



Robert Schuman

Problems and Opportunities for the Incoming Obama Administration

Sven Kühn von Burgsdorff



**Jean Monnet/Robert Schuman Paper Series
Vol. 9 No. 6
March 2009**

Published with the support of the EU Commission

The Jean Monnet/Robert Schuman Paper Series

The Jean Monnet/Robert Schuman Paper Series is produced by the Jean Monnet Chair of the University of Miami, in cooperation with the Miami-Florida European Union Center of Excellence, a partnership with Florida International University (FIU).

These monographic papers analyze ongoing developments within the European Union as well as recent trends which influence the EU's relationship with the rest of the world. Broad themes include, but are not limited to:

- ◆ EU Enlargement
- ◆ The Evolution of the Constitutional Process
- ◆ The EU as a Global Player
- ◆ Comparative Regionalisms
- ◆ The Trans-Atlantic Agenda
- ◆ EU-Latin American Relations
- ◆ Economic issues
- ◆ Governance
- ◆ The EU and its Citizens
- ◆ EU Law

As the process of European integration evolves further, the Jean Monnet/Robert Schuman Papers is intended to provide current analyses on a wide range of issues relevant to the EU. The overall purpose of the monographic papers is to contribute to a better understanding of the unique nature of the EU and the significance of its role in the world.

Miami - Florida European Union Center

University of Miami
1000 Memorial Drive
101 Ferré Building
Coral Gables, FL 33124-2231

Phone: 305-284-3266
Fax: (305) 284 4406
Web: www.miami.edu/eucenter

Jean Monnet Chair Staff

Joaquín Roy (Director)
Astrid Boening (Associate Director)
María Lorca (Associate Editor)
Maxime Larive (ResearchAssistant)

Florida International University
Elisabeth Prugl (FIU, Co-Director)

Inter-American Jean Monnet Chair Editorial Board:

Carlos Hakansson, Universidad de Piura, Perú
Finn Laursen, Dalhousie University, Halifax, Canada
Michel Levi-Coral, Universidad Andina Simón Bolívar, Quito, Ecuador
José Luis Martínez-Estay, Universidad de los Andes, Santiago de Chile, Chile
Félix Peña, Universidad Nacional de Tres de Febrero, Buenos Aires, Argentina
Stephan Sberro, Instituto Tecnológico Autónomo de México
Eric Tremolada, Universidad del Externado de Colombia, Bogotá, Colombia

International Jean Monnet Chair Editorial Advisors:

Francesc Granell, University of Barcelona, Spain
Ramūnas Vilpišauskas, Vilnius University, Lithuania

US Policy towards Cuba: Problems and Opportunities for the Incoming Obama Administration*

Sven Kühn von Burgsdorff*

Introduction

The paper attempts to shed some light on the challenges the new US administration is likely to face when addressing the contentious issue of American policy towards Cuba. An informed discussion of the problems and opportunities this may imply for the Obama administration will have to take into account the lessons of past policy approaches, notably the effect of the 47 year old US embargo against Cuba. On the basis of a critical analysis of past experience tentative answers to the following questions need to be found, in particular: What are the prospects for economic and political change in Cuba? Is the US offer to lift the embargo a credible ‘bargaining chip’ in future US-Cuban relations? Will the new administration attempt to fundamentally overhaul the traditional policy towards Cuba in the short to medium term? What are the more likely steps the new administration might be willing to take in the next two years? In what way and to what extent will possible US policy changes towards Cuba impact on US foreign relations and in particular with respect to the countries of the Western Hemisphere?

1. The US policy and existing economic restrictions

The US embargo against Cuba represents a commercial, economic and financial embargo imposed on the Cuban government in 1962. Initially the embargo was enacted as a measure against the expropriation of assets owned by US citizens and companies under the Castro regime during the period 1959-1961. The embargo was reinforced in October 1992 by the Cuban Democracy Act (the so-called “Torricelli Law”) and in 1996 by the Cuban Liberty and Democracy Solidarity Act (known as the “Helms-Burton Law”) which, inter alia, penalizes foreign companies that do business in Cuba by preventing them from doing business in the US. The Helms-Burton Act includes a variety of provisions to bring about "a peaceful transition to a representative democracy and market economy in Cuba". With a view to appeasing allies notably in Europe Title III of the Act (i.e. the right to file private law suits against foreign companies found to be ‘trafficking’ in property formerly owned by US persons, including Cubans who have obtained US citizenship after the date of the expropriation) has been suspended by the US president ever since the law entered into force.¹

* Lecture at the Center for Latin American Studies at the University of Miami on December 3, 2008. The views expressed in this paper are the sole responsibility of its author and may not be interpreted as representing the official position of the European Commission.

* **Sven Kühn von Burgsdorff** holds a MA and PhD in Political Science from Freiburg University (Albert-Ludwigs-Universität in Germany) and a post-graduate degree in Development Studies from the German Development Institute (Deutsches Institut für Entwicklungspolitik). He joined the European Commission's external service in July 1992, with subsequent long term foreign postings to Mozambique (1992 to 1996), Slovakia (1996 to 2000), and Cuba (2003 to 2007) where he was in charge of the Commission Delegation in Havana. He was European Union Fellow from August to December 2008 at the European Union Center of Excellence of the University of Miami.

¹ The first full-length analysis of the Helms-Burton law and its background can be found in Joaquin Roy's comprehensive study on “Cuba, the United States and the Helms-Burton Doctrine: International Reactions”, University Press of Florida, 2000

In response to pressure from US American agribusiness, the embargo was relaxed by the Trade Sanctions Reform and Export Enhancement Act of October 2000, allowing the sale of agricultural goods and medicine to Cuba for humanitarian reasons. These purchases have grown ever since 2002, despite new legislation introduced during the second term of the Bush administration concerning out front cash payment, i.e. prior to shipping of the goods from the US, to the American exporter. These limitations notwithstanding, in 2007, the US was the most important food supplier of Cuba and its 5th largest trading partner overall.

In an effort to discredit Havana the Bush administration continued to put Cuba on the State Department's list of countries considered to be state sponsors of terrorism, together with Syria, Iran and Sudan (Libya, Iraq and, most recently, North Korea have been taken off that list during the last few years). In order to discourage non-US foreign prospective investors from doing business in Cuba the US authorities, under the Bush administration, have threatened economic operators with significant interests in the US and suspected to be in violation of Helms-Burton to abstain from continuing their business in Cuba. In several cases fines have been imposed. Furthermore, in line with its stated policy of furthering regime change in Havana the Bush administration, in 2004, further stifled restrictions on travel to Cuba, by allowing visits of Cuban-Americans to their family only once every three years. The amount of transferable remittances was also reduced to a maximum of 1.200 USD per person per year and could only benefit the most immediate family members in Cuba.

2. Was the embargo effective? The impact on Cuba

Contrary to all intended purposes the US embargo and the restrictions imposed under the Bush administration did not succeed in ousting Fidel Castro or triggering regime change in Havana. The negative externalities observed in the majority of countries against which economic sanctions had been applied, could also be confirmed in the Cuban case:

- a) Since the US took an extremely public policy stance towards Cuba, Havana had a distinct disincentive to offer any positive behavior to Washington in the face of threats and sanctions. Moreover, as a matter of both national pride and cool political calculations the Cuban leadership had to signal to the US that human rights were non-negotiable sovereignty issues.
- b) From the outset the US sanctions failed in mobilizing domestic opponents because they were simply too weak to challenge the regime. With the advent of the Bush administration the sanctions even undermined the infant political opposition movements because the regime condemned opponents by stigmatizing them as 'mercenaries' paid by the US to topple the Cuban government. By associating opponents and human rights defenders with Washington's agenda for regime change the authorities attempted to delegitimize their quest for political reform and respect of fundamental freedoms. As a result the majority of Cuban dissidents sought to distance themselves from Washington and support offered through US channels.
- c) Using the pretext of foreign intervention the Cuban regime decided to crack down on those human rights activists perceived as becoming too vocal a source of public discontent. The viability of the emerging illegal political opposition became seriously undermined following the arrests of 75 dissidents in March 2003, many of whom have actively worked for the Oswaldo Paya-led Varela project seeking a referendum on political reform.
- d) The regime has successfully exploited the nearly five decade old embargo in general and the Bush restrictions of 2004 in particular, by denouncing the measures as foreign aggression and calling for a 'rally-round-the-flag' as the only remedy to counteract the US 'assault' on national sovereignty. Indeed, the quasi-totality of the Cuban population rejects the US embargo, but mostly because it deprives them of access to US consumer goods and

- fluid contacts with the American people, including those family members having fled the island.
- e) Furthermore, the Cuban regime succeeded in translating the ‘rally-round-the-flag’ effect into increased cohesion between the leadership and those strata of society believing in the legitimacy of the goals of the Revolution, namely in the field of social justice. The regime, rather successfully, painted the Revolution’s social acquis as being under constant threat by the US embargo. As a result, important segments of the Cuban population are fearful that the US agenda is not only driven by regime change but also by taking away Cuba’s social agenda.
 - f) Havana claims that total losses caused by the US embargo during the past 47 years stand at well above 90 bio USD. Official US sources believe this figure to be in the range of some 120 mio USD annually since 1991 (some 2 bio USD overall), i.e. after the collapse of the Soviet Union as Cuba’s key political ally and economic benefactor. In either case Havana can plausibly argue that the US sanctions affect negatively Cuba’s economic and social development and cause harm to the Cuban people.
 - g) The humanitarian and economic costs of the economic sanctions are clearly instrumentalised by the regime and serve as a much welcome scapegoat for first, blaming inefficiencies and hardship on the embargo, and second, justifying stifling public policy responses such as drastic austerity measures to contain public spending or tighter control to fight informal sector activities.
 - h) Last but not least, it comes as no surprise that in a tightly state-controlled economy such as in Cuba, scarce economic resources will be increasingly controlled by the most trusted segments of the regime, which in Cuba’s case is the military. Today, two thirds of Cuba’s foreign exchange generating economic activities are directly managed or controlled by the armed forces.

3. Did the embargo isolate Cuba? The impact on foreign relations

US policy traditionally attempted to isolate the Castro regime. Because of US pressure Cuba is neither an active member of the OAS, nor in any of the Bretton Woods institutions, nor in the Inter-American Development Bank. However, apart from these three exceptions Cuba, today, is thoroughly integrated into the international system, both at multilateral and regional level. A number of key foreign actors play an important role in Cuba’s present external relations. In the month of November 2008 alone, the presidents of Brazil, China and Russia all came to Havana on official state visits.

3.1 Venezuela

Cuba is President Chavez’ most important political ally in the region. And so is Hugo Chavez Cuba’s key and unconditional supporter. In the context of the ALBA free trade agreement (Bolivia, Nicaragua and Honduras are also members) Cuba receives close to 100.000 bpd of Venezuelan crude oil in exchange for essentially medical services (alphabetization campaigns, community services, sports training and provision of security services are also part of the oil-for-services barter package). Cuba’s impressive human resource potential (and especially its output in trained medical staff) allows both countries to trade very successfully on the basis of their respective comparative relative advantages. At 2007 world market prices, Cuba saved some 3 bio USD in import of oil per year, while Venezuela received key social services which strengthened the legitimacy of the Chavez administration especially among the poorer strata of Venezuela’s society.

3.2 China

Cuba employs the enormous savings it generates through its barter with Venezuela by importing, inter alia, much needed consumer and equipment goods from China offering tied commercial credit lines on better than market terms. Most of the goods are related to energy saving measures at household level and transport equipment for provincial and urban interconnections. Overall bilateral trade stood at 2.6 bio USD in 2007 (up by 27% against 2006), making China Cuba's second most important commercial partner, ahead of the EU. Cuba exports nickel and sugar and cooperates in the field of biotechnology as well as in the medical sector (eye operations in China by Cuban doctors). In return China lends significant political support to Cuba, by backing Havana's positions in international fora, notably at the UN. With the support of China and Venezuela and most countries of the Non-Aligned Movement of which it became chair in September 2006, Cuba was elected member of the newly created United Nations Council on Human Rights in spring 2007. Cuba plays a very active role in the new Council – and with such success that in June 2007 the UNCHR decided to lift the decade-long country monitoring procedure against Cuba concerning human rights violations.

3.3 Brazil

The Brazilian government has recently stated that it wants to become Cuba's first trading partner. Bilateral trade stood at 450 mio USD in 2007, making Brazil Cuba's second most important Latin American commercial partner. In 2008 Brasilia approved 200 mio USD of tied credit for the import of Brazilian foodstuff as well as another 150 mio USD for the financing of equipment for agriculture and transport. Most recently, at the end of October 2008, Petrobras received a concession for off-shore drilling (7 years of exploration and 25 years for production) in one of the remaining blocks in Cuba's exclusive economic zone in the Gulf of Mexico. The Brazilian oil company, with an initial investment of 8 mio USD, joined other foreign petro-corporations from Venezuela, Canada, Spain, Norway, India, Vietnam and Malaysia, already undertaking exploratory drillings in the zone.

3.4 Russia

Moscow became the latest addition to a list of impressive foreign partners seeking closer ties with Havana. The first visit of the Russian President to the island on 27 November 2008 was preceded by numerous high ranking delegations with a view to establishing a new framework for cooperation, the focus of which is clearly political. Russia perceives Cuba as an important potential ally and entry point into the Latin American and Caribbean region, but also as a sensitive pressure point when it comes to dealing with Washington. Commercial relations are still at a modest stage but are likely to expand in the medium term following the recent signing of ten cooperation agreements in the automobile, nickel, oil and agriculture sectors. Bilateral relations have significantly improved after Putin's decision to close the Lourdes spy station in 2001, especially after the 2006 agreement to reschedule the outstanding Cuban debt accumulated since 1991 and to provide tied credit to Havana in the amount of 350 mio USD for the purchase of several Russian aircrafts.

3.5 The European Union

The EU member states are still among Cuba's most important trading partners. Altogether around 30% of trade is done with the EU. Total bilateral trade stood at 3.1 bio USD in 2006 but dropped below 2.5 bio in 2007. Some 50% of overall FDI is estimated to be done by EU companies, with Spain clearly being in the lead, and about 50% of all tourists come from Europe.

While it is too early to make an assessment on how the Raul Castro-led government will conduct its relations with Europe it is safe to assume that Fidel Castro's successors won't heed EU calls for political reform in the foreseeable future. And why should they: despite all Havana-steered diatribes against the so-called "sanctions" of June 2003 (to which the EU officially refers as "diplomatic measures" and which were lifted in June 2008) Cuba knows that the EU has never imposed economic or development cooperation sanctions on Cuba. The EU Common Position's policy of constructive engagement, which is in place since 1996, was never changed; as a result, trade, investment and tourism flows remained largely unaffected by the politico-diplomatic dispute that started in 2003.

3.6 The United States

Despite the Bush administration's continuing attempts to starve the Cuban regime of foreign exchange through a number of restrictive measures, the US continues to be one of the leading providers of foreign exchange and key trade partners of Cuba in 2008: apart from remittances of the Cuban exile community, estimated to fluctuate between 800 mio to 1 bio USD annually (which can only be spent in the state-run shops where few over-priced imported consumer goods are offered), accumulated imports of US agricultural producers reached more than 2.5 bio USD during the period January 2002-October 2008. During the last two years alone US agribusiness concluded contracts in the amount of nearly 1 bio USD with Cuba.

Furthermore, by accepting every year under the US-Cuban migration accord since the mid-nineties 20.000 legal immigrants from Cuba, and by applying the wet foot-dry foot policy to Cuban illegal immigrants, the US is by far the major recipient of those Cubans who wish to leave the island for good, be it for economic or political reasons (some 350.000 Cuban immigrants came to the US since 1994). This, in turn, contributed to the fact that no critical mass of popular discontent could establish itself in Cuba – very much contrary to what had occurred in the Eastern and central European countries prior to the fall of the Berlin Wall. Last but not least, the continuation of a hostile policy towards Cuba made it rather easy for the Cuban regime to blame all malaise in daily Cuban life on the Bush administration whose international image stands at an all-time low. In other words, it is not without irony that the US served as the handy scapegoat for all hardship on the island while, as a matter of fact, US immigration policy, remittances and exports eventually helped in stabilizing the Cuban regime.

4. What are the most likely scenarios for Cuba in the short to medium term?

Raul Castro became head of state and government on 24 February 2008 and has used the past two and a half years to build around him a team of loyal supporters (high-ranking military officials and old-guard revolutionary leaders). His power base is the security apparatus and the military-technocratic elite running most of Cuba's key state-owned companies. While factions within the regime exist along ideological and professional lines (fundamentalist ideologues versus technocratic pragmatists, and military versus civilians), there is no open conflict or contest for power. The current leadership is clearly in political and economic control. Moreover, Raul Castro takes a structured, systematic and team-oriented approach to management, which is in stark contrast to his brother Fidel's personalistic, interventionist and ad hoc style of governance. As a result, Raul Castro will seek to make better use of the Communist party, its highest decision-making bodies and the established mass organizations as the key political conduit for running the country.

Principled political contestation is not permitted; human rights activism and political dissent is repressed. The active domestic opposition is marginal, divided and infiltrated by state security. Apart from the Catholic Church, which takes a distinctively apolitical stance, only few non-state controlled civil society organizations exist. The more vibrant and vocal independent voices can be heard in the cultural scene and, increasingly, in the academic environment. Following Raul Castro's

initiative in 2007 to allow a public debate on ways and means to improve the socialist system criticism of inefficiency and malfunctioning, within the ideological boundaries of the constitutional order and the institutional arrangements established by the Revolution, became a more accepted and common proposition.

In the short term little change can be expected since the domestic power constellations and external interdependencies support a continuation of the present situation. As long as Fidel Castro wields influence behind the scenes Raul Castro will not undertake any major economic reform towards a state-capitalist system 'à la China', barring, of course, an unprecedented international crisis which would imply the collapse of Cuba's external life line, i.e. notably the financial support provided by the Chavez government. In addition, recently won new partners such as China, Brazil and Russia, would have to abandon their ongoing and increasing rapprochement with the Havana regime. The case of reformers within the Cuban nomenclatura arguing for structural economic reforms in the productive sector and institutional measures to render the state administration more performing, will only be heard if and once externally induced hard budget constraints force the Cuban leadership to embark on farther reaching systemic measures. However, even under conditions of economic and financial distress the current leadership is highly unlikely to extend possible reform efforts to the political arena. Firm leadership exercised by the military-technocratic elite will most likely be carried out through the monolithic Communist party and its affiliated mass organizations in order to ensure maximum control over the prudently steered economic reform process.

In the medium term, i.e. after Fidel Castro is gone, three broad scenarios are possible: (a) economic reform towards a more capitalist system under firm political control executed by the Communist party leadership (a variant of the Chinese or Vietnamese model); (b) rapid economic and political transition towards market economy and a democratic political system (similar to transformations observed in central Europe); or (c) regime breakdown and civil strife. There is little doubt that in terms of probability scenario (a) is far more realistic, considering the prevailing domestic and external variables impacting on developments in Cuba.

A rapid transition scenario (b) could only be triggered by events coinciding simultaneously, such as an abrupt end of the substantial international financial and political support Cuba enjoys at present. If the current Cuban leadership proved to be unable to contain domestic opposition and provide for the basic survival needs of the majority of the Cuban population, then, but only then, maintaining a socialist economic system under uncontested Communist party rule might become a non-defendable political proposition. This scenario, however, has a rather low probability.

For the abovementioned reasons the lowest probability clearly stays with complete regime collapse (c), i.e. a humanitarian crisis, followed by civil strife, breakdown of law and order and inability of the security forces to contain public discontent and mass riots. If this were to happen hundreds of thousands of Cubans might seek refuge in the US, posing a considerable homeland security problem for Washington.

5. Conclusions: What are the policy lessons for dealing with Cuba?

The analysis of the impact of the US embargo against Cuba clearly demonstrates that the economic sanctions did not only fail in attaining their intended purposes but also proved to be counterproductive in all respects and at all levels. The US policy did not achieve any of its objectives and damaged severely the reputation of the United States, isolating de facto the US in its policy approach towards Cuba (in November 2008 185 countries supported the Cuba-introduced resolution against the US embargo at the UN General Assembly). It alienated traditional allies and partners because of the extraterritorial application of US law, actually strengthened the Castro regime, weakened the opposition, and hurt the Cuban population. The embargo policy even undermines national security interests of the US by not engaging in far-sighted conflict prevention

measures with a view to reducing the probability of a - however unlikely - mass exodus of Cubans (as a result of a humanitarian crisis triggered by sudden and total regime breakdown in Havana).

But that is not all. A brief recollection of present foreign relations shows that Cuba is by no means isolated and certainly finds itself in a position where it can count on substantial international and regional support both in the economic and political arenas. While the EU seems to enjoy little leverage over developments on the island, the key variables in Havana's external relations equation are, without any doubt, Venezuela and the US. Venezuela because it eases Cuba's hard budget constraints by basically bankrolling the Castro government through the mutually beneficial barter agreement, and the US because its incoherent policy mix towards Cuba provides both the external enemy for Havana, much needed for internal cohesion and to justify repression and domestic development failures, and, at the same time, an important source of hard currency income and consumer goods at competitive import costs. Against this background and under the assumption that the external situation does not change fundamentally in the short to medium term, it is difficult to imagine that the Castro regime is willing to trade significant political or even economic concessions to the US (for instance, in exchange for lifting the embargo, as Washington so requires) or other international players in the foreseeable future.

As long as Havana can afford to ignore external pressure for democratic governance and respect for human rights - in other words, has no incentive to comply with requests from the US and other Western governments -, it can be safely assumed that the Cuban government will not base its political and economic relations with other countries or institutions on this premise. President Chavez' petrodollars, Cuba's ability to forge new international alliances in the region and beyond and its concern with Washington's agenda as a key reference point for domestic and foreign policy decisions define Havana's strategic room of maneuver.

Against this background only a fundamental overhaul of US policy towards Cuba could become a real 'game changer'. For this to happen, Washington would have to give up its confrontational policy of coercion and adopt constructive engagement towards Cuba, not least inspired by its experiences in Eastern and Central Europe, Vietnam and China throughout the eighties and nineties. In today's Cuba change will most likely come from above, i.e. the leadership. Long term, forward-looking engagement with the regime is therefore needed in order to establish a working relationship with all layers of the administration, especially if the objective is to influence the perceptions and policies of the future generation of leaders in Havana after the Castro brothers are gone.

In addition, the US needs to improve its international human rights reputation which was severely damaged by US engagements in Iraq and the treatment of prisoners in Guantanamo. The perception that the US does not do its utmost to fully respect international law is an issue that renders difficult joint efforts to make the UN a meaningful instrument for acting decisively against human rights violations.² If the US wants to act more effectively in multilateral fora in general on human rights matters, Washington, as a matter of priority, needs to restore US credibility, thus making human rights a more defensible key priority in international relations. Together, the EU and US stand a far better chance of furthering democratic change and sustainable improvement of the living conditions in Cuba. It is also then that other foreign partners, notably from Latin America, could be more easily approached to engage on Cuba along commonly agreed upon agendas. A realistic scenario, however, has to consider that political change in Cuba will probably take longer and most likely be preceded by economic reform measures coming from the regime itself. Foreign actors wishing to assist in this process in a meaningful manner, are well advised to pursue a long term, incentives-based approach to both the Cuban authorities and Cuba's emerging civil society, including the human rights defenders.

² The compromise found on 18 June 2007 in Geneva before the UN Council of Human Rights on dropping the country procedures against Cuba and Belarus was definitely influenced by the impression of the majority of the 47 UNCHR members that singling out Cuba for human rights violations and not equally targeting the much contested Guantanamo Camp of the US would amount to an inconsistent, politically motivated and thus discriminatory measure.

6. Outlook: Will President Obama radically change US policy towards Cuba?

An answer to that question requires reviewing three important factors: first, constraints and opportunities in the political environment in the US, i.e. power constellations in the Congress and in Florida; second, interests in Cuba, i.e. Cuba's elite and the domestic opposition; and third, likely reactions in the international community, i.e. within the Latin American and Caribbean region; in Europe; with respect to Cuba's allies; and last but not least, at multilateral level.

6.1 What are the key considerations in today's political environment in the US?

During the electoral campaign Obama promised to undo the restrictions on travel and remittances imposed by the first Bush administration. He called the embargo a "complete fiasco" but shied away from suggesting the lifting of the economic sanctions or revoking Helms-Burton, saying that he would maintain the embargo as long as no substantial political reform and release of political prisoners would take place on the island. In essence, Obama's proposed measures would correspond to a policy similar to the one enacted during the second term of President Clinton. This was during the campaign. Is it reasonable to assume that Obama's resounding victory nation-wide and in Florida provide a more conducive domestic platform for overhauling for good the failed and discredited embargo policy?

Most observers would give a negative answer, at least during President Obama's first two years in office, and this for the following reasons: First, Cuba and Latin America are not among the top foreign policy concerns at this juncture. Second, while US business is clearly interested in strengthening trade and developing investment ties with Cuba strong pressure, so far, has only come from the agribusiness sector which succeeded in exporting US goods despite the embargo since 2002. Moreover, Cuban demand is still crippled by rather modest purchasing power and the overall business and regulatory environment is certainly not conducive to foreign investment. Third, despite a change in the electoral map overall and a slow generational change within the Cuban-American community, a clear majority of registered Cuban-American voters actually participating in elections leans towards the Republican party and can still be mobilized around the single issue of taking a principled stance against the Castro regime (e.g. all three Republican incumbents in Miami Dade county have re-won their seats; moreover, in 2010 Senator Mel Martinez' seat comes up for election – if the Democrats were to take his seat they could come close to gaining a filibuster-proof majority in the Senate).

Few commentators, on the other hand, think that the new president should and could lift the embargo during his first year in office, arguing that he enjoys at present and for a limited period only, a unique window of opportunity because of the high rate of approval at home and abroad (including in Cuba among the Afro-Cuban community). Lifting the embargo unconditionally would be widely heralded as the dawning of a new era in the Western Hemisphere and beyond, with immediate positive repercussions on bilateral relations with all major Latin American and Caribbean countries. Pressure to lift the embargo, or parts of it, may also come from the powerful US oil lobby if commercially viable finds are discovered in Cuba's exclusive economic zone, with Cuba actively courting US investments in the remaining off-shore blocks. It would make little sense for the US to prohibit off-shore oil exploration in Florida's continental shelf when a few miles further down South numerous international companies exploit Cuba's oil and gas reserves.

Moreover, the argument goes, President Obama does not need to 'pander' to the conservative Cuban-American vote in South Florida (i.e. those 65% having voted for McCain) because this part of the electorate will remain an anti-Obama constituency no matter what he does. As a matter of fact, the democrats could actually loose Latino votes in Florida in the next elections among the non-Cuban Latino community and among those 35% of Cuban-Americans having supported Obama in 2008 (according to exit polls 75% of whom are reported to be against the embargo) if his Cuba

policy changes remain largely symbolic, i.e. simply undoing what has been established under President Bush, while maintaining the embargo. As far as the 2010 Florida senate seat is concerned seasoned political analysts recall that, traditionally, any incumbent president's party tends to lose seats in mid-term elections, thus making the prospect of getting closer to the 60 seat majority a rather difficult task (especially if former governor Jeb Bush were to run for the vacant post).

6.2 How about the political environment in Cuba?

Since coming to power in August 2006 Raul Castro has reiterated on several occasions that Cuba is willing to discuss with the US ways and means to improve bilateral relations and bring an end to the policy of confrontation. The only requisite would be to conduct these talks on the basis of equality and without any political pre-conditions. These statements did not contain much of a political risk for Havana since they were unlikely to be heeded by the Bush administration. If, however, the Obama administration were to take them at face value, it is fair to say that Cuba's government appears to be ill-prepared for commencing meaningful discussions with the US. For the past 50 years the official dogma was based on the premise that US policy is hostile, interventionist and imperialist. A fundamental overhaul of the US approach towards Havana would make it difficult for the Cuban government to continue propagating the David-versus-Goliath myth, considering that the new US president, as an Afro-American, shares with two-thirds of Cubans a similar ethnic background. Obama may indeed be perceived by many in Cuba as the personification of a different, less fearful and certainly better America. In this context it is interesting to note that Armando Hart, former Minister of Culture and one of the chief ideologues of the Communist party, published an article in Granma in October 2008 where he underlined the need for defending the Cuban Revolution against the erosive power of a non-embargo centered, i.e. open door US policy towards Cuba.

Havana might, indeed, not be ready yet to engage with Washington under a non-embargo scenario. The present situation, with the embargo being nominally in place (yet discredited internationally and in Cuba, in addition to being undermined in its impact because of direct commercial links with US business and the massive flow of remittances without the 'danger' of millions of visiting Americans pouring into the island), seems to be the best of both worlds for Cuba: while Havana can blame US hostility for domestic development problems, which serves the regime well politically both abroad and at home, the embargo does not do any major economic and financial damage that would jeopardize the survival of the regime.

Furthermore, Cuba's illegal political opposition strongly disagrees with the embargo because the continuation of a coercive policy framework is used by the authorities as a pretext to discredit those opposing the regime as 'puppets' and 'counterrevolutionary agents' at the service of the US. The Cuban opposition would clearly prefer Washington to conduct an open door policy addressing all sectors of the Cuban society, including, of course, concrete measures supporting directly the emerging dissident movement and providing high-profile visibility to human rights defenders.

6.3 How would the international community react?

At international level all major actors would clearly welcome an end to the embargo. While the sanctions policy allowed European, Canadian and, more recently, Venezuelan, Chinese, Brazilian and Russian to become more involved with Cuba in the absence of competitors from the US (with the exception of agriculture produce), most of the foreign powers, and in particular the EU and Latin American countries, would clearly support a definite lifting of the coercive measures. Ending the embargo would be perceived as a decision carrying a momentum of powerful symbolism since it would signal a newly found willingness in Washington to reconsider the usefulness of acting unilaterally and outside the international legal framework. As a matter of fact, together with other measures such as closing Guantanamo, signing up to the Kyoto Protocol and putting into practice

the succeeding agreement under the Bali conference, and possibly, joining the International Criminal Court as well as ratifying further international human rights treaties such as the 1990 Convention on the Rights of the Child, would be interpreted by the international community as steps towards effective multilateralism.

6.4 Most likely steps by the Obama administration

No matter how powerful the academic case for ending the embargo might appear, the expected benefits of ending it may still not outweigh the immediate domestic costs in the political corridors of Washington and Miami, at least as possibly perceived by the new administration. If this were the case, what then could we expect from the incoming Obama government in the shorter run, i.e. until mid-2010? Likely options are:

- Lifting the Bush restrictions on travel and remittances for Cuban Americans
- Revoking the Bush payment restrictions on authorized trade with Cuba
- Shutting down the Guantanamo prison camp
- Taking Cuba off the State Department list of state sponsors of terrorism
- Strengthening and expanding the ongoing, low-key dialogue on security-sensitive matters such as drug trafficking, migration, fight against terrorism
- Allowing more academic and church-based exchanges and programs with Cuba
- Looking for ways to commence a dialogue with Cuba through regional (OAS) and multilateral (UN) fora
- Studying possibilities to allow for development cooperation in Cuba (in particular technical assistance) via international financial institutions (by attempting to circumvent the restrictions contained in the Helms-Burton Act)

Subject to the success of these measures and the Cuban reaction to it, more may be expected in the second half of the presidential term, i.e. during 2011-2012, especially if the electoral fallout in Florida would not prove to be much of a liability for engaging more forcefully with Havana.

According to my view something, however, needs to be clearly understood by the decision makers in Washington: the embargo never was - and won't certainly be in the foreseeable future - a credible bargaining chip for negotiating Cuba's transition towards democracy and market economy. Its true strategic value for Washington lies in the discretionary decision of the new administration to lift the embargo unconditionally at a time of its choosing, so as to take away the most powerful pretext the Cuban regime enjoyed over the past 47 years to justify its domestic and foreign policies. The sooner this decision is taken the better for the US - and, even more importantly, for the Cuban people.