

Cuba- U.S. normalization Challenges and Opportunities for the CARICOM Caribbean

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Points to explore

1. Obama's administration and Cuba
2. Forces for change
3. December 17th, 2014
4. What has happened so far
5. Challenges and opportunities for the Caribbean

Obama's administration actions towards Cuba

- To allow Cuban-Americans to travel to the island and to send monetary remittances to relatives.
- To allow American citizens to visit Cuba for educational travel.
- It has been particularly aggressive with companies that negotiate with Cuba or Cuban citizens (BNP Paribas, Red Bull, etc.).
- It bypassed the United Nations General Assembly resolution that demands the end of the embargo.
- It created mechanisms to organize and promote internal opposition.
- Cuba is still included in the List of States promoting international terrorism made by the U.S. State Department.

Pressure points towards change: within the U.S.

- Growing understanding and recognition within the US of the inconvenience and failure of the U.S. policy towards Cuba (Elian Gonzalez's case)
- Benefits from scarce bilateral cooperation on specific issues as cooperation between Coastguards and Border Patrols, migration agreements, sales of U.S. farm products to Cuba and recently, joining forces to fight Ebola in Africa.
- U.S. businessmen are interested on making business in Cuba.
- Younger generations of Cuban-Americans, most of them living in Florida, want the U.S. to have a normal relation with Cuba.
- Obama's second mandate is finishing and Congress is dominated by Republicans.

Pressure points towards change: out of the U.S.

- Cuba has managed to break international isolation.
- The blockade has ceased to be internationally accepted.
- On April 29th 2014, Cuba and the European Union opened negotiations on a bilateral agreement on Political Dialogue and Cooperation.
- Cuba was invited to attend the next Summit of the Americas in April , 2015.
- In 2011 Cuba launched the updating of its economic model, allowing more participation of the private sector and looking for FDI.

Revealing signs

- April 17–19, 2009: Fifth Summit of the Americas in Port of Spain.
President Obama publicly committed himself to look for a “fresh start” in the relations between the two countries, while President Raúl Castro reiterated its disposition to normalize Cuba’s relations with the United States and to start a dialogue with the new administration to improve the bilateral relations.
- December 10th, 2013: President Barack Obama shook hands with President Raúl Castro in Nelson Mandela’s state memorial service.

The *New York Time's* editorials ending 2014

1. October 12th: *Obama Should End the Embargo on Cuba*
2. October 20th: *Cuba's Impressive Role on Ebola*
3. October 26th: *The Shifting Politics of Cuba Policy*
4. Nov 3rd: *A Prisoner Swap With Cuba*
5. Nov 10th: *In Cuba, Misadventures in Regime Change*
6. Nov 17th: *A Cuban Brain Drain, Courtesy of the U.S.*
7. Dec 15th: *Cuba's Economy at a Crossroads*
8. Dec 18th: *Mr. Obama's Historic Move on Cuba*

Turning point: December 17th, 2014

- Both Presidents addressed their countries and international audiences, almost at the same time.
- Both countries released prisoners (Alan Gross and the Cuban five)
- They announced the **agreement to renew diplomatic relations.**

What did not happen

1. The blockade is still in place.
2. Cuba is still included in the State of Department's terrorist list.
3. Americans cannot freely travel to Cuba (no American tourism allowed by U.S. Law).

Effective changes registered so far

- On January 15th, 2015, the Treasury and Commerce Department announced new regulations.
 1. U.S. companies are now authorized to export goods “intended to empower the nascent private sector by supporting private economic activity.”
 2. A general license that authorizes companies to establish mechanisms to provide commercial telecommunications services in Cuba or linking third countries and Cuba was approved.
 3. Unlimited remittances sent to Cuban citizens for humanitarian projects and/or the development of private businesses are now also permitted.
 4. No more limits on how much money Americans spend in Cuba.
 5. Permissible use of U.S. credit and debit cards.
 6. A limit on remittance payments to family members in Cuba will be raised to \$8,000 per year, from \$2,000 per year.
 7. Travel agents and airlines can fly to Cuba without a special license.
 8. Financial institutions may open accounts at Cuban banks to facilitate authorized transactions.
- On February 13th, 2015, the Obama administration announced it will allow Cuba’s small private business sector to sell goods to the United States.

Two rounds of negotiation already happened (Havana, January and Washington, February, 2015)

1. Immigration issues
2. Cultural and academic exchanges
3. Environmental and ecological damages
4. Natural disasters
5. Mail and Internet communications
6. Collaboration in drug interdiction
7. Air safety
8. Remittances, packages and other benefits
9. Exchange “people to people”
10. Humanitarian aid, solidarity and remittances
11. Social projects
12. Consular Affairs

Possibilities in the horizon

So far, measures announced target specific sector in the Cuban society and allow specific business to be conducted. But in the future it is expected:

1. American tourists to travel to Cuba
2. American companies to open business in Cuba

- Cuba was added to Twitter's country list
- Netflix arrived in Cuba
- American Express and MasterCard would launch operations in Cuba
- Apple removed Cuba from its restricted country list for foreign trade
- Cuban state telecommunications provider Etecsa and Newark, New Jersey-based IDT Corporation have wrapped up talks on an agreement for the direct exchange of long-distance international voice traffic

Challenges for the CARICOM Caribbean

Cuba's competition on attracting American tourism: Cuba is supposed to be a major tourist destination for Americans (Cuba currently attracts more than 3 millions tourist every year, most of them from Canada and Europe).

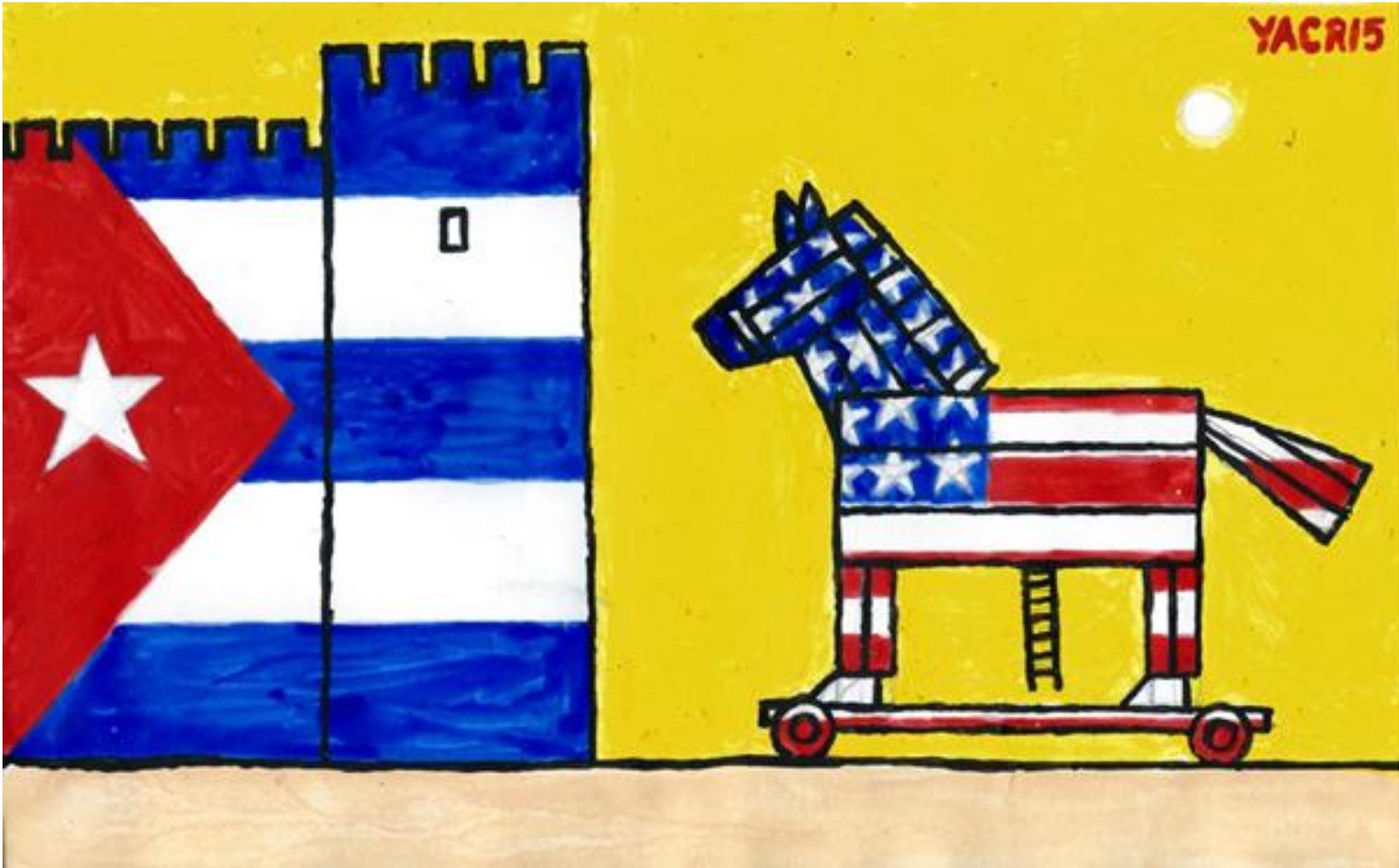
Regarding American tourists:

- 1. Why do American tourists would travel to Cuba?**
- 2. Why do Americans choose the Caribbean as tourist destination?**
- 3. What kind of tourism is Cuba better prepared (and willing) to offer to Americans?**

Opportunities for the CARICOM Caribbean

1. Multi-destination tourism (cruises).
2. Cuba as market for Caribbean products and services.
3. Unlike any other CARICOM country, **Trinidad and Tobago has a Trade Facilitation Office in Havana since 2007**(Angostura, Sacha cosmetics, Republic Bank).
4. Cuba as hub in the Caribbean (Mariel port's facilities, American Airlines, United, JetBlue, Southwest and Delta are exploring the possibility of launching direct commercial flights, Iberia will reinstall the direct flight Madrid-Havana, Air Europa wants to operate direct flights from U.S. to Cuba, Air China will direct flight between Beijing and Havana and the **TT Ministry of Finance Vasant Bharath announced that Caribbean Airlines could begin direct flights to Cuba**).
5. Cuba's offshore oil possibilities (Cuba's offshore reservoirs according the U.S. Energy Information Administration are 124 million barrels as of January 2013).
6. Cuba's historic approach to the Caribbean.
7. Cuba's regional integration with CARICOM.

What will the future bring?



Kellogg's



Heinz

Procter & Gamble

Nestlé

Coca-Cola



NCR

Walmart



Microsoft



Marriott



TARGET

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CUBA



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Pictures' web sources

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