



Economic Eye On Cuba

Washington: We Have A Problem; Avoiding The "C" Word

January 26, 2019

Washington.. We Have A Problem

The short: The Trump Administration wants the Maduro Administration to leave. H.E. Nicolas Maduro, President of the Bolivarian Republic of Venezuela wants to stay. The governments of the Russian Federation and People's Republic of China believe that the repayments of what could be approaching US\$100 billion might be best served by President Maduro remaining in office. The Republic of Cuba wants the Chavez Administration (1999-2013) to return.

If the Trump Administration provided assurances that the commercial interests of each country, which are not the same with respect to what they have received and what they want would be guaranteed, they each might support the removal of President Maduro and his exile to the Republic of Cuba.

European Union (EU)-member countries and some in The Americas are advocating an *eight-day* deadline for new elections to be scheduled in Venezuela. The Trump Administration suggests that new elections are a condition; however, it does not want only new elections- it wants President Maduro gone and whether in a vertical or horizontal position is of little consequence. *This is ugly and will get uglier.*

Terrified & The "C" Word

The Republic of Cuba, Russian Federation, and People's Republic of China are terrified by the statement of The Honorable Mike Pompeo, United States Secretary of State, at the United Nations on 26 January 2019: "*We hope that every nation will join us in recognizing interim president Juan Guaido. We hope too that each of those*

nations will ensure that they disconnect their financial systems from the Maduro regime and allow the assets that belong to the Venezuelan people to go to the rightful governors of that state.” The United States could use the Office of Foreign Assets Control (**OFAC**) to subjugate Venezuelan assets in the United States, thus preventing asset transfers. The Trump Administration would need tread carefully as the Russian Federation and People’s Republic of China could implement retaliatory actions in their territories against the private sector assets of United States companies.

Think 1964 in Brazil, 1973 in Chile, and multiple times from 1930 to 1976 in Argentina. In the case of Venezuela in 2019, there may be conflict between military personnel loyal to the Maduro Administration, those loyal of the sovereignty of Venezuela, and those influenced by the Republic of Cuba, Russian Federation and People’s Republic of China. Factions seeking leverage, and thus the capitulation of other factions. The Trump Administration will do everything- above and below the fold, to avoid culpability for what media and governments would define as a coup.

The question that may be unknown now is what each faction would want once they secure control of the population of Venezuela- and would they immediately close borders with Brazil and Colombia as a means to stabilize the country and stabilize their neighbors whose assistance any new government in Venezuela will require to survive and to prosper.

Few Options For Cuba

The Republic of Cuba would have few options but to support a transition from the Maduro Administration to the Guaido Administration if their commercial interests were assured to continue or, at minimum, decrease on a timetable that would be least disruptive to the Republic of Cuba. The promising scenario for the Republic of Cuba is the commercial and economic relationship with Venezuela has been declining at an ever-increasing rate during the last five years, so the prospective pain, and there would be pain, could be manageable if the Republic of Cuba continued to establish a commercial, economic and political infrastructure, albeit one that it does not want and one that it does not desperately wants to avoid.

The Trump Administration, with the support of Members of the United States Congress, would prefer that a Guaido Administration sever immediately commercial and economic support provided to the Republic of Cuba and Nicaragua. And, to make public, in the same way that the Bolsonaro Administration has in Brazil, the inter-workings of twenty years of transactions- beginning with the Chavez Administration in 1999. Quite likely document-shredding has well-progressed in Caracas and in Havana.

The New 70-Year-Old

The Honorable Rex Tillerson, United States Secretary of State from 1 February 2017 to 31 March 2018, reportedly wanted The Honorable **Elliott Abrams** to be Deputy Secretary of State; reportedly, the Trump Administration opposed the selection due to comments by Mr. Abrams deemed critical of The Honorable Donald Trump, President of the United States.

Secretary Pompeo, United States Secretary of State since 26 April 2018, requested and received authorization from the Trump Administration for Mr. Abrams to manage issues relating to Venezuela- and seek the removal of President Maduro.

Mr. Abrams will be joining a **National Security Council** staff whose focus towards Venezuela, the Republic of Cuba and Nicaragua will be perhaps the most visceral and probing and unilateral and multilateral thus far in the twenty-first century.

Members of the United States Congress, while warning that the Trump Administration must avoid a perception (or reality) of blame for the demise of the Maduro Administration, particularly if there are widespread

retributions in the form of murder and execution, will generally support the Trump Administration- and if there are forced changes to the commercial, economic and political infrastructures in the Republic of Cuba and in Nicaragua, that will be perceived as a bonus worth celebrating.

The global political pendulum continues to swing- and the Trump Administration, while vilified abroad for unilateral actions, is finding support amongst those who were critical.

If changes in Venezuela are swift and clean, then the Trump Administration will have and will aggressively use any political currency to seek changes to the Republic of Cuba and to Nicaragua.

Cuba Has A Moment

The Republic of Cuba is in a strengthened position to agree to a public-private mediation proposal [LINK] currently under review by the Trump Administration to resolve the 5,913 certified claims (valued at US\$1.9 billion) by United States nationals against the Republic of Cuba. Two of the certified claimants represent approximately 24% of the total owed; thirty represent approximately 56% of the total. That's a group that can fit on one aircraft, in one meeting room and participate in one conference call. The certified claimants want a deal; the Trump Administration wants a deal; members of the United States Congress want a deal. And, EU-members, Japan, Canada, and others want the Republic of Cuba to rid itself of the issue so that the Republic of Cuba marketplace becomes overtly and substantially attractive rather than potentially menacing. The issue of the certified claims is not going to vanish; it's lasted sixty years. The Diaz-Canel Administration, as a uniquely transitional portal from one century to another, can and should agree to mediation.

The Trump Administration is planning to authorize some lawsuits to be filed in United States Federal Courts against companies and perhaps governments (think locations of embassies and consulates and residences for diplomats) who are using assets in the Republic of Cuba that were expropriated without compensation from their owners. Unknown is whether the authorization will permit only those who are certified claimants, those who are not certified claimants, or a combination of each class. Title III of the Libertad Act of 1996 will be implemented in March 2019; the only question is to what extent- and whether the predictions of court-filing calamity will be realized and EU and World Trade Organization (WTO) retribution will materialize. All actors will be determining whether the Republic of Cuba worth the effort.

Final Thought

Although the Trump Administration is advocating for free and fair elections, which President Maduro could presumably win, the goal is, in the words of Secretary Pompeo, "*to help the Venezuelan people fully restore democracy and prosperity to their country.*" The Trump Administration wants to avoid Gaza Strip of January 2006 (Bush Administration) and Egypt of June 2012 (Obama Administration) where there was recognition that elections were generally clean of issues- but in each instance, the preferred candidates of the United States were defeated.

There is a problem.

[LINK](#) **To Complete Text In PDF Format**

Days Remaining For President Trump

723 : 14 : 49 : 54

DAYS HOURS MINUTES SECONDS

Days Remaining For President Diaz-Canel

1542 : 13 : 49 : 54

DAYS HOURS MINUTES SECONDS

Days Since Texaco Oil Refinery Expropriated By Cuba

21396 : 10 : 10 : 05

DAYS HOURS MINUTES SECONDS

Days Until State Department May Implement Title III

48 : 13 : 49 : 54

DAYS HOURS MINUTES SECONDS



[U.S.-Cuba Trade and Economic Council, Inc.](#)

United States Condemns Role Of Cuba In Venezuela: This Will Only Get Worse For Havana

January 26, 2019

Remarks

Michael R. Pompeo

Secretary of State

United Nations

New York City

January 26, 2019

Good morning. On behalf of President Trump and the American people I first want to thank Foreign Minister Miguel Vargas of the Dominican Republic, the current president of the Security Council, for scheduling this meeting. My former colleague, Ambassador Haley, lobbied for a year to get the council to address Venezuela but her pleas fell on deaf ears. This meeting is long overdue. And you all know why it's overdue.

Take Carlos Aquino, a 37-year-old construction worker, weeping over the tiny coffin of his deceased infant son who had died of starvation.

Such scenes of misery are now the norm in Nicolas Maduro's Venezuela where millions of children are suffering from malnutrition and starvation thanks to a socialist experiment that caused the economy to collapse. This human misery isn't a secret. Stories like this one are well documented by our press corps. You can read about men like Carlos every day. People like him are why the United States has called this meeting.

We're here because Maduro has reduced ordinary Venezuelans who once lived in prosperity to rooting through dumpsters to find something to eat.

We're here because scores of Venezuelan women, some of them teenagers, have fled Maduro's madness to other countries, and in desperation turned to prostitution to survive.

We're here because of Maria Vielma, a school psychologist who said through tears, "We have a government that is dedicated to destroying, not to constructing."

Another man, a farmer named Vladimir Sequera, who never got more than a sixth grade education but he hoped that his stepdaughter Gabriela could fulfill her dreams of being a lawyer – she now says, "Our whole future has been taken away." That future, for her and all Venezuelans, didn't magically disappear on its own. The Maduro regime's failed policies, oppression, and corruption stole that future.

The United States is helping to recover a brighter future for Venezuela. We're here to urge all nations to support the democratic aspirations of the Venezuelan people as they try to free themselves from former President Maduro's illegitimate mafia state.

The humanitarian situation demands action now; it demands action today. Today nine out of ten citizens live in poverty. Millions lack access to drinking water and food. Three out of four hospitals have been abandoned. Three million Venezuelans have been forced to flee their homeland thereby flooding the region and threatening international peace and security. Maduro's prisons are full of political prisoners unjustly behind bars and the graveyards hold dissidents and protesters that have been killed by this regime.

I want to talk to you about just one of them, a member of the city council of Caracas named Fernando Alban. Just four months ago he came here to this city to meet with the world's representatives who gather here every year during the United Nations General Assembly. He came here to speak about the failures of the Maduro regime and about his hopes for a more democratic and a more prosperous future for his country.

After that he went home. He went home to the country that he loved. Maduro's secret police arrested him at the airport as soon as he landed. He died in their custody three days later and the pathetic explanations for this death have convinced absolutely no one.

The time is now to support the Venezuelan people, to recognize the new democratic government led by interim President Guaido, and end this nightmare. No excuses.

The United States stands with the Venezuelan people. So far, many other nations have chosen to do the same and they too have recognized the legitimate government of interim President Guaido. The United States stands proudly with you as we stand together in support of Venezuela. You knew the Venezuelan people did not have a moment to spare.

And now it's time for every other nation to pick a side. No more delays, no more games. Either you stand with the forces of freedom or you're in league with Maduro and his mayhem.

Some countries have publicly taken former President Maduro's side. China, Russia, Syria, and Iran are just four of them. Just this morning we tried to find a way for this council to speak in one voice in support of the Venezuelan people and the democratic ideals through a presidential statement on this council, but our Russian and Chinese colleagues refused to let this move forward. It's not a surprise that those who rule without democracy in their own countries are trying to prop up Maduro while he is in dire straits.

Nor are these countries supporting international norms as they cynically claim. China and Russia are propping up a failed regime in hopes of recovering billions of dollars in ill-considered investments and assistance made over the years. This money was never intended to help the Venezuelan people, it lined the pockets of the Maduro regime, its cronies, and its benefactors.

But no regime has done more to sustain the nightmarish condition of the Venezuelan people than the regime in Havana. For years, Cuban security and intelligence thugs, invited into Venezuela by Maduro himself and those around him, have sustained this illegitimate rule. They have trained Maduro's security and intelligence henchmen in Cuba's own worst practices. Cuba's interior ministry even provides a former – provides former President Maduro's personal security. Members of this body often use their microphones here to condemn foreign interference in internal affairs. Let's be crystal clear: the foreign power meddling in Venezuela today is Cuba. Cuba has directly made matters worse and the United States and our partners are the true friends of the Venezuelan people.

On Wednesday, the Venezuelan people chose to take their country back on the anniversary of the day the dictator Marcos Jimenez Perez was forced out of power back in 1958.

We call for Venezuelans to work now together to peacefully restore the constitutional government and return the country to a secure, democratic, and prosperous path. As we read reports of peaceful Venezuelan protesters killed or wounded, we also repeat our insistence that Venezuela's security services show restraint.

And I want to be 100 percent clear: President Trump and I fully expect that our diplomats will continue to receive protections provided under the Vienna Convention. Do not test the United States on our resolve to protect our own people.

We hope that the international community will support the people of Venezuela and the transitional government led by Juan Guaido. On January 23rd, Guaido declared himself interim president of Venezuela in accordance with Venezuela's own constitution. He made this declaration with the full support of the National Assembly and of the Venezuelan people. Our nations must stand up for the rule of law and support the leader who the Venezuelan people have affirmed as their legitimate interim president. It is our hope that free and fair elections happen as soon as possible.

Back in 1961, President Kennedy spoke in Caracas. He declared, "We will be partners in building a better life for our people."

America's ambition has not changed since that day. We stand with the Venezuelan people as they seek to build a better life for themselves and we cannot ignore the suffering or tyranny taking place in this proud nation. Neither should other countries who care about freedom and prosperity.

Today we call on all members of the Security Council to support Venezuela's democratic transition and interim President Guaido's role in it. Thank you.



**United
Nations**

[U.S.-Cuba Trade and Economic Council, Inc.](#)

Elliot Abrams Appointment Will Impact U.S. Policy Towards Cuba- Increasing Financial Strains

[January 26, 2019](#)

Remarks

Michael R. Pompeo

Secretary of State

Press Briefing Room

Washington, DC

January 25, 2019

SECRETARY POMPEO: Good afternoon, everyone.

Today I am incredibly excited to announce that a seasoned, principled, and tough-minded foreign policy veteran is joining our State Department team.

Elliott Abrams is coming aboard to lead our efforts on Venezuela.

His critical work will get started right away. Tomorrow, he will travel with me to the UN Security Council, where the United States has called a long overdue meeting to urge other nations to support Venezuela's democratic transition.

Elliott's long career in foreign affairs includes a great deal of time as a senior leader in this very organization. Under President Reagan, he served as assistant secretary of state for human rights and humanitarian affairs and assistant secretary for inter-American affairs as well.

Under President George W. Bush, he served on the National Security Council as the senior director for democracy, human rights, and international affairs; senior director for North African and Near East affairs; and deputy national security adviser for global democracy strategy.

Elliott's passion for the rights and liberties of all peoples makes him a perfect fit and a valuable and timely addition. This week, the Venezuelan people have rejected former President Maduro's illegitimate rule. Consistent with Venezuela's constitution, and with the support of the Venezuelan people and the National Assembly, Juan Guaido has declared himself the interim president of Venezuela.

These are just the first steps on Venezuela's road to liberty. Elliott will be a true asset to our mission to help the Venezuelan people fully restore democracy and prosperity to their country.

On this issue and all others, he is eager to advance President Trump's agenda and promote the ideals and interests of the American people.

And now Elliott would like to say a few words.

MR ABRAMS: Thank you. Very briefly, I left this building 30 years ago this week, last time I worked here. So it's very nice to be back. This crisis in Venezuela is deep and difficult and dangerous, and I can't wait to get to work on it. Thank you.

SECRETARY POMPEO: Thanks.

MR PALLADINO: All right, guys, we've got time for a question or two. Nick Wadhams, Bloomberg, please.

QUESTION: Mr. Secretary.

SECRETARY POMPEO: Yes, sir.

QUESTION: Can you talk a little bit – in a little bit more detail about what Mr. Abrams will be doing, what will his first task be, what will his chief focus be, will he travel to the region? And also, can you talk a little bit about some of the – what will happen to Venezuela's overseas assets? For example, the gold that it has in the Bank of England, money it has in overseas accounts – will the expectation be that the interim president would have control over those funds?

SECRETARY POMPEO: Well, as to your first question, Elliott will have responsibility for all things related to our efforts to restore democracy in Venezuela. It's a global challenge. There are multiple dimensions to how we hope to assist the Venezuelans in achieving democracy there, and he will be responsible for leading that effort.

We have an enormous team here that's done truly remarkable work to date to get us to the point we are at today, and they've done this over certainly my eight months, but long preceding that as well. I'm incredibly proud of

the work that our State Department team has done to date. Elliott will now lead our effort that relates directly to our efforts on behalf of the Venezuelan people.

I would expect, though, that his first task will be to get up to speed and then travel with me to New York tomorrow morning for the UN Security Council meeting. And after that, I couldn't tell you where it will take him. Wouldn't surprise me if he ends up traveling to the region, but what – the road ahead will be driven by the demands of the Venezuelan people and how we can assist them in achieving the outcome that America wants them to achieve.

QUESTION: And on the overseas assets?

SECRETARY POMPEO: On the overseas assets, we'll have announcements from other places later today talking about how it is that we anticipate the interim President Juan Guaido will have the resources he needs to lead the Government of Venezuela forward.

MR PALLADINO: Let's take a question from South America, so NTN. Gustau, please.

QUESTION: NTN 24, Gustau Alegret. Among the countries that has not recognized Juan Guaido as president are Mexico and Uruguay, and both countries has offered their diplomacies in order to help in the crisis. Is the U.S. thinking to work with them, or is the U.S. asking them to recognize Guaido? What's the position of the State Department with these two countries?

SECRETARY POMPEO: Well, we think every country ought to recognize the constitutional leader of Venezuela, and that's who the United States has concluded Juan Guaido is, the interim president of Venezuela. We think every country ought to recognize the Venezuelan constitution, the demands of the Venezuelan people.

So whether it is Mexico or Uruguay or any other country, we hope to work with them to achieve the sense that we can ultimately have a free and fair election in Venezuela, where the voices of the Venezuelan people who, under the Maduro regime, have been starved. Enormous medical and humanitarian situation in Colombia, more than a million refugees have fled the horrors of the Maduro regime. We'll work with all nations to try and achieve that outcome. We think every country ought to take steps towards achieving that, and not side with this cruel dictator in Venezuela who has caused so much devastation for the people of Venezuela.

MR PALLADINO: Wrap it up, sir?

SECRETARY POMPEO: I think one more.

MR PALLADINO: Let's go to *Washington Post*. Carol Morello.

QUESTION: Mr. Secretary, I think a lot of people are concerned about the diplomats who are down there. Would you tell us what you're prepared to do if tomorrow, when the 72-hour deadline passes, they – the Venezuelans cut off electricity and water, maybe even surround the building, or even try to go in to bring out the diplomats by force? Could you be specific about what you are prepared to do in the event of any of these scenarios? And how can you assure people that they are protected?

SECRETARY POMPEO: I appreciate that question. There's been no activity that's taken more of our time over the past days than ensuring the protection of all those folks that are under our chief of mission authority there in Venezuela. We're working diligently to make sure that they are protected. There's no higher priority for the Secretary of State, and you should know no higher priority for the President of the United States. We have discussed this at some length.

With respect to the way we will deliver that, we've made clear to everyone that it is our expectation that the U.S. officials that are there, that have now been invited to be there by interim President Juan Guaido have a right, they have the privileges and immunities that accrue to having been invited to be there by the duly credentialed leader of Venezuela, and we have every expectation that those rights will continue to be protected.

You would have seen today that we have ordered a – have an ordered departure. We're beginning to move some of our staff out. This is consistent with what the State Department does every day. The first briefing I get every morning is all around the world, every mission, every consulate, every facility where we have officers, I receive a briefing on risk and risk analysis. We'll continue to do that in Venezuela. It is literally a 24/7, moment-by-moment exercise to evaluate risk to the people who work for me in the State Department, and we'll get this right. We will make sure that we protect our folks on the ground and take all appropriate measures to ensure that they're protected.

Thank you.

QUESTION: And if they're not?

MR PALLADINO: Thank you guys.

SECRETARY POMPEO: Thank you all.

MR PALLADINO: Thank you very much.

QUESTION: Has the meeting tomorrow been scheduled at the Security Council?



[U.S.-Cuba Trade and Economic Council, Inc.](#)

[US Secretary Of State To OAS: Cuba Must Cease Supporting Venezuela](#)

[January 25, 2019](#)

Remarks

Michael R. Pompeo

Secretary of State

Organization of American States

Washington, DC

January 24, 2019

SECRETARY POMPEO: Thank you very much. The United States is a friend of Venezuela and of the Venezuelan people. We have watched Venezuelans suffer for far too long. We know what they know, that the tyranny of the now defunct Maduro regime has far too long – for far too long choked the country and its citizens.

Yesterday, in solidarity with the Venezuelan people, and out of respect for Venezuelan democracy, the United States proudly recognized National Assembly President Juan Guaido as the interim president of Venezuela. You've seen the statements from President Trump and from myself.

Many other countries, including a number of OAS states, have also recognized the interim president. We thank them for their support.

It's now time for the OAS as an institution as a whole to do the same. All OAS member states must align themselves with democracy and respect for the rule of law. All member states who have committed to uphold the Inter-American Democratic Charter must now recognize the interim president.

The time for debate is done. The regime of former president Nicolas Maduro is illegitimate. His regime is morally bankrupt, it's economically incompetent, and it is profoundly corrupt. It is undemocratic to the core. I repeat: The regime of former president Nicolas Maduro is illegitimate. We, therefore, consider all of its declarations and actions illegitimate and invalid.

In light of these facts, we call on Venezuelan security forces to ensure the protection of interim President Guaido's physical integrity and his safety. We've seen reports that a number of protesters were killed yesterday and that more than one hundred were arrested, so I reiterate our warning about any decision by remnant elements of the Maduro regime to use violence to repress the peaceful democratic transition.

The United States did not arrive at this conclusion overnight. We came to this conclusion after a long and bitter experience and following a considered assessment of the facts. And we're not alone. The OAS General Assembly has itself agreed to these facts. In June of last year, the OAS General Assembly declared the re-election of former president Maduro an invalid sham. This past January 10th, the OAS Permanent Council declared former president Maduro's second term illegitimate.

Venezuela's National Assembly became the only legitimate, duly and democratically elected body in the country. On January 23rd, National Assembly President Juan Guaido declared himself the interim president of Venezuela, pursuant to Article 333 and 350 of Venezuela's constitution. He made this declaration with the full support of the National Assembly and, most importantly, of the Venezuelan people.

In his public address, interim President Guaido also outlined the steps he plans to take to restore democracy to his country, including free, fair, transparent, and truly democratic elections.

The United States stands solidly behind him. We stand ready to support the efforts of the National Assembly, the Venezuelan people, and the interim president to restore democracy and respect for the rule of law in Venezuela.

We also stand ready to provide humanitarian assistance to the people of Venezuela as soon as logistically possible. Today, I am announcing that the United States is ready to provide more than \$20 million in humanitarian assistance to the people of Venezuela. These funds are to help them cope with the severe food and medicine shortages and other dire impacts of their country's political and economic crisis. Our announcement of aid is in response to a request from the National Assembly, led by the interim president.

As a friend of the Venezuelan people, we stand ready to help them even more, to help them begin the process of rebuilding their country and their economy from the destruction wrought by the criminally incompetent and illegitimate Maduro regime.

Our support for Venezuela's democratic hopes and dreams is in sharp contrast to the authoritarian regimes across the globe who have lined up to prop up former President Maduro. **And there is no regime which has aided and abetted Maduro's tyranny like the one in Havana. Maduro's illegitimate rule was for years sustained by an influx of Cuban security and intelligence officials. They schooled Venezuela's secret police in the dark arts of torture, repression, and citizen control. Maduro was a fine student at the Cuban academy of oppression.**

We call on the OAS and all its member states to act on basic, decent, democratic principles and the incontrovertible facts on the ground.

Each of us – each of us – must live up to our calling to promote and defend democracy, as expressed in the tenets of the Inter-American Democratic Charter, to which everyone in this chamber is a signatory.

And we call on all our partners and responsible OAS member states to show leadership and pledge support for Venezuela’s democratic transition and for interim President Guaido’s pivotal role in that.

We look forward to welcoming Venezuela back into the fold of responsible democratic nations and remaining in our inter-American community. We look forward to welcoming representation of the interim Venezuelan Government to the OAS at the earliest possible opportunity. And we look forward to working with all responsible OAS member states, with the Venezuelan people, our inter-American system, and with the interim government of President Guaido to restore democracy in Venezuela.

We – we each – have a critical opportunity to help the Venezuelan people live free once again. I ask my colleagues to reconvene a meeting of foreign ministers to continue our conversation on the peaceful democratic transition for Venezuela. History will remember whether we help them or not. The United States calls on all nations of the OAS to make the right choice and make that right choice right now. Thank you.



OAS

More rights for more people

Governor Of Florida; Two Senators From Florida Have Formed A Formidable Obstacle

[January 24, 2019](#)

Comments From The Honorable Ron DeSantis (R), Governor of the State of Florida, after a meeting on 22 January 2019 with The Honorable Donald Trump, President of the United States to discuss topics including Venezuela and the Republic of Cuba. Also attending the meeting were two members of the United States Senate: The Honorable Marco Rubio (R- Florida) and The Honorable Rick Scott (R- Florida).

Senator Rubio: “Venezuela has a constitution. The guy who claims to be president now was not elected under that constitution and under their constitution, when there’s a vacancy in the presidency, the rightful president is the president of the national assembly, pending a new election. And we encouraged the president today to follow through with what he’s already declared, which is that Maduro is illegitimate. The next logical step is to recognize the president of the national assembly as the rightful president.”

Governor DeSantis: “With Cuba, now’s the time to put more pressure. Cuba is the cancer that leads to a lot of the problems that we see in Latin America. The president listened to our arguments about doing Title 3. I think that’s in the national security interest of the country. But I can also say as governor of Florida, that would be very resonant with the people in South Florida, particularly Miami.”



Cuba Continues To Rely On Donated Garbage Trucks

January 20, 2019

Compilation From Granma

Havana, Republic of Cuba

30 October 2019

Around 100 collector trucks for the collection of solid waste are being conditioned in Japan for shipment to Cuba in March 2019, as part of the ten million dollars that the Japanese government donated for the cleaning of Havana in the face of its 500 years.

According to Granma, the first phase of the collaboration project also includes the supply of specific tools for the repair of equipment and spare parts for Hino vehicles.

The trucks will arrive to the Island through the Sumitomo Corporation, one of the ten Japanese companies participating in the thirty-sixth edition of the International Fair of Havana FIHAV 2018.

María Isabel Valdés Jiménez, assistant manager of the entity, assured the official newspaper that “in addition to the proven quality of the trucks is that of the application that constitutes the collector, whose manufacture is carried out by the company Jokutong, one of the best in its specialty “in Japan.

The manufacturing process began after the tests carried out in the Cuban capital by Japanese specialists, to take into account the operating conditions of the collector equipment.

Currently the collection of garbage and solid waste is one of the most serious problems in Havana. The situation causes constant complaints from the inhabitants. The city urgently needs at least 92 collector trucks and currently only works with an average of 40 or 42. There are 40 pieces of equipment pending repair in the workshops, according to a recent government meeting that addressed the issue.

Valdés Jiménez said that the Japanese donation will come in three items. The government, unable to properly manage garbage for decades, has placed its hopes on this project to clean up its image and that of Havana for the celebrations of its 500th anniversary, in November 2019.

The donation is made through the Agent Agreement, signed at the end of 2017 between the System of International Cooperation of the Asian nation (JICS, for its acronym in English) and the Council of the Provincial Administration of Havana.

The after-sales activities and maintenance of the trucks will be carried out by the Somitomo Corporation, which assists FIHAV with environmental hygiene products for flies and mosquitoes and a growth regulator to combat the *Aedes aegypti*, with which satisfactory tests have already been carried out. Pinar del Río, according to Granma. It is the third consecutive occasion that Japan occupies a pavilion in the most important commercial exchange of the Cuban Government.

Relations between Tokyo and Havana have experienced a boom in the last three years. In 2016 more than 400 companies visited Cuba to seek business opportunities and both governments reached an agreement for the reordering of Cuban debt.

The re-launching of bilateral ties highlights visits to the Japanese capital by Japanese Foreign Minister Fumio Kishida in 2015 and Prime Minister Shinzo Abe in 2016. That year, Miguel Díaz-Canel traveled to Japan when he was still in charge of first Cuban vice president

Prensa Latina News Agency

Havana, Republic of Cuba

16 January 2019

Havana, Jan 16 (Prensa Latina) Cuban Minister of Foreign Trade and Investment, Rodrigo Malmierca, highlighted a project funded by the Japan International Cooperation System (JICS) to enhance collection of solid waste in this capital.

For Havana: The biggest thing. An important project funded by JICS, an institution of the Japanese government for international cooperation, aimed at bettering collection of solid waste in the capital on its 500th anniversary, Malmierca tweeted on Wednesday.

In this regard, the Cuban ambassador to Japan, Carlos Miguel Pereira, told Prensa Latina that Cuba and Japan are going through a good moment in their relations, while both governments promote bilateral cooperation.

With the dispatch of 24 solid waste collection trucks to Havana, the first phase of a project to help Cuba by the Japan International Cooperation Agency began on Tuesday.

According to the diplomat, the initiative consists of several phases in the modality of Non-reimbursable Financial Assistance, one of the variants of cooperation offered to Cuba since 2016 after the visit to Havana of the Japanese Prime Minister, Shinzo Abe.

The Hino Motors collector trucks, which departed from the Japanese port of Kobe, should arrive in the Cuban capital on March 2.

In total there will be 100 similar vehicles, with specialized technology from Kyokuto, which will arrive in Havana port in three more shipments before the end of November, when the Cuban capital celebrates its 500th anniversary.

In addition, as part of the project, Cuba will receive during the course of this year dump trucks, lifting baskets, chainsaws and other equipment for the restoration and embellishment of Havana.

Both nations strengthened their cooperation on March 9, when JICS inaugurated its permanent office in Cuba in order to promote bilateral cooperation projects for the sustainable development of Cuba.

ACN

Havana, Republic of Cuba

16 January 2019

HAVANA, Cuba, Jan 16 (ACN) (ACN) With the shipment in Japan of the first 24 solid waste collection trucks bound for Havana, the first phase of a Cuban-Nippon project that will contribute to the hygienization of the Cuban capital began.

Rodrigo Malmierca, Minister of Foreign Trade and Foreign Investment (Mincex), said on Twitter that this is an important project funded by the Japan International Cooperation Agency (JICS), Japan's government institution for international cooperation, aimed at strengthening the solid waste collection activity in the capital on its 500th anniversary.

Also in Twitter, Carlos Miguel Pereira, Cuban ambassador to Japan, said that this is the first phase of the program in the form of Non-Reimbursable Financial Assistance for economic and social development of Cuba, which includes a hundred trucks.

The Hino Motors collection trucks, which departed from the Japanese port of Kobe, must arrive in the Cuban capital on March 2, reports Prensa Latina agency from Tokyo. A total of 100 similar vehicles, with Kyokuto's specialized technology, will arrive at the Havana port in three more shipments before the end of November, the diplomat said.

In addition, as part of the project, Cuba will receive this year dump trucks, lifting baskets, chainsaws and other equipment for the restoration and beautification of Havana.

According to the diplomat, the initiative consists of several phases in the form of Non-Refundable Financial Assistance, one of the variants of cooperation offered to Cuba from 2016 after the visit to Havana of the Japanese Prime Minister, Shinzo Abe.

The ambassador pointed out that other collaboration initiatives have already been implemented with this Asian nation, such as the supply of advanced medical equipment for the modernization of the Cuban hospital system, and it is planned to continue the exchange with projects related to agricultural development and also in energy matters.

Previous Post Relating To Donated Garbage Trucks

<https://www.cubatrade.org/blog/2018/11/18/man-of-germany-donates-ten-garbage-trucks-to-cuba?rq=garbage>



[U.S.-Cuba Trade and Economic Council, Inc.](https://www.cubatrade.org)

Robust Context Is Important For The Credibility Of Advocacy

January 20, 2019

On 17 January 2019, a Washington DC-based advocacy organization published information that should have included more robust context. The following includes information shared with organization:

Organization Published: “The 1992 Cuba Democracy Act (CDA) prohibits foreign subsidiaries of U.S. companies from trading with Cuba. It also establishes the “180-day rule,” which prevents vessels from loading and unloading freight in the U.S. if it has aided trade with Cuba in the past 180 days.”

Consider Adding: The Cuban Democracy Act (CDA) of 1992 also re-authorized the export of healthcare products (medical equipment, medical instruments, medical supplies and pharmaceuticals) from the United States to the Republic of Cuba and re-authorized the provision of telecommunications services. There are no restrictions as to payment terms. The United States Secretary of the Treasury may waive the 180-day restriction; and has done so on many occasions since 1992.

Organization Published: “The Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000 authorizes certain agricultural, pharmaceutical, and medical device exports to Cuba, but stipulates that these transactions must be paid for by cash in advance, effectively prohibiting private financing for exports to Cuba. It also restricts tourist travel to Cuba.”

Consider Adding: The Trade Sanctions Reform and Export Enhancement Act (TSREEA) of 2000 re-authorized the direct export of agricultural commodities and food products from the United States to the Republic of Cuba. To our knowledge, there are no “*certain*” agricultural commodities. We would be interested to learn the source for the information that you provided. The TSREEA was not the re-authorizing statute for healthcare products; the TSREEA changed nothing relating to the export of healthcare products. Healthcare product exports remain subject to the CDA of 1992. The TSREEA does not restrict tourist travel by individuals subject to United States jurisdiction to the Republic of Cuba; the statute prohibits such travel. Since the first exports under TSREEA of agricultural commodities from the United States to the Republic of Cuba in December 2001, the total value of agricultural commodity and food product exports exceed US\$5.8 billion on a cash-in-advance basis.

Organization published: “U.S. companies are thriving in Cuba despite the embargo’s remaining economic restrictions, including Airbnb, Marriott, five major U.S. airlines, Google, Expedia, Caterpillar, and Stonegate Bank.”

Consider Adding: We would suggest that the use of the word “*thriving*” is inaccurate. Marriott International (through a subsidiary) has one management contract and is expecting to commence another- three years after reporting that it would commence the second management contract. Caterpillar has not officially reported sales to Republic of Cuba government-operated entities or non-Republic of Cuba government-operated entities. The five major (American, Delta, Jet Blue, United and Southwest) airlines have, as a group, fewer flights today than when they commenced service; and load factors outside of Florida remain unstable; other airlines were authorized to commence services and did not do so. Some airlines commenced service and have discontinued service. Google donated equipment; the company has not reported any sales of equipment. Google has confirmed that its offers to provide country-wide Internet services has not been accepted. Stonegate Bank engages in some transactions using Panama-based Multibank in a triangular payment transfer process; and the Obama Administration did not simplify the process for Stonegate Bank to commence direct correspondent banking with the Republic of Cuba government-operated financial institution with whom Stonegate Bank has an

account; and the current owner of Stonegate Bank, Arkansas-based Home BancShares, has refused to discuss why it will not pursue a direct correspondent banking agreement. The government of the Republic of Cuba has thus far refused to authorize United States companies to directly export products to the registered self-employed in the Republic of Cuba; the Obama Administration authorized such transactions. The government of the Republic of Cuba has thus far refused access the Republic of Cuba marketplace by United States-based consumer retail and consumer service providers; there are many United States companies (including law firms, consultancies, accounting firms) who sought, but were refused authorization to establish offices in the Republic of Cuba.



[U.S.-Cuba Trade and Economic Council, Inc.](#)

New Cuba Legislation Must Avoid Graveyard & Self-Inflicted Wounds; Seek Support From Four U.S. Senators

[January 17, 2019](#)

The Curse Of The Legislative Graveyard

Why Pursue Self-inflicted Wounds

Challenge To Avoid Cuba = Venezuela + Nicaragua

An Amendment's Coming; Get In Front Of It

Senators Rubio, Menendez, Cruz & Scott

Home BancShares Mystery Is Achilles Heel

Exporters Need To Be Public

Financial Institutions Need To Be Public

There is an eighteen-year-old legislative graveyard filled with headstones of initiatives that were “*on the cusp*” of success.

But for one brief moment in eighteen years, those legislative initiatives whose fates have been preordained and with headstones engraved in advance absent the date of internment were focused one country: Republic of Cuba.

Perhaps during the first quarter of 2019, the goal once again will be to change United States law from requiring payment-of-cash-in-advance for exports to the Republic of Cuba to authorizing, but not requiring, exporters to extend payment terms and for financial institutions to provide financing/loans for exports to the Republic of Cuba.

The Honorable **Rick Crawford** (R- Arkansas 1st District) wants to avoid the fate of the cemetery. He can, but he and his supporters need to move past believing that they always have a “*pathway forward*” and reject those supporters who belittle whom Representative Crawford and his colleagues in the United States Congress will need if the legislative journey is to be successful; including within the Trump Administration.

Supporters also need to accept the reality of the legislative marketplace with respect to the Republic of Cuba—the country is itself a commodity and supporters and opponents will need to negotiate an acceptable price for legislation to become law.

Supporters will also need to have at the ready a response to: The government of the Republic of Cuba may not be blamed for weather. However, the government of the Republic of Cuba can be blamed for not investing (or permitting viable direct foreign investment) in infrastructure to lessen the impact of weather upon the country’s ability to produce agricultural commodities and food products.

How does Representative Crawford respond to the question from a colleague: *Why should the Republic of Cuba have access to payment terms and financing when rather than seek assistance from the Russian Federation to improve consumable infrastructure, it seeks a reported US\$50 million to finance the purchase of vehicles for use by the military? What predicts the government will repay its obligations as contracted when it focuses upon increasing the mobility of the military rather than increasing the mobility of farmers by importing US\$50 million in tractors? The government should be making a choice to lessen its focus upon the military.*”

And, the nearer (economically, commercially and politically) the Republic of Cuba is or is perceived to be to Venezuela, the easier will be a “*pathway forward*” for members of the United States Congress and for the Trump Administration to disengage from any legislative effort to change United States statutes.

Separating the Republic of Cuba from Venezuela and from Nicaragua will become increasingly challenging for Members of the United States Congress while becoming less problematic for the Trump Administration to maintain that connectivity due to actions deemed non-democratic by the respective governments as reported by media.

There is also the impact of the decision by the Trump Administration relating to the implementation of Title III of the 1996 **Libertad Act** (“Helms-Burton”). With some restrictions, Title III permits lawsuits in United States Federal Courts against those who are using (“*trafficking*”) an asset in the Republic of Cuba upon which compensation was not paid to the owner.

On 16 January 2019, for the first time, Title III of the Libertad Act was suspended for less than six (6) months—as every occupant of the Oval Office has done since the inception of the statute in 1996. Using forty-five (45) days rather than one hundred and eight days (180) presents a likelihood of an ominous commercial, economic and political landscape for the Republic of Cuba, European Union (EU)-member countries, members of the

World Trade Organization (WTO) and members of the United Nations. Once again, the Trump Administration has used weaponized potentiality to create uncertainty and, thus anxiety. Precisely the intention.

“Secretary’s Determination of 45-Day Suspension under Title III of LIBERTAD Act- The Secretary of State reported on January 16, 2019, to the appropriate Congressional committees that, consistent with section 306(c)(2) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6021 - 6091) and the authority delegated to the Secretary by the President on January 31, 2013, the Secretary made a determination to suspend for forty-five days beyond February 1, 2019, the right to bring an action under Title III of the Act. This extension will permit us to conduct a careful review of the right to bring action under Title III in light of the national interests of the United States and efforts to expedite a transition to democracy in Cuba and include factors such as the Cuban regime’s brutal oppression of human rights and fundamental freedoms and its indefensible support for increasingly authoritarian and corrupt regimes in Venezuela and Nicaragua. We call upon the international community to strengthen efforts to hold the Cuban government accountable for 60 years of repression of its people. We encourage any person doing business in Cuba to reconsider whether they are trafficking in confiscated property and abetting this dictatorship.”

On 17 March 2019 or 18 March 2019, likely that a lawyer representing a client will be entering a Federal Court in Miami, Florida, Newark, New Jersey, and Tampa, Florida to file a lawsuit against someone- company or person.

There may be an opening for a mediation to resolve the certified claims; the private sector has shared a proposal with the Trump Administration:

<https://www.cubatrade.org/blog/2018/11/18/lojx6s6oe5epgonh6mub855d5ak143>

If Title III lawsuits are permitted, likely will be little legislative appetite to simultaneously promote legislation that will be deemed by detractors as beneficial to the government of the Republic of Cuba rather than pressure the government of the Republic of Cuba to resolve the certified claims.

Lack Of Details From Exporters

There is no lack of support for legislation from organizations. However, some organizations (and their members) refuse to take positions with respect to specific components of legislation and regulations relating to the transaction process. For example, providing payment terms, providing financing, and implementing Direct Correspondent Banking Agreements (DCBA).

There is a lack of credibility when an organization supports legislation yet none of the members of the organization will support the legislation by specifically sharing how they would use the legislation if it became law.

There is a lack of support by individual exporters- and having those exporters be specific as to how they would use the proposed legislation if that legislation became law.

The lack of public support from specific exporting companies stating on-the-record (at hearings, in media releases, etc.) that they would today provide payment terms- and what those payment terms would be, to Republic of Cuba government-operated entities is harmful to any legislative effort.

Will the exporter provide financing based upon the credit report provided by Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (**Alimport**), under the auspice of the Ministry of Foreign Trade of Cuba (MINCEX)?

Alimport has received up to two years to make payment for rice imported from Vietnam; and Alimport (and all Republic of Cuba government-operated entities) generally seek a minimum of 180-days with a preference for 360-days to make payment for imports.

Important to note that in 1999 and 2000, United States exporters opposed including a provision within the Trade Sanctions Reform and Export Enhancement Act (**TSREEA**) that would authorize payment terms for agricultural commodity and food product exports from the United States to the Republic of Cuba.

There were two reasons: **First**, United States exporters believed that if payment terms were authorized in the TSREEA, the first delay or default by any Republic of Cuba government-operated entity reported by the media would be disastrous for all exporters- and would likely result in an immediate halt of payment terms; and members of the United States Congress would have a choir of recrimination singing "*I Told You So.*" **Second**, although the lack of payment terms might result in less revenues from exports to the Republic of Cuba, there would be no risk to United States exporters or to the Republic of Cuba; and the Republic of Cuba could be presented (and it has been for eighteen years) to naysayers as the "*safest export market in the world for United States companies.*" Absent payment terms, the Republic of Cuba would be required to make purchases from the United States based upon quality of product and time of delivery for product along with whether such purchases would influence the political process in the United States.

After eighteen (18) years of payment-of-cash-in-advance for purchases, the Republic of Cuba could make a legitimate argument that authorizing payment terms, even with limited "*toe-in-the-water*" transactions, would be reasonable.

Philosophically, United States companies believe that their owners and managers should determine credit worthiness of a potential customer rather than the United States government.

Lack Of Details From Financial Institutions

There continues to be a lack of public support from financial institutions stating on-the-record (at hearings, in media releases, etc.) that they would today provide loans to Republic of Cuba government-operated entities based upon the credit profiles of those entities.

Would today Greenwich Village, Colorado-based **CoBank** or New York, New York-based **J.P. Morgan Chase & Co.** provide financing to United States companies who seek to export agricultural commodities and food products to the Republic of Cuba? Will CoBank or J.P. Morgan Chase & Co. provide financing based upon the financial statements provided by Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (**Alimport**), under the auspice of the Ministry of Foreign Trade of Cuba (**MINCEX**)? Will Alimport provide financial statements? Will Republic of Cuba government-operated financial institutions provide financial statements?

For perspective, review an article referencing a 14 September 2016 hearing before the Committee on Agriculture of the United States House of Representatives. Significant to note that the individual quoted in an exchange with Representative Crawford is now Senior Director for Western Hemisphere Affairs at the National Security Council (**NSC**) in The White House:

<https://www.cubatrade.org/blog/2016/9/17/from-inside-us-trade-lawmaker-pledges-to-push-ahead-on-cuba-trade-bill-after-house-hearing?rq=cobank>

When New York, New York-based **The Trump Organization** transfers funds to the United States from one of the seven countries which host four of its hotels and seven of its golf clubs, The Trump Organization does not use a third country; it uses a straight line- a financial institution electronically transfers the funds from Canada, Dubai, Indonesia, Ireland or the United Kingdom to New York City. The Trump Organization does not want to

waste time or waste money. The Trump Organization uses financial institutions with direct correspondent banking accounts.

One United States-based financial institution has a partial DCBA with Republic of Cuba government-operated Banco Internacional de Comercio SA (**BICSA**), a member of Republic of Cuba government-operated Grupo Nuevo Banca SA, created by Corporate Charter No. 49 on 29 October 1993 and commenced operation on 3 January 1994.

However, because BICSA does not have an account with the United States-based financial institution, a fully-operational direct correspondent relationship does not exist, and a multi-country triangular payment process continues- financial institutions in third countries have received fees on more than US\$5.8 billion in transactions during the last eighteen years.

In 2015, the Office of Foreign Assets Control (**OFAC**) of the United States Department of the Treasury authorized Pompano Beach, Florida-based **Stonegate Bank** (2017 assets approximately US\$2.9 billion) to have an account with BICSA. Stonegate Bank provides commercial operating accounts for the Embassy of the Republic of Cuba in Washington, DC and the Permanent Mission of the Republic of Cuba to the United Nations in New York City; the financial institution also handles other types of OFAC-authorized transactions.

In September 2017, Stonegate Bank was purchased by Conway, Arkansas-based **Home BancShares** (2018 assets approximately US\$14 billion) through its Centennial Bank subsidiary.

The Obama Administration did not authorize BICSA under a general OFAC license or reportedly in the OFAC license issued to Stonegate Bank for it to have an account with Stonegate Bank, so Stonegate Bank has processed some transactions through **Panama City, Panama-based Multibank**, which has dealings with the Republic of Cuba.

One signature from Ms. **Andrea Gacki**, Director of the OFAC, can permit two-way direct correspondent transactions rather than the three-way transaction process that has existed for seventeen years.

The augmentation of the OFAC license would be consistent with the export-focused mandates from the Trump Administration to the United States Department of Agriculture (**USDA**) and United States Department of Commerce (**USDOC**).

Previously, officials within the OFAC and United States Department of State shared that if a license application were submitted, the license application would likely be approved.

That license would immediately benefit United States agricultural commodity and food product exporters from the first transaction- United States exporters will get paid more transparently, safer, faster and with less cost for each payment they receive from the Republic of Cuba.

Ports in **Alabama, Florida, Georgia, Louisiana, Mississippi, Texas and Virginia** would also benefit by a more efficient transaction process and vessel departure schedule as United States exporters would have confirmation of payment delivery in a more consistent manner- paperwork delays would be fewer due to not having to await documentation from outside of the United States.

To date, Home BancShares has refused to disclose the reason(s) it has not sought authorization from the OFAC for BICSA to have an account with Home BancShares- which is also an "*Achilles heel*" for any legislation in the United States Congress relating to changing TSREEA payment terms from cash-in-advance to authorizing payment terms and financing for agricultural commodity and food product transactions with the Republic of Cuba.

If each financial institution had an account with the other, the implementation of direct correspondent banking services would be operable- meaning that third-country financial institutions would no longer receive a commission for each United States-Republic of Cuba transaction. *Direct correspondent banking saves money, saves time, is more transparent, and more safe.*

Ironically, the four (4) members of the House of Representatives and two (2) members of the United States Senate from Arkansas (exporter of poultry, rice, etc.) have not demonstrated an interest in public engagement with Home BancShares to implement DCBA.

Amendment Is Coming; Accept It Early

Any proposed legislation to authorize payment terms and financing for exports of agricultural commodities and food products from the United States to the Republic of Cuba should include a prohibition provision relating to the Revolutionary Armed Forces of the Republic of Cuba (**FAR**) because The Honorable **Marco Rubio** (R- Florida), The Honorable **Robert Menendez** (D- New Jersey) and The Honorable **Ted Cruz** (R- Texas), each of Cuban descent, along with The Honorable **Rick Scott** (R- Florida) will seek to add, and succeed in adding an amendment to any legislation.

If advocates believe that they can “roll” these four members of the United States Senate, they are delusional. The most effective strategy is to negotiate early rather than risk an amendment, secondary amendment or “killer amendment.”

The Republic of Cuba-related provision within the recently-enacted *Farm Bill* became law, somewhat ironically, because of one (1) United States Senator representing the State of Florida- who initially opposed the provision, but supported the provision when language was added which prohibited the use of United States taxpayer funds with entities in the Republic of Cuba controlled by the military. The United States business community did not oppose that prohibition.

The *Farm Bill* includes a provision authorizing the use in the Republic of Cuba of funding from the United States Department of Agriculture (USDA) for Market Access Program (**MAP**) and Foreign Market Development (**FMD**).

The provision in the *Farm Bill* was co-authored by two members of the United States Senate: The Honorable **Heidi Heitkamp** (D- ND), who lost her 2018 re-election, and Senator Rubio.

Senator Heitkamp agreed to include language submitted by Senator Rubio that would prohibit MAP and FMD funding to be used with Republic of Cuba entities that are controlled by the FAR, consistent with policies of the Trump Administration. _

The specific language: “(d) Cuba. — Notwithstanding section 908 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7207) or any other provision of law, funds made available under this section may be used to carry out the programs authorized under sections 222 and 223 in Cuba. Funds may not be used as described in the previous sentence in contravention with directives set forth under the National Security Presidential Memorandum entitled ‘Strengthening the Policy of the United States Toward Cuba’ issued by the President on June 16, 2017, during the period in which that memorandum is in effect.

Current Statistics

United States agricultural commodity and food product exports to the Republic of Cuba continue to decline; **16.1%** thus far in 2018 compared to the same period in 2017- and have done so when commodity inventories have been high, commodity prices have been low and there would have been political value in purchases during

a time of pain for United States farmers. Healthcare product exports have also declined; **44.1%** thus far in 2018 compared to the same period in 2017.

Trade Sanctions Reform and Export Enhancement Act of 2000 (**TSREEA**) exports (agricultural commodities and food products) since first use by the Republic of Cuba in December 2001 are **US\$5,849,925,838.00** through October 2018 (data for November 2018 delayed due to the inability of the United States government to publish export data): **Clinton** Administration: US\$0.00. **Bush** Administration: US\$2,697,501,426.00. **Obama** Administration: US\$2,700,145,225.00. **Trump** Administration: US\$452,279,187.00. TSREEA requires that payments be made on a cash-in-advance basis; no other payment terms are permitted.

[LINK](#) To Complete Analysis (including reference article) In PDF Format

Article For Reference

<https://www.cubatrade.org/blog/2016/9/17/from-inside-us-trade-lawmaker-pledges-to-push-ahead-on-cuba-trade-bill-after-house-hearing?rq=cobank>

Inside US Trade

Arlington, VA

14 September 2016

Lawmaker Pledges To Push Ahead On Cuba Trade Bill After House Hearing

A Republican lawmaker from Arkansas will continue to push forward on his bill allowing private companies to extend credit to Cuba to purchase U.S. agricultural products following a Sept. 14 House Agriculture Committee hearing on trade with that country.

Rep. Rick Crawford indicated during the hearing on trade with Cuba that he is willing to meet with opponents to discuss changes to a bill allowing the issuing of private credit to Cuba to purchase agricultural products from the United States. A staffer in Crawford's office said he's hopeful there's enough support to move the bill during a potential lame-duck session later this year, but added the congressman will offer the bill again next year if it fails to get a vote this year.

The hearing comes after Crawford was promised a path forward for his bill in exchange for not proposing it as an amendment to a House financial services appropriations bill in July. That promise included a committee markup for the stand-alone bill.

Members raised several issues with Crawford's bill, H.R. 3687, including that private money from the U.S. will go to the Castro brothers or the Cuban military; that U.S. agricultural products will be traded through ports and property seized from American companies by the Cuban government; and that the U.S. will not see enough economic concessions in return for easing the embargo.

Agriculture Committee Chairman Michael Conaway (R-TX) and ranking member Collin Peterson (D-MN) both said they support the legislation. A handful of other members, both Republicans and Democrats, either specifically said they back Crawford's bill, or want their states' agricultural industries to have improved access to Cuba.

Rep. Steve King (R-IA) was one of the most vocal opponents to the legislation on the committee, saying the bill does not create new demand for U.S. products, and instead the U.S. would supplant imports from another market. Critics also said the bill only shifts existing U.S. exports from one market to another.

Crawford indicated he is willing to work with opponents of his bill to try strike a compromise on the language.

During an exchange with witness Mauricio Claver-Carone, executive director of Cuba Democracy Advocates, Crawford asked if the anti-Castro activist was willing to continue discussing the legislation outside the hearing. Claver-Carone said he would be open to such discussions and reiterated that he believes the bill needs stronger language ensuring private credit does not end up in the hands of the Castro government, and is instead issued to private citizens and business.

Such a policy would force Cuba to make significant economic changes, especially since all imports currently go through Alimport, a government-owned entity, and not through private companies.

“With all the sincerity, would you be willing to continue the dialogue to bring this to the satisfaction to the folks in south Florida? If we can do that, we can move forward to reaching an agreement,” Crawford said.

Claver-Carone cautioned the committee against voting for the bill in response to a drastic decrease in U.S. agricultural exports to Cuba since 2009. While several nations including China, Korea and Brazil allow the extension of credit that is backed by their respective governments, which gives their agricultural industries an advantage over the U.S., he added Cuba has a history of trying to influence foreign lawmakers through spending and changing its import practices to target specific congressional districts or industries. He added Cuba also has a history of failing to pay its bills on time.

If the U.S. does scale back elements of its existing trade embargo, Claver-Carone said, it needs to see concrete changes in Cuban policies, such as lifting a current prohibition on U.S. companies working directly with privately owned businesses.

“The Castro regime does not allow that currently,” Claver-Carone said. “We want to encourage that -- private ownership. If Congress sent that message to the regime, 'please allow your people to be independent entrepreneurs, have property rights and to trade freely with the United States'... if we were going to export our principles, we should do it under the conditions and terms that are consistent with those principles.”

A key question that was not answered during the hearing is whether private export companies or banks are willing to extend credit to Cuba.

Witness Karen Lowe, senior vice president and agriculture export finance division head at CoBank ACB, a company that provides agriculture credit, said anyone issuing credit will want to know whether they are working with Alimport or another entity. U.S. companies will also want more access to financial and credit information, especially because any credit issued will not be backed by the U.S. government.

That is a key difference between the U.S. and other governments, Lowe pointed out. Other governments have backed the credit their private industries extended to Cuba.

“In the very short-term, the impact this bill has will be somewhat limited, but it does create a level playing field,” Lowe said. “More things need to happen -- particularly with the credit worthiness of the importing agency in Cuba.”

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a group that analyzes U.S.-Cuban policies, said nothing new came out of the hearing regarding U.S.-Cuban relations. Kavulich maintained his position that lawmakers are wasting their time focusing on Crawford's bill, especially since no legislation on

Cuba has passed in nearly 16 years. House Speaker Paul Ryan (R-WI) and key members of the Senate have also opposed easing the embargo.

Instead, Kavulich said more pressure should be directed at the Obama administration to issue changes to the embargo as President Obama prepares to leave office in January, especially since Cuba will be a low priority under a new administration.

It will also be easier for lawmakers to wait until 2018, when Raul Castro is expected to step down from power, in order to build support for any Cuba-centric legislation. Current law limits what can be done under the embargo as long as the Castros remain in power.

“For many members of Congress, there are only two people that live on that 800-mile-long archipelago, and they're both named Castro,” Kavulich said, referring to brothers Raul and Fidel Castro, who have run the one-party communist state for decades. “That makes it easier for some members of Congress who are just vehemently opposed to what the Castros stand for, to help 11.3 million people whose names are not Castro.” -
- Nate Robson



[U.S.-Cuba Trade and Economic Council, Inc.](#)

Title III Suspended For 45 Days; First Time Less Than 6 Months. Ominous For Cuba

January 16, 2019

For the first time, Title III of the Libertad Act has been suspended for less than six months. Using forty-five (45) days presents a likelihood of an ominous commercial, economic and political landscape for the Republic of Cuba, European Union (EU)-member countries, members of the World Trade Organization (WTO) and members of the United Nations. Once again, the Trump Administration has used weaponized potentiality to create uncertainty and, thus anxiety. Precisely the intention.

Forty-Five days from today, quite likely that a lawyer representing a client will be entering Federal Court in Miami, Florida, Newark, New Jersey, and Tampa, Florida, to file a lawsuit against someone- company or person.

There may be an opening for a mediation to resolve the certified claims; the private sector has shared a proposal with the Trump Administration:

<https://www.cubatrade.org/blog/2018/11/18/lojx6s6oe5epgonh6mub855d5ak143>

For Immediate Release

MEDIA NOTE

January 16, 2019

Secretary's Determination of 45-Day Suspension under Title III of LIBERTAD Act

“The Secretary of State reported on January 16, 2019, to the appropriate Congressional committees that, consistent with section 306(c)(2) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6021 - 6091) and the authority delegated to the Secretary by the President on January 31, 2013, the Secretary made a determination to suspend for forty-five days beyond February 1, 2019, the right to bring an action under Title III of the Act. This extension will permit us to conduct a careful review of the right to bring action under Title III in light of the national interests of the United States and efforts to expedite a transition to democracy in Cuba and include factors such as the Cuban regime's brutal oppression of human rights and fundamental freedoms and its indefensible support for increasingly authoritarian and corrupt regimes in Venezuela and Nicaragua.

We call upon the international community to strengthen efforts to hold the Cuban government accountable for 60 years of repression of its people. We encourage any person doing business in Cuba to reconsider whether they are trafficking in confiscated property and abetting this dictatorship.”

[LINK](#) To Text Of Libertad Act Of 1996



[U.S.-Cuba Trade and Economic Council, Inc.](#)

White House Expected Today To Decide Upon Implementation Of Title III Of Helms-Burton

January 15, 2019

Decision Today For Of Title III Of The Libertad Act Of 1996

The Trump Administration is to report whether to continue a suspension of Title III of the Cuban Liberty and Democratic Solidarity Act of 1996 (“*Libertad*” or “*Helms-Burton*”). Codified in Title 22, Sections 6021-6091 of the U.S. Code. P.L. 104-114.

The most important question for the Trump Administration- *Is a policy decision crafted to resolve an issue or maintain an issue; create disruption or bring about a resolution? When mediation is an option, should blunt force trauma be the preferred method of engagement?*

An outline [LINK] for mediation to compensate the 5,913 certified claimants has been presented to the Trump Administration.

Perhaps, the Trump Administration may issue a sharply-worded conditional signing statement in conjunction with a further six-month suspension of Title III. Or, partially or fully permit the implementation of Title III.

The Libertad Act is known widely as “*Helms-Burton*” for its authors: The Honorable **Jesse Helms** (R- North Carolina) of the United States Senate and The Honorable **Dan Burton** (R- Indiana) of the United States House of Representatives. Senator Helms retired in 2003 and died in 2008 and Representative Burton retired in 2013.

Title III authorizes individuals subject to United States jurisdiction as of 13 March 1996 to file lawsuits in United States District Courts against individuals and companies that are using (“*trafficking*”) in property located in the Republic of Cuba which was expropriated without compensation by the government of the Republic of Cuba. Unique to the statute is the lawsuits may not be dismissed.

For purposes of legal trajectory, a lawsuit could be filed in a United States District Court (likely primarily in Miami, Florida and Newark, New Jersey where the majority of individuals of Cuban descent reside). If a lawsuit is lost, the appeal would be to the United States Circuit Court of Appeals. If that appeal is lost, the next venue would be in the United States Supreme Court.

Every six months, the Libertad Act requires the President to either suspend the implementation of Title III or permit the implementation of Title III. Since the inception of the Libertad Act, every President has suspended the implementation of Title III, including The Honorable Donald Trump, President of the United States, on three occasions (2017, 2018, and 2018). The current suspension expires on 31 January 2019.

The President, or his designee (the United States Secretary of State since 2013), must notify relevant committees of the United States Congress fifteen (15) days prior to a decision to suspend or implement. Those committees are the United States House Committee on Foreign Affairs, United States House Committee on Appropriations, United States Senate Committee on Foreign Relations, United States Senate Committee on Appropriations.

From the text of the statute: "(2) Additional suspensions.--The President may suspend the effective date under subsection (a) for additional periods of not more than 6 months each, each of which shall begin on the day after the last day of the period during which a suspension is in effect under this subsection, if the President determines and reports in writing to the appropriate congressional committees at least 15 days before the date

on which the additional suspension is to begin that the suspension is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba."

The Certified Claims

There are 8,821 claims of which **5,913** awards were certified by the United States Foreign Claims Settlement Commission (USFCSC- <https://www.justice.gov/fcsc>) at the United States Department of Justice which are valued at **US\$1,902,202,284.95**.

The first asset to be expropriated by the government of the Republic of Cuba was an oil refinery in 1960 owned by White Plains, New York-based **Texaco, Inc.**, now a subsidiary of San Ramon, California-based Chevron Corporation (USFCSC: CU-1331/CU-1332/CU-1333 valued at **US\$56,196,422.73**).

The largest certified claim (*Cuban Electric Company*) valued at US\$267,568,413.62 is controlled by Boca Raton, Florida-based **Office Depot, Inc.** The second-largest certified claim (*International Telephone and Telegraph Co, ITT as Trustee, Starwood Hotels & Resorts Worldwide, Inc.*) valued at US\$181,808,794.14 is controlled by Bethesda, Maryland-based **Marriott International**. The smallest certified claim is by Sara W. Fishman in the amount of US\$1.00 with reference to the Cuban-Venezuelan Oil Voting Trust.

The two (2) largest certified claims total US\$449,377,207.76, representing **24%** of the total value of the certified claims. Thirty (30) certified claimants hold **56%** of the total value of the certified claims. This concentration of value creates an efficient pathway towards a settlement.

The USFCSC permitted interest to be accrued in the amount of 6% per annum; with the current value approximately **US\$9 billion**.

"The Foreign Claims Settlement Commission of the United States (FCSC) is a quasi-judicial, independent agency within the Department of Justice which adjudicates claims of U.S. nationals against foreign governments, under specific jurisdiction conferred by Congress, pursuant to international claims settlement agreements, or at the request of the Secretary of State. Funds for payment of the Commission's awards are derived from congressional appropriations, international claims settlements, or liquidation of foreign assets in the United States by the Departments of Justice and the Treasury."

Certified claimants with current or recent activity within the Republic of Cuba include: New York, New York-based **Colgate-Palmolive**, Moline, Illinois-based **Deere & Company**, Atlanta, Georgia-based **Delta Air Lines**, Boston, Massachusetts-based **General Electric**, Bethesda, Maryland-based **Marriott International**, Chicago, Illinois-based **University of Chicago**, Denver, Colorado-based **Western Union** and New Haven, Connecticut-based **Yale University** among others.

The Obama Administration deemed a resolution of the certified claims as a "**top priority**," but had only three (3) discussions (not negotiations) with representatives of the government of the Republic of Cuba in 2,923 days (766 days if calculated from 17 December 2014); this was woefully inadequate. President Trump can correct this failure of leadership.

Options

Continuing suspension of Title III will preserve for President Trump his ability to negotiate a settlement on behalf of the 5,913 certified claimants- United States citizens and United States companies. Any effort to constrain the President from directly or indirectly guiding his negotiating team erodes the unique powers of the Executive Branch to conduct foreign policy. And, negotiating a settlement based upon US\$1.9 billion or US\$8 billion is far less complicated than attempting to bridge restitution for what could approach US\$100 billion or more by those who do not have certified claims if Title III is enabled.

If Title III is not suspended (or partially suspended) there would not only be a disruption to the ability of President Trump to negotiate a settlement on behalf of the certified claimants during his first term, but the disruption would extend through his second term and through the terms of his successors. The reason would be potentially *hundreds of thousands* of claims that would become eligible to be heard by United States Federal Courts. Most impactful, is Title III prohibits the dismissal of claims proceedings in United States Federal Courts once they are filed. As most of the proceedings would be filed in the State of Florida, the impact upon the judicial process would be substantial, crippling; and would result in more non-related significant cases being delayed from adjudication.

Implementation of Title III would prohibit President Trump from engaging his DNA- to negotiate a deal. And, this prohibition would not solely be for the remaining 735 days of President Trump's first term, nor the 1,460 days of this second term... it would likely be in perpetuity as the current and future government of the Republic of Cuba would never have the financial capacity to absorb the judgements issued by United States Federal Courts- even if they were inclined to do so.

Unlike his predecessors, President Trump should issue a sharply-worded conditional signing statement in conjunction with a further six-month suspension of Title III.

The signing statement should create a six-month "*window of opportunity*" within which The White House staff would engage directly with representatives of the thirty (30) certified claimants with the largest values of assets expropriated without compensation. A third-party United States-based negotiator would be retained to represent the interests of the certified claimants to the government of the Republic of Cuba.

[LINK](#) To PDF

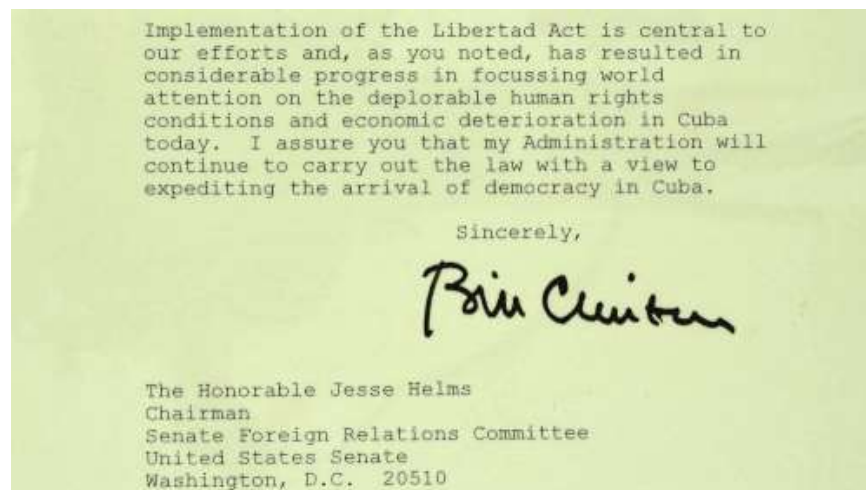
Blog Post Links:

<https://www.cubatrade.org/blog/2018/11/18/lojx6s6oe5epgonh6mub855d5ak143>

<https://www.cubatrade.org/blog/2017/7/11/memo-from-nsc-to-potus-this-week-for-title-iii-suspension-capitulate-incapacitate-or-negotiate?rq=Title%20III>

<http://kavulich-john.squarespace.com/blog/2017/2/6/update-on-title-three-suspension-of-libertad-act-helms-burton>

<http://www.cubatrade.org/blog/2017/1/12/h2uudthnn6be8hfgxifqsrdo4aqpb0?rq=claims>



[U.S.-Cuba Trade and Economic Council, Inc.](#)

Will Trump Administration Permit Marriott To Purchase Supplies From New Military-Affiliated Company In Cuba?

January 12, 2019

Will The Trump Administration Object To Marriott Hotels Purchasing Products From New Hotel Supply Company Affiliated With Cuba's Military?

The Same Company Owns Hotel Marriott Manages And The Hotel It Will Manage

Palma de Mallorca, Spain-based **Iberostar Group** has commenced operation of *Logistica Hotelera del Caribe S.A. (LHC)*, a 32,000 square foot hotel product distribution center located within the Mariel Special Development Zone (**ZEDM**), forty minutes south-west of the city of Havana, Republic of Cuba. [Link](#) to Iberostar Media Release

LHC is providing products to the nine (9) properties in the Republic of Cuba that are managed by Iberostar Group. Eventually, LHC will offer products to hotels throughout the Republic of Cuba. Initially, LHC has approximately *five hundred (500) products from fifty (50) suppliers*.

The partner in LHC is A.T. Comercial S.A., a subentity of Grupo de Administracion Empresarial S.A. (Enterprise Management Group), or **GAESA**, which is, in turn, controlled by the controlled by the Revolutionary Armed Forces of the Republic of Cuba (**FAR**).

Managed by the United States Department of State: "[The Cuba Restricted List](#) contains entities and subentities controlled by the Cuban military, intelligence, and security services or personnel. Direct financial transactions with these entities and subentities are generally prohibited because they would disproportionately benefit those services or personnel at the expense of the Cuban people or private enterprise in Cuba. For more information on the Cuba Restricted List, please refer to Treasury regulations at 31 Code of Federal Regulations (CFR) part 515, [here](#), and to Commerce regulations at 15 CFR parts 730-774, [here](#). Link To List: <https://www.state.gov/e/eb/tfs/spi/cuba/cubarestrictedlist/287349.htm>" *A.T. Comercial S.A. is on the Cuba Restricted List.*

From Iberostar:

Question: Does LHC also sell its products to non-Iberostar-managed properties in the Republic of Cuba? Meaning, can Starwood, Accor, Sol Melia, Gaviota, etc. also purchase products from LHC at the same prices as Iberostar properties?

Yes, although in a first phase we will focus on hotels managed by Iberostar. The reason is to guarantee the correct functioning of the operation.

Question: May I have a list of the 500 products and 50 suppliers to LHC?

The importer can import any item a hotel requires. Nowadays, it has focused on the improvement of buffets, working with suppliers that the Iberostar Group traditionally works.

Will the United States Department of State authorize Bethesda, Maryland-based **Marriott International** (2018 revenues exceeded US\$23 billion), whose subsidiary manages one property in the Republic of Cuba and will add a property in December 2019, to purchase products from LHC?

Since Gaviota S.A. owns both properties in the Republic of Cuba and Gaviota S.A. is a shareholder in LHC, are activities with LHC considered “*grandfathered*” and thus permitted due to shared ownership? Will LHC be permitted to import hotel products (including food products and agricultural commodities) from the United States for use exclusively at Marriott/Starwood-managed properties or for any property in the Republic of Cuba?

Since 2016, Marriott International, initially through Stamford, Connecticut-based Starwood Hotels and Resorts Worldwide LLC which was acquired by Marriott International in 2016, has managed the 186-room Four Points By Sheraton Havana in the Republic of Cuba. The property is owned by Gaviota S.A.

In March 2016, Marriott International reported that the company would manage the 83-room Hotel Inglaterra, also owned by Gaviota S.A. Subsequently, the company reported that the property would be under management in December 2017 and then in December 2019. *No reason(s) have been provided for the thirty-six (36) month delay.* The Hotel Inglaterra will be amongst the company's 122-property *The Luxury Collection*.

On 16 March 2016, the company reported signing a *Letter of Intent* to manage a third property, the 27-room Hotel Santa Isabel, also owned by Gaviota S.A. There has been no mention of the property by the company since the 16 March 2016 announcement.

Due to the acquisition of Starwood Hotels and Resorts Worldwide, Marriott International gained control of **certified claims** in the Republic of Cuba. Marriott International is now the second-largest certified claimant against the government of the Republic of Cuba.

[LINK To PDF](#)



MLB Might Consider Three Options To Obtain Support For Agreement With Cuba

[January 11, 2019](#)

New York, New York-based **Major League Baseball** (MLB) reported an agreement with Republic of Cuba-based **Federacion Cubana de Beisbol** (FCB). Terms of the agreement include payments to FCB.

Members of the United States Congress, the most notable being The Honorable Marco Rubio (R- Florida), and the Trump Administration have expressed displeasure with the agreement.

The displeasure is less about the usefulness of the agreement than about the terms of the agreement (payment of release fees to FCB). **There are options:**

First. MLB believes that the agreement is permitted under general license provisions implemented during the Obama Administration by the Office of Foreign Assets Control (**OFAC**) of the United States Department of the Treasury in Washington DC. Those who oppose the agreement believe that the agreement is not permissible within the general license guidelines; and, even if it was permitted during the Obama Administration, such an agreement should not be permitted under the Trump Administration as the agreement as written is now “*not consistent with United States policy.*” MLB should reformat the agreement and seek a two-year (which is normal) license from the OFAC.

Second. The MLB agreement is for two years (ending on 31 October 2021). The annual release fee payments to FCB have been speculated to be from US\$2 million to US\$25 million to US\$50 million to US\$100 million. The lower value estimates seem reasonable. Instead of MLB making payment to FCB in currency, FCB would provide MLB with a shopping list of equipment equal to the value of the payments due. This would satisfy those who oppose the agreement- because the government of the Republic of Cuba would not have access to currency. By using the purchasing power of MLB, the FCB would be receiving the lowest pricing for equipment- thus maximizing the value of every payment. Members of the United States Congress and the Trump Administration would be supportive of an agreement that provides benefits to United States sporting equipment-focused companies.

“The Release Fee owed to the FCB by the MLB Club that signs an FCB Player is calculated using the same formula embodied in MLB's agreements with the NPB, KBO, and CPBL (i.e., between 15% and 20% of the total guaranteed value for Major League contracts, and 25% of the signing bonus for Minor League contracts). In addition, Supplemental Release Fees may be owed if a contract with an FCB Player contains bonuses, escalators, or options that are later triggered. The Release Fee (and any Supplemental Release Fee) paid by the MLB Club is in addition to the compensation agreed to by the MLB Club to the FCB Player in the player's contract, which will be paid by the MLB Club directly to the FCB Player.”

One benefit of using product as payment rather than currency as payment is avoiding the use of a third-country financial institution for MLB to send payments to FCB; currently there are not operational direct correspondent banking agreements which would permit direct electronic transfers from the United States to the Republic of Cuba. Thus, third-country financial institutions receive fees for every transaction. Members of the United States Congress and the Trump Administration oppose third-countries unnecessarily benefiting from bilateral commercial transactions.

Third. MLB would agree to publish real-time data as to when a payment is made to FCB, the value of payment, and what products have been purchased with the payments.

[LINK](#) To PDF

[LINK](#) To English Text Of MLB Agreement

[LINK](#) to Spanish Text Of MLB Agreement

Blog Post: <https://www.cubatrade.org/blog/2018/12/20/uppblm8km7qmk28ly7ilzjz7xgty54>

[The Trump Organization Uses Direct Correspondent Banking In Five Countries](#)

[January 05, 2019](#)

When New York, New York-based **The Trump Organization** transfers funds to the United States from one of the five countries which host four of its hotels and seven of its golf clubs, The Trump Organization does not use a third country; it uses a straight line- a financial institution electronically transfers the funds from Canada, Dubai, Indonesia, Ireland or the United Kingdom to New York City. The Trump Organization does not want to waste time or waste money. The Trump Organization uses financial institutions with direct correspondent banking accounts.



Southwest Airlines Abandons Effort For Another Route To Cuba; Will Focus On Hawaii

January 03, 2019

Dallas, Texas-based Southwest Airlines has rescinded its request to the United States Department of Transportation (USDOT) for an additional route from the United States to the Republic of Cuba.

[LINK](#) To Letter From Southwest Airlines To USDOT



[U.S.-Cuba Trade and Economic Council, Inc.](#)

Updates To List Of U.S. Companies With A Presence In Cuba

January 03, 2019

U.S. Companies With A Presence In Cuba Since 17 December 2014

Eight Sales Offices

One Hotel Management Contract

One Healthcare Joint Venture

No Manufacturing/Assembly Operations

Licenses/Authorizations Issued By OFAC/BIS/OLA Not Yet Disclosed & Implemented

With the Republic of Cuba, United States-based companies engage in the export of products, import of products, provision of services and *horizontal* Direct Foreign Investment (DFI).

The global gross revenues of the sixty (60) listed companies with a presence exceeds US\$1 trillion and the companies employ approximately 2 million within the United States and other countries; not including revenue/employees from the United States Postal Service (USPS).

[LINK](#) To List

[Kavulich John](#)

FedEx Abandons 3-Year Negotiations For Direct Service To Cuba

[January 03, 2019](#)

FedEx On 14 December 2018:

“FedEx will not be filing for an extension of the start-up date for U.S. – Cuba cargo air service between Miami and Varadero (VRA.) We are evaluating alternative all-cargo service options to Cuba.”

FedEx On 17 December 2018

“FedEx is returning its five weekly frequencies for Miami-Matanzas/Varadero air service, effective immediately, as it evaluates alternative all-cargo service options to Cuba.”

[Link](#) To Text Of FedEx Letter To USDOT

Bloomberg News

New York, New York

2 January 2019

(Bloomberg) -- FedEx Corp. dropped a plan to begin cargo flights to Cuba, as an opening between the U.S. and the communist country has foundered.

The courier “will not be filing for an extension of the startup date for U.S.– Cuba cargo air service between Miami and Varadero,” FedEx said in a statement Wednesday. The company is abandoning its right to fly five weekly frequencies and evaluating “alternative all-cargo service options to Cuba,” according to a letter to the U.S. Department of Transportation.

FedEx’s withdrawal ends more than two years of effort to start service to Cuba, which began as former President Barack Obama sought to normalize ties with the island. Relations have chilled under President Donald Trump, whose administration enacted [new restrictions](#) in 2017 on Americans traveling to Cuba and on the ability to do business with a list of government-controlled businesses.

The Memphis, Tennessee-based company won U.S. approval for cargo flights to Cuba in 2016. The following year, FedEx cited a series of obstacles to starting the service, including finding local partners and securing airport ground services. Cuba currently is listed by the carrier as among the countries it doesn’t serve.

Air Caro News

Surrey, United Kingdom

3 January 2019

FedEx has dropped plans to start a five-times-a-week freighter service between Miami and Matanzas/Varadero in Cuba.

In a letter to the US Department of Transportation the express giant said it is returning its five-weekly frequencies "effective immediately" as it evaluates alternative all-cargo service options to Cuba.

The express firm had applied for [several extension to the stipulated start-up date](#) of services as it struggled to secure providers of air operation support services, Customs clearance and ground delivery.

"The company must ensure these service providers would appropriately complement the express delivery services for which FedEx is world-renowned while simultaneously remaining within the limits of the existing, relevant US and Cuban laws, regulations and policies," it said in its latest extension request, dated June 14.

FedEx was originally given permission in July 2016 to launch services between Cuba and the US, with a specified start date of April 2017.

Relations between the US and Cuba have cooled since then after President Barack Obama, who sought to build a closer relationship with the country, left office. His successor, President Donald Trump, has brought in tighter controls on doing business in Cuba.

LINK to previous post:

<https://www.cubatrade.org/blog/2018/12/15/failure-of-agreement-between-fedex-amp-cuba-is-a-problematic-and-oft-repeated-symbol>



[U.S.-Cuba Trade and Economic Council, Inc.](#)

BNDES In Brazil Details Cuba Debt From Port Of Mariel

January 02, 2019

From BNDES (2 January 2019):

We clarify that, through its lines of support for the commercialization of goods and services abroad, the BNDES does not finance projects in other countries, but exports of goods and services produced in Brazil, aiming at increasing the competitiveness of Brazilian companies, the generation of employment and income in the country, and the inflow of foreign exchange (contributing to the improvement, among other indicators, of the trade balance).

In any of the export support modalities, there is no remittance of funds abroad. The disbursements of funds are made in Reais (Brazilian currency), in Brazil, directly to the Brazilian exporter, based on the exports actually carried out and proven. The importer, when receiving the goods and services exported by the Brazilian company, instead of making the cash payment, direct to the exporter, recognizes the debt corresponding to the goods and services exported and authorizes BNDES to disburse the resources to the exporter, in his name in Reais and in Brazil. In disbursing the funds to the exporter, the BNDES becomes the creditor of the importer, who will repay the debt to BNDES, as disciplined in the financing agreement.

Five financing agreements were signed between the BNDES and the Republic of Cuba (the debtor of the operations), with the exporter, the Construction and Infrastructure Company (COI), a subsidiary of Construtora Norberto Odebrecht, the financing of exports of engineering goods and services to the Port of Mariel in Cuba, as described below:

Tranche 1: US\$43,435,000.00 with annual interest 6.91%

Tranche 2: US\$108,715,000.00 with annual interest 4.83%

Tranche 3: US\$150,000,000.00 with annual interest 4.68%

Tranche 4: US\$150,000,000.00 with annual interest 4.44%

Tranche 5: US\$229,910,550.00 with annual interest 5.06%

Total: US\$682,060,550.00

As mentioned in the previous response, financial collaboration contracts are denominated in US dollars. It is worth noting once again that, once Brazilian exports have been made and proven, the BNDES proceeds with the release of resources in Reais, in Brazil, directly to the Brazilian exporting agent.

The financing operations related to the Port of Mariel are intended to enable the export of Brazilian goods and services, within the scope of the BNDES-Exim Post-Shipment Financing Line, buyer's credit modality, to be used in the expansion and modernization works of the Port of Mariel and its access infrastructure.

Additionally, we would like to inform you that all export financing of goods and services for the construction of the Port of Mariel is guaranteed by the Export Credit Insurance (SCE), with BNDES being the beneficiary,

granted by the Federal Government, through the International Affairs - SAIN of the Ministry of Finance, with funds from the Export Guarantee Fund (FGE).

It is important to note that the Export Credit Insurance is granted upon payment of a premium to the Union, whose costs are borne by the debtor in the Financing Agreement. In addition, we clarify that the SCE's coverage of exports financed by the BNDES is approved, for each operation, by the Export Financing and Guarantee Committee (COFIG), a collegiate body part of the Foreign Trade Chamber of the Presidency of the Republic - CAMEX.

There are portions of export financing for the Port of Mariel in arrears (due between June and October 2018), in the total amount of US\$20.2 million. In 2019, BNDES has another US\$70 million to receive.

For further information access the following links:

<https://www.bndes.gov.br/wps/portal/site/home/transparencia/consulta-operacoes-bndes/contratos-exportacao-bens-servicos-engenharia>

<http://www.bndes.gov.br/wps/portal/site/home/transparencia/consulta-operacoes-bndes/consulta-a-financiamentos-de-exportacao-pos-embarque/>

<http://www.bndes.gov.br/wps/portal/site/home/transparencia/centraldedownloads>



Brazil's Likely New Role... And How It May Impact Cuba

[January 01, 2019](#)

Due to the expansive indebtedness of the government of the Republic of Cuba to public sector entities and private sector entities in Brazil, H.E. Jair Bolsonaro, President of the Federative Republic of Brazil, has a platform from which to say to H.E. Miguel Diaz-Canel, President of the Republic of Cuba, *“You can’t pay your debts because you are refusing to make changes; that lack of practical governance does not make you one to support, rather it makes you one to denounce and pressure.”*

The key to a successful approach by Brazil is whether it will focus upon the refusal by the government of the Republic of Cuba to change rather than an inability by the government of the Republic of Cuba to change.

The government of the Republic of Cuba could spay much of the impact of regulatory and policy changes by the Trump Administration to Obama Administration regulatory and policy changes by engagement with Obama Administration regulatory and policy changes that the government of the Republic of Cuba refused to authorize during the final two years of the Obama Administration.

President Bolsonaro believes, correctly, that criticism of the Republic of Cuba has a shallow downside domestically but has a robust upside internationally as the Republic of Cuba’s adherence to Venezuela, support for Nicaragua, symbiotic relationship with North Korea, and commercial, military and political dependency upon China and Russia will inoculate Brazil from criticism while promoting Brazil as a critical component of resolving, managing and containing conflict.

The Trump Administration will continue its embrace of President Bolsonaro and is expected to increase the expansiveness of that embrace particularly with respect seeking Brazil’s support for efforts for “regime-change” in Venezuela, Cuba and Nicaragua. “Regime-change” officially defined as change in the behavior of those in the regime rather than a change in those in the regime.

Brazil will likely accept a prominent role at the Organization of American States (OAS) to serve as a catalyst for a more activist reach for the OAS.

Unsurprising will be the Trump Administration inviting President Bolsonaro, and H.E. Ivan Duque Marquez, President of the Republic of Colombia, H.E. Mauricio Macri, President of the Argentine Republic, H.E. Andres Manuel Lopez Obrador, President of the United Mexican States, H.E. Martin Vizcarra, President of the Republic of Peru, and H.E. Sebastian Pinera, President of the Republic of Chile to The White House for a Summit to discuss regional solutions to regional issues.

[U.S.-Cuba Trade and Economic Council, Inc.](#)

116th Congress Will Have Cuba Legislation: Boxing Match May Look Like This

[December 29, 2018](#)

The 116th United States Congress will have Republic of Cuba-related legislation introduced in the United States House of Representatives and in the United States Senate.

If legislation becomes law, it will be a result of mixing the perspectives of two members of the United States Congress:

The Honorable **Marco Rubio** (R- Florida): *“What the Cuban government is trying to do is they are trying to create an economic dictatorship to build on the military one and the political one.”*

The Honorable **Rick Crawford** (R- Arkansas 1st District): *“I applaud my Senate colleagues for working to get this provision into their bill and I*



worked hard to make sure it made it into the final conference report. The Heitkamp amendment is an important first step towards exporting American agriculture goods into Cuba... We look forward to building on this momentum in the 116th Congress.”

The unknowns for the legislative contest in the 116th United States Congress are **a)** what will be in the initial legislative language **b)** what will be in the final legislative language and **c)** will any of the legislative language become law.

The likely legislative match-up will include **one boxer** supporting language to re-authorize United States companies and United States financial institutions to provide, should they believe in their interests to do so, payment terms and financing to Republic of Cuba government-operated entities for purchase of agricultural commodities and food products from the United States. The **other boxer** will be supporting language that **1)** prohibits- or rather does its best to do so, any benefit to the Revolutionary Armed Forces of the Republic of Cuba (**FAR**) and its commercially-focused entities **2)** provides greater benefits for purchases by non-Republic of Cuba government-operated entities (i.e. private cooperatives, private farms, self-employed) and **3)** requires a stipulated settlement process for the 5,913 certified claimants- who want prompt support from the Trump Administration.

The legislative language guide will be based upon a provision in the recently-enacted H.R. 2 (The “*Farm Bill*”) which authorized the use in the Republic of Cuba of funding from the United States Department of Agriculture (**USDA**) for Market Access Program (**MAP**) and Foreign Market Development (**FMD**). The provision in the

Farm Bill was co-authored (reluctantly) by two members of the United States Senate: The Honorable **Heidi Heitkamp** (D- ND), who lost her 2018 re-election, and Senator Rubio. Senator Heitkamp agreed to include language submitted by Senator Rubio that would prohibit MAP and FMD funding to be used with Republic of Cuba entities that are controlled by the FAR, consistent with policies of the Trump Administration. That is the reason the provision became law. _

The specific language: *“(d) Cuba. — Notwithstanding section 908 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7207) or any other provision of law, funds made available under this section may be used to carry out the programs authorized under sections 222 and 223 in Cuba. Funds may not be used as described in the previous sentence in contravention with directives set forth under the National Security Presidential Memorandum entitled ‘Strengthening the Policy of the United States Toward Cuba’ issued by the President on June 16, 2017, during the period in which that memorandum is in effect.*

Penalizing the government of the Republic of Cuba for permitting the FAR to have a substantive role in the commercial, economic and political infrastructure throughout the country of 11.3 million citizens is unlikely to have opposition in the United States Congress (and certainly not within The Trump Administration) and unlikely to have opposition from United States companies, United States financial institutions and rational advocacy organizations.

There is a *legislative inevitability* to re-authorizing (a change in United States law is required) United States companies and United States financial institutions to provide, should they believe in their interests to do so, payment terms and financing to Republic of Cuba government-operated entities for purchase of agricultural commodities and food products from the United States.

Management of United States companies and United States financial institutions believe they, not the United States government, should determine whether a customer is worthy of payment terms or financing and worth the risk of incurring a delay or default.

A change in United States law will expectantly arise a response from the government of the Republic of Cuba similar to that after the **Trade Sanctions Reform and Export Enhancement Act** (TSREEA) was enacted in 2000- that it would not purchase a grain of rice or a kernel of corn because payment terms and financing were not re-authorized.

United States companies and United States organizations, after expending two years advocating for the TSREEA, were appalled by the position of the government of the Republic of Cuba and, as a result, substantially decreased their collective focus upon the Republic of Cuba. United States exporters had quietly opposed a provision to the TSREEA to include payment terms and financing for fear a delay or default would doom future legislative and regulatory changes; the goal was to construct a multi-year track record from which future legislation would emerge.

More than one year later, in December 2001, the government of the Republic of Cuba made its first purchases (US\$4,318,906.00) of corn and poultry under TSREEA; stating the purchases were a “*one-off*” to supplement requirements after a hurricane and there should be no expectation for additional purchases.

Since December 2001, the Republic of Cuba has purchased, on a cash-in-advance basis, more than US\$5.8 billion in agricultural commodities and food products from United States companies.

For United States companies, most believe that an eighteen-year track record of purchases suffices for shifting to the next stage in re-developing the bilateral commercial landscape between the United States and the Republic of Cuba. **And, that next stage necessarily means having a choice of accepting commercial transaction risk.** The government of the Republic of Cuba is expected to argue that after eighteen years of

payments as required, and spending more than US\$5.8 billion, aren't they entitled, haven't they earned the right to move beyond cash-and-carry?

However, the government of the Republic of Cuba is likely to respond to any legislative change (including that within the *Farm Bill* although that provision is about spending funds in the Republic of Cuba, which would logically incur favor rather than scorn) soon after learning that payment terms and financing terms from United States companies and United States financial institutions are not as expansive as required given the abject perilousness of payment reliability by Republic of Cuba government-operated entities, by reducing (but not eliminating) purchases from the United States until it has access to programs *which provide United States government payment guarantees to United States exporters and their customers. Senator Rubio is likely to require there be no such access in any legislation. Access to the following programs are the "holly grail" for the Republic of Cuba and in many respects is the final chapter for re-establishing the bilateral commercial transaction process:*

United States Department of Agriculture (USDA)

Commodity Credit Corporation
Export Credit Guarantee Program
Facilities Guarantee Program

Export-Import Bank (ExIm)

Export Working Capital Program
Working Capital Guarantee Program
Loan Guarantee Program
Direct Loan Program
Finance Lease Guarantee Program

Overseas Private Investment Corporation (OPIC)

Direct Loans and Loan Guarantees

Small Business Administration (SBA)

Export Express Program
International Trade Loan Program

For reference: The "*pathway forward*" for Republic of Cuba-focused (more accurately, Republic of Cuba-benefiting) legislative initiatives in the 116th United States Congress, may follow a pathway similar to the following:

On 3 June 2015, The Honorable Marco Rubio (R- Florida), a member of the United States Senate, introduced S. 1489, the "[*Cuban Military Transparency Act.*](#)"

S.1489 — 114th Congress (2015-2016) Cuban Military Transparency Act Sponsor: Sen. Rubio, Marco [R-FL] (Introduced 06/03/2015) Cosponsors: (8) Committees: Senate - Foreign Relations Latest Action: Senate - 06/03/2015 Read twice and referred to the Committee on Foreign Relations.

On 25 June 2015, The Honorable Devin Nunes (R- California), a member of the United States House of Representatives, introduced H.R. 2937, the "[*Cuban Military Transparency Act.*](#)"

H.R.2937 — 114th Congress (2015-2016) Cuban Military Transparency Act Sponsor: Rep. Nunes, Devin [R-CA-22] (Introduced 06/25/2015) Cosponsors: (49) Committees: House - Foreign Affairs, Financial Services Latest Action: House - 06/25/2015 Referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee.

On 13 January 2017, The Honorable Rick Crawford (R- Arkansas), a member of the United States House of Representatives, introduced H.R. 525, the “[Cuba Agricultural Exports Act](#).”

H.R. 525 115th Congress (2017-2018) Cuba Agricultural Exports Act **Sponsor:** Rep. Crawford, Eric A. “Rick” [R-AR-1] (Introduced 01/13/2017) Cosponsors: (66) Committee: House - Foreign Affairs, Financial Services, Agriculture Latest Action: House - 01/13/2017 Referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of.

Current Statistics

United States agricultural commodity and food product exports to the Republic of Cuba continue to decline; **16.1%** thus far in 2018 compared to the same period in 2017- and have done so when commodity inventories have been high, commodity prices have been low and there would have been political value in purchases during a time of pain for United States farmers. Healthcare product exports have also declined; **44.1%** thus far in 2018 compared to the same period in 2017.

Trade Sanctions Reform and Export Enhancement Act of 2000 (**TSREEA**) exports (agricultural commodities and food products) since first use by the Republic of Cuba in December 2001 are **US\$5,849,925,838.00** through October 2018: **Clinton** Administration: US\$0.00. **Bush** Administration: US\$2,697,501,426.00. **Obama** Administration: US\$2,700,145,225.00. **Trump** Administration: US\$452,279,187.00. TSREEA requires that payments be made on a cash-in-advance basis; no other payment terms are permitted.

[LINK](#) To PDF Of Analysis



[U.S.-Cuba Trade and Economic Council, Inc.](#)

President Trump Mentions Cuba When Signing Farm Bill... And It Wasn't Positive

[December 20, 2018](#)

The Agriculture Improvement Act of 2018 (H.R. 2) is valued at US\$867 billion, to be expended during a five-year period; the document is more than 600 pages.

Yet The White House, when issuing a two-paragraph statement by the President of the United States, determined important to mention a provision within H.R. 2 which relates to the Republic of Cuba.

The background to the insertion of mention of the Republic of Cuba is relevant for those who believe there is a “*pathway forward*” and momentum for the 116th Congress in 2019 to pass legislation that will further expand the commercial relationship between the United States and the Republic of Cuba; specifically, authorizing the provision of payment terms and financing for agricultural and food product exports from the United States to the Republic of Cuba.

For the statement about the Republic of Cuba to be inserted into a public document relating to a bill signing, it would likely have been specifically requested by the National Security Council (NSC) and Office of Legislative Affairs; and perhaps at the request of a Member of the United States Congress.

So, advocates need be sober and appreciate the peril arising from believing that after A will automatically come B. The last B took eighteen years to follow A.

Office of the Press Secretary

FOR IMMEDIATE RELEASE

December 20, 2018

STATEMENT BY THE PRESIDENT

Today, I have signed into law H.R. 2, the "Agriculture Improvement Act of 2018" (the "Act"). Section 12303 of the Act requires the Secretary of Agriculture (Secretary) to establish a Tribal Advisory Committee (Committee), predominantly composed of individuals appointed by Members of Congress, to advise the Secretary on matters relating to tribal and Indian affairs. My Administration supports the policy aims of this Committee. Because it includes legislative branch appointees, however, the Committee cannot be located in the executive branch, consistent with the separation of powers. I will therefore instruct the Secretary not to establish this Committee. I will, however, instruct the Secretary to work with the Congress to revise

section 12303 to permit a properly constituted committee to be established within the Department of Agriculture to perform similar functions. My Administration will also take additional steps to further develop and advance its important relationships with tribal leaders.

In addition, section 3201 permits the Department of Agriculture to use funds to carry out certain programs in Cuba. The Act prohibits such funds from being used in contravention of the policy outlined in National Security Presidential Memorandum 5 of June 16, 2017, (Strengthening the Policy of the United States Toward Cuba). I appreciate the recognition of the Congress that these funds must not be used to undermine the foreign policy of the United States with respect to Cuba. As such, my Administration will not use any taxpayer funds from these Department of Agriculture programs to benefit the Cuban regime.

DONALD J. TRUMP

United States Condemns Role Of Cuba In Venezuela: This Will Only Get Worse For Havana

January 26, 2019

Remarks

Michael R. Pompeo

Secretary of State

United Nations

New York City

January 26, 2019

Good morning. On behalf of President Trump and the American people I first want to thank Foreign Minister Miguel Vargas of the Dominican Republic, the current president of the Security Council, for scheduling this meeting. My former colleague, Ambassador Haley, lobbied for a year to get the council to address Venezuela but her pleas fell on deaf ears. This meeting is long overdue. And you all know why it's overdue.

Take Carlos Aquino, a 37-year-old construction worker, weeping over the tiny coffin of his deceased infant son who had died of starvation.

Such scenes of misery are now the norm in Nicolas Maduro's Venezuela where millions of children are suffering from malnutrition and starvation thanks to a socialist experiment that caused the economy to collapse. This human misery isn't a secret. Stories like this one are well documented by our press corps. You can read about men like Carlos every day. People like him are why the United States has called this meeting.

We're here because Maduro has reduced ordinary Venezuelans who once lived in prosperity to rooting through dumpsters to find something to eat.

We're here because scores of Venezuelan women, some of them teenagers, have fled Maduro's madness to other countries, and in desperation turned to prostitution to survive.

We're here because of Maria Vielma, a school psychologist who said through tears, "We have a government that is dedicated to destroying, not to constructing."

Another man, a farmer named Vladimir Sequera, who never got more than a sixth grade education but he hoped that his stepdaughter Gabriela could fulfill her dreams of being a lawyer – she now says, "Our whole future has been taken away." That future, for her and all Venezuelans, didn't magically disappear on its own. The Maduro regime's failed policies, oppression, and corruption stole that future.

The United States is helping to recover a brighter future for Venezuela. We're here to urge all nations to support the democratic aspirations of the Venezuelan people as they try to free themselves from former President Maduro's illegitimate mafia state.

The humanitarian situation demands action now; it demands action today. Today nine out of ten citizens live in poverty. Millions lack access to drinking water and food. Three out of four hospitals have been abandoned. Three million Venezuelans have been forced to flee their homeland thereby flooding the region and threatening international peace and security. Maduro's prisons are full of political prisoners unjustly behind bars and the graveyards hold dissidents and protesters that have been killed by this regime.

I want to talk to you about just one of them, a member of the city council of Caracas named Fernando Alban. Just four months ago he came here to this city to meet with the world's representatives who gather here every year during the United Nations General Assembly. He came here to speak about the failures of the Maduro regime and about his hopes for a more democratic and a more prosperous future for his country.

After that he went home. He went home to the country that he loved. Maduro's secret police arrested him at the airport as soon as he landed. He died in their custody three days later and the pathetic explanations for this death have convinced absolutely no one.

The time is now to support the Venezuelan people, to recognize the new democratic government led by interim President Guaido, and end this nightmare. No excuses.

The United States stands with the Venezuelan people. So far, many other nations have chosen to do the same and they too have recognized the legitimate government of interim President Guaido. The United States stands proudly with you as we stand together in support of Venezuela. You knew the Venezuelan people did not have a moment to spare.

And now it's time for every other nation to pick a side. No more delays, no more games. Either you stand with the forces of freedom or you're in league with Maduro and his mayhem.

Some countries have publicly taken former President Maduro's side. China, Russia, Syria, and Iran are just four of them. Just this morning we tried to find a way for this council to speak in one voice in support of the Venezuelan people and the democratic ideals through a presidential statement on this council, but our Russian and Chinese colleagues refused to let this move forward. It's not a surprise that those who rule without democracy in their own countries are trying to prop up Maduro while he is in dire straits.

Nor are these countries supporting international norms as they cynically claim. China and Russia are propping up a failed regime in hopes of recovering billions of dollars in ill-considered investments and assistance made over the years. This money was never intended to help the Venezuelan people, it lined the pockets of the Maduro regime, its cronies, and its benefactors.

But no regime has done more to sustain the nightmarish condition of the Venezuelan people than the regime in Havana. For years, Cuban security and intelligence thugs, invited into Venezuela by Maduro himself and those around him, have sustained this illegitimate rule. They have trained Maduro's security and intelligence henchmen in Cuba's own worst practices. Cuba's interior ministry even provides a former – provides former President Maduro's personal security. Members of this body often use their microphones here to condemn foreign interference in internal affairs. Let's be crystal clear: the foreign power meddling in Venezuela today is Cuba. Cuba has directly made matters worse and the United States and our partners are the true friends of the Venezuelan people.

On Wednesday, the Venezuelan people chose to take their country back on the anniversary of the day the dictator Marcos Jimenez Perez was forced out of power back in 1958.

We call for Venezuelans to work now together to peacefully restore the constitutional government and return the country to a secure, democratic, and prosperous path. As we read reports of peaceful Venezuelan protesters killed or wounded, we also repeat our insistence that Venezuela's security services show restraint.

And I want to be 100 percent clear: President Trump and I fully expect that our diplomats will continue to receive protections provided under the Vienna Convention. Do not test the United States on our resolve to protect our own people.

We hope that the international community will support the people of Venezuela and the transitional government led by Juan Guaido. On January 23rd, Guaido declared himself interim president of Venezuela in accordance with Venezuela's own constitution. He made this declaration with the full support of the National Assembly and of the Venezuelan people. Our nations must stand up for the rule of law and support the leader who the Venezuelan people have affirmed as their legitimate interim president. It is our hope that free and fair elections happen as soon as possible.

Back in 1961, President Kennedy spoke in Caracas. He declared, "We will be partners in building a better life for our people."

America's ambition has not changed since that day. We stand with the Venezuelan people as they seek to build a better life for themselves and we cannot ignore the suffering or tyranny taking place in this proud nation. Neither should other countries who care about freedom and prosperity.

Today we call on all members of the Security Council to support Venezuela's democratic transition and interim President Guaido's role in it. Thank you.

Elliot Abrams Appointment Will Impact U.S. Policy Towards Cuba- Increasing Financial Strains

January 26, 2019

Remarks

Michael R. Pompeo

Secretary of State

Press Briefing Room

Washington, DC

January 25, 2019

SECRETARY POMPEO: Good afternoon, everyone.

Today I am incredibly excited to announce that a seasoned, principled, and tough-minded foreign policy veteran is joining our State Department team.

Elliott Abrams is coming aboard to lead our efforts on Venezuela.

His critical work will get started right away. Tomorrow, he will travel with me to the UN Security Council, where the United States has called a long overdue meeting to urge other nations to support Venezuela's democratic transition.

Elliott's long career in foreign affairs includes a great deal of time as a senior leader in this very organization. Under President Reagan, he served as assistant secretary of state for human rights and humanitarian affairs and assistant secretary for inter-American affairs as well.

Under President George W. Bush, he served on the National Security Council as the senior director for democracy, human rights, and international affairs; senior director for North African and Near East affairs; and deputy national security adviser for global democracy strategy.

Elliott's passion for the rights and liberties of all peoples makes him a perfect fit and a valuable and timely addition. This week, the Venezuelan people have rejected former President Maduro's illegitimate rule. Consistent with Venezuela's constitution, and with the support of the Venezuelan people and the National Assembly, Juan Guaido has declared himself the interim president of Venezuela.

These are just the first steps on Venezuela's road to liberty. Elliott will be a true asset to our mission to help the Venezuelan people fully restore democracy and prosperity to their country.

On this issue and all others, he is eager to advance President Trump's agenda and promote the ideals and interests of the American people.

And now Elliott would like to say a few words.

MR ABRAMS: Thank you. Very briefly, I left this building 30 years ago this week, last time I worked here. So it's very nice to be back. This crisis in Venezuela is deep and difficult and dangerous, and I can't wait to get to work on it. Thank you.

SECRETARY POMPEO: Thanks.

MR PALLADINO: All right, guys, we've got time for a question or two. Nick Wadhams, Bloomberg, please.

QUESTION: Mr. Secretary.

SECRETARY POMPEO: Yes, sir.

QUESTION: Can you talk a little bit – in a little bit more detail about what Mr. Abrams will be doing, what will his first task be, what will his chief focus be, will he travel to the region? And also, can you talk a little bit about some of the – what will happen to Venezuela's overseas assets? For example, the gold that it has in the Bank of England, money it has in overseas accounts – will the expectation be that the interim president would have control over those funds?

SECRETARY POMPEO: Well, as to your first question, Elliott will have responsibility for all things related to our efforts to restore democracy in Venezuela. It's a global challenge. There are multiple dimensions to how we hope to assist the Venezuelans in achieving democracy there, and he will be responsible for leading that effort.

We have an enormous team here that's done truly remarkable work to date to get us to the point we are at today, and they've done this over certainly my eight months, but long preceding that as well. I'm incredibly proud of the work that our State Department team has done to date. Elliott will now lead our effort that relates directly to our efforts on behalf of the Venezuelan people.

I would expect, though, that his first task will be to get up to speed and then travel with me to New York tomorrow morning for the UN Security Council meeting. And after that, I couldn't tell you where it will take him. Wouldn't surprise me if he ends up traveling to the region, but what – the road ahead will be driven by the demands of the Venezuelan people and how we can assist them in achieving the outcome that America wants them to achieve.

QUESTION: And on the overseas assets?

SECRETARY POMPEO: On the overseas assets, we'll have announcements from other places later today talking about how it is that we anticipate the interim President Juan Guaido will have the resources he needs to lead the Government of Venezuela forward.

MR PALLADINO: Let's take a question from South America, so NTN. Gustau, please.

QUESTION: NTN 24, Gustau Alegret. Among the countries that has not recognized Juan Guaido as president are Mexico and Uruguay, and both countries has offered their diplomacies in order to help in the crisis. Is the U.S. thinking to work with them, or is the U.S. asking them to recognize Guaido? What's the position of the State Department with these two countries?

SECRETARY POMPEO: Well, we think every country ought to recognize the constitutional leader of Venezuela, and that's who the United States has concluded Juan Guaido is, the interim president of Venezuela. We think every country ought to recognize the Venezuelan constitution, the demands of the Venezuelan people.

So whether it is Mexico or Uruguay or any other country, we hope to work with them to achieve the sense that we can ultimately have a free and fair election in Venezuela, where the voices of the Venezuelan people who, under the Maduro regime, have been starved. Enormous medical and humanitarian situation in Colombia, more than a million refugees have fled the horrors of the Maduro regime. We'll work with all nations to try and achieve that outcome. We think every country ought to take steps towards achieving that, and not side with this cruel dictator in Venezuela who has caused so much devastation for the people of Venezuela.

MR PALLADINO: Wrap it up, sir?

SECRETARY POMPEO: I think one more.

MR PALLADINO: Let's go to *Washington Post*. Carol Morello.

QUESTION: Mr. Secretary, I think a lot of people are concerned about the diplomats who are down there. Would you tell us what you're prepared to do if tomorrow, when the 72-hour deadline passes, they – the Venezuelans cut off electricity and water, maybe even surround the building, or even try to go in to bring out the diplomats by force? Could you be specific about what you are prepared to do in the event of any of these scenarios? And how can you assure people that they are protected?

SECRETARY POMPEO: I appreciate that question. There's been no activity that's taken more of our time over the past days than ensuring the protection of all those folks that are under our chief of mission authority there in Venezuela. We're working diligently to make sure that they are protected. There's no higher priority for the Secretary of State, and you should know no higher priority for the President of the United States. We have discussed this at some length.

With respect to the way we will deliver that, we've made clear to everyone that it is our expectation that the U.S. officials that are there, that have now been invited to be there by interim President Juan Guaido have a right, they have the privileges and immunities that accrue to having been invited to be there by the duly credentialed leader of Venezuela, and we have every expectation that those rights will continue to be protected.

You would have seen today that we have ordered a – have an ordered departure. We're beginning to move some of our staff out. This is consistent with what the State Department does every day. The first briefing I get every morning is all around the world, every mission, every consulate, every facility where we have officers, I receive a briefing on risk and risk analysis. We'll continue to do that in Venezuela. It is literally a 24/7, moment-by-moment exercise to evaluate risk to the people who work for me in the State Department, and we'll get this right. We will make sure that we protect our folks on the ground and take all appropriate measures to ensure that they're protected.

Thank you.

QUESTION: And if they're not?

MR PALLADINO: Thank you guys.

SECRETARY POMPEO: Thank you all.

MR PALLADINO: Thank you very much.

QUESTION: Has the meeting tomorrow been scheduled at the Security Council?



[US Secretary Of State To OAS: Cuba Must Cease Supporting Venezuela](#)

[January 25, 2019](#)

Remarks

Michael R. Pompeo

Secretary of State

Organization of American States

Washington, DC

January 24, 2019

SECRETARY POMPEO: Thank you very much. The United States is a friend of Venezuela and of the Venezuelan people. We have watched Venezuelans suffer for far too long. We know what they know, that the tyranny of the now defunct Maduro regime has far too long – for far too long choked the country and its citizens.

Yesterday, in solidarity with the Venezuelan people, and out of respect for Venezuelan democracy, the United States proudly recognized National Assembly President Juan Guaido as the interim president of Venezuela. You've seen the statements from President Trump and from myself.

Many other countries, including a number of OAS states, have also recognized the interim president. We thank them for their support.

It's now time for the OAS as an institution as a whole to do the same. All OAS member states must align themselves with democracy and respect for the rule of law. All member states who have committed to uphold the Inter-American Democratic Charter must now recognize the interim president.

The time for debate is done. The regime of former president Nicolas Maduro is illegitimate. His regime is morally bankrupt, it's economically incompetent, and it is profoundly corrupt. It is undemocratic to the core. I repeat: The regime of former president Nicolas Maduro is illegitimate. We, therefore, consider all of its declarations and actions illegitimate and invalid.

In light of these facts, we call on Venezuelan security forces to ensure the protection of interim President Guaido's physical integrity and his safety. We've seen reports that a number of protesters were killed yesterday and that more than one hundred were arrested, so I reiterate our warning about any decision by remnant elements of the Maduro regime to use violence to repress the peaceful democratic transition.

The United States did not arrive at this conclusion overnight. We came to this conclusion after a long and bitter experience and following a considered assessment of the facts. And we're not alone. The OAS General Assembly has itself agreed to these facts. In June of last year, the OAS General Assembly declared the re-election of former president Maduro an invalid sham. This past January 10th, the OAS Permanent Council declared former president Maduro's second term illegitimate.

Venezuela's National Assembly became the only legitimate, duly and democratically elected body in the country. On January 23rd, National Assembly President Juan Guaido declared himself the interim president of Venezuela, pursuant to Article 333 and 350 of Venezuela's constitution. He made this declaration with the full support of the National Assembly and, most importantly, of the Venezuelan people.

In his public address, interim President Guaido also outlined the steps he plans to take to restore democracy to his country, including free, fair, transparent, and truly democratic elections.

The United States stands solidly behind him. We stand ready to support the efforts of the National Assembly, the Venezuelan people, and the interim president to restore democracy and respect for the rule of law in Venezuela.

We also stand ready to provide humanitarian assistance to the people of Venezuela as soon as logistically possible. Today, I am announcing that the United States is ready to provide more than \$20 million in humanitarian assistance to the people of Venezuela. These funds are to help them cope with the severe food and medicine shortages and other dire impacts of their country's political and economic crisis. Our announcement of aid is in response to a request from the National Assembly, led by the interim president.

As a friend of the Venezuelan people, we stand ready to help them even more, to help them begin the process of rebuilding their country and their economy from the destruction wrought by the criminally incompetent and illegitimate Maduro regime.

Our support for Venezuela's democratic hopes and dreams is in sharp contrast to the authoritarian regimes across the globe who have lined up to prop up former President Maduro. **And there is no regime which has aided and abetted Maduro's tyranny like the one in Havana. Maduro's illegitimate rule was for years sustained by an influx of Cuban security and intelligence officials. They schooled Venezuela's secret police in the dark arts of torture, repression, and citizen control. Maduro was a fine student at the Cuban academy of oppression.**

We call on the OAS and all its member states to act on basic, decent, democratic principles and the incontrovertible facts on the ground.

Each of us – each of us – must live up to our calling to promote and defend democracy, as expressed in the tenets of the Inter-American Democratic Charter, to which everyone in this chamber is a signatory.

And we call on all our partners and responsible OAS member states to show leadership and pledge support for Venezuela's democratic transition and for interim President Guaido's pivotal role in that.

We look forward to welcoming Venezuela back into the fold of responsible democratic nations and remaining in our inter-American community. We look forward to welcoming representation of the interim Venezuelan Government to the OAS at the earliest possible opportunity. And we look forward to working with all responsible OAS member states, with the Venezuelan people, our inter-American system, and with the interim government of President Guaido to restore democracy in Venezuela.

We – we each – have a critical opportunity to help the Venezuelan people live free once again. I ask my colleagues to reconvene a meeting of foreign ministers to continue our conversation on the peaceful democratic transition for Venezuela. History will remember whether we help them or not. The United States calls on all nations of the OAS to make the right choice and make that right choice right now. Thank you.

Governor Of Florida; Two Senators From Florida Have Formed A Formadable Obstacle

January 24, 2019

Comments From The Honorable Ron DeSantis (R), Governor of the State of Florida, after a meeting on 22 January 2019 with The Honorable Donald Trump, President of the United States to discuss topics including Venezuela and the Republic of Cuba. Also attending the meeting were two members of the United States Senate: The Honorable Marco Rubio (R- Florida) and The Honorable Rick Scott (R- Florida).

Senator Rubio: “Venezuela has a constitution. The guy who claims to be president now was not elected under that constitution and under their constitution, when there’s a vacancy in the presidency, the rightful president is the president of the national assembly, pending a new election. And we encouraged the president today to follow through with what he’s already declared, which is that Maduro is illegitimate. The next logical step is to recognize the president of the national assembly as the rightful president.”

Governor DeSantis: “With Cuba, now’s the time to put more pressure. Cuba is the cancer that leads to a lot of the problems that we see in Latin America. The president listened to our arguments about doing Title 3. I think that’s in the national security interest of the country. But I can also say as governor of Florida, that would be very resonant with the people in South Florida, particularly Miami.”



[U.S.-Cuba Trade and Economic Council, Inc.](#)

- [US Secretary Of State To OAS:](#)

<https://www.cubatrade.org/blog/2019/1/24/i8nya32exhb12r4u8ztt8rp6fhdf6b>

Robust Context Is Important For The Credibility Of Advocacy

January 20, 2019

On 17 January 2019, a Washington DC-based advocacy organization published information that should have included more robust context. The following includes information shared with organization:

Organization Published: “The 1992 Cuba Democracy Act (CDA) prohibits foreign subsidiaries of U.S. companies from trading with Cuba. It also establishes the “180-day rule,” which prevents vessels from loading and unloading freight in the U.S. if it has aided trade with Cuba in the past 180 days.”

Consider Adding: The Cuban Democracy Act (CDA) of 1992 also re-authorized the export of healthcare products (medical equipment, medical instruments, medical supplies and pharmaceuticals) from the United States to the Republic of Cuba and re-authorized the provision of telecommunications services. There are no restrictions as to payment terms. The United States Secretary of the Treasury may waive the 180-day restriction; and has done so on many occasions since 1992.

Organization Published: “The Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000 authorizes certain agricultural, pharmaceutical, and medical device exports to Cuba, but stipulates that these transactions must be paid for by cash in advance, effectively prohibiting private financing for exports to Cuba. It also restricts tourist travel to Cuba.”

Consider Adding: The Trade Sanctions Reform and Export Enhancement Act (TSREEA) of 2000 re-authorized the direct export of agricultural commodities and food products from the United States to the Republic of Cuba. To our knowledge, there are no “*certain*” agricultural commodities. We would be interested to learn the source for the information that you provided. The TSREEA was not the re-authorizing statute for healthcare products; the TSREEA changed nothing relating to the export of healthcare products. Healthcare product exports remain subject to the CDA of 1992. The TSREEA does not restrict tourist travel by individuals subject to United States jurisdiction to the Republic of Cuba; the statute prohibits such travel. Since the first exports under TSREEA of agricultural commodities from the United States to the Republic of Cuba in December 2001, the total value of agricultural commodity and food product exports exceed US\$5.8 billion on a cash-in-advance basis.

Organization published: “U.S. companies are thriving in Cuba despite the embargo’s remaining economic restrictions, including Airbnb, Marriott, five major U.S. airlines, Google, Expedia, Caterpillar, and Stonegate Bank.”

Consider Adding: We would suggest that the use of the word “*thriving*” is inaccurate. Marriott International (through a subsidiary) has one management contract and is expecting to commence another- three years after reporting that it would commence the second management contract. Caterpillar has not officially reported sales to Republic of Cuba government-operated entities or non-Republic of Cuba government-operated entities. The five major (American, Delta, Jet Blue, United and Southwest) airlines have, as a group, fewer flights today than when they commenced service; and load factors outside of Florida remain unstable; other airlines were authorized to commence services and did not do so. Some airlines commenced service and have discontinued service. Google donated equipment; the company has not reported any sales of equipment. Google has confirmed that its offers to provide country-wide Internet services has not been accepted. Stonegate Bank engages in some transactions using Panama-based Multibank in a triangular payment transfer process; and the Obama Administration did not simplify the process for Stonegate Bank to commence direct correspondent banking with the Republic of Cuba government-operated financial institution with whom Stonegate Bank has an

account; and the current owner of Stonegate Bank, Arkansas-based Home BancShares, has refused to discuss why it will not pursue a direct correspondent banking agreement. The government of the Republic of Cuba has thus far refused to authorize United States companies to directly export products to the registered self-employed in the Republic of Cuba; the Obama Administration authorized such transactions. The government of the Republic of Cuba has thus far refused access the Republic of Cuba marketplace by United States-based consumer retail and consumer service providers; there are many United States companies (including law firms, consultancies, accounting firms) who sought, but were refused authorization to establish offices in the Republic of Cuba.

[New Cuba Legislation Must Avoid Graveyard & Self-Inflicted Wounds; Seek Support From Four U.S. Senators](#)

[January 17, 2019](#)

The Curse Of The Legislative Graveyard

Why Pursue Self-inflicted Wounds

Challenge To Avoid Cuba = Venezuela + Nicaragua

An Amendment's Coming; Get In Front Of It

Senators Rubio, Menendez, Cruz & Scott

Home BancShares Mystery Is Achilles Heel

Exporters Need To Be Public

Financial Institutions Need To Be Public

There is an eighteen-year-old legislative graveyard filled with headstones of initiatives that were “*on the cusp*” of success.

But for one brief moment in eighteen years, those legislative initiatives whose fates have been preordained and with headstones engraved in advance absent the date of internment were focused one country: Republic of Cuba.

Perhaps during the first quarter of 2019, the goal once again will be to change United States law from requiring payment-of-cash-in-advance for exports to the Republic of Cuba to authorizing, but not requiring, exporters to extend payment terms and for financial institutions to provide financing/loans for exports to the Republic of Cuba.

The Honorable **Rick Crawford** (R- Arkansas 1st District) wants to avoid the fate of the cemetery. He can, but he and his supporters need to move past believing that they always have a “*pathway forward*” and reject those supporters who belittle whom Representative Crawford and his colleagues in the United States Congress will need if the legislative journey is to be successful; including within the Trump Administration.

Supporters also need to accept the reality of the legislative marketplace with respect to the Republic of Cuba—the country is itself a commodity and supporters and opponents will need to negotiate an acceptable price for legislation to become law.

Supporters will also need to have at the ready a response to: The government of the Republic of Cuba may not be blamed for weather. However, the government of the Republic of Cuba can be blamed for not investing (or permitting viable direct foreign investment) in infrastructure to lessen the impact of weather upon the country’s ability to produce agricultural commodities and food products.

How does Representative Crawford respond to the question from a colleague: *Why should the Republic of Cuba have access to payment terms and financing when rather than seek assistance from the Russian Federation to improve consumable infrastructure, it seeks a reported US\$50 million to finance the purchase of vehicles for use by the military? What predicts the government will repay its obligations as contracted when it focuses upon increasing the mobility of the military rather than increasing the mobility of farmers by importing US\$50 million in tractors? The government should be making a choice to lessen its focus upon the military.*”

And, the nearer (economically, commercially and politically) the Republic of Cuba is or is perceived to be to Venezuela, the easier will be a “*pathway forward*” for members of the United States Congress and for the Trump Administration to disengage from any legislative effort to change United States statutes.

Separating the Republic of Cuba from Venezuela and from Nicaragua will become increasingly challenging for Members of the United States Congress while becoming less problematic for the Trump Administration to maintain that connectivity due to actions deemed non-democratic by the respective governments as reported by media.

There is also the impact of the decision by the Trump Administration relating to the implementation of Title III of the 1996 **Libertad Act** (“Helms-Burton”). With some restrictions, Title III permits lawsuits in United States Federal Courts against those who are using (“*trafficking*”) an asset in the Republic of Cuba upon which compensation was not paid to the owner.

On 16 January 2019, for the first time, Title III of the Libertad Act was suspended for less than six (6) months- as every occupant of the Oval Office has done since the inception of the statute in 1996. Using forty-five (45) days rather than one hundred and eight days (180) presents a likelihood of an ominous commercial, economic and political landscape for the Republic of Cuba, European Union (EU)-member countries, members of the World Trade Organization (WTO) and members of the United Nations. Once again, the Trump Administration has used weaponized potentiality to create uncertainty and, thus anxiety. Precisely the intention.

“Secretary’s Determination of 45-Day Suspension under Title III of LIBERTAD Act- The Secretary of State reported on January 16, 2019, to the appropriate Congressional committees that, consistent with section 306(c)(2) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6021 - 6091) and the authority delegated to the Secretary by the President on January 31, 2013, the Secretary made a determination to suspend for forty-five days beyond February 1, 2019, the right to bring an action under Title III of the Act. This extension will permit us to conduct a careful review of the right to bring action under Title III in light of the national interests of the United States and efforts to expedite a transition to democracy in Cuba and include factors such as the Cuban regime’s brutal oppression of human rights and fundamental freedoms and its indefensible support for increasingly authoritarian and corrupt regimes in Venezuela and Nicaragua. We call upon the international community to strengthen efforts to hold the Cuban government accountable for 60 years of repression of its people. We encourage any person doing business in Cuba to reconsider whether they are trafficking in confiscated property and abetting this dictatorship.”

On 17 March 2019 or 18 March 2019, likely that a lawyer representing a client will be entering a Federal Court in Miami, Florida, Newark, New Jersey, and Tampa, Florida to file a lawsuit against someone- company or person.

There may be an opening for a mediation to resolve the certified claims; the private sector has shared a proposal with the Trump Administration:

<https://www.cubatrade.org/blog/2018/11/18/lojx6s6oe5epgonh6mub855d5ak143>

If Title III lawsuits are permitted, likely will be little legislative appetite to simultaneously promote legislation that will be deemed by detractors as beneficial to the government of the Republic of Cuba rather than pressure the government of the Republic of Cuba to resolve the certified claims.

Lack Of Details From Exporters

There is no lack of support for legislation from organizations. However, some organizations (and their members) refuse to take positions with respect to specific components of legislation and regulations relating to the transaction process. For example, providing payment terms, providing financing, and implementing Direct Correspondent Banking Agreements (DCBA).

There is a lack of credibility when an organization supports legislation yet none of the members of the organization will support the legislation by specifically sharing how they would use the legislation if it became law.

There is a lack of support by individual exporters- and having those exporters be specific as to how they would use the proposed legislation if that legislation became law.

The lack of public support from specific exporting companies stating on-the-record (at hearings, in media releases, etc.) that they would today provide payment terms- and what those payment terms would be, to Republic of Cuba government-operated entities is harmful to any legislative effort.

Will the exporter provide financing based upon the credit report provided by Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (**Alimport**), under the auspice of the Ministry of Foreign Trade of Cuba (MINCEX)?

Alimport has received up to two years to make payment for rice imported from Vietnam; and Alimport (and all Republic of Cuba government-operated entities) generally seek a minimum of 180-days with a preference for 360-days to make payment for imports.

Important to note that in 1999 and 2000, United States exporters opposed including a provision within the Trade Sanctions Reform and Export Enhancement Act (**TSREEA**) that would authorize payment terms for agricultural commodity and food product exports from the United States to the Republic of Cuba.

There were two reasons: **First**, United States exporters believed that if payment terms were authorized in the TSREEA, the first delay or default by any Republic of Cuba government-operated entity reported by the media would be disastrous for all exporters- and would likely result in an immediate halt of payment terms; and members of the United States Congress would have a choir of recrimination singing "*I Told You So.*" **Second**, although the lack of payment terms might result in less revenues from exports to the Republic of Cuba, there would be no risk to United States exporters or to the Republic of Cuba; and the Republic of Cuba could be presented (and it has been for eighteen years) to naysayers as the "*safest export market in the world for United States companies.*" Absent payment terms, the Republic of Cuba would be required to make purchases from the United States based upon quality of product and time of delivery for product along with whether such purchases would influence the political process in the United States.

After eighteen (18) years of payment-of-cash-in-advance for purchases, the Republic of Cuba could make a legitimate argument that authorizing payment terms, even with limited "*toe-in-the-water*" transactions, would be reasonable.

Philosophically, United States companies believe that their owners and managers should determine credit worthiness of a potential customer rather than the United States government.

Lack Of Details From Financial Institutions

There continues to be a lack of public support from financial institutions stating on-the-record (at hearings, in media releases, etc.) that they would today provide loans to Republic of Cuba government-operated entities based upon the credit profiles of those entities.

Would today Greenwich Village, Colorado-based **CoBank** or New York, New York-based **J.P. Morgan Chase & Co.** provide financing to United States companies who seek to export agricultural commodities and food products to the Republic of Cuba? Will CoBank or J.P. Morgan Chase & Co. provide financing based upon the financial statements provided by Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (**Alimport**), under the auspice of the Ministry of Foreign Trade of Cuba (**MINCEX**)? Will Alimport provide financial statements? Will Republic of Cuba government-operated financial institutions provide financial statements?

For perspective, review an article referencing a 14 September 2016 hearing before the Committee on Agriculture of the United States House of Representatives. Significant to note that the individual quoted in an exchange with Representative Crawford is now Senior Director for Western Hemisphere Affairs at the National Security Council (**NSC**) in The White House:

<https://www.cubatrade.org/blog/2016/9/17/from-inside-us-trade-lawmaker-pledges-to-push-ahead-on-cuba-trade-bill-after-house-hearing?rq=cobank>

When New York, New York-based **The Trump Organization** transfers funds to the United States from one of the seven countries which host four of its hotels and seven of its golf clubs, The Trump Organization does not use a third country; it uses a straight line- a financial institution electronically transfers the funds from Canada, Dubai, Indonesia, Ireland or the United Kingdom to New York City. The Trump Organization does not want to waste time or waste money. The Trump Organization uses financial institutions with direct correspondent banking accounts.

One United States-based financial institution has a partial DCBA with Republic of Cuba government-operated Banco Internacional de Comercio SA (**BICSA**), a member of Republic of Cuba government-operated Grupo Nuevo Banca SA, created by Corporate Charter No. 49 on 29 October 1993 and commenced operation on 3 January 1994.

However, because BICSA does not have an account with the United States-based financial institution, a fully-operational direct correspondent relationship does not exist, and a multi-country triangular payment process continues- financial institutions in third countries have received fees on more than US\$5.8 billion in transactions during the last eighteen years.

In 2015, the Office of Foreign Assets Control (**OFAC**) of the United States Department of the Treasury authorized Pompano Beach, Florida-based **Stonegate Bank** (2017 assets approximately US\$2.9 billion) to have an account with BICSA. Stonegate Bank provides commercial operating accounts for the Embassy of the Republic of Cuba in Washington, DC and the Permanent Mission of the Republic of Cuba to the United Nations in New York City; the financial institution also handles other types of OFAC-authorized transactions.

In September 2017, Stonegate Bank was purchased by Conway, Arkansas-based **Home BancShares** (2018 assets approximately US\$14 billion) through its Centennial Bank subsidiary.

The Obama Administration did not authorize BICSA under a general OFAC license or reportedly in the OFAC license issued to Stonegate Bank for it to have an account with Stonegate Bank, so Stonegate Bank has processed some transactions through **Panama City, Panama-based Multibank**, which has dealings with the Republic of Cuba.

One signature from Ms. **Andrea Gacki**, Director of the OFAC, can permit two-way direct correspondent transactions rather than the three-way transaction process that has existed for seventeen years.

The augmentation of the OFAC license would be consistent with the export-focused mandates from the Trump Administration to the United States Department of Agriculture (**USDA**) and United States Department of Commerce (**USDOC**).

Previously, officials within the OFAC and United States Department of State shared that if a license application were submitted, the license application would likely be approved.

That license would immediately benefit United States agricultural commodity and food product exporters from the first transaction- United States exporters will get paid more transparently, safer, faster and with less cost for each payment they receive from the Republic of Cuba.

Ports in **Alabama, Florida, Georgia, Louisiana, Mississippi, Texas and Virginia** would also benefit by a more efficient transaction process and vessel departure schedule as United States exporters would have confirmation of payment delivery in a more consistent manner- paperwork delays would be fewer due to not having to await documentation from outside of the United States.

To date, Home BancShares has refused to disclose the reason(s) it has not sought authorization from the OFAC for BICSA to have an account with Home BancShares- which is also an “*Achilles heel*” for any legislation in the United States Congress relating to changing TSREEA payment terms from cash-in-advance to authorizing payment terms and financing for agricultural commodity and food product transactions with the Republic of Cuba.

If each financial institution had an account with the other, the implementation of direct correspondent banking services would be operable- meaning that third-country financial institutions would no longer receive a commission for each United States-Republic of Cuba transaction. *Direct correspondent banking saves money, saves time, is more transparent, and more safe.*

Ironically, the four (4) members of the House of Representatives and two (2) members of the United States Senate from Arkansas (exporter of poultry, rice, etc.) have not demonstrated an interest in public engagement with Home BancShares to implement DCBA.

Amendment Is Coming; Accept It Early

Any proposed legislation to authorize payment terms and financing for exports of agricultural commodities and food products from the United States to the Republic of Cuba should include a prohibition provision relating to the Revolutionary Armed Forces of the Republic of Cuba (**FAR**) because The Honorable **Marco Rubio** (R- Florida), The Honorable **Robert Menendez** (D- New Jersey) and The Honorable **Ted Cruz** (R- Texas), each of Cuban descent, along with The Honorable **Rick Scott** (R- Florida) will seek to add, and succeed in adding an amendment to any legislation.

If advocates believe that they can “*roll*” these four members of the United States Senate, they are delusional. The most effective strategy is to negotiate early rather than risk an amendment, secondary amendment or “*killer amendment*.”

The Republic of Cuba-related provision within the recently-enacted *Farm Bill* became law, somewhat ironically, because of one (1) United States Senator representing the State of Florida- who initially opposed the provision, but supported the provision when language was added which prohibited the use of United States taxpayer funds with entities in the Republic of Cuba controlled by the military. The United States business community did not oppose that prohibition.

The *Farm Bill* includes a provision authorizing the use in the Republic of Cuba of funding from the United States Department of Agriculture (USDA) for Market Access Program (**MAP**) and Foreign Market Development (**FMD**).

The provision in the *Farm Bill* was co-authored by two members of the United States Senate: The Honorable **Heidi Heitkamp** (D- ND), who lost her 2018 re-election, and Senator Rubio.

Senator Heitkamp agreed to include language submitted by Senator Rubio that would prohibit MAP and FMD funding to be used with Republic of Cuba entities that are controlled by the FAR, consistent with policies of the Trump Administration.

The specific language: “(d) Cuba. — Notwithstanding section 908 of the Trade Sanctions Reform and Export Enhancement Act of 2000 (22 U.S.C. 7207) or any other provision of law, funds made available under this section may be used to carry out the programs authorized under sections 222 and 223 in Cuba. Funds may not be used as described in the previous sentence in contravention with directives set forth under the National Security Presidential Memorandum entitled ‘Strengthening the Policy of the United States Toward Cuba’ issued by the President on June 16, 2017, during the period in which that memorandum is in effect.

Current Statistics

United States agricultural commodity and food product exports to the Republic of Cuba continue to decline; **16.1%** thus far in 2018 compared to the same period in 2017- and have done so when commodity inventories have been high, commodity prices have been low and there would have been political value in purchases during a time of pain for United States farmers. Healthcare product exports have also declined; **44.1%** thus far in 2018 compared to the same period in 2017.

Trade Sanctions Reform and Export Enhancement Act of 2000 (**TSREEA**) exports (agricultural commodities and food products) since first use by the Republic of Cuba in December 2001 are **US\$5,849,925,838.00** through October 2018 (data for November 2018 delayed due to the inability of the United States government to publish export data): **Clinton** Administration: US\$0.00. **Bush** Administration: US\$2,697,501,426.00. **Obama** Administration: US\$2,700,145,225.00. **Trump** Administration: US\$452,279,187.00. TSREEA requires that payments be made on a cash-in-advance basis; no other payment terms are permitted.

[LINK](#) To Complete Analysis (including reference article) In PDF Format

Article For Reference

<https://www.cubatrade.org/blog/2016/9/17/from-inside-us-trade-lawmaker-pledges-to-push-ahead-on-cuba-trade-bill-after-house-hearing?rq=cobank>

Inside US Trade

Arlington, VA

14 September 2016

Lawmaker Pledges To Push Ahead On Cuba Trade Bill After House Hearing

A Republican lawmaker from Arkansas will continue to push forward on his bill allowing private companies to extend credit to Cuba to purchase U.S. agricultural products following a Sept. 14 House Agriculture Committee hearing on trade with that country.

Rep. Rick Crawford indicated during the hearing on trade with Cuba that he is willing to meet with opponents to discuss changes to a bill allowing the issuing of private credit to Cuba to purchase agricultural products from the United States. A staffer in Crawford's office said he's hopeful there's enough support to move the bill during a potential lame-duck session later this year, but added the congressman will offer the bill again next year if it fails to get a vote this year.

The hearing comes after Crawford was promised a path forward for his bill in exchange for not proposing it as an amendment to a House financial services appropriations bill in July. That promise included a committee markup for the stand-alone bill.

Members raised several issues with Crawford's bill, H.R. 3687, including that private money from the U.S. will go to the Castro brothers or the Cuban military; that U.S. agricultural products will be traded through ports and property seized from American companies by the Cuban government; and that the U.S. will not see enough economic concessions in return for easing the embargo.

Agriculture Committee Chairman Michael Conaway (R-TX) and ranking member Collin Peterson (D-MN) both said they support the legislation. A handful of other members, both Republicans and Democrats, either specifically said they back Crawford's bill, or want their states' agricultural industries to have improved access to Cuba.

Rep. Steve King (R-IA) was one of the most vocal opponents to the legislation on the committee, saying the bill does not create new demand for U.S. products, and instead the U.S. would supplant imports from another market. Critics also said the bill only shifts existing U.S. exports from one market to another.

Crawford indicated he is willing to work with opponents of his bill to try strike a compromise on the language.

During an exchange with witness Mauricio Claver-Carone, executive director of Cuba Democracy Advocates, Crawford asked if the anti-Castro activist was willing to continue discussing the legislation outside the hearing. Claver-Carone said he would be open to such discussions and reiterated that he believes the bill needs stronger language ensuring private credit does not end up in the hands of the Castro government, and is instead issued to private citizens and business.

Such a policy would force Cuba to make significant economic changes, especially since all imports currently go through Alimport, a government-owned entity, and not through private companies.

“With all the sincerity, would you be willing to continue the dialogue to bring this to the satisfaction to the folks in south Florida? If we can do that, we can move forward to reaching an agreement,” Crawford said.

Claver-Carone cautioned the committee against voting for the bill in response to a drastic decrease in U.S. agricultural exports to Cuba since 2009. While several nations including China, Korea and Brazil allow the extension of credit that is backed by their respective governments, which gives their agricultural industries an advantage over the U.S., he added Cuba has a history of trying to influence foreign lawmakers through spending and changing its import practices to target specific congressional districts or industries. He added Cuba also has a history of failing to pay its bills on time.

If the U.S. does scale back elements of its existing trade embargo, Claver-Carone said, it needs to see concrete changes in Cuban policies, such as lifting a current prohibition on U.S. companies working directly with privately owned businesses.

“The Castro regime does not allow that currently,” Claver-Carone said. “We want to encourage that -- private ownership. If Congress sent that message to the regime, 'please allow your people to be independent

entrepreneurs, have property rights and to trade freely with the United States'... if we were going to export our principles, we should do it under the conditions and terms that are consistent with those principles.”

A key question that was not answered during the hearing is whether private export companies or banks are willing to extend credit to Cuba.

Witness Karen Lowe, senior vice president and agriculture export finance division head at CoBank ACB, a company that provides agriculture credit, said anyone issuing credit will want to know whether they are working with Alimport or another entity. U.S. companies will also want more access to financial and credit information, especially because any credit issued will not be backed by the U.S. government.

That is a key difference between the U.S. and other governments, Lowe pointed out. Other governments have backed the credit their private industries extended to Cuba.

“In the very short-term, the impact this bill has will be somewhat limited, but it does create a level playing field,” Lowe said. “More things need to happen -- particularly with the credit worthiness of the importing agency in Cuba.”

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a group that analyzes U.S.-Cuban policies, said nothing new came out of the hearing regarding U.S.-Cuban relations. Kavulich maintained his position that lawmakers are wasting their time focusing on Crawford's bill, especially since no legislation on Cuba has passed in nearly 16 years. House Speaker Paul Ryan (R-WI) and key members of the Senate have also opposed easing the embargo.

Instead, Kavulich said more pressure should be directed at the Obama administration to issue changes to the embargo as President Obama prepares to leave office in January, especially since Cuba will be a low priority under a new administration.

It will also be easier for lawmakers to wait until 2018, when Raul Castro is expected to step down from power, in order to build support for any Cuba-centric legislation. Current law limits what can be done under the embargo as long as the Castros remain in power.

“For many members of Congress, there are only two people that live on that 800-mile-long archipelago, and they're both named Castro,” Kavulich said, referring to brothers Raul and Fidel Castro, who have run the one-party communist state for decades. “That makes it easier for some members of Congress who are just vehemently opposed to what the Castros stand for, to help 11.3 million people whose names are not Castro.” - Nate Robson



[U.S.-Cuba Trade and Economic Council, Inc.](http://www.cubatrade.org)

<https://www.cubatrade.org/blog/2019/1/16/tycnjvuoqxfr7zf7izzrh09wfd7ach>