services, information exchange networks, value added services, spectrum management, and the electronic industry in Cuba.

## **2. Current State of the Telecommunication Infrastructure**

### **i. Domestic Telecommunication Infrastructure**

Cuban telecommunication infrastructure lags behind much of the world and the Caribbean region. The growth of the fixed-lines is much slower than in other developing nations or the world. The number of telephone lines only roughly doubled since 1995 from 350,000 to 650,000 in 2002.<sup>70</sup>

Central office equipment currently dates back as far as the 1930s, and calls are very difficult to make. The poor infrastructure causes echo and disconnects and hinders both voice and fax calls. It is estimated that 40 percent of the Cuban telephone system was installed in the 1930s and 1940s.<sup>71</sup> Cuban equipment comes from Alcatel and Thomson-CSF (France), Western Electric and GTE (U.S.), Nortel and Mitel (Canada), and Ericsson (Sweden), former East Germany, and Hungary. This mix of equipment of various standards and a lack of hard currency make interoperability and maintenance difficult.<sup>72</sup>

### **ii. International Telecom Infrastructure**

The majority of international voice traffic is to the United States. U.S. companies WilTel, MCI, LDDS, Sprint, and IDS began providing services to Cuba in November 1994, and AT&T upgraded its existing facilities in Cuba at that time. Canada's Teleglobe was already providing voice and data services to Cuba prior to the entry of these firms.

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<sup>70</sup> Budde, p. 4.

<sup>71</sup> Press, p. 2.

<sup>72</sup> Press, L. "Toward a US Cuban Networking Policy." p. 2.  
<http://som.csudh.edu/cis/lpress/devnat/nations/cuba/cuba4.htm>

Today the U.S. has direct dialing to Cuba and 953 authorized voice-grade (64kbps) circuits. Of these, 504 are in use.<sup>73</sup> According to Federal Communications Commission (FCC) data, in 2001, 36 million minutes were billed in the U.S. for voice traffic from Cuba. In 2002, 94 active fiber optic cable and 3,477 active satellite circuits were reported between the U.S. and Cuba. There is also a \$41 million joint venture between Cuba (51 percent) and Italcable (49 percent), which provides long distance and international service through five portable earth stations in major tourist areas. The capacity of these stations is not verified, but according to the Cuban Ministry of Communications, there are 1,109 total circuits. However, it should be noted that in December 2000, the Cuban Government cut off the receipt of direct telephone calls from the United States after U.S. telecommunications companies were prohibited by the terms of their Treasury licenses from paying a large excise tax the Cuban government had imposed on such calls. This remains the case today, although calls originating in the United States are reaching Cuba through third countries under various transiting and routing agreements that are common in the global telecommunications market.

The hard currency revenue from increased long-distance calls originating in the U.S. is providing some financing for modernization, although under the terms of the licenses, American technology may be used only for overseas calls, not for local modernization. Modernization will take time, however, since most of the equipment in use is obsolete. Cuba currently has unused capacity, which allows additional customers to subscribe to long-distance and international calling services. However, the meager incomes earned by the average Cuban citizen prohibit a significant increase in phone usage without a major price drop by phone carriers.

### **iii. Domestic Public Communications Service<sup>74</sup>**

#### **a. Microwave Network**

The Thompson (made in France) equipment has a capacity of 960 channels (16 supergroups of 60 channels), and it links Havana with the other provincial capitals: Pinar del Rio, Villa Clara, Camaguey, and Santiago (but not Matanzas). The terminal equipment located in Villa

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<sup>73</sup> Press, p. 1.

<sup>74</sup> Cereijo, p. 3-4.

Clara, Camaguey, and Santiago is LTT (France). Pinar del Rio and other secondary points have VKM (Germany).

## **b. Coaxial Cable**

The coaxial cable system in Cuba has a capacity of 1,920 channels out of Havana. The facilities terminal equipment is German-made VLV or Telemecanica VKD. The repeaters are Soviet-made, and all conform to CCITT standards. The cable runs by the new “*autopista*” superhighway all the way to Cabaiguan and then follows the old “*Carretera Central*” central highway to Santiago de Cuba. Repeaters are located every 6.3 kilometers in huts above ground.

The terminal facility has the following drops: S1 Sancti Spiritus, S2 Cienfuegos, S3 Villa Clara, S4 Villa Clara, S5 Camaguey, S6 Ciego de Avila, S7 Victoria de Las Tunas, S8 Villa Clara, S9 Camaguey, S10 Camaguey, S11 Bayamo, S12 Santiago de Cuba, S13 Guantanamo, S14 Holguin, S15 Santiago de Cuba, and S16 Cerro Pelado, plus 24 channels to Jamaica. The drop in Cerro Pelado links to a microwave system and is used for aerial corridor communications (AICC). The equipment located at the provincial capitals is terminal equipment. At other points, it links with the CW20.

## **iv. International Long Distance Service<sup>75</sup>**

### **a. Satellite**

Cuba has access to satellite transmission via its station “*Caribe de Comunicaciones*” which is associated with the Russian manual Intersputnik system with 60 channels. In 1979, Cuba installed a new Standard B Intelsat earth station, which is an automatic Japanese station with 24 channels.

### **b. Coaxial Cable**

A submarine cable was installed in 1950 between Key West and Havana using an analog carrier system. It is composed of two coaxial cables, one for each direction of transmission, and it was originally designed to carry 24 voice channels. The terminal equipment for this

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<sup>75</sup> Cereijo, p. 5-6.

system is located on the third floor of the former Cuban Telephone Company on Aguila and Dragones streets. This equipment was damaged by fire several years ago. A new cable was placed by ITT from Key West to Caviar. From Caviar, it terminates in the International Communications Complex in Havana with a capacity for 138 channels. The terminal equipment has not been installed due to the U.S. trade embargo with Cuba.

### **c. Microwave**

An over-the-horizon troposcattering system was placed in service in September 1957 for the transmission of one B&W video channel and 36 audio channels of 4 MHz. When functional, this system was composed of three radio spans. The first operated at 3 GHz from Havana to Guanabo; the second operated in the UHF range between Guanabo and Florida City; and the third operated at 3 GHz between Florida City and Miami, with a repeater located in Goulds. In Havana, the system terminated on the first floor of the Edificio Masonico, located at Carlos III No. 508. The TD-2 transmitters/receivers resided at the above location along with the L-1 carrier equipment, both made by Western Electric. In Guanabo, in addition to the microwave transmitters, two government systems operated at 10 kilowatts at frequencies of 692 MHz and 740 MHz, along with two receivers tuned to 840 MHz and 880 MHz. Both were connected by waveguide to 60-foot parabolic antennae.

### **v. Broadcast**

#### **a. Radio**

There are approximately 30 state-run public radio stations throughout the island. Private broadcasting is forbidden by law. In addition, there are a number of military radio stations with state-of-the-art equipment and broadcast towers. There are three main government-owned, public radio stations: *Radio Rebelde*, *Radio Reloj Nacional*, and *Radio Progreso*. There are a total of 62 radio transmission towers.<sup>76</sup>

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<sup>76</sup> Exhibit T: Cuba's Telecommunications Summary of Major Study Results. *CubaCaribbean Consulting, LLC*, p. 47.

## **b. Television**<sup>77</sup>

Television signals, from regime-controlled stations, are available to approximately 70 percent of the Cuban population. Private television broadcasting is forbidden by law. Most of the large population centers receive more than one service. However, two large population centers, Santiago de Cuba and Camaguey, have single service. Televisions are available in a relatively large number of households at 15 sets per 100.

There are a total of 35 television transmitters and 45 relay stations. The total KW power in the countrywide network is 197.6 KW. In support of the system, there are a series of microwave relay stations that allow for live transmission from practically anywhere in the country.

As described above, Cuba has access to satellite transmission as well. Some Cubans have accessed U.S. satellite feeds with homemade satellite dishes.

In January 1996, Cubavision International introduced a new cable channel for hotels in Havana's tourist installations, diplomatic areas, foreign companies, and for foreigners residing in Hotel La Habana. Payment for this new service is required in U.S. dollars.

Given the dissimilar radio allocation plans of the United States and Cuba and their close proximity, there is a history of interference issues between the two countries. In a free Cuba, we will need bilateral spectrum agreements to ensure an orderly and compatible use of the spectrum in the proximity of U.S. national territory to protect radio industries in both countries.

## **vi. Mobile Communications**

Unlike most of the world, mobile services in Cuba are still considered a luxury item and network coverage is limited and mainly focused on tourists. Service is unavailable to large portions of the island's population but readily available to its roaming tourists. Even though Cuba had a 75 percent growth in its mobile subscribers since 2001, mobile penetration only reached 0.19 percent in 2002. There are

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<sup>77</sup> Ibid, p. 47-48.



two mobile operators in Cuba: Telefonos Celulares de Cuba (Cubacel) and Celulares del Caribe (C-Com).

In a free Cuba, the mobile services can be expected to significantly expand, which will give rise to the need for bilateral radio spectrum agreements to ensure an orderly and compatible use of the spectrum in the proximity of U.S. national territory. Such agreements would be similar to those now in force with Mexico and Canada.

## **vii. Internet Services**

Despite the growing awareness of the Internet among the Cuban populace, public Internet access is still very limited due to restrictive policies of the regime, concerned about unlimited access by average citizens to unfiltered news; costs; strict and severe penalties for using the Internet; and inadequate infrastructure. Users must prove that they are engaged in research or belong to accredited, state institutions. Internet access is limited to tourists and users authorized by the government. High-speed services such as DSL are non-existent in Cuba.<sup>78</sup>

For a private citizen to have full internet access in Cuba, the individual must have (1) a private telephone line (which is difficult to obtain); (2) an Internet access device, usually a personal computer with a modem; and (3) dial-in capability to the Internet for a monthly fee (about \$35 per month; average monthly wage in Cuba is \$13). Full Internet access through the black market is one of the most rapidly growing areas of the underground Cuban economy. To offset this rapid growth of black-market accounts, or “account sharing,” that provide access to uncensored information, the Castro regime is operating “Cyber Cafés” where individuals seeking Internet access can pay \$3 per half hour to surf the web or send e-mail messages.

### **a. Internet Infrastructure and Services**

The Center for Automated Information Interchange of the Cuban Academy of Sciences (CENIAI) has had a UUCP (Unix to Unix copy protocol) link to the Internet since 1992, originally through a single unreliable twice a day dial-up link with the Association of Progressive

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<sup>78</sup> Budde, p. 4.

Communication's (APC) Toronto Office, Web Networks. By 1996, there were four networks with international dial-up connectivity in Cuba described below.<sup>79</sup> Although in 2003, there were ten companies offering Internet services, most of Cuba's Internet traffic runs through two main servers: CENIA Internet and Infocom operated by the incumbent para-statal telecom service provider, ETECSA.<sup>80</sup>

Citmatel, a branch of the Ministry of Science, Technology, and the Environment, operates CENIAI. As of 1996, it offered e-mail, database access, mail lists, programming and consulting services, and a presence on a Gopher server in Uruguay. Other Cuban networks include Tinored, which was established by the Cuban Youth Computer Clubs, an initiative of Fidel Castro that operates 150 walk-in computer centers in Cuba. In 1996, about 100 clubs had e-mail accounts and about 80 had working 2,400 bps modems. Tinored is also a gateway for Red David, which supports Cuba's government-operated non-governmental organizations. CIGBnet is the network of the center for Genetic Engineering and Biotechnology. It started operations in 1991 and had 900 users in 1996. It provides e-mail, database access, a biological sequence server, mailing lists, and Gopher and Web servers. Finally, InfoMed is the network of the National System of Health Information of the Cuban Ministry of Health, which has been operating since 1992. It had some 500 accounts in 1996 most of which were shared. It provides e-mail, discussion groups, file retrieval, database search, and consultation services.<sup>81</sup>

In addition to government imposed access restrictions, Cuba's antiquated telecommunications infrastructure further hinders Internet access. In many areas of Cuba, modems work reasonably well at a speed of 1,200 baud (fast enough for e-mail and limited text transmission), but they cannot achieve the 14,400 to 28,800 baud modem speeds required for efficient access to the Internet. The current infrastructure is saturated. To relieve demand on Cuba's limited international telecommunications links, many Cuban web sites in the ".cu" domain are hosted on web servers physically located in Canada.

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<sup>79</sup> Ibid

<sup>80</sup> Budde, p. 5.

<sup>81</sup> Press, L. "Internet in Cuba." Larry Press. 1997.

## **b. Computers**

In a measure intended to facilitate censorship of information, it is forbidden by law for Cubans to buy computers, printers, or faxes.

## **c. E-mail**

In Cuba, use of e-mail is much more common than use of the Internet. According to a report of the MIC, dated January 2004, Cubans hold more than 480,000 e-mail accounts (compared to 60,000 in 2001). Many of those with access to domestic or international e-mail through government jobs and schools can also access a government-controlled intranet, consisting of several hundred officially approved web pages hosted on servers in Cuba with no direct connection to sites on the world wide web.<sup>82</sup>

Cuban post offices began to offer, in the summer of 2001, e-mail and intranet access priced in U.S. dollars.<sup>83</sup> In 2002, Cubans could purchase an e-mail account for \$4.50 (the average wage in Cuba is around \$13/month).<sup>84</sup>

## **d. The Government's Use of the Internet**

The past several years have witnessed a considerable increase in the number of official web sites that have appeared on the Internet. The increase reflects the Cuban government's priority to use this medium to project a benign, positive image and to promote the use of electronic commerce in industries such as tourism that can generate hard currency. According to MIC, Cuba had approximately 1,100 ".cu" domains in 2003. The Internet has been facilitated by financial investments in telecommunications infrastructure to update the antiquated telephone network to a digital one.

## **e. New Restrictions Amidst Ongoing Upgrades**

In a move to clamp down on unauthorized use of the Internet, in January 2004, the MIC introduced a law that would have prohibited Internet access over the low-cost government service most ordinary citizens have at home. The law, which has been denounced by Amnesty International and

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<sup>82</sup> Ibid, p.7.

<sup>83</sup> Ibid, p.7.

<sup>84</sup> Budde, p.5.

others, limits access to those organizations (officially recognized businesses and government offices) that access the web through telephone accounts paid for in U.S. dollars.

The new law represented a fearful regime's effort to clamp down on a growing group of users, semi-tolerated until now, who access the Internet illegally from their home telephones, using passwords from their workplace or using computers and Internet accounts they have borrowed or purchased in Cuba's active underground cyber-market. This move can be viewed as part of a broad trend against activities deemed "illegal" by Cuban authorities, such as unauthorized private businesses and the sale of houses. After the story leaked to the foreign press, and protests were organized internationally, the regime retracted its planned crackdown.

The law, in fact, would have changed nothing for most ordinary Cubans who do not have authorized access to the worldwide web. This access is limited to select government institutions, scientists, academics, the diplomatic sector, approved businesses, and state approved organizations. The regime closed all unauthorized free email accounts by blocking access to overseas servers in 2003. Full Internet access is available at the main hotels, which offer this service in dollars. Service at government-owned Internet cafes is limited to the Cuban "intranet" of approved sites.

### **3. Identified Infrastructure Development Needs and U.S. Assistance: Pro-Competitive Telecommunications Policy and Regulatory Framework**

To achieve a sustainable market-based telecommunications sector, Cuba will need extensive policy and regulatory training and technical assistance to develop a telecommunications policy and a legal and regulatory structure that would attract private investment and promote competition to expand and modernize the telecommunications infrastructure at affordable prices.

#### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to assist a free Cuba with regulatory training and technical assistance. The U.S. Government, through the Department of State (EB/CIP), Federal Communications Commission (FCC), and the*

*National Telecommunications and Information Administration (NTIA) could assist Cuba by:*

- *providing telecommunications-related legal expertise in drafting legislation;*
- *providing assistance in improving the spectrum management framework; and*
- *negotiating bilateral radio spectrum agreements with the United States and new international broadcast frequency arrangements.*

The World Bank and other international donor agencies, and the private sector, in cooperation with countries in the region, can begin assisting the Cuban telecommunications sector as soon as conditions allow the placing of advisors in the Ministry and inviting Cubans for training outside the country.

#### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to assist a free Cuba by:*
  - *providing experts to draft laws and regulations and advise on policy and regulation by assembling an ad hoc team of U.S. regulatory experts to respond to Cuban needs;*
  - *participation in general training programs provided by the U.S. Telecommunications Training Institute (USTTI). The USTTI is a non-profit joint venture between leading U.S. based communications and IT corporations and leaders of the federal government and could provide Cuban telecom experts tuition-free management, policy, and technical training;*
  - *participation in the International Visitors Program (IVP) of the FCC, which enables foreign delegations to interact in informal discussions with FCC personnel who provide legal, technical, and economic perspectives on a wide range of communications issues involving broadcasting, cablecasting, and telecommunications. During IVP briefings Cuban telecom experts could learn about the FCC's*

*organizational structure, its multiple roles as an independent regulatory agency, including licensing, enforcement, and rule making procedures, and its statutory powers, regulations, and current proceedings; and*

- *participation in the Standards in Trade Workshops, which are a major activity of the Global Standards and Information Group (GSIG) of the National Institute of Standards and Technology (NIST). The workshops could provide Cuban standards officials with timely information on U.S. practices in standards and conformity assessment. Participants would be introduced to U.S. technology and principles in metrology, standards development and application, and conformity assessment systems.*

## **E. WATER RESOURCES**

### **1. Introduction**

#### **i. Organizational/Governance Structure**

The water sector has an institutional structure that provides for the functioning of the sector as well as its development. It is a complex system that has evolved since 1976.

There are two main governmental organizations that develop and regulate the water sector: the National Institute of Water Resources and the Ministry of Public Health. The National Institute of Water Resources controls all the activities to develop and operate the systems. The Ministry of Public Health sets the regulatory requirements for potable water as well as the quality and treatment of wastewater.

#### **ii. Wastewater Systems**

Cuba has significant water supply and sanitation issues. There are only five municipal wastewater plants in the country and only 4 percent of the sewerage effluent have some degree of treatment serving 18.9 percent of the population. Most old cities, such as Havana, have aging, combined sewers (combined storm and sanitary sewer). Havana's sewers were designed for a population of 600,000 - when the present population is over 2

million. The wastewater flow only receives primary treatment, and excess flow is discharge to bodies of water with minimal, if any treatment.

### iii. Urban storm drainage

Similar to the United States, urban storm drainage in Cuba is primarily governed and performed at the provincial and municipal level. It's reasonable to assume a very wide range of urban drainage practices, regulations, and effectiveness of the various systems in place. It will require a significant effort, in country, to assess the state of affairs in urban drainage.

### iv. Water Supply

Potable water supplies/quantity are summarized in the table below.

| <b>Water Supply and Sewerage Coverage <sup>1</sup></b> |              |              |              |
|--|--------------|--------------|--------------|
|  | <b>Urban</b> | <b>Rural</b> | <b>Total</b> |
| <b>Population</b>                                      | 8,376,000    | 2,761,700    | 11,137,700   |
|  |              |              |              |
| <b>Water Supply</b>                                    |              |              |              |
| % Served   | 98.3         | 76.5         | 92.9         |
| % Home Connect   | 83.5         | 38.5         | 72.4         |
| % Easy Access  | 14.8         | 37.9         | 20.5         |
| % Disinfected  | 83.5         | Negligible   |              |
|  |              |              |              |
| <b>Sewerage</b>  |              |              |              |
| % with Sewers  | 48.5         | 7.7          | 38.4         |
| % with Latrines & Pits                                 | 49.5         | 76.2         | 55.4         |
| % Treated  | 18.9         | -            | -            |

<sup>1</sup> Source: CEPIS, "Assessment of Drinking Water and Sanitation 2000 in the Americas, PAHO, Sep 2001.

### v. Storage

Due to the narrow east-west extension of the island, rivers are short and mostly flow to the north or to the south with relatively small water volumes. The annual average rainfall is 1,200 mm. (48 in.) with 30 percent

in winter season and 70 percent during the summer season. The heaviest rain falls in Sierra del Toa. The principal watersheds are: Cauto Watershed with 9540 sq. km.; Zaza Watershed with 2413 sq.km.; Guantánamo-Guaso Watershed with 2347 sq. km. and Toa Watershed with 1061 sq. km. The river lengths vary as follows: Cauto River with 370 km.; Sagua La Grande River with 163 km.; Zaza River with 155 km.; Caonao River with 133 km.; San Pedro River with 124 km.; Jatibonito del Sur River with 119 km.; Las Yeguas River with 117 km.; Cuyaguante River with 112 km.; Mayari River with 106 km.; Hondo River with 105 km.; Agabama River with 105 km.; and Toa River with 100 km.

Most of the rivers have been dammed to catch the runoff water for irrigation and water supply. Cuba has more than 220 dams and minor storage structures for water, with a combined storage capacity of 626,445 hm. Much of this developed water is for agricultural production. The plan for water resources development in the second half of the 20<sup>th</sup> Century was to store as much water as possible, even at the risk of drying up the streams. However, the damming of nearly all the major rivers has reduced the flow in the river channels and exacerbated the salt-water intrusion along the coastal areas.

## **vi. Treatment**

Drinking water services in Cuba are classified in three classes: (1) domestic connections, where the residence is connected to the water supply system; (2) public service, where water truck tanks distribute the water; and (3) easy access service, where the water must be carried for a distance of 300 meters. Presently, 95.5 percent of the population has access to these services in the rural and urban areas. The total population of Cuba has been estimated at 11,224,321 (July 2002 estimate) with an average annual rate of growth of approximately 0.35 percent.

Of the supplied water for domestic use, 90 percent of the urban potable water is from ground water sources, with approximately 83.5 percent of the urban water supply systems using disinfection practices as its only treatment. 78 percent of these systems have intermittent service, and water availability is only for 12.2 hours/day.<sup>85</sup>

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<sup>85</sup> According to the *Regional Report on the Evaluation 2000 in the Region of the Americas* prepared by the Pan American Health Organization (PAHO) and the Division of Health and Environment of the World Health Organization (WHO) dated September 2001



There are 52 treatment plants that provide full treatment through flocculation, sedimentation, filtration, and final disinfection. Problems in maintaining treatment are primarily due to needs for equipment spare parts and replacements, chemicals and fuel and electrical power limitations.

### **vii. Distribution**

The major cities have distribution systems, some of which date back to the mid 1800s. Such is the case of the Havana system, known as the Albear Aqueduct. The coverage of the water supply service and the frequency of delivery are still considered inefficient to supply the Cuban population.

The following table illustrates the type and coverage of the water supply systems: The urban unserved population is 145,200 (1.73 percent) and the rural unserved population is 650,400 (23.55 percent). The total unserved population is 1,017,900 (12.39 percent). About 98 percent of the rural water supply systems are in operation. The distribution system loses nearly 75 percent of the treated water due to leaking pipes.

| <b>TABLE OF DRINKING WATER COVERAGE IN CUBA</b> |                         |                          |                            |                       |                       |
|---|-------------------------|--------------------------|----------------------------|-----------------------|-----------------------|
| <b>Service Area</b>                             | <b>Total Population</b> | <b>Population Served</b> | <b>Domestic Connection</b> | <b>Public Service</b> | <b>Easy Access</b>    |
| <b>Urban Area</b>                               | 8,384,300<br>(100 %)    | 8,293,700<br>(98.9 %)    | 7,059,580<br>(84.2 %)      | 394,062<br>(4.7 %)    | 838,430<br>(10 %)     |
| <b>Rural Area</b>                               | 2,755,500<br>(100 %)    | 2,349,200<br>(85.2 %)    | 1,248,242<br>(45.3 %)      | 294,839<br>(10.7 %)   | 806,119<br>(29.2 %)   |
| <b>Total Area</b>                               | 11,139,800<br>(100 %)   | 10,642,900<br>(95.5 %)   | 8,120,914<br>(72.9 %)      | 690,668<br>(6.2 %)    | 2,328,218<br>(16.4 %) |

*Source: National Institute of Water Resources, 1999*

The water supply coverage and types by Provinces is shown in the following table:

| <b>TABLE SHOWING THE TYPE AND COVERAGE OF WATER SUPPLY SERVICE BY PROVINCES N CUBA</b> |  |  |  |  |  |
|--|--|--|--|--|--|
|--|--|--|--|--|--|

| <b>Province</b>   | <b>Total Population</b> | <b>Population Served</b> | <b>Domestic Connection</b> | <b>Public Service</b> | <b>Easy Access</b> |
|-------------------|-------------------------|--------------------------|----------------------------|-----------------------|--------------------|
|                   | <b>000's</b>            | <b>000's</b>             | <b>%</b>                   | <b>%</b>              | <b>%</b>           |
| Pinar del Rio     | 731.29                  | 689.2<br>(94.2 %)        | 71.5                       | 5.9                   | 16.8               |
| La Havana         | 696.19                  | 659.9<br>(94.8 %)        | 92.2                       | 2.0                   | 0.6                |
| Havana City       | 2,192.32                | 2,192.3<br>(100 %)       | 99.3                       | 0.7                   | 0.0                |
| Matanzas          | 654.52                  | 654.<br>(100 %)          | 87.0                       | 2.3                   | 10.7               |
| Villa Clara       | 833.42                  | 769.5<br>(92 %)          | 68.6                       | 2.3                   | 21.1               |
| Cienfuegos        | 392.35                  | 392.3<br>(100 %)         | 71.7                       | 9.9                   | 18.4               |
| Sancti Spiritus   | 458.78                  | 422.0<br>(92 %)          | 54.7                       | 6.6                   | 30.7               |
| Ciego de Avila    | 403.88                  | 384.4<br>(95.2 %)        | 73.8                       | 13.7                  | 7.7                |
| Camaguey          | 782.23                  | 773.9<br>(98.9 %)        | 65.5                       | 3.3                   | 30.1               |
| Las Tunas         | 525.02                  | 482.3<br>(91.8 %)        | 59.3                       | 5.0                   | 27.5               |
| Holguin           | 1,024.91                | 1,001.3<br>(97.7 %)      | 46.1                       | 13.7                  | 37.9               |
| Granma            | 827.59                  | 743.8<br>(89.9 %)        | 62.7                       | 8.2                   | 19.0               |
| Santiago de Cuba  | 1,027.91                | 925.9<br>(90.1 %)        | 74.2                       | 12.1                  | 3.8                |
| Guantánamo        | 510.76                  | 472.5<br>(92.5 %)        | 68.3                       | 11.2                  | 13.0               |
| I. de la Juventud | 78.69                   | 78.6<br>(100 %)          | 100                        | 0.0                   | 0.0                |
| <b>TOTAL</b>      | 11,139.87               | 10,642.9                 | 72.9                       | 6.2                   | 16.4               |

*Source: National Institute of Water Resources, 1999*

### **viii. Ambient Water Quality**

Surface and groundwater in Cuba are severely polluted by runoff from heavily treated fields with fertilizers, pesticides, and herbicides, as well as by the discharge of untreated effluents from cities and industries such as sugar mills, sugar by-products, food processing plants, mining operations, etc.<sup>86</sup> The Castro regime's fixation with irrigation resulted in very high rates of extraction of groundwater, causing groundwater levels to drop, salt-water intrusion, and increased salinity of the soils near the coasts. In addition, an extensive dam construction program reduced the river flows and limited the natural recharge of aquifers, increasing the salt-water encroachment, especially in Ciego de Avila Province. The insufficient levels of wastewater treatment and the lack of sewer pipelines have caused a degradation of the water quality.

## **2. Identified Infrastructure Development Needs and U.S. Assistance**

The U.S. Government has limited technical expertise for addressing primary infrastructure issues, as states and local agencies, with the help of private sector engineering consulting firms, have primary responsibility for these issues in the United States. The U.S. Government does have experience in bringing together small ad hoc teams of experts from around the country to act as consultants to other countries on a limited basis. This type of team is most likely not appropriate for a full scale assessment and potential rebuilding of a nation's infrastructure.

### **RECOMMENDATIONS:**

- *U.S. Government should be prepared to provide capacity building expertise. Capacity building includes, but is not limited to, development of monitoring programs, review and assessment of water quality data (drinking water, effluent discharge, ambient water quality), long-term development of laws and regulations, and development of pre-treatment programs (control of industrial discharges into public waste water systems), etc.*

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<sup>86</sup> Díaz-Briquets, Sergio and Jorge Pérez-López, Conquering Nature: The Environmental Legacy of Socialism in Cuba. Pittsburgh: University of Pittsburgh Press, 2000; and, López Vigil, María, "Cuba Campaign: Twenty Issues for a Green Agenda," Global Exchange, 5 October 2001 <http://www.globalexchange.org/campaigns/cuba/sustainable/lopez100501.html> (23 January 2003)

- *The U.S. Government could help a free Cuba develop a water and wastewater plan similar to the one being done along the California/Tijuana, Mexico border. The Plan would assess current potable water resources and needs, future potable water needs, current wastewater infrastructure resources and needs, and future wastewater needs.*
- *The U.S. Government could also provide assistance on lab improvement and treatment optimization. A significant consideration whether there exists an administrative structure and potential for binding requirements on the water suppliers in Cuba to value and maintain improvements over time in these areas. If the appropriate institutional infrastructure and political support are not present, long-term sustainability is unlikely. Hence, it is important to collaborate with and empower local officials to carry out meaningful improvements.*

Long-term infrastructure financing is critical for lasting water and wastewater capital improvements. The U.S. Government has vast experience and is investigating innovative financing schemes that could promote financing for long-term capital improvements.

#### **RECOMMENDATIONS:**

- *If requested by a transition government, the U.S. Government should be prepared to assist a free Cuba to:*
  - *develop sectorial water demand projections by providing tools to engineers and planners such as IWR-Main;*
  - *perform supply-demand analysis of the major water supply systems;*
  - *evaluate minimum in-stream flows required for ecosystem maintenance; and*
  - *conduct watershed analysis and sanitary surveys for surface water systems.*

### 3. Flood Plain Management and Flood Control Infrastructure

#### i. Organizational Governance/Structure

The development of flood control infrastructure has been very limited during the second half of the 20<sup>th</sup> Century. The civil defense, which encompasses a set of measures and activities, is under the Armed Forces Ministry. This structure develops general and specific plans for the response to disasters. From the tabulated information below, 32 percent of Cuba's population is living exposed to flooding.

| <b>Disaster Risk for Floods, 1980-2000<sup>1</sup></b>          |           |
|---|-----------|
| Events per Year   | 0.71      |
| Killed per Year   | 5.00      |
| Killed per Million  | 0.47      |
| Average People Exposed per Year                                 | 3,482,880 |
| Physical Exposure percent of Population                         | 32.53     |
| Relative Vulnerability, Killed per exposed 10 <sup>6</sup>      | 1.44      |
| Density Population living exposed to flood in h/km <sup>2</sup> | 116.93    |

<sup>1</sup> Source: UNDP, "Reducing Disaster Risk: A Challenge for Development", 2003

#### ii. Current flood control infrastructure

Specific information on Cuba's existing flood control infrastructure is not known. The vast majority of Cuba's large-scale water resources projects have been to capture rainfall runoff; available data on their dams shows that most do not have a significant flood control component. The data in the above table indicates that flooding in Cuba does not present a huge problem in terms of loss-of-life potential. Property damage statistics for flooding are not known. Before any specific flood control recommendations can be made or before any priorities can be established, a far greater understanding of the current situation is required (institutional, infrastructure, and history of flooding).

#### **RECOMMENDATION:**

- *If requested by a transition government, the U.S. Government should be prepared to offer state-of-the-art hydrology and hydraulic computer*

*models that delineate flood prone areas with far greater accuracy than previously possible. These tools can be employed to allow informed decisions to be made regarding infrastructure investments and zoning restrictions. USACE can provide the engineering tools and training; courses in Spanish are already available and have been presented in other Latin American countries.*

## **F. CULTURAL AND HISTORICAL INFRASTRUCTURE**

### **1. Introduction**

Cuba has one of the greatest collections of architecture in the Caribbean and Latin America. Four hundred years of Spanish rule and growth during Cuba's Republican period created a unique architectural legacy. Cuba's focus on rural development and the utter lack of investment in the cities had the unintended but, from an architectural history perspective, fortuitous result of sparing Cuba some urban renewal schemes that have fundamentally changed the character of many cities throughout Latin America and resulted in the razing of historically relevant buildings.

In early 1990s, as it scrambled to attract tourists to the island, the regime realized that its architectural legacy could also serve as an engine for tourism and economic development, although these government-led efforts are limited.

### **2. Identified Infrastructure Development Needs and U.S. Assistance**

The successful rehabilitation and reuse of the hundreds of available historic buildings will require the participation of the private sector. Many of these buildings can be rehabilitated into homes, offices, and stores. These buildings require sensitive design solutions that respect the integrity of the original design yet incorporate modern amenities and uses.

#### **RECOMMENDATION:**

- *If requested by a transition government, the U.S. Government should be prepared, through the Department of Housing and Urban Development (HUD), to coordinate technical assistance with international organizations such as International Council on Monuments and Sites*

*(ICOMOS) and national organizations such as the National Trust for Historic Preservation.*

Organizations such as the *Instituto Cultural Puertorriqueña* could also be of assistance with its long and accomplished history in Old San Juan and other historic cities of Puerto Rico. Since they share a similar architectural legacy, their assistance could be greatly beneficial.

## **V. ENGAGING AND EMPOWERING THE CUBAN PEOPLE**

As mentioned throughout this chapter, Cuban infrastructure development and modernization efforts, as assisted by the U.S. Government, would actively involve the Cuban people. These efforts will not only provide a practical means to rebuild a free Cuba's infrastructure but could also provide stability during a transitional period.

Decisions regarding the nature and scope of many programs and projects will require local community involvement and support. Infrastructure improvement activities will provide opportunities for businesses and workers to establish themselves and grow under a new political and economic system. The resulting development and modernization will enable commerce and an entrepreneurial spirit to flourish at all levels, especially for those enterprises that are directly related to the infrastructure. For example, in many parts of this chapter, the prospects for various types of privatization are discussed. There are few better ways of empowering and engaging individuals and groups than investing them with the rights and responsibilities of ownership in infrastructure and related activities, which are literally the foundation of any modern society and economy.

Below are a few of the many ways in which U.S. Government assistance in the area of infrastructure modernization can engage and empower the Cuban people.

### **A. Community Based Labor Intensive Road Construction**

#### **RECOMMENDATION:**

- *If requested by a transition government, the U.S. Government should be prepared to assist a free Cuba by promoting and facilitating community-*

*based labor-intensive road construction efforts. A road construction expert from the United States could be teamed with community organizers and local officials in Cuba to organize and carry out road construction projects.*

This type of program could accomplish immediate infrastructure development by paving miles of roads with a relatively small capital investment. Projects of this kind provide growth while simultaneously creating jobs and providing training.

## **B. Construction Industry**

By its very nature, physical infrastructure modernization will be dependent upon the Cuban construction industry. Presently, the construction industry is made up of various enterprises and companies, all state-controlled, under the Ministry of Construction (MICONS), with no opportunity for private-sector initiative. There are mixed companies, those foreign Construction and Development enterprises doing work in Cuba associated with the regional companies under MICONS. Because Cuban companies and enterprises have limited capabilities with respect to equipment and the use of the latest construction materials and techniques, one urgent task is to develop those enterprises quickly to bring them to up to par with the higher standards of the global construction industry.

### **RECOMMENDATION:**

- *If requested by a transition government, the U.S. Government should be prepared to offer training and an introduction to state-of-the art equipment and technical software products.*

## **C. Architect/Engineer (A/E) Community**

A similar effort is needed for the Architect/Engineer (A/E) community. They are currently grouped primarily under the *Union Nacional de Arquitectos e Ingenieros de la Construcción de Cuba* (UNAICC). To support the initial contracting efforts with A/E and construction companies, and in turn the involvement of the Cuban professionals, requirements such as those under the Small Business Contractors should be pursued where they relate to native Cuban enterprises. This would support a rapid transition from their current system to one of competitive, free enterprise.



## **VI. CONSULTING AND COORDINATING WITH THE INTERNATIONAL COMMUNITY**

The international community will play an important part in the modernization of Cuban infrastructure. One critical component of international involvement will concern the financial resources needed for the substantial infrastructure improvements that are needed in Cuba. In addition, a variety of international organizations have valuable technical expertise that will have an impact on the restoration of Cuban infrastructure. Many U.S. Government agencies have experience working with international entities and organizations to promote infrastructure modernization in developing nations, and this experience can be leveraged in support of a free Cuba.

The international community can help provide a free Cuba with access to important financial tools. While some financing for major capital investments may be available from the international financial institutions and bilateral sources, over time, the bulk of external financing for improvements in Cuba's infrastructure is likely to come from private sources.

## **CHAPTER 6**

# **Addressing Environmental Degradation**



## I. EXECUTIVE SUMMARY

Cuba has many natural assets and challenges. The natural environment has suffered degradation as a result of the harmful policies stemming from a Soviet-style economic system. Cuba faces degraded soil, old and decaying water and sanitation infrastructure, wildlife habitat destruction, and salt water intrusion into its fresh water supplies. It also lacks an independent non-governmental organization (NGO) sector that can advocate on behalf of environment and natural resources and serve as a mechanism to raise public awareness and bring new ideas and issues to the attention of policy makers for action.

Among Cuba's assets are a rich biodiversity, mineral reserves, relatively low levels of industrialization, elements of an environmental framework law, an educated population, and highly trained experts and scientists. These assets could serve as a foundation for sustainable development in a free Cuba. Only a Cuban government prepared to meet the environmental challenges of accelerated growth will be in a position to provide long-term benefits to the Cuban people.

The poor environmental protection policies that have been in effect are evident in the quality of land, water, air, and natural habitats that exist on the island today.

**Land and Soils:** Like many of its Caribbean neighbors, Cuba faces deforestation and over-cultivation of the land, compaction of soils due to the use of heavy farm machinery, and strip mining. These practices have resulted in salinity in soils and heavy erosion of the land.

**Water:** Agricultural runoff from heavily treated fields has contributed to the degradation of surface water streams, in addition to the untreated wastewater from cities, sugar mills and other food-processing plants, and nickel mining operations. Irrigation practices have resulted in low groundwater levels, causing significant salt-water intrusion in fresh water and salinity in coastal soils. Low river flows due to dam construction have in turn caused lower re-charge of aquifers and further salinity in the streams.

**Habitat/Biodiversity:** Wildlife habitat has been affected by water quality in freshwater streams, which is in turn affected by runoff from agricultural practices, erosion due to deforestation, and sedimentation of freshwater streams. The

introduction of non-native species has also had a significant impact on their ecological health. The construction of hotels and tourism infrastructure projects has affected fragile ecosystems.

**Air:** Air emissions from industry and transportation cause significant health problems. Stationary sources of emissions (electric power plants, petroleum refineries, cement plants, nickel plants, and other old industries) emit large amounts of sulfur dioxide and particulate matter. Although, compared to other countries, there is a low density of vehicles per capita in Cuba, the vehicles are old and require pollution controls and maintenance.

U.S. cooperation and technical assistance can help a free Cuba address the short- and long-term needs it will face in a post-Castro era. As an immediate step, the U.S. Government can help a transition government conduct a rapid assessment of equipment needs to ensure that drinking water systems are operational and chemicals needed to treat the water are made available. For medium- and long-term actions, a wide range of cooperation and assistance possibilities exist, such as training to build Cuba's environmental governance capabilities; cooperative activities related to marine science and fisheries management; developing coral reef management tools; identifying and developing control strategies for high-priority stationary sources of air pollution; and providing on-site technical assistance to Cuban park staff to develop and maintain park infrastructure and provide visitor services. All cooperation and assistance options seek to build on existing capacity. Implementation of the recommendations assumes availability of adequate funding.

It is important to select a few key areas where there can be a short-term success as well as work on medium- and long-term capacity building efforts. Generating and providing quality environmental information to the public will be a cornerstone for engaging a free Cuban people in environmental and natural resources management. The international community is already engaged in environmental and natural resource management issues.

## **II. INTRODUCTION**

Cuba has a rich storehouse of biodiversity and minerals on this island of barely 45,000 square miles. On a per hectare basis, compared to the U.S. plus Canada, it has 12 times more mammal species, 29 times as many amphibian and

reptile species, 39 times more bird species, and 27 times as many vascular plant species.<sup>1</sup> Compared to its Caribbean neighbors, it has a high number of native species compared to non-native species. It also contains some of the healthiest coral reef ecosystems and largest intact coastal habitats in the Caribbean. It has a large percentage of the world's proven nickel reserves, which it exports along with cobalt, and it also has iron, copper, manganese, magnesium, chromium, silver and gold deposits.

However, Cuba's tropical forests, soils, and maritime areas have suffered degradation as a result of the harmful policies stemming from a Soviet-style economic system. The Castro government has failed to protect and preserve Cuba's environment. There have been mistakes and shortcomings due mainly to insufficient environmental awareness, knowledge and education, the lack of a higher management demand, limited introduction and generalization of scientific and technological achievements, the still insufficient incorporation of the environmental dimension in the policies, development plans and programs, and the absence of an integrative and coherent judicial system.<sup>2</sup>

An important factor in the quality of the environment in Cuba is the poor economic situation that exists on the island. Those who depend on the land and its resources for mere survival (i.e., food, housing, heating fuel, and a source of income) will frequently over-exploit it. This kind of poverty, which provokes the destruction of the natural resources, has been witnessed in other areas of the world. Any program aimed at conserving Cuba's natural resources must take into consideration the poverty and associated behavior of its citizens, and the need to provide alternative income opportunities that do not conflict with the objectives of conservation.

The environmental problems will require medium- and long-term strategies and many years of infrastructure development and implementation of programs to reverse and restore the years of misuse. But Cuba has many potential advantages that could help it to overcome these obstacles. In addition to its natural resources, the country boasts 10 percent of the total scientists in Latin America.<sup>3</sup> Many of these are knowledgeable of

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<sup>1</sup> Maldonado, Argelio, "Cuba's Environment: Today and Tomorrow--An Action Plan", quoting Dr. Michael Smith of Conservation International, p3

<sup>2</sup> Oliver A. Houck, *Environmental Law in Cuba*, 16.1 J. Land Use & Env'tl. L. Fall 2000,

<sup>3</sup> Argelio Maldonado, conference call, February 17, 2004

environmental matters, but lack the tools (e.g., well-equipped labs, computers, and communications technologies) to be most effective in their fields. In addition, Cuba has a functioning environmental ministry that has monitored environmental commitments, maintains a list of environmental impact assessments, and has sponsored legislation that incorporates international environmental standards and testing protocols into programs of waste remediation and/or recycling of wastes.

As with other nations, economics plays a large role in the implementation of environmental programs. To ensure that there are resources to address all of its environmental problems, a free Cuba should consider having a permanent nationwide market-based system for financing environmental infrastructure projects. This system, which can be capitalized by donor grants, should be large enough to ensure the construction of drinking water treatment plants, wastewater treatment plants, biodiversity initiatives, and other environmental priorities on a sustainable basis. The Castro regime's inadequate funding and lack of independent oversight have prevented Cuba from maintaining effective enforcement of existing laws and accepted international environmental practices.

Many years of neglect by the Castro regime of Cuba's environment present many challenges to be overcome in a free Cuba. The island's rich natural resources can be an asset in a future economic strategy where, most likely, tourism will play a predominant role. In this new market economy, Cuba will also be challenged to preserve its existing environment. An adequate regulatory structure, together with a strong public and industry outreach, should be part of any effort aimed at recovering and preserving Cuba's diverse habitats and unique species, while also addressing its poverty. The situation in Cuba presents an opportunity to do things differently.

### **III. IMMEDIATE ACTIONS**

#### **A. Drinking Water and Wastewater**

Please see the IMMEDIATE ACTIONS section of Chapter 5, MODERNIZING INFRASTRUCTURE, for a discussion of this topic.

## IV. MEDIUM- and LONG-TERM ACTIONS

### A. Environmental Quality and Protection

#### 1. Environmental Governance

##### i. Legal Structure

###### a. Status

Cuba's first steps in the environmental arena date back to 1930, when the country declared its first national park, followed in later years with designations of refuges and natural areas.<sup>4</sup> In 1959, the revolutionary government passed the Law of Agrarian Reform; its chapter on Conservation of Forests and Soils of the Law of the Agrarian Reform placed these reserves under management regimes.<sup>5</sup> In 1976, Cuba established the Commission for the Protection of the Environment and the Conservation of Natural Resources (COMARNA), centralizing all agencies with environmental responsibilities. Although COMARNA was all-inclusive, it lacked independent authority, so its activities achieved little program results.<sup>6</sup> In order to assist COMARNA, Cuba followed other Latin American countries' environmental advancements, and in 1981 it adopted Law 33. Although hailed to be a law ahead of its time, Law 33 produced few, if any, results, given COMARNA's ineffective implementation mechanism. In 1990, the country adopted Decree-Law 118, establishing a new Ministry of Science, Technology, and the Environment (*Ministerio de Ciencia, Tecnología y Medio Ambiente* [CITMA]) and allocating environmental responsibilities among more than eight separate Ministries.

CITMA came to life in 1994 with a mandate to steer and control the implementation of environmental policy, the rational use of natural resources, and sustainable development.<sup>7</sup> CITMA was authorized to settle environmental issues and disagreements among agencies or to pass them on to a higher authority, the Council of State, which is headed by Fidel Castro. CITMA's internal responsibilities were organized into two primary branches under a Deputy Minister

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<sup>4</sup> Oliver A. Houck, *Environmental Law in Cuba*, 16.1 J. Land Use & Envtl. L. Fall 2000, at 14 (2000).

<sup>5</sup> *Id.*

<sup>7</sup> *Id.*

<sup>7</sup> Houck, at 19, quoting Agreement No. 2823 of the Executive Committee of the Council of Ministries of November 28, 1994.



for the Environment. The first branch is the Environmental Agency (*Agencia de Medio Ambiente*),<sup>8</sup> comprised of several scientific institutes and a center for natural areas and a Center for Environmental Regulation and Inspection - *Centro de Inspección y Control Ambiental*, which houses the regulatory and enforcement power of the Ministry. The second branch is the Environmental Policy Directorate, which is charged with developing initiatives. In addition, CITMA also has an Institute of Ecology and Systematics (*Instituto de Ecología y Sistemática*) as well as other institutes (oceanography) and centers (natural areas) that have additional capabilities for implementing integrated coastal management.

In July 1997, Cuba enacted Law 81, entitled The Law of the Environment (*Ley del Medio Ambiente*).<sup>9</sup> Law 81 is a comprehensive framework law with “14 titles and 163 articles that embrace air, water, waste, noise, toxic substances, historic preservation, biological diversity, national parks, forests, wildlife refuges, coastal management, education, research and technology, environmental impact assessment and planning, inspection, enforcement, and penalty regimes.”<sup>10</sup> Law 81 provided CITMA with new tools for environmental management and control: First, it gave status of law to the environmental impact review process; second, it established an environmental license required for activities under the purview of other agencies, including tourist development, mining, land use planning, and licenses for foreign investment.

Law 81 required CITMA to develop a system of environmental inspections and enforcement, and a schedule of penalties for environmental violations.<sup>11</sup> CITMA is allowed to enlist the help of NGOs to assist in these inspections. If irregularities are discovered, CITMA has the power to issue compliance orders, set deadlines for achieving compliance, suspend licenses (temporarily or permanently), order waste removal, and refer violations for criminal prosecution.<sup>12</sup> Facilities are required to submit requested information and must grant access to project sites.

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<sup>9</sup> *Id.* At 20.

<sup>9</sup> Houck at 23. Decree-Law 118 replaced Law No. 33, the Law for the Protection of the Environment and Natural Resources (1981) *Ley de Protección del Medio Ambiente y los Recursos Naturales*.

<sup>10</sup> *Id.* at 24.

<sup>11</sup> *Id.* at 57, citing Law 81 art. 39 and Second Interim Provision.

<sup>12</sup> *Id.* at 57.

Law 81, Article 71 confers on CITMA, the Attorney General, or any other person or entity that has “personally suffered” damage the right to claim both money damages and restoration for environmental harm.<sup>13</sup> However, Article 71 also provides that only CITMA and the Attorney General may act in defense of the social interest in environmental protection.<sup>14</sup>

The Cuban Code of Civil Procedure provides for judicial review of actions that are final and when administrative remedies have been exhausted. And, although the Code exempts certain subjects from judicial review, environmental issues are not.

## **b. Needs**

It is unclear how effectively the existing environmental laws are being implemented in Cuba.<sup>15</sup> Given the U.S. Government’s experience in other countries, it is very likely that the Castro regime lacks the political will and the means to effectively enforce its environmental laws. Other issues that need to be defined in a free Cuba are the issues of the standing of private individuals in claims of environmental harm, devolution of government authority, and adequate public participation in environmental decision-making.

## **c. U.S. Actions**

The courses mentioned below have been offered by the U.S. Government to other countries in the region to enhance their capacity to develop and enforce effective environmental laws and requirements.

## **RECOMMENDATION:**

- *The U.S. Government should be prepared to offer to a free Cuba a number of courses to help strengthen the legal framework and compliance and improve the development and implementation of environmental law:*

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<sup>13</sup> *Id.* at 77.

<sup>14</sup> *Id.* at 77, citing Law 81, Art. 71.

<sup>15</sup> Sergio Diaz-Briquets and Jorge Perez Lopez. “Socialism and Environmental Disruption: Implications for Cuba” p. 162 citing Stanley Kabala, “Environment and Development in a New Europe” Occasional Paper No. 3, Middlebury, Vermont, Genomics Institute. p. 10.

- *The Elements of Effective Legal Regimes for Environmental Protection focuses on the basic elements of effective legal frameworks and institutions for addressing pollution. It addresses both traditional means, such as regulations and permit systems, as well as newer approaches including pollution prevention, market-based incentives, and public-private partnerships. It covers a variety of themes, including sustainable development, human health protection, public participation, market-based tools, and public right-to-know, and examines the role of legislative and administrative institutions at the federal and sub-federal level.*
- *The Principles of Environmental Enforcement provides a framework for designing effective environmental compliance strategies and enforcement programs; improving the enforceability of compliance programs; promoting more effective cooperation and implementation among ministries, and other public and private sector groups; introducing a broad range of tools and authorities for enforcement responses; and introducing negotiation techniques to resolve violations.*
- *Conducting Environmental Compliance Inspections is designed to introduce inspectors to the main aspects of the environmental compliance inspection process, and the role of the inspector in motivating compliance in any international setting. Topics include planning and conducting the inspection, evidence collection, sampling, reporting the results, and the role of the inspector in the enforcement process.*
- *Environmental Criminal Investigations Training is designed for police officers and teaches how to recognize environmental crime and how to provide an initial response, while ensuring the personal safety of all involved. It also seeks to improve the relationship between the police and environmental compliance personnel. The course was developed, and is given, under the auspices of Interpol. It covers pollution crimes and illegal trafficking of endangered species. The course can be tailored to adapt to the particular demands and issues for the region in which it is taught.*

## ii. Environmental Impact Assessments

### a. Status<sup>16</sup>

Following the adoption of Law 81 in Cuba, an environmental impact assessment/analysis (EIA, or analysis) must be obtained for the proposed project, in order to obtain a CITMA license to move forward with it. CITMA's regulations list the classes of projects that require EIAs, as well as an analysis of all phases of a particular proposal to which prospective and on-going government policies and programs must be applied.<sup>17</sup> Resolution 77/99 requires that alternatives to the proposed projects, including the location of the projects, be identified in applications for CITMA licenses.<sup>18</sup>

Before granting a license, CITMA must take into account the interests and concerns of the general public and, more specifically, those in the project area.<sup>19</sup> In order to comply with this requirement, license applications must document the public information used and consultations made with the local authorities and the public by the applicant. However, this is the extent of public participation. There are no provisions for public participation or comment on EIAs, nor is there any recourse for the public to appeal the absence of an analysis, a defective analysis, or a licensing decision. However, if a license is denied, applicants can appeal the decision with CITMA.

Despite what appears on paper, the Castro regime subordinates environmental concerns to its economic survival strategy. Economic development projects, which are approved by the top echelons of the Castro regime, move forward based largely on political and economic calculations of what benefits the regime, and not necessarily on a project's environmental impact.

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<sup>16</sup> All information contained in this subchapter is derived from Oliver A. Houck, *Environmental Law in Cuba*, 16.1 J. Land Use & Envtl. L. Fall 2000, (2000).

<sup>17</sup> Houck at 28, referring to Regulations of the Environmental Impact Evaluation Process, CITMA Resolution No. 77/99 (July 28, 1999), 48 *Gaceta Oficial de la Republica de Cuba* 778 (Aug. 6, 1999).

<sup>18</sup> Because many of the mission agencies that are required to conduct EIAs for their projects do not have the necessary expertise to conduct such analyses, Cuba relies largely on a system of consultants to comply with its EIA process. CITMA has a list of pre-screened and approved outside consultants for this purpose. Consultants are paid directly by the agencies requiring the analysis, not by CITMA.

<sup>19</sup> *Id.* at 37.

## **b. Needs/Problems**

Given that the agencies requiring EIAs are also responsible for paying the consultants hired to conduct the analysis, agencies have leverage to employ only consultants who will grant favorable reviews to their projects. As a result, the current Cuban consultant system finds itself in a situation where one central consulting firm is cornering the bulk of the environmental impact assessment work in the country.<sup>20</sup>

The lack of public participation, therefore, needs to be addressed in Cuba's EIA process. Linked to this issue is the fact that all projects in Cuba are subject to a process called "micro-localization," a zoning review and authorization system managed by the Planning Ministry that also does not include a public participation component.<sup>21</sup> Under Resolution 77/99, a "micro-localization" approval must be obtained before an application can be submitted for an environmental license. This requirement in turn "fixes the location of activities that can have considerable impact, such as hotels, roads, and mining operations," making the central issue of environmental reviews the location of the project.<sup>22</sup> Thus, the lack of public involvement and the timing for the micro-localization approval and the environmental review are issues that need to be addressed.

Lastly, although Cuba's Law of Foreign Investment requires that foreign investment be made in the context of sustainable development and executed with care for the protection of the environment and the rational use of natural resources<sup>23</sup> environmental concerns often bump up against economic pressures and it is unclear how much power, if any, CITMA has, if any, over foreign investment decisions.

## **c. U.S. Actions**

EIAs serve as a valuable management tool. The U. S. Government has extensive experience in this area and should be prepared to offer capacity building assistance to a free Cuba through its Environmental Impact Assessment for

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<sup>20</sup> *Id.* at 33.

<sup>21</sup> *Id.* at 29.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 30, quoting Ley 77, *Ley Para La Inversion Extranjera* [Law 77, Foreign Investment Law], reprinted in *La Economía Cubana: Reformas Estructurales y Desempeño en Los Noventa* (1997).

Reviewers Course. This course is not only targeted at an audience with different skill levels, but focuses on the use of environmental impact assessment review in any institutional setting and set of roles. It covers the general approach, along with the tools and techniques, for conducting objective, unbiased reviews and for ensuring widespread participation in the decision-making process.

## **2. Water Quality**

### **i. Ambient Water Quality**

Surface and groundwater in Cuba are severely polluted by runoff from heavily treated fields with fertilizers, pesticides, and herbicides, as well as by the discharge of untreated effluents from cities and industries such as sugar mills, sugar by-products, food processing plants, mining operations, etc.<sup>24</sup> Socialist Cuba's fixation with irrigation resulted in very high rates of extraction of groundwater causing groundwater levels to drop, salt-water intrusion, and increase salinity of the soils near the coasts. In addition, an extensive dam construction program reduced the river flows and limited the natural recharge of aquifers, increasing the salt-water encroachment, especially in *Ciego de Avila* Province. The insufficient levels of wastewater treatment and the lack of sewer pipelines have caused a degradation of the water quality.

Most of the rivers have been dammed to catch the runoff waters for irrigation and water supply. At the present time, volume of storage water is huge in these numerous reservoirs, but there is no specific data available. The damming of nearly all the major rivers has reduced the flow in the river channels and exacerbated the salt-water intrusion along the coastal areas.

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<sup>24</sup> Díaz-Briquets, Sergio and Jorge Pérez-López, Conquering Nature: The Environmental Legacy of Socialism in Cuba. Pittsburgh: University of Pittsburgh Press, 2000; and, López Vigil, María, "Cuba Campaign: Twenty Issues for a Green Agenda," Global Exchange, 5 October 2001. <http://www.globalexchange.org/campaigns/cuba/sustainable/lopez100501.html> (23 January 2003)

## ii. Land-based sources of pollution

### a. Status

Cuba discharges large amounts of wastes to the Wider Caribbean, particularly from along its northeastern coast. Data compiled by the U.N. Environment Programme (UNEP)/Caribbean Environment Programme<sup>25</sup> show high waste loads from domestic (municipal) and industrial sources. For domestic (municipal) pollution loads, Cuba contributed approximately 12 percent of the Biochemical Oxygen Demand (BOD) (63,147 tons/year) and 12 percent of the total suspended solids (TSS) (54,292 tons/year) introduced into the Wider Caribbean Basin; of Cuba's total loading, 85 percent of BOD and 93.5 percent of TSS originated from its northeastern coast. The available data indicate little or no treatment of municipal wastewater. Waste loads from Cuba's industrial sources were relatively lower, totaling 5 percent of contributions to the Wider Caribbean Region. Almost two-thirds of Cuba's industrial BOD loadings came from sugar/molasses and rum industries.

According to available sources, Havana Bay is severely polluted. A 1997 study conducted by the Center for Environmental Engineering and Management of Bays and Coasts (*Centro de Ingeniería y Manejo Ambiental de Bahías y Costas*)<sup>26</sup> found that the main pollutants in Havana Bay are high levels of nutrients, solids, oil and grease, heavy metals, and bacteria.

Oil pollution is considered the most serious marine environmental problem despite a decrease since 1981. Reported values are higher than the CARIPOL<sup>27</sup> standards. The average hydrocarbons in surface waters of Havana Bay decreased from an average of 3.35 mg/l in the 1981-85 period to 0.69 mg/l in 1996. The average hydrocarbons in the sediments of Havana Bay decreased from 3,948 ug/g in 1986 to 994 ug/g in 1996. Also highly contaminated with oil and grease is the Santiago del Estero Bay (0.31 mg/l in water and 864 ug/l in sediments), North

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<sup>25</sup> UNEP Caribbean Environment Programme, Regional Overview of Land-Based Sources of Pollution in the Wider Caribbean Region, Technical Report No. 33, 1994, pp. 28-32.

<sup>26</sup> UNEP Caribbean Environment Programme, Assessment of Land-Based Sources and Activities Affecting the Marine, Coastal and Associated Freshwater Environment in the Wider Caribbean Region, UNEP Regional Seas Reports and Studies #172, 1999, pp. 57-59.

<sup>27</sup> Marine Pollution Monitoring Programme in the Caribbean (a UNEP program)

Coast of Havana City (0.23 mg/l in water and 327 ug/l in sediments), Matanzas Bay (<0.05 mg/l in water and 175 ug/l in sediments), Nipe Bay (104 ug/l in sediments), and the Varadero-Cardenas Coastal Area (78 ug/l in sediments). The study found that the majority of the sewage was discharged into Havana Bay without any treatment, which accounted for the high level of ammonia nitrogen, nitrate, nitrites, phosphorus, and fecal coliform. The bay experienced eutrophication<sup>28</sup> due to the high concentration of nutrients. The amount of suspended solids also increased from 160 mg/l in 1986 to about 220 mg/l in 1996. Heavy metals from domestic and industrial sources (with the exception of iron, lead, and zinc) also increased from 1994 to 1996, posing a serious risk to human health and living marine organisms.<sup>29</sup>

## **b. U.S. Actions**

### **RECOMMENDATIONS:**

- *The U.S. Government can assist in developing and conducting assessments of the impacts of point and non-point sources of pollution. The U.S. manages a National Status and Trends Program, which conducts long-term contaminant monitoring at more than 350 estuarine and coastal sites to determine the impacts of contaminant exposure and changes in coastal habitats on the distribution and abundance of living marine resources.*
- *The U.S. Government can also contribute expertise in the use of chemical, biomolecular, microbiological, and histological research to describe, evaluate, and predict the significant factors related to point and non-point sources of pollution.*

## **iii. Drinking Water and Wastewater**

### **a. Status**

Please see the MEDIUM- & LONG-TERM ACTIONS section of Chapter 5, MODERNIZING INFRASTRUCTURE, for a discussion of this topic.

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<sup>28</sup> A process of oxygen depletion that diminishes fish populations.

<sup>29</sup> *Id.* at 57-59



## **b. U.S. Actions**

The U.S. Government has limited technical expertise for addressing primary infrastructure issues, as states and local agencies, with the help of private sector engineering consulting firms, have primary responsibility in the U.S. The U.S. Government does have experience in bringing together small ad hoc teams of experts from around the country to act as consultants to other countries on a limited basis. This type of team is most likely not appropriate for a full scale assessment and potential rebuilding of a nation's infrastructure; however, the following actions are recommended:

### **RECOMMENDATIONS:**

- *U.S. Government agencies can provide a free Cuba with a significant amount of capacity building expertise. Capacity building includes, but is not limited to, development of monitoring programs, review and assessment of water quality data (drinking water, effluent discharge, ambient water quality), long-term development of laws and regulations, development of pre-treatment programs (control of industrial discharges into public waste water systems), etc.*
- *The U.S. Government could help a free Cuba develop a water and wastewater plan similar to the one being done along the California/Tijuana, Mexico border. The Plan would assess current potable water resources and needs, future potable water needs, current wastewater infrastructure resources and needs, and future wastewater needs.*
- *The overall project objective would be to develop a living document that presents an integrated strategy for water and sanitation services (including infrastructure) for Cuba. This will allow the local, international, and U.S. agencies to collaborate in meeting the needs of public health, quality of life, and environmental protection for present and future generations.*
- *The U.S. Government could also provide assistance on lab improvement and treatment optimization if requested by a transition government. A significant consideration here is whether there exists an administrative structure and potential for binding requirements on the water suppliers in Cuba to value and maintain improvements over time in these areas. If the appropriate*

*institutional infrastructure and political support are not present, long-term sustainability is unlikely. Hence, it is important to collaborate and empower local officials to carry out meaningful improvements.*

- *Long-term infrastructure financing is critical for lasting water and wastewater capital improvements. A free Cuba faces or could face problems similar to those of the Pacific Islanders. The U.S. Government has vast experience and is investigating innovative financing schemes that could promote financing for long-term capital improvements.*

#### **iv. Coral Reefs<sup>30</sup>**

##### **a. Status**

Cuba contains some of the healthiest coral reef ecosystems and largest intact coastal habitats in the Caribbean. This situation stems from a combination of minimal coastal development on the north and south coasts and the location of many of its reefs, which are generally beyond the influence of land-based sources of pollution. It has the largest and most diverse shelf habitats in the insular Caribbean. In terms of reef fish, Cuban populations have higher biomass, species richness, and average size than many other countries in the region, but these parameters were declining in the 1980s and 1990s due to over-fishing, especially groupers, snappers, conch, and lobster.

##### **b. Current and Emerging Threats**

Overall, some scientists have rated over 70 percent of Cuba's reefs to be threatened, with nearly 40 percent at high threat. The analysis identified over-fishing as the predominant threat to Cuba's reefs, but the coral reef fishery today is probably in better condition than other Caribbean countries.<sup>31</sup> The use of non-selective fishing gears, the indiscriminate use of set nets during spawning

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<sup>30</sup> Clive Wilkinson (ed), *Status of Coral Reefs of the World: 2002*, Australian Institute of Marine Science, 2002; Reefbase Country Overview (Search for Cuba): [http://www.reefbase.org/resources/res\\_overview.asp](http://www.reefbase.org/resources/res_overview.asp); and Reefs at Risk: Caribbean, 2004. in press.

<sup>31</sup> "Status of coral reefs of the world: 2002 (Wilkinson, C., ed). Australian Institute of Marine Science, Townsville, Australia. p Linton, D. *et al.* 2002. Status of coral reefs in the northern Caribbean and Atlantic node of the GCRMN. *In* .285

aggregations, and limited enforcement in the early 1970s led to extensive over-fishing of several key commercial species.<sup>32</sup> About one-fifth of reefs are threatened by watershed-based sources of pollution, and relatively few reefs (less than 5 percent) are threatened by coastal development or marine-based sources. Sedimentation and coastal development threats are low, mainly due to the fact that many reefs are offshore and outside the influence of land-based sources of pollution<sup>33</sup> and because tourism, a prevalent impact on many reefs in the Caribbean, is relatively undeveloped in Cuba. Remote reefs (e.g., around the southern archipelagos) are in very good condition, but signs of decline are evident near large population centers such as Havana, characterized by low coral cover, overgrowth by algae, and disease outbreaks.<sup>34</sup>

An existing initiative to create a national system of Marine Protected Areas (MPAs) by 2008 is key to helping preserve marine biodiversity. However, implementation of a national MPA system should be complemented by other forms of ocean and coastal governance, such as sustainable fisheries and integrated coastal management to control threats at an ecosystem scale.

From 1994-2000, tourism increased an average of 20 percent annually. Even with no change in U.S. travel restrictions, the Cuban Ministry of Tourism predicts international tourism will rise about 10 percent per year. Most of this tourism growth will occur in the coastal areas. A normalization of investment and travel restrictions is likely to transform, if not overwhelm, Cuban policy processes currently in place to manage growth. Cuban planning officials predict that total tourist arrivals could increase to between 5 and 10 million if the embargo is lifted or significantly eased.

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<sup>32</sup> Claro, R., K.C. Lindeman & L.R. Parenti. 2001. Ecology of Marine Fishes of Cuba. Smithsonian Institution Press, Washington DC USA. p. 219

<sup>33</sup> Linton, D. *et al.* 2002. Status of coral reefs in the northern Caribbean and Atlantic node of the GCRMN. In "Status of coral reefs of the world: 2002 (Wilkinson, C., ed). Australian Institute of Marine Science, Townsville, Australia. p.281

<sup>34</sup> Linton, D. *et al.* 2002. Status of coral reefs in the northern Caribbean and Atlantic node of the GCRMN. In "Status of coral reefs of the world: 2002 (Wilkinson, C., ed). Australian Institute of Marine Science, Townsville, Australia. p.281

### **c. Need for Assistance**

The likely dramatic expansion of tourism and coastal development will intensify the need for infrastructure and services, as well as add new pressures for fisheries. Cuba has an institutional framework for environmental management in the national environmental strategy of Law No. 81, but this may need to be reassessed in the context of rapid coastal development. Coastal management tools such as land use planning, project siting, environmental impact assessments, and licensing may also need to be reassessed to enhance their contribution to integrated coastal management. The agencies involved in coastal and marine monitoring and management will need to be strengthened to meet the challenges ahead.

### **d. U.S. Actions**

#### **RECOMMENDATIONS:**

- *If requested by a transition government, a variety of U.S. agencies that provide international development and technical assistance in integrated coastal management and improved sectoral management could be involved in a comprehensive assistance program that could cost \$3-\$5 million a year for five years.*
- *The U.S. Government can assist transition government coral reef managers with a number of tools necessary to effectively manage coral reef ecosystems. These tools include mapping of benthic habitats of coral reef ecosystems and assessing the associated reef fish and their essential fish habitat.*
- *The U.S. Government should also be prepared to provide assistance and guidance on sampling and analyzing associated sediments, and on conducting research on oxidative stress and small heat shock proteins used to predict coral bleaching events. Such tools are useful in determining the overall health status of coral reef ecosystems.*

The U.S. Coral Health and Monitoring Program provides services and information sources for researchers and the public in order to help improve and sustain coral reef health. The Coral Reef Early Warning System (CREWS) network monitors and links long-term meteorological and oceanographic

conditions to the health of coral reefs. CREWS is comprised of unique moored sampling stations that acquire a suite of meteorological and oceanographic measurements and transmit the data via satellite to the Nation Oceanic and Atmospheric Administration. The data are processed with a suite of expert systems that determine whether data are within a reasonable range and whether certain environmental conditions are conducive to specific marine behavioral events (e.g., coral bleaching). The CREWS system has been successful in modeling and alerting resource managers to coral bleaching conditions in the Florida Keys and the Great Barrier Reef. The U.S. Government plans to expand this alerting capability to other coral reef areas, as well as better refine and enhance its alerting capabilities beyond coral bleaching.<sup>35</sup>

#### **RECOMMENDATION:**

- *Once a transition in Cuba is underway, the U.S. Government should be prepared to help Cuba become eligible for participation in the Coral Reef Conservation Fund, a competitive small grants program carried out by the U.S. Government in association with the National Fish and Wildlife Foundation. The Fund provides grants for projects that build public-private partnerships to reduce and prevent degradation of coral reefs and associated habitats. Program categories include management, monitoring, research, and conservation. The focus areas for the fund include U.S. state and territorial waters, freely associated states, and Caribbean or Mesoamerican coral reef ecosystems. The U.S. could use this program as a mechanism to help fund partnership coral reef conservation projects with a free Cuba.*

Established in 1994, the International Coral Reef Initiative (ICRI) is a partnership among nations and organizations seeking to implement international conventions and agreements for the benefit of coral reefs and related ecosystems. The U.S. Coral Reef Initiative (USCRI) was launched in 1996 as a platform for U.S. support for domestic and international coral conservation efforts. The goal of the USCRI is to strengthen and fill the gaps in existing efforts to conserve and manage coral reefs and related ecosystems (sea grass beds and mangrove forests) in U.S. waters in a sustainable manner. This experience, along with participation

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<sup>35</sup> Daniel J. Whittle, Kenyon C. Lindeman, James T.B. Tripp, "International Tourism and Protection of Cuba's Coastal and Marine Environments," *Tulane Law Journal*, vol 16, pg 533.

by other U.S. Government agencies and departments, will be invaluable in assessing, monitoring, and protecting the coral reefs of a free Cuba.

The U.S. Government is developing a framework document on coral reef protection. This document will consider protection of coral reefs from a watershed management perspective, and will offer resource managers a bottom-up concept of management. The intent is not to manage corals reefs in isolation, but to include them as part of a comprehensive integrated coastal zone management plan. This approach will improve protection of near-shore reefs by incorporating them into the planning processes of their associated watersheds.

#### **RECOMMENDATION:**

- *The U.S. Government should offer to share its coral reef framework document with a transition government. This guidance is predominantly based on laws governing water resources in the United States, but could serve as a template for increased protection for Cuba's coral reef system if a transition government seeks assistance in this area.*

#### **v. Integrated Coastal Resource Management**

##### **a. Status**

Cuba, as a large island nation with 3,735 km of coastline including many smaller islands, would benefit from the development and implementation of an integrated coastal management program in order to deal with future development and environmental degradation issues in a more comprehensive way. Given its coastal resource base of beaches, coral reefs, mangrove forests, and waterways, etc., it is likely that coastal tourism (developments and activities conducted upon land immediately adjacent to the shoreline, coastal wetlands, estuaries and tidal waters, and associated marine waters) could quickly become Cuba's leading industry. Massive hotel development, attractions to accommodate the expected increase in tourism, and associated domestic growth will also migrate to the shoreline to support the industry. The scenario is not an unfamiliar one. Experience around the world and in the United States has shown that development must meet certain environmental, social, and economic standards or significant damage can occur to the resources that attract tourists and visitors, resulting in

costly fixes, if and when possible. Only a Cuban government prepared to meet the environmental challenges of accelerated growth will be in a position to provide long-term benefits to the Cuban people.

## **b. U.S. Actions**

### **RECOMMENDATION:**

- *To assist a free Cuba in developing an integrated coastal resource management program, the U.S. government could provide technical assistance to develop and conduct a National Coastal Assessment Program. At its completion, this program will assess the ecological “health” of the marine and estuarine resources of Cuba, provide data to suggest cause(s) of reduced health, and provide an ecological baseline to develop, target, and assess the effectiveness of environmental management activities into the future.*

This effort could be timely with regard to both the availability of validated monitoring and assessment technologies and the need for scientific data to manage natural resources that are critically important to Cuba’s national economy. Coordination with, and transfer of, monitoring and assessment technologies from the U.S. National Coastal Assessment Program, a component of the Environmental Monitoring and Assessment Program (EMAP), will help ensure that a National Coastal Assessment Program in Cuba is successful and is based on the most current monitoring and assessment technologies. The efficiency and effectiveness of this proposed program will be greatly enhanced by transfer of technology developed at considerable cost by the National Coastal Assessment Program.

### **RECOMMENDATIONS:**

- *A complete monitoring and assessment program template is available, from sampling designs and protocols to data management and statistical analysis; a report format is even available that presents complex monitoring data into a form that is useful to decision makers. Assistance activities could:*
  - *transfer monitoring and assessment technologies developed in the United States;*

- *build capacity through training and assistance from U.S. Government scientists so Cuba can continue coastal monitoring and assessment activities with little or no external assistance; and*
- *plan and implement monitoring and assessment programs for additional natural resources in Cuba such as seagrasses, wetlands, and corals.*
- *With more than 30 years of experience in implementing the U.S. Coastal Zone Management Act, the U.S. Government, using appropriate resources to include expertise from U.S. Gulf States and Island Territories who have faced similar problems, could provide a free Cuba with significant technical assistance to be more prepared to meet the inevitable growth that will take place. Such assistance, if requested, could include:*
  - *an interagency needs assessment of coastal stressors and Cuban management capabilities, the result of which will be the development of a technical assistance framework; and*
  - *the development of an exchange program of technical assistance and training, based on needs identified in the technical assistance framework.*
- *The U.S. Government could also provide technical legal assistance on marine issues, such as: marine resource conservation and management, ports and shipping, marine protected areas, integrated coastal zone management, pollution prevention and natural resource restoration, mitigation of land-based sources of marine pollution, and implementation of international agreements relating to marine activities.*

### **3. Land Management**

As with many areas, assessments will be an important first step as a new free Cuban government focuses on addressing issues related to land and other natural resources. Such assessments should identify and prioritize land resource needs and identify Cuban expertise in conservation, land management, resource management, and other areas. Additionally, consideration should be given to establishing an interdisciplinary team for problem identification/solution based on levels of complexity. Finally, while there is good basic soils information available, more



detailed information should prove useful to other agricultural and domestic uses.

## **i. Solid Waste Management**

### **a. Status**<sup>36</sup>

As in the majority of Latin American and Caribbean countries, in Cuba the operation and administration of solid waste management is at the municipal level while the norms, planning, oversight, and evaluation are centralized at the national level.

In 1991, Havana produced 1,100 tons/day of municipal solid waste, the equivalent of 0.7 kg/day/person. This figure is below the LAC average of 0.97 kg/day/person for cities of two million people or more. The municipal solid waste collection coverage rate was 80 percent. Most of this waste went to one of two landfills; some went to specialized plants to produce pig feed. Cuba does not recover methane generated at these landfills.

At the national level, Cuba has national policies related to hospital waste management. The IDB reports that the 50,293 beds at medical facilities across the country generated 11,014.2 tons/year of hazardous medical waste. Management of these wastes is based on their hazard classification: clinical materials and “sharps,” pathogenic, or common.

## **ii. U.S. Actions**

### **RECOMMENDATIONS:**

- *In the area of solid wastes, if requested by a transition government, U.S. Government experts could meet with Cuban scientists and environmental experts to provide technical assistance in the form of literature as well as direct consultation assistance in diverse areas, such as:*

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<sup>36</sup> Banco Interamericano de Desarrollo y la Organización Panamericana de Salud. “Diagnóstico de la Situación de Manejo de Residuos Sólidos Municipales en América Latina y El Caribe.” Report No. ENV.97-107. Washington, DC, July 1997.

- *Contaminant-specific Environmental Technologies currently employed in the U.S. (and other countries around the world);*
- *Treatment & Control of Solid Wastes (including containment technologies such as land fill liners or thermal treatments);*
- *Pollution and Management of Scrap Tires;*
- *Medical Waste Tracking;*
- *Municipal Solid Waste Source Reduction;*
- *Soil Washing (chemical and metals removal);*
- *Management of Watersheds and Freshwater Ecology;*
- *Erosion control and water management associated with solid waste landfill situations; and*
- *Planning, design, installation, and operation of methane gas recovery systems at existing solid waste landfill sites. The methane gas can be used as an energy conservation measure to reduce fossil fuel dependence by replacing petroleum imports.*

## **ii. Toxic and Hazardous Waste Management**

### **a. Status**

The Pan-American Health Organization (PAHO) estimated that Cuban industries now annually produce just over 26 million tons of hazardous wastes or 2.37 million tons/person: 530,000 tons of hazardous sludge; 24,960,000 tons of hazardous liquids; and, 570,000 tons of hazardous solids.<sup>37</sup>

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<sup>37</sup> Id. pp 118-119.

## **b. U.S. Actions**

### **RECOMMENDATIONS:**

- *Contingent on a formal assessment of Cuban training needs, the U.S. Government should be prepared to offer training in areas such as:*
  - *Air Monitoring for Hazardous Materials;*
  - *Emergency Response to Hazardous Materials Incidents;*
  - *Field Analytical Technologies for Volatile Organic Compounds (VOCs) in Groundwater;*
  - *Field Based Analytical Methods for Explosive Compounds;*
  - *Unexploded Ordinance (UXO) Basic Training;*
  - *Pesticide Produce Enforcement; and*
  - *Waste Treatment, Transportation, & Disposal.*
- *The U.S. Government can also provide on-line training to Cuban environmental audiences through the Internet. Currently, these hazardous waste seminars have been conducted in 100 cities in 45 countries around the world. Of particular note is a course currently offered in Spanish that provides access to information about technologies used in soil and groundwater clean-up.*
- *The U.S. Government can provide technical and hands-on assistance through training and information sharing concerning the reclamation of former industrial areas to municipalities for public or private productive use through the U.S. Brownfields Program. This program assists public and private organizations to prevent, assess, safely clean up, and sustainably reclaim these sites.*
- *The U.S. Government can provide direct hands-on technical assistance to a free Cuba in specific subject matter areas of solid or hazardous waste or*

*groundwater contamination through one-on-one consultations between Cuban scientists and technicians and U.S. Government experts. Subjects of these consultations can include:*

- *Detection and disposal of PCBs that can be addressed by U.S. Government scientists and disposal experts.*
- *Mining Wastes (particularly Nickel) that can also be addressed by U.S. Government experts.*
- *If requested, the U.S. Government can provide technical advice and hands-on assistance for the remediation of Cuban military bases and facilities; for example, oil spills and chemical wastes reclamation at current and former military vehicular depot sites; analyses and remediation of unexploded ordinances at weapons testing ranges; and pharmaceutical approaches to hazardous substance inventories tracking and disposal practices.*

### **iii. Mining Operations/Reclamation**

#### **a. Status**

While a free Cuba's economic development will include mining, U.S. Government assistance programs must be cognizant that mining facilities or land currently being mined were expropriated from American citizens in 1959.

Cuba has 37 percent, or 800 million tons, of the world's proven reserves of nickel, plus cobalt and chromium. There are 2.2 billion tons of probable nickel reserves in Holguin with lesser reserves elsewhere. Nickel and cobalt account for about 90 percent of Cuban mineral exports. Other mining activity includes iron, copper, manganese, chromium, silver, and gold. Cuba has two recent mining ventures with Canadian mining companies: KRW is investing in gold exploration and Newport Exploration Ltd. has acquired a 50 percent interest in the high grade Mantua Copper Project located in western Cuba.

Cuba's oil deposits are scarce and yield high sulfur residues that corrode rigs and refineries. Few foreign investors have been willing to produce crude oil in Cuba. Nevertheless, production increased to 15 million barrels of oil and 566

million cubic meters (20 billion cubic feet) of natural gas by 1999. The oil and gas help meet the energy demand in Cuba's thermal power plants as well as the energy needed to produce cement and asphalt.

## **b. U.S. Actions**

### **RECOMMENDATION:**

- *The U.S. Government could provide design and maintenance assistance of conservation measures necessary for reclamation of surface mining activity. It could also provide technical assistance in erosion control, water management and related engineering.*

## **iv. Soil Erosion, Sedimentation, and Compaction**

### **a. Status**

Desertification has now reached over six billion hectares worldwide, affects one billion people, and is on the rise. Cuba is not exempt from this problem. In an interview with the Cuban press, the former president of the Castro regime's Environmental Agency was quoted as saying that, based on Ministry of Agriculture data, "approximately 76 percent of the country's potential agricultural land has some level of damage: erosion, salinity, or compression." This situation has led the Cuban government to list soil loss and damage as its main environmental problem. The type and extent of soil damage varies by province: desertification levels seem most pronounced in the eastern provinces, salinization is critical in Guantanamo, and wind and rain erosion have caused the most damage in the Pinar del Rio coastal plains. Mineral extraction contributes to soil loss and compaction, particularly in areas where soil has been removed for strip mining. Some 40 tons of land per hectare end up in the sea or the rivers, contaminating the water.<sup>38</sup>

Implementation of urban gardening and organic production practices following the collapse of the Soviet bloc may have reduced the degree of soil

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<sup>38</sup> "Desertification: Cuba's Main Environmental Problem," Granma International/On-Line Edition. Havana, Cuba, March 6, 2003.

erosion taking place in Cuba. Additionally, the loss of imported Soviet bloc fuel reduced tractor use in Cuban agriculture, thereby reducing soil compaction on some lands.

#### **b. U.S. Actions**

#### **RECOMMENDATION:**

- *Based on available information, the U.S. Government could provide assistance in all facets of soil erosion, sedimentation, soil compaction, and related conservation practices. Tropical data is not readily available; therefore, good climate and soils information would foster the best use of other expertise. Examples of activities to improve soils information of benefit to a free Cuba include: Conduct an assessment of soil conditions, soil sampling, soil classification, soil interpretation, establish a soil database, determine sedimentation rates, address sedimentation in priority areas, determine the extent of soil compaction and identify conservation priorities that decrease compacted soil layers to provide a healthy environment for plant growth.*

#### **v. Agricultural Practices**

With a change in political systems, the aim of improving agricultural practices and crops systems will be to avoid soil erosion, sedimentation, and compaction while improving nutrient content and loss of soil to the sea, and avoiding adverse public health and environmental effects from use of agricultural chemicals.

#### **vi. Irrigation from Surface and Groundwater**

##### **a. Status**

Water scarcity continues to be a major problem in Cuba. With the loss of subsidized fuel supplies in the early 1990s, the number of crops and the amount of cropland under intensive irrigation has shrunk drastically.

##### **b. U.S. Actions**

## **RECOMMENDATION:**

- *With a transition government in Cuba, there may be opportunities to provide expertise in the form of information, design, and application based on available soils information. Also, assistance to transfer and adapt irrigation technology to tropical agriculture might be warranted. Assistance could also be provided to apply irrigation models to existing conditions.*

### **vii. Chemicals Application Practices**

#### **a. Status**

The agricultural model followed by Cuba until the mid 1980s was very chemicals-intensive with a high reliance on pesticides. Environmental pollution from chemicals has probably fallen as applications of chemicals have dropped substantially over the last decade.

#### **b. U.S. Actions**

## **RECOMMENDATION:**

- *The U.S. Government should be prepared to provide assistance and information on agricultural chemical management with the goal of protecting surface and subsurface waters, which can be modeled and predicted with adequate soils information*

### **viii. Open Field Burning of Sugar Cane**

With the Cuban sugar industry shrinking over the last decade, open field burning of sugar cane may not be as large a problem as it once was.

## **RECOMMENDATION:**

- *The U.S. Government could provide information on the advantages/disadvantages of burning versus non-burning.*

## ix. Research and Technology Transfer

Research and technology transfer activities could be useful in many ways, including biological control of plant disease and insect attack, tropical agriculture, watershed management, water management for irrigation and water quality improvement, and animal health.

## 4. AIR QUALITY

### i. Status<sup>39</sup>

Although Cuba's air quality monitoring network (*Sistema Nacional de Vigilancia Atmosférica*) had serious problems during the last decade due to lack of equipment, Cuba reported a tendency for a general increase in the average concentration of oxidized gas compounds during 1986 and 1998. Most of the emissions identified were derived from industrial and agricultural sources.

In the localities of Moa, Mariel, Nuevitas, Nicaro, Santa Cruz del Norte, and parts of Havana City, the ambient air quality monitoring is seriously deficient.

During the years 1989 to 1995, the acid rain was observed to increase. Since 1996, the acid rains have apparently decreased; however, this fact cannot be scientifically confirmed due to the deterioration of their monitoring system. Acid rain deposition maps show greater values in the coastal areas of Mariel-Varadero, Santa Clara, Cienfuegos, Nuevitas, and the mining zone to the north of Holguín. The estimated reductions of SO<sub>2</sub> and NO<sub>x</sub> emissions needed to attain acid rain levels close to those of nature vary between 30 percent and 80-100 percent for those areas affected by the acid rain.

In the past decade, Cuba took several actions to resolve air pollution problems, including:

- Law No 81 of 1997 which has a chapter on the atmosphere and establishes responsibilities related to these technological processes of air pollution and

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<sup>39</sup> Centro de Información, Gestión y Educación Ambiental, "Panorama Ambiental de Cuba 2000," 2001, pp.50-52.



technology transfer on gases and particulate emissions which affect the ozone layer and cause climatic changes;

- development of maps that forecast the estimated elevations of sea levels and their effects on human settlement, natural resources, and short-, medium-, and long-range effects;
- promotion of renewable energy sources to replace fossil fuels, such as biomass, solar, wind, and hydroelectric; and
- development of technical norms or standards related to air quality.

Stationary and mobile sources of pollution are highly dependent on petroleum as a source of energy. Cuba's infrastructure (e.g., oil refineries, electric power generating stations) is old and, according to available data, generally lacks modern emission controls. In addition, the economy is populated with a variety of industrial sources dominated by sugar and other food processing plants and mining/smelting operations (e.g., nickel). Gasoline sold in Cuba contains lead and has a high sulfur content.<sup>40</sup>

## **ii. Needs**

In many cases, the assistance necessary to address air pollution issues would require investments of tens of millions, if not hundreds of millions of dollars, when one considers the cost of retrofitting oil refineries and electric power plants with modern pollution control equipment. A transition government will need to consider the relative merits and costs of restoring and retrofitting old and poorly managed facilities. In some cases, it might make more economic sense to shut down an existing facility and build a new facility.

## **iii. U.S. Actions**

Because of the integrative nature of air pollution with human activity, any strategies developed to address air quality issues would need to be integrated with those of other activities, including transportation planning, infrastructure

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<sup>40</sup> Argelio Maldonado, conference call, February 17, 2004.

upgrading/replacement, and overall economic growth projections. For example, an air quality management process to address “stationary sources” in a free Cuba would require working with the country on specifications for new vehicles, assuming that with the economic liberalization there would be an influx of them.

#### **a. Stationary Sources of Pollution**

#### **RECOMMENDATIONS:**

- *The first level of support the U.S. Government should be prepared to provide would be to assess the air quality and the capacity of the Cuban environmental professionals to address air quality issues. To assess air quality, the U.S. Government could examine the available data and information on ambient air and emission sources. This would include a review of: the nature of the existing monitoring network; the extent and quality of air quality data (including emission or source inventories); the extent and quality of public health, economic and research data; the industrial source categories; and pollutants of primary and secondary concern.*
- *To assess local capacity, the U.S. Government could help a transition government examine: the viability of existing statutory or regulatory authorities; the experience and educational level of current staff; the existing staffing levels; the availability of financial resources; the roles and responsibilities of national program staff, local government staff and capabilities in academia, industry, and research institutions; and the technical resources at the disposal of air quality staff (e.g., hardware, software).*

This initial assessment could include working with Cuba to identify some high priority stationary sources for purposes of developing control strategies.

#### **RECOMMENDATIONS:**

- *Once an initial assessment is complete, the U.S. Government could help a transition government identify any gaps in data needed to make a preliminary determination regarding the quality of Cuban air. If additional data is needed, the U.S. Government could initiate the work necessary to fill those data gaps. For example, if no inventory exists of current sources, a preliminary emission inventory could be conducted. If the monitoring network was inadequate to*

*determine air quality, temporary monitoring or modeling could be conducted to assist a free Cuba to identify priority problems. The goal would be to develop an adequate data set and facilitate an understanding of key air quality concerns. With that information, a free Cuba could develop strategic programs to address priority concerns.*

- *While acquiring the necessary data, the U.S. Government could identify priority training and capacity building activities based on the initial assessment of Cuban staff. The U.S. Government, in conjunction with local academic institutions, could develop Cuba-specific training courses on topics such as air quality management, monitoring, and emission inventory development. The ideal would be to institute a train-the-trainer system designed to provide an on-going in-country knowledge base to support air quality management activities. Again, the goal is to build the capacity of the Cuban staff to implement a strategic air quality management program.*
- *Based on the priorities identified by the transition government, the U.S. Government would work to provide technical assistance and build staff capacity to become self-sustaining. Again, depending on the areas of need, this phase could focus on training or on-going program development assistance. Also, given the experience of many developing countries, there is a good sense of preventative measures available to mitigate the air quality problems that inevitably come with rapid economic expansion.*
- *The U.S. Government should be prepared to look for public-private partnerships and partnerships with cities — with the objective of identifying U.S. expertise that could help a free Cuba reduce pollution, such as landfill methane recovery or industrial energy efficiency, and develop policies for “responsible investment.”*

## **b. Mobile Sources of Pollution**

Since mobile and stationary sources are the primary contributors to outdoor air pollution, the assessment steps contained under “stationary sources” would incorporate a mobile source component (e.g., assessing the contribution of mobile sources to air pollution).

## **RECOMMENDATION:**

- *In looking at vehicle pollution, there is a vehicles component (e.g., what kind of pollution controls are contained on the vehicle) and a fuels component (the quality of the fuel used to power the vehicle). The U.S. Government could assist a transition government in assessing their situation and help develop mitigation options, recognizing economic limitations. In cases where accurate data do not exist (as is likely the case in Cuba), there exist simplified versions of models that can be used with default recommendations in place of hard data.*

The Cuban vehicle population includes a large number of old vehicles that do not have modern pollution control devices on them (e.g., catalytic converters). The vehicles are also using fuel that probably has a relatively high sulfur content and contains lead.

## **RECOMMENDATION:**

- *From a public health perspective, the U.S. Government could assist a free Cuba in devising a strategy for a phasing out lead in gasoline. This phase-out could present some transition problems, since Cuba has so many older cars that were made prior to the phase out of lead in gasoline and the introduction of catalytic converters.*

### **c. Indoor Air**

## **RECOMMENDATION:**

- *The U.S. Government has a great deal of recognized expertise in developing voluntary programs. A training course that has been developed for this purpose, Leadership and Voluntary Campaign Implementation, provides groups in other countries with the skills needed to establish their own voluntary programs. This class has been offered overseas in China, Latvia, Poland, Viet Nam, India, and Thailand. A second project that should be made available to a free Cuba is the Partnership for Clean Indoor Air that looks at the use of biomass fuels for indoor cooking and heating. This is an international effort aimed at the estimated 2 million women and children who are most at risk from these practices. The Central American Commission for Environment and*

*Development is one of the project partners.*

All major Indoor Air outreach materials are also available in Spanish so they could be used immediately.

## **5. OTHER ENVIRONMENTAL ISSUES**

### **i. “Hotspot” Areas**

#### **a. Status**

The U.S. Government has received reports of areas where levels of industrial contamination may be especially high. These areas include Moa nickel plants, areas around power plants, and petroleum refineries.

Cuba and the United States are signatories, but not yet parties, to the Stockholm Convention on Persistent Organic Pollutants (POPs), which enters into force on May 17, 2004. The Convention seeks to prohibit production, use and/or release of 12 POPs that can travel globally, including polychlorinated biphenyls (PCBs). Cuba has potentially significant PCB releases that can adversely affect the United States. At a United Nations Workshop on POPs in 2000, the Cuban environment agency estimated Cuba has 250 tons of PCBs, but they recognized this may be an underestimate. Workshop participants toured a transformer repair shop and saw actual drums of PCB-containing oil. In 2000, an Arctic Monitoring and Assessment Program report on “PCBs in the Russian Federation: Inventory and Proposals for Priority Remedial Actions” found that during the period from 1981 to 1989, Russia exported 39.5 metric tons of PCBs to certain countries, including Cuba.

#### **b. U.S. Actions**

### **RECOMMENDATIONS:**

- *The U.S. Government should be prepared to provide assistance and information on the characterization and prioritization of contaminated sites and media-specific environmental technologies. The U.S. Government has a list of training courses that are taught to regional program managers (RPMs) and on-*

*scene-coordinators (OSCs), as well as representatives from States and the U.S. military, which can be re-worked or adapted for Cuban audiences. These training courses range from simple 'primer courses' (e.g., that address fundamental principles of site assessments and hazardous waste investigative and management practices) to highly complex technical courses that are pollutant-specific in nature, such as those that address detection and disposal of PCBs.*

- *If requested, the U.S. Government could also help a free Cuba establish a sound PCB management program by helping Cuba to identify PCB-containing equipment, evaluate management and destruction alternatives, and conduct a pilot demonstration program. The U.S. would work in collaboration with relevant international organizations, such as the United Nations, and partner with countries, such as the Russian Federation, to implement this program.*

## **ii. Human Health Impacts Due to Environmental Degradation**

### **RECOMMENDATIONS:**

*As a democratic Cuba expands its environmental protection program, it will be important to develop methods and capacity to assess risk and monitor human health impacts due to environmental degradation. Some specific options that the U.S. Government might be able to offer a free Cuba are:*

- *assess the relationship between health outcomes in children and repeated pesticide exposures via multiple sources and pathways;*
- *build human capacity by producing competent graduates on the concepts and methods of risk assessment and communication;*
- *develop bi-national environmental health workshops, and a full graduate training program in collaboration with local universities and other institutions;*
- *conduct training on epidemiology, GIS, public health, entomology, and toxicology;*
- *develop a baseline indicator suite to serve as an assessment tool for program*

*effectiveness;*

- *develop indicators to link environmental and human health data;*
- *develop outcome measures to better assess the improvements in human health that may accompany improvements in environmental quality; and*
- *train and use local health workers to visit local residents and provide assessments on focus issues, provide education and information, and evaluate the effectiveness of their strategies.*

### **iii. Laboratories**

#### **RECOMMENDATIONS:**

- *Laboratory capacity is critical for monitoring environmental conditions and program effectiveness. The U.S. Government should be prepared to assist free Cuban health and environment ministries in upgrading their capabilities by sharing information on and providing training in:*
  - *current approaches to laboratory quality management;*
  - *current analytical protocols and methods for monitoring the environment (air, water, waste, soil) and assessing potential impacts of contamination on public health (e.g. pesticide residues in food monitoring);*
  - *fate and transport models for assessing the impacts of pollutant sources;*
  - *the advantages and disadvantages of various approaches to contaminated site assessment and contamination remediation;*
  - *cataloging, assessing, and protecting water resources;*
  - *upgrading Cuba's drinking water and waste water treatment infrastructure;*
  - *solid and hazardous waste management;*

- *specialized laboratory methods for waterborne pathogens and chemicals; and*
- *waterborne disease surveillance and control.*

#### **iv. Oil and Chemical Spills/Emergency Response**

##### **a. Status**

The wider Caribbean is a major oil producing area.<sup>41</sup> Most of the oil produced within the Wider Caribbean region is shipped within the region, and since the United States is the major oil consumer in the region, the result is a series of intricate network distribution routes, several of which affect Cuba. In addition, the United States imports oil from outside the region, the majority of which is delivered to the Gulf Coast States via passage through the Old Bahamas Channel and the Florida Straits.

Cuba faces risks from oil and hazardous materials releases in the marine environment primarily from small to medium spills related to oil transfer and industrial processes and the much larger spill related threats from cargo and tanker vessel collisions or allisions that result in the loss of petroleum cargos and/or bunker fuels.

The majority of smaller spills have occurred during loading and unloading operations at terminals. Groundings and collisions account for most of the larger incidents. While Cuba has avoided significant spills and has seen spill volumes much smaller than elsewhere in the region, it is not without some spill incidents. The Princess Anne Marie spilled 5,700 tons of crude at Cabo Corrientes in 1980. The majority of this dispersed at sea. Cienfuegos appears to have had the largest number of spills within this relatively clean history, with the Aida spilling approximately 2 tons of heavy fuel oil in 1992; a second vessel, the Mare Princess, spilling 30 tons of intermediate fuel oil a year later; and the Stavanger Oak spilling approximately 10 tons of diesel oil in the same year. The Aida and Mare Princess spills were cleaned up with mechanical containment and recovery techniques and manual shoreline cleaning using Cuban national resources. The Stavanger Oak

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<sup>41</sup> Mexico and Venezuela rank 4<sup>th</sup> and 8<sup>th</sup> in refining systems in the world. Regional oil platforms, primarily in the Gulf of Mexico number some 143 platforms including some on the Saba Bank, near St. Croix and Anguilla.



spill dispersed naturally. However, all these spills led to large claims for fisheries damage.

Castro regime budget allocation decisions have resulted in deterioration in spill response training and the purchase and maintenance of pre-positioned equipment for spill response. While the nation continues to maintain some focus on this capability as witnessed in its participation in international and regional forums on the subject, and while engineering and scientific education that is applicable to spill response and recovery is among the highest in the region, actual response infrastructure is old or lacking due to the regime's budgetary and purchasing decisions. The result is an able spill response work force with detailed planning and with appropriate governmental structures but with under-capitalized equipment due to lack of a commitment by the Castro regime to dedicate/allocate the necessary economic resources.

Cuba is a party to a number of regional conventions and protocols under which marine environmental protection issues, programs, and standards are addressed. For example, Cuba acceded to the Cartagena Convention, which focuses on the protection of the marine environment of the wider Caribbean region. Under this Convention the parties work to prevent, reduce, and control pollution in the Convention area and to ensure sound environmental management, using for this purpose the best practicable means at their disposal and in accordance with local capabilities. The parties also agree to endeavor to harmonize their response policies and cooperate with the competent international, regional, and subregional organizations for their effective implementation. Cuba is also a party to the Oil Spills Protocol and SPAW Protocol (Specially Protected Areas and Wildlife), two of the three protocols to the Cartagena Convention. As well, Cuba hosts one of two Regional Activity Centers for Land-based Sources of Marine Pollution created under the UNEP Caribbean Environment Programme, even though it has yet to sign or accede to the third protocol to the Cartagena Convention, the LBS Protocol.

Specifically, the convention requires, *inter alia*, that parties take all appropriate measures to prevent, reduce, and control pollution caused by discharges from ships and to ensure the effective implementation of the applicable international rules and standards established by the competent international organization such as the International Maritime Organization. The United States is also party to this Convention, the Oil Spills and SPAW Protocols, and signatory to

the LBS Protocol.

This effort extends to pollution from point and non-point sources, on shore, on the water, in the air, and on the seabed. For example, the parties must work toward measures to prevent, reduce and control pollution caused by dumping of wastes and other matter at sea from ships, aircraft or manmade structures at sea, and to ensure the effective implementation of the applicable international rules and standards. In addition, the parties have focused on measures to prevent, reduce, and control pollution caused by coastal disposal or by discharges emanating from rivers, estuaries, coastal establishments, outfall structures, or any other sources on their territories. This has also included measures to prevent, reduce, and control pollution resulting directly or indirectly from exploration and exploitation of the seabed and its subsoil and discharges into the atmosphere such as air pollution from vessels.

Cuba has designated special protected areas to protect and preserve rare or fragile ecosystems, as well as the habitat of depleted, threatened, or endangered species. This work has complemented their work with the International Maritime Organization under MARPOL 73/78 to designate Particularly Sensitive Sea Areas where no dumping by vessels is permitted. Cuba had the Sabana-Camaguey Peninsula so designated by the International Maritime Organization, the second such area in the world after the Australian Great Barrier Reef. Under the Cartagena Convention, the United States has a clear opportunity to support Cuban national spill response efforts. This is based on the Convention requirement that all parties, including the United States, are required to co-operate in taking all necessary measures to respond to pollution emergencies in the wider Caribbean, whatever the cause of such emergencies, and to control, reduce, or eliminate the pollution threat. When a Contracting Party becomes aware of cases or is in imminent danger of being polluted or has been polluted, it must immediately notify other States likely to be affected by such pollution, as well as competent international organizations (e.g., International Maritime Organization). Cooperative response support by all signatories to the Convention is expected from this notification.

## **b. U.S. Actions**

Cuba has acceded to the International Convention for the Prevention of

Pollution from Ships (MARPOL 73/78) administered under the auspices of the International Maritime Organization. This convention has six annexes of which Cuba has acceded to three, related to prevention of pollution by oil, control of pollution by noxious liquid substances in bulk, and prevention of pollution by garbage from ships. Cuba has not acceded to annexes addressing harmful substances carried by sea in package form, pollution by sewage from ships, and air pollution from ships. It would be highly desirable to encourage ascension to these additional annexes both in terms of support to Cuban marine environmental protection and in terms of providing support to an international regime that the United States has long supported.<sup>42</sup>

## **RECOMMENDATIONS:**

- *The U.S. Government can encourage ratification and be prepared to help a free Cuba in the implementation of international conventions and annexes related to:*
  - *Land-based Sources of Marine Pollution. Cuba has yet to sign or accede to the LBS Protocol to the Cartagena Convention, which requires countries to adopt high standards for the control and processing of sewage, agricultural run-off, and industrial effluents; and*
  - *Prevention of Pollution from Ships. Cuba has acceded to the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78) administered under the auspices of the International Maritime Organization. This convention has six annexes of which Cuba has acceded to three, related to prevention of pollution by oil, control of pollution by noxious liquid substances in bulk, and prevention of pollution by garbage from ships. Cuba has not acceded to annexes addressing harmful substances carried by sea in package form, pollution by sewage from ships, and air pollution from ships. It would be highly desirable to encourage ascension to these additional annexes both in terms of support to Cuban marine environmental protection and in terms of providing support to an international regime that the United States has long supported.<sup>43</sup>*

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All analysis would indicate that the greatest immediate focus should be along the northern coast of Cuba and related to tanker transit traffic. Substantial spills in the Florida Straits would flow northward by virtue of some currents and winds. While this effect is general and could be modified by season, weather, and other factors, it raises the prospect of a threat to the United States, specifically the Florida Keys and southeastern Florida peninsula, as well as the Turks and Caicos and the Bahamas, should a spill occur in the Old Bahamas Channel.

## **RECOMMENDATIONS:**

- *Develop operational agreement for oil spill response: To address this issue it is imperative that three actions be taken as quickly as possible for large spills affecting the waters of two or more nations or spills on one nation's waters that migrate by virtue of winds and currents into the waters of two or more nations.*
  - *Establish a concrete and predefined notification process with a transition Cuban government. Such a process should include agreement regarding frequencies for communication, authorities responsible for initiation and receipt of notification, and information to be communicated (e.g., latitude, longitude, product, vessel type, master, registry, etc.).*
  - *Reach agreement on any joint response protocols. This would address the appropriate use of mechanical recovery, dispersant application and in situ burning based on the specific spill response variables to be encountered in this area.*
  - *Reach agreement on mutually cooperative command and control processes in a joint spill response. Agreement should be sought, though it is rarely reached initially, on a common command and control regime for organizing mutual response forces. The United States applies the Incident Command System, now accepted by Mexico, the British Virgin Islands, and Panama.*

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<sup>44</sup> With regard to probability, the greatest emphasis must be placed on high frequency and high volume spills such as would be found in tanker traffic transiting near the Cuban coast rather than transfer operations in harbors and bays. With regard to the consequence of releases, the greatest emphasis must be placed on damage to sensitive environments or ecological zones. Currently, the most sensitive ecological zone noted by international convention as well as national interest is the Sabana-Camaguey peninsula now designated as a Particularly Sensitive Sea Area by IMO and located along the Old Bahamas Channel and Florida Straits. In addition, Cuba has signed an exploratory agreement with PETROBRAS for oil production work along the northern coast.

*However, no common international standard or convention exists for these systems and many nations continue to adhere to their own unique national structures making integration of response forces difficult and, therefore, pre-planning imperative.*

- *Develop mutual aid agreement: On a longer term basis there is a need to develop mutual aid agreements on spill response. Both nations are parties to the Cartagena Convention and its Protocol Concerning Cooperation in Combating Oil Spills in the Wider Caribbean Region. That Protocol at Article 6 requires parties to render assistance, within its capabilities, in responding to oil spill incidents and for each party, subject to its laws and regulations, to facilitate the movement into, through and out of its territory of technical personnel, equipment, and material necessary for responding to an oil spill incident.*

## **B. Natural, Cultural, and Historical Resources**

Cuba currently:

- has ratified 25 international environmental treaties, including: Ramsar, the Convention on Biological Diversity, Convention on International Trade in Endangered Species, World Heritage and Cartagena Convention's Protocol on Specially Protected Areas and Wildlife;<sup>45</sup>
- has internationally designated sites of significance, including six Ramsar wetlands sites, six Biosphere Reserves, and seven World Heritage Sites;
- is required by Article 27 of its current Constitution to protect the natural environment; and
- boasts significant amount of biological diversity within its small landmass:
- Per hectare, it has 27 times more plant species than the U.S. and Canada;<sup>46</sup>

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<sup>45</sup> Falcoff, Mark. Cuba the Morning After. AEI Press, Washington DC 2003, p145.

<sup>46</sup> Maldonado, Argelio, "Cuba's Environment: Today and Tomorrow--An Action Plan", quoting Dr. Michael Smith of Conservation International, p3.

- One percent of the world’s plants grow only in Cuba;<sup>47</sup> and
- Cuba’s coral reefs are among the best developed in the Caribbean Basin, although experts suggest that 70 percent of Cuba’s reefs are threatened, with nearly 40 percent at high threat. It has the largest and most diverse shelf habitats in the insular Caribbean (barrier and patch reefs, islands, mangrove forests, and extensive sea grass beds.)
- has an ambitious insular plan for terrestrial and marine areas.<sup>48</sup>

Despite the fact that Cuba has ratified major international environmental treaties, established environmental institutes, and passed substantial environmental laws; the Cuban natural resources continue to decline, and its rich biodiversity continues to be endangered. The management of resources, whether natural, cultural, or historical, is subservient to the political interests of the Castro regime and a decision-making process specifically founded on sustaining itself, not promoting a greater respect for these resources.

## **1. Parks and Protected Areas, Forests, and Marine Protected Areas**

### **i. Parks and Protected Areas**

#### **a. Status**

Cuba has designated 80 protected areas of national significance and 183 of local significance. These lands cover about 12 percent of the island. If this much land was actually protected it would be a major environmental achievement, but according to a recent World Bank analysis its management has been sub-optimal<sup>49</sup>. Declaring an area “protected” does not necessarily result in protection — Cuba has many “paper parks,” where there is no staff, no management plan, and no identified park boundaries. The inadequate management of its parks and protected areas undercuts its international environmental reputation and poses a serious threat to its valuable storehouse of biodiversity.

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<sup>47</sup>World Bank, “Cuba- Strengthening the National System of Protected Areas Project Documents”, April 2002, p46

<sup>48</sup> Cuba’s National Protected Areas System Plan, 2003—2008.

<sup>49</sup> World Bank, p53.

Protected areas are strongly affected by tourism, and vice versa. During the last decade, the Cuban government has promoted mass tourism in order to increase hard currency reserves. From 1994-2000, tourism increased an average of 20 percent *annually*.<sup>50</sup> In 1999, tourism generated \$1.7 billion and currently represents 21 percent of the GNP.<sup>51</sup> Current Cuban government policy continues to promote a high growth rate for tourism, often in partnership with multi-national hotel chains. Among the documented environmental impacts from hotels and the roads which service them are: lagoons cut off from the sea by roads; polluted coral reefs, beaches, and waters; habitat destruction; disruption of critical wildlife behavioral patterns; propagation of introduced species; filled wetlands, with negative impact on fisheries; beach, and sand dune erosion, etc.<sup>52</sup>

The infrastructure at most parks cannot adequately support tourists. Only 33 parks of national importance have any ability to handle visitors, but carrying capacity is far exceeded, given the infrastructure at hand. There are few visitor interpretation centers, restrooms, signs, trails, bridges, wastewater systems, or parking lots. Maintenance and communications equipment, if present at all, are woefully inadequate. Many parks are not staffed.

In 2002, the World Bank initiated a \$13.4 million, three-year project to strengthen management of the National System of Protected Areas, focusing on four national parks as demonstration sites.<sup>53</sup> Much more will need to be done in the remaining parks to improve management and infrastructure.

## **ii. Governance Structure**

Administration and funding of protected areas is awkwardly divided among several Cuban ministries. Theoretically, protected areas are managed by the Ministry of Science, Technology and the Environment by the National Center of Protected Areas (CNAP), which was created in 1995 to oversee and manage a National System of Protected Areas. However, several agencies that had protected area responsibilities before 1995 continue to manage some of the protected areas, including the National Flora and Fauna Protection Corporation under the Ministry

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<sup>50</sup>Falcoff, p144.

<sup>51</sup>World Bank, p47 and p109.

<sup>52</sup> Falcoff p144, World Bank, p109.

<sup>53</sup> World Bank, p1.

of Agriculture that manages 53 of the largest and most established protected areas. The Ministry of Fisheries oversees management of the marine protected areas. Enforcing rules and regulations is the responsibility of another government agency, the Forest Guard under the Ministry of Interior.<sup>54</sup> Only 20 professionals work in the national headquarters of CNAP.<sup>55</sup> According to a recent World Bank report, CNAP is so little known or understood among its peers that the tourism industry has been giving its own names to unpublicized national parks, calling the Zapata Swamp the “*Parque Natural Montemar*” thus raising the frustration level of tourists, tour operators, and scientists.

There are virtually no local or nationally based independent NGOs active in protected area system management, although foreign NGOs have had success in specific parks.

### **iii. Needs for Assistance**

Little attention has been paid to developing nature-based tourism in Cuba or to collaborative research on genetic resources. If developed carefully, they could provide conservation-compatible livelihoods and contribute towards financing park management and infrastructure development.

Given that a newly democratic Cuba would have many demands for limited government funds, Cuba may want to consider doing what South Africa or some Latin American countries are doing to fund their park systems. South Africa is covering 100 percent of expenses from gate fees, charging a low fee for residents and a high fee for foreigners. Some Latin American countries are “contracting-out” the management of some parks to NGOs, who in return collect gate fees and charitable donations from foreign NGOs. Both of these options would be helpful if the IMF were to impose limits on the number of government employees.

Lessons learned over the last 40 years of park protection in developing countries have focused on the importance of local people benefiting from the tourism to their nearby parks, such as becoming tour guides, sharing in admission or hunting fees, establishing small hotels and restaurants to service park visitors,

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<sup>54</sup> World Bank, p48

<sup>55</sup> World Bank, p52.



etc.

#### **iv. U.S. Actions**

##### **RECOMMENDATIONS:**

- *The U.S. Government should be prepared to offer technical assistance and training to a free Cuba to improve its parks and develop ecologically sustainable infrastructure and uses. This can be done by training the Cuban employees or their contractors in many of the park management principles used by the United States. There are over 2000 employees working with Cuba's national parks, and 1000 Forest Guards working in enforcement; however, they are not evenly distributed, as nearly 30 percent work at only three protected areas<sup>56</sup>.*
- *For the medium- and long-term, if requested, the U.S. Government can provide three types of assistance: 1) Train Cuban park managers in best practices for park management in a variety of settings at U.S. parks similar to their own; 2) Provide a Spanish-language training manual for protected area managers, which can be used in connection with training courses conducted in the U.S. or in Cuba; and, 3) Provide on-site technical assistance to Cuban parks staff to develop and maintain park infrastructure and provide visitor services. Other assistance can include mentoring opportunities in the U.S. protected areas and creating Sister Parks between U.S. and Cuban parks.*
- *Listed below are three existing training modules, which could be provided to a transition government:*
  - *Training in Planning, Design, and Maintenance of Park Infrastructure. Methods for acquiring long-term, stable financial support; Designing and constructing visitor facilities, such as entry points, kiosks, visitor centers, hiking trails, and campsites; Development of protected area communications systems; Prescribed fire and wildfire management and suppression; Linking biological inventories and monitoring to protected area management; Legal surveys to define and mark protected area boundaries; and road*

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<sup>56</sup>World Bank, p51.

*construction practices.*

- *Enhancing the Visitor Experience. Public outreach and education programs and visitor information services (including producing protected area visitor brochures and environmental education publications); Monitoring protected area visitor satisfaction); Establishing and managing concession operations; Visitor public relations; Interpretive signs and exhibits; and Development of protected area interpretive programs and facilities, including campfire talks and ranger-guided nature hikes;*
- *Park Management and Basic Ranger Skills. Fee collection methods and fee structure design; Budget planning and administration; Managing and supervising personnel; Preparation of park operating plans; Incident management; Facility maintenance inspections; Radio communications management; Navigation by map and compass; Safety training (visitor, vehicle, workplace); Search and rescue operations, Field patrol techniques; Record keeping and reporting; and Equipment and supplies planning and maintenance.*

## **RECOMMENDATIONS:**

- *The most immediate need is to improve the management of Cuban national parks, and to build the capacity of their park employees. Once park management is improved, and plans developed, it would be appropriate to identify infrastructure and visitor services needs and associated costs. U.S. Government assistance would cost approximately \$60,000 for two weeks of U.S. site visits, \$50,000 per two-week training session, and \$30,000 per two-week technical assistance visit. With appropriate levels of funding, approximately 12 courses/technical assistance visits a year could be offered for several years.*

## ii. Forests

### a. U.S. Actions

#### RECOMMENDATIONS:

- *The U.S. Government promotes sustainable forest management and biodiversity conservation worldwide in collaboration with partners in the field, adding value to their projects on the ground. In partnership with international institutions and non-governmental organizations, the U.S. Government could provide assistance to a free Cuba in a number of technical areas including:*
  - *Watershed/Habitat Management: Through initiatives such as the White Water to Blue Water Initiative, the U.S. Government could assist a transition government in the application of scientific and management expertise to promote watershed protection and ecosystem restoration. Focus areas of a program could include migratory species, particularly birds. Activities could include the restoration of degraded ecosystems and mitigation strategies to maintain biodiversity and other environmental benefits.*
  - *In addition, the U.S. Government collaborates with the University of Wisconsin–Stevens Point to offer an International Seminar on Watershed Management. The seminar engages participants on critical global and regional watershed management issues, emphasizing innovative approaches to accomplishing work across a wide range of biophysical and socioeconomic settings. Participants from relevant government agencies and/or NGOs in Cuba could benefit from the seminar and informal exchange of information and experiences with colleagues from around the world.*
  - *Improved Forest Management: The U.S. Government could work with a free Cuba to promote forest conservation through the development of improved forest planning and management, with an emphasis on reduced-impact harvesting and forest policy options and attention to biodiversity conservation and criteria and indicators for sustainable forest management.*
  - *Relevant to this technical area is the International Seminar on Forest and*

*Natural Resources Administration and Management. For the past 17 years, this seminar has convened land managers from all over the world to explore and discuss the complexities of sustainable natural resource management. Participants from relevant government agencies and/or NGOs in Cuba could benefit from the seminar and informal exchange of information and experiences with colleagues from around the world.*

- *Use satellite imagery to assess the status of forest and other resources. Assess the current situation of Cuba's land cover, soil quality, etc., and create a baseline for future analysis.*
- *Ecotourism/Recreation: The U.S. Government hosts several million visitors each year on its 156 National Forests — developing unparalleled skills in the design and delivery of infrastructure and interpretive materials for visitors. The U.S. Government should be prepared to provide assistance to Cuba in such areas as ecotourism planning and development of interpretive materials.*
- *Wildlife Management: Conservation of Cuba's biological diversity is in part dependent on the ability to conserve in the context of managed forests and ecosystems. The U.S. Government can work with partners in a free Cuba to address the management of individual species as well as habitat management with long term land management plans and other tools.*
- *Policy: In this technical area, the U.S. Government, if requested, could assist a transition government in bilateral policy development on a wide range of issues: ecotourism planning, including recreation concession management; models of law governing forest management; codes of practice including criteria and indicators for sustainability; chain of custody and illegal logging.*
- *Wood Technology: The U.S. Government has expertise in wood processing technologies that minimize waste and increase economic efficiency. It can engage with partners in a free Cuba to develop strategies to meet wood product demand more efficiently with less impact on the environment.*
- *Road Engineering: If requested, the U.S. Government can assist a free Cuba*

*in design of forest roads that protect fragile environments and minimize costs. Skills include access planning, route location, road survey and design methods, erosion control, contract administration and maintenance strategies.*

- *Fire Management and Ecology: The U.S. Government should be prepared to assist Cuba in prevention, planning, and suppression of wildland fire. It can also provide assistance to partners in a free Cuba to assess the influence of fire on forest ecosystems and to incorporate fire mitigation strategies into existing forest management systems. Specific topics for training and technical assistance include the role of fire in topic ecosystems, fire regimes and fire threat, the integrated fire management approach, and community-based fire management, education & fire prevention programs.*

### **iii. Marine Protected Areas**

#### **a. Status**

There are 21 legally declared Marine Protected Areas (MPAs) and 13 very important ones in the final approval process of the Inter-ministerial Council's Executive Committee (ICEC) as of 2003. The 2003-2008 Plan of the National System of Protected Areas (NSPA) contains 108 proposed MPAs (25 percent of the insular platform), 49 of which are considered of national significance and because they occupy 10.07 percent of the platform.

The approved MPAs and the ones in the process of being approved total 34 areas that cover 10.73 percent of the platform. These areas also represent 64.16 percent of the total proposed extension of the Marine Protected Area System. The Jardines de la Reina National Park (NP), Cienaga Wetlands (possibly the two most important MPA's in Cuba), Punta Frances NP, Guanahacabibes NP, Los Caimanes NP, the Cayos Lanzanillo-Pajonal-Fragoso Wildlife Refuge (WR), Cayos Las Picuas-Cayos del Cristo WR, Rio Máximo WF, and Delta del Cauto Ecological Reserve are especially important because of their size and value.

The marine areas of the above sites currently receive minimal management support due to a lack of resources from the Castro government, but some are supported by international projects. This support allows for personnel for basic

protection and public use control. However, the sites lack adequate resources for marine patrols, research, and monitoring.

The great majority of the remaining proposed areas are still essentially “paper parks” in which there is little or no effective authority or enforcement. For many, including the six mostly marine areas that are far from the coast, the boundaries and management objectives are not well defined.

A type of protected area special classification that can be correlated with the IUCN Category IV is the category of Special Regions of Sustainable Development (SRSD) that includes extensive areas of high economic and conservation interest. This type of protected area includes the two largest systems of keys in Cuba: Sabana-Camaguey and Canarreos Archipelagos, and Zapata Wetlands, the largest wetland in the Caribbean and a site approved as an SRSD by Law 197 of 23 January 1995.

## **b. Governance Structure**

The two principal current legal instruments for establishing the protected areas system are: Law 81 on Environment (1997), which defines the National Protected Area System (NPAS) as a marine-terrestrial integrated system and defines its basic principles and objectives; and the NPAS Decree 201 (December 1999). Decree 201 is the principal legal instrument of the NPAS. It defines different categories (valid for both land and ocean), administrative mechanisms, mechanisms for proposals, and participative planning and approving system of protected areas, etc.

A “representative gap” analysis of the MPA National System was completed in May 2003. This analysis was developed by the Institute of Oceanology and the Cuban National Center for Protected Areas, with support of the World Wildlife Fund-Canada and Environmental Defense (USA), and with wide participation from scientific institutions and protected areas managers.

The 2003-2008 National Protected Areas System (NPAS) Plan defines the following goals for the national MPA system:

- Represent at least 15 percent of the Cuban platform.

- Represent at least 25 percent the total coral reef area.
- Represent at least 25 percent of each sub-type of wetlands, for each wetland region.

During the MPAs national system gap analysis, the general goals have been classified in the following specific goals:

- Protect representative areas and important sites of Cuba's coastal/marine landscapes and biodiversity.
- Contribute the enhancement of sustainable fisheries.
- Represent the most important geographic features of Cuba's coastal and marine zone, including the associated historic and cultural values.

On the administrative side, the Coordinating Council of the National System of Protected Areas (NSPA) is in the process of beginning its work. This managing council directed by the National Center of Protected Areas (NCPA) includes the six most important decision-making institutions of the Cuban NSPA: NCPA, Fishing Regulations Office, State Forest Service, Ranger Corps, National Enterprise for Flora and Fauna Protection, and Environmental Management (Office). Planning and approval of the areas occur through participatory processes that include state (national) institutions, local government and communities, and relevant social groups (e.g. Fishers). This process uses different methods like formal and informal meetings, negotiation rounds, planning and conflict resolutions workshops, public awareness, education, and consultancies.

### **c. Needs for Assistance**

The proposed substantial expansion of the national system of MPAs will require substantial financial and personnel resources for an already under-funded and under-resourced system. Needs identified in the protected areas section above apply for all protected areas in the national system, terrestrial, and aquatic.

For example, there is a serious need to establish a diversified national financing portfolio for the national protected area system. Cuban agencies currently have the authority to impose user fees (adequate concession and vendor fees, hotel/bed taxes, entrance fees), which could be applied to conservation purposes. However, these specific types of user fees for environmental protection are not widely used in Cuba.

The expansion of the MPA system requires that new attention be placed on capacity building/management effectiveness at existing sites, as well as the suite of scientific, assessment, and management skills necessary for designing and implementing new sites. Moreover, since the greatest threat to marine and coastal protected areas and marine biodiversity generally may well come from human activities outside park boundaries — i.e., fisheries and pollution — and anticipated dramatic tourism expansion, substantial technical assistance should be provided in the area of integrated coastal area management.

#### **d. U.S. Actions**

#### **RECOMMENDATIONS:**

- *The U.S. Government should be prepared to offer technical assistance and training to a free Cuba to improve its parks and develop coastal infrastructure that will not damage its environment. This can be done by training Cuban employees or their contractors in many of the park management principles and integrated coastal management utilized in the U.S. at Federal and State levels.*
- *The U.S. Government should be prepared to offer a range of opportunities for capacity building including:*
  - *Study tours at U.S. marine sanctuary and estuarine reserve sites;*
  - *Training programs at the National MPA Center on enhancing management effectiveness, managing visitor impacts, and other topics;*
  - *Legal and policy technical assistance; and*
  - *Training programs on tools for integrated coastal area management (e.g.,*



GIS).

#### iv. Invasive Species

##### a. Status

Like other islands, Cuba has major invasive species problems, which are resulting in negative environmental impacts. However, because of its semi-isolation in recent decades from international trade, Cuba has a relatively high number of native species compared to non-native species when compared to most other islands.<sup>57</sup>

The World Conservation Union (IUCN) has “A Draft List of Species Reported Alien to the Caribbean.” This draft lists 22 species of invasive species of concern in Cuba.<sup>58</sup> In addition, the U.S. Geological Survey was able to identify 14 species of introduced fish that have established in Cuba. Because of the unique endemic fish found in Cuba (e.g., four species of blind cusk eels and livebearers in the family Poeciliidae) these non-native establishments are a concern to conservation biologists.<sup>59</sup>

Specific invasive plant species of current importance in Cuba are Australian Pines, which are causing damage to beaches west of Havana; *Leuceana Leucocephala* from Central America; and Marabu from Africa. These plants spread rapidly and compete with native vegetation, displacing it, and creating large tracts of single species forests, which are of diminished value to native wildlife. Invasive animals include the Indian Mongoose, pigs, black rats, cats, and dogs, which are serious predators to native animals when they are near protected areas.<sup>60</sup>

Due to a lack of comprehensive information on species in Cuba, both native and invasive, there may be other major problems that are unknown at this time.

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<sup>57</sup> Vitousek, P.M., et.al, 1996 “Biological invasions as global environmental change”, *American Scientist* 84:4468-478. Vitousek, P.M., et.al, 1997, “Introduced species: A significant component of human-caused global change”, *New Zealand Journal of Ecology* 21(1), pp1-16.

<sup>58</sup> IUCN, “Draft List of Species Reported Alien to the Caribbean”, 2004, pp2-7.

<sup>59</sup> Jim Williams, Research Biologist, Florida Integrated Science Center for Aquatic Resource Studies, Gainesville, Florida, in phone conversation 2/17/04.

<sup>60</sup> World Bank, p49.

## **b. U.S. Actions**

### **RECOMMENDATIONS:**

- *The U.S. National Invasive Species Council should stand ready to coordinate invasive species assistance to a free Cuba. Good opportunities exist both from an environmental focus and from an economic focus.*
- *On the environmental side, it is important that the U.S. Government is prepared to provide stronger support to mechanisms for identification and management of invasive species in Cuba. The Caribbean section of the joint Global Invasive Species Programme (GISP), Scientific Committee on Problems of the Environment (SCOPE), The World Conservation Union (IUCN) and Diveasitas already have developed a website and mechanism dedicated to the invasive species of Cuba. In addition, U.S. birding organizations are studying invasive species in Cuba. In a free Cuba, these types of organizations could be instrumental in addressing Cuba's invasive species problems. Increasing the communication between government and academic scientists working on invasive species would also provide much needed benefits.*
- *On the economic side, Cuba's sanitary and phytosanitary infrastructure needs to be strengthened as international trade in agricultural goods is developed. In order to safeguard the biosecurity of Cuba's natural and agricultural resources, invasive plant and animal pests and pathogens in Cuba must be surveyed, and expertise in risk analysis needs to be developed, under the umbrella of international trade standards in animal and plant protection.*
- *If requested, The U.S. Government could assist in the identification and control of invasive species. Additionally, with increased movement of people and goods there will be concerns about invasive species from Cuba introduced into the United States. Much work will be necessary to survey the island for potentially invasive species to the United States. This base-line data will be a prerequisite to developing and establishing market access importation conditions for agricultural related commodities that may serve as vectors for spreading invasive species to the United States through trade.*

## 2. Wildlife and Fisheries Management

### i. Birds

#### a. Current State

Cuba has 350 species of birds, 39 times more than the United States and Canada on a per hectare basis.<sup>61</sup> It also has the world's smallest bird, the Bee Hummingbird, just bigger than a grasshopper.<sup>62</sup> It is an important refuge for migrating birds in the winter, harboring the largest Caribbean populations of many species. Cuba is the southernmost range of many migratory birds.

Habitat alteration has been and continues to be the fundamental threat to Cuba's birds. In a few cases, over-exploitation of birds by local communities has exacerbated this problem. This includes activities such as massive collections of eggs and young waterfowl; subsistence hunting; and indiscriminate killings for superstitious beliefs.<sup>63</sup> The social institution of "*resolver*" (stealing from the government), has led to selling endangered species such as colorful parrots for profit.<sup>64</sup> Without local citizens benefiting from preservation of biodiversity, the threat of poaching will remain a problem. Other problems include logging, charcoal production, and slash-and-burn agriculture, which destroy dry forest. In the swamp areas, the threats come from dry-season burning, draining, and introduced predators such as mongooses and rats.

Cuba has established several research and scientific institutions, which have made contributions to the understanding of their bird life. The *Ojito de Agua* reserve was designated to protect the habitat of the Ivory-billed Woodpecker, but no monitoring or management of the area has taken place and the bird is nearly extinct. Of the 20 species considered threatened in Cuba, only 10 have been studied in enough detail to allow for the preparation of management plans for their protection. Cuba cites the recovery of the Rose-throated Parrot population from 100 nesting pairs in 1979 to approximately 400 pairs in 2000 as an example of where adequate data and management combined to bring this successful result on

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<sup>61</sup> Birdlife International, Birdlife's Online World Bird Database, 2003

<sup>62</sup> Raffaele, Herbert, et al, *A Guide to the Birds of the West Indies*, Princeton University Press, Princeton, New Jersey, 1998 p.25

<sup>63</sup> Id.

<sup>64</sup> Maldonado, p4.

the Isle of Youth. Similar studies are underway for the Sandhill Crane, Cuban Parakeet, and the Cuban Kite, which are being used as “flagships” to promote conservation of the entire habitats in which they live.<sup>65</sup>

## **b. Needs for Assistance**

Given that 25 species, representing seven percent of Cuba’s rich species of birds, can only be found in Cuba,<sup>66</sup> there is good reason to expect that once U.S. citizens can legally travel to Cuba that it will be a popular destination for American bird watchers. In 1995, over 54 million Americans took part in some bird watching — a 157 percent increase from 1983. Eighteen million of these birdwatchers take trips away from home to see birds. Florida estimates that in 2000 they had almost four million participants in wildlife viewing, generating \$1.8 billion in retail sales and 52,410 jobs.<sup>67</sup> Cuba’s protected areas and bird habitat are not yet ready to receive a large influx of visitors.

## **c. U.S. Actions**

### **RECOMMENDATION:**

- *The highest priority for protection of domestic and migratory birds in Cuba is increased financial support for necessary scientific studies and for managing habitat. Another priority is to increase environmental education and community participation in conservation plans for bird preservation. Infrastructure improvements are needed in areas where bird watching is to be encouraged. This would include bird watching towers, well designed roads and trails, visitor information services, and concessions services such as environmentally sensitive hotels and restaurants, along with the other needs described above in the “Parks and Protected Areas” section. The U.S. Government can provide training and technical assistance to a free Cuba in these areas, if requested by a transition government.*

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<sup>65</sup> Raffaele, p25.

<sup>66</sup> Birdlife International

<sup>67</sup> Lynch, Tim and Julie Harrington, “The Economic Impacts of the 2nd Annual Florida Panhandle Birding and Wildflower Festival, 2003. p9.

## **ii. Fisheries**

### **a. Status**

Cuba has devoted considerable energy to education in the marine sciences. This investment is evident in the high quality of its marine science.

*Cooperative Fisheries Management in the Caribbean:* Forums for voluntary international cooperation in the field of fisheries have existed for many years in the western Atlantic and Caribbean, e.g., the Western Central Atlantic Fisheries Commission. However, many of the coastal states in the region have experienced similar management problems for such species as Queen conch, spiny lobster, and various reef fish. Therefore, there is growing interest in developing a regional fishery management organization with binding authority to establish fishery management measures in the wider Caribbean. National Oceanic and Atmospheric Administration Fisheries is actively engaged in this development, including through the White Water to Blue Water Initiative. Because a free Cuba would be an important participant in such an organization, and has significant expertise in this subject, we should be prepared to work with a free Cuba directly as well as through the Caribbean Fishery Management Council to encourage participation.

*Existing International Living Marine Resource Conservation Agreements:* The commercial fishing sector in Cuba has experienced two major upswings and downswings in the last 50 years. Fishing activity is currently at a relatively low point due to lack of capital, aging fishing vessels, and depressed economic conditions. However, available catch information shows appreciable harvests of highly migratory fish stocks managed or under the management competence of the International Commission for the Conservation of Atlantic Tuna (ICCAT), including skipjack and blackfin tuna, swordfish, white and blue marlin, and sailfish. Cuba is not currently a member of ICCAT, but inasmuch as all of these species are high value and some are subject to the need for strict ICCAT conservation regimes, it would not be a surprise for there to be increased Cuban fishing pressure on these stocks once economic conditions improve. Cuba was a member of ICCAT from 1975-1991. It should be encouraged to rejoin ICCAT.

Similarly, Cuban catch statistics consistently show appreciable directed harvests of sea turtles from undifferentiated species, but all of which are

endangered. This is problematic from every conservation perspective. The Inter-American Convention for the Protection and Conservation of Sea Turtles (IAC) was established “to promote the protection, conservation, and recovery of sea turtle populations and of the habitats on which they depend, based on the best available scientific evidence, taking into account the environmental, sociological, and cultural characteristics of the Parties.” A free Cuba should be encouraged to join the IAC.

*Endangered Species Protection:* An effort by Cuba in 2000 to export \$4 million worth of “in inventory” endangered hawksbill sea turtle shells to Japan, and capture 500 hawksbills on an annual basis was thwarted at the 12th Convention of the Parties of the Convention on International Trade in Wild Flora and Fauna (CITES), held in Nairobi, Kenya.<sup>68</sup> Cuba argued that its hawksbill sea turtle population was healthy due to conservation efforts; however, others argued that hawksbill turtles found in Cuban waters actually migrate from 11 other Caribbean countries to feed in Cuba for part of the year. Transition to a free market approach by a free Cuba could re-invigorate efforts to profit from trade in endangered sea turtle parts, as well as reef fish for the aquarium trade and stony corals for trade in carvings, jewelry, artwork, and live specimens.

## **b. Needs**

Cuba does not appear to need U.S. expertise as much as it does the resources to use its expertise effectively. Outreach efforts should establish and build on information exchanges and the provision of materials, especially equipment. The U.S. Government, directly as well as through the Caribbean Fishery Management Council, should be prepared to explore such possibilities with a free Cuba within funding constraints.

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<sup>68</sup> Cuba is a party to CITES.

### **c. U.S. Actions**

#### **RECOMMENDATIONS:**

- *The U.S. Government should be prepared to work with a free Cuba toward the objective of Cuba joining ICCAT and the IAC when doing so becomes appropriate.*
- *The United States should encourage a free Cuba to re-examine its relationship and commitments under CITES, and incorporate CITES into other cooperative Caribbean fisheries management organizations, as described in this document.*
- *The U.S. Government has the capacity to work with a free Cuba in fisheries management to conduct laboratory and field research on estuarine processes, nearshore and ocean ecosystems' biological productivity, the dynamics of coastal and reef fishery resources, the linkages between biological and physical oceanographic processes and fish population distribution, abundance and dynamics, the location and extent of essential fish habitat, and the effects of human influences on resource productivity. Such information provides fisheries managers with information needed to sustain and enhance recreational and commercial fishing.*
- *The U.S. Government should be prepared to help a free Cuba develop and manage its recreational fishing potential. U.S. recreational fishermen and groups will be interested in accessing these waters and availing themselves of port-based support facilities in Cuba. The U.S. Government, directly as well as through the Caribbean Regional Fishery Management Council, could work with a free Cuba to explore such possibilities when doing so becomes appropriate.*

### **V. ENGAGING & EMPOWERING THE CUBAN PEOPLE**

Engagement with a free Cuba will be necessary for successful development and implementation of programs to protect the environment and management natural resources.

## RECOMMENDATIONS:

- *To assist a post-Castro Cuba with this process, the U.S. Government should be prepared to provide assistance to:*
  - *Develop policies and procedures to promote transparency and public participation. The public should have access to relevant information and the opportunity to participate in a meaningful way in the development and implementation of environmental law and policy. Tools that promote this participation include notices and opportunities to comment on proposed regulations and other implementation instruments, advisory boards with citizen representation to advise on policy, and involvement of citizens in monitoring of the environment and natural resources.*
  - *Unleash the power of information. Providing well-developed public outreach materials for citizens, which they can use to take action to ensure a healthy environment, is an important element to any U.S. Government effort. Voluntary actions based upon self-interest can be some of the most powerful motivators to achieve environmental results. Information is also vital to communities and organizations so that local programs and approaches are developed with a shared understanding. This information can include such things as simple brochures on indoor air quality, web-based tools for use by specialists, and posters on prevention of pesticide poisonings.*
  - *Enhance all levels of collaboration. A well-developed cooperative program needs to incorporate key stakeholders from the private sector, medical/public health community, academia, NGOs and others. The core of voluntary programs is cooperation and collaboration to achieve a common goal; the range and variety of partners varies depending upon the topic. For example, working with programs like Tools for Schools will require a different set of partners than an environmental tobacco smoke program such as Take the Pledge to Keep Your Home and Car Smoke Free.*
  - *Prioritize the problems. Targeting specific environmental quality issues to achieve major public health and environmental benefits is an important step. It can assist in development of coalitions and provide a basis for outreach materials. The process of prioritization may be based on highly technical*



*scientific evidence of risk (such as the radon program) or vulnerable populations (e.g., children who suffer from asthma).*

## **VI. CONSULTING & COORDINATION WITH THE INTERNATIONAL COMMUNITY**

Cuba has signed 25 international environmental agreements and participates actively in many multilateral organizations that work on environmental protection and natural resources management, including the U.N. Environment Program, Pan American Health Organization, Food and Agriculture Organization, and the Global Environment Facility.

### **RECOMMENDATIONS:**

- *At this time, Cuba is not a member of and does not receive loans or credits from the World Bank, the Inter-American Development Bank or the Caribbean Development Bank. While mobilization of private investment, including from local capital markets, will most likely be the long-term financing source for Cuba's sustainable development, multilateral development banks can play a key role in helping to improve environmental governance, democratizing decision-making and making it more transparent, and creating a climate favorable for private investment. The U.S. Government could help a post-Castro Cuba access the public international financial community (e.g., the IDB's Multilateral Investment Fund and the World Bank initiatives on infrastructure and municipal governance) in order to create sustainable finance systems for environmental protection and natural resources management.*
- *The U.S. Government should be prepared to provide assistance to a post-Castro government to create conditions favorable to the provision or modernization of environmental services, democratizing environmental decisions making, and upgrading conventional production processes, thereby stimulating indigenous investment and attracting foreign investment in these areas. Sectors of interest in this connection would include water and wastewater infrastructure, solar energy and energy efficient technologies for rural and urban applications, waste reduction and waste management technologies, biodiversity conservation, and "green" tourism. In several of such sectors, upgraded monitoring and measurement technologies are likely to be needed as well.*

- *The international environmental NGO community will be key partners for assistance to a post-Castro Cuba. Currently, there is a very limited presence of international NGOs in Cuba and these organizations have had some small-scale success. A democratic Cuba will likely create a climate where the work of these organizations can flourish.*
- *Environmental NGOs have tremendous technical and policy expertise on a wide variety of topics — such as protected areas management, public participation, and debt-for-nature swaps. This expertise along with any additional financial resources that they can bring can be leveraged in support of U.S. assistance efforts. The U.S. Government should be prepared to coordinate with these groups and may want to consider establishing an advisory committee to facilitate this process.*