¿PLUS ÇA CHANGE IN CUBA?
THE MORE THINGS CHANGE IN CUBA’S EXTERNAL RELATIONS,
THE MORE THEY REMAIN THE SAME IN ITS DOMESTIC POLITICS

As Cuba’s foreign relations undergo epoch-making change, and following President Barack Obama’s historic visit to the island in March, Havana circles the wagons of state doubling down on political centralization under Raúl Castro and los históricos.

By Armando Chaguaceda and Ted A. Henken
¿Plus Ça Change in Cuba?

The Center for the Opening and Development of Latin America (CADAL) is a non-profit, non-partisan, private foundation based in Buenos Aires since February 26th, 2003 with the mission of promoting democratic values; observing the political, economic and institutional performance; and make public policy proposals that contribute to good government and people’s wellbeing.

Puente Democrático is a program of CADAL dedicated to the promotion of international democratic solidarity and to advocate in the adoption of an active foreign policy in the defense of human rights.

CADAL is member of the Network of Democracy Research Institutes (NDRI) and the International Coalition to Stop Crimes against Humanity in North Korea (ICNK). It is an Associated Institute of Democratic Platform Project and it is registered as a Civil Society Organization at the Organization of American States (OAS).

CADAL has a Board, and Executive Committee, an Academic Council, a Consultative Council and a Business Council. Among its members and external collaborators CADAL has a group of analysts, associated researchers, interns, voluntaries and fellows.

Armando Chaguaceda

Ted A. Henken
Associate Professor of Sociology with a joint appointment in the Department of Black and Latino Studies at Baruch College, City University of New York. PhD in Latin American Studies from Tulane University. President ex-officio of the Association for the Study of the Cuban Economy (ASCE, 2014-2016) after serving as President of ASCE from 2012-2014. Frequently interviewed by leading international newspapers and media outlets on Cuba, including The New York Times, CNN, The Wall Street Journal, USA Today, Time Magazine, the AP, Reuters, and NPR. He has also served as a consultant on Cuba for the White House, the U.S. Department of State, the IMF, the Mexican Foreign Ministry, Freedom House, Human Rights Watch, CNBC, and The Boston Red Sox.

Index

Cuba’s Changing International Relations: The EU, Venezuela, Russia, and China ........................................ 3
Epoch-Making Changes in U.S.-Cuban Relations: “17-D” and its Aftermath ........................................ 4
Obama’s “Honeyed Words” to the Cuban People.......................................................... 6
Havana’s Harsh Reply at the Seventh Party Congress .......................................................... 8
Engaging Cuba: Between Sovereignty and Solidarity .......................................................... 8
n the 16 months since the momentous announcement on December 17, 2014 that the U.S. and Cuba would begin “normalizing” their historically antagonistic relationship, the Cuban government has enjoyed great diplomatic success in deepening its global insertion and improving its international relations with friends and foes alike. These geopolitical strategies have been motivated by two overriding goals. First, the government has sought greater foreign investment and credit (along with sorely needed debt forgiveness) to fuel its reformed state enterprise sector and to facilitate the further growth of the newly unleashed entrepreneurial and cooperative sectors of its economy. Second, with the staunch support of its many African, Latin American, Asian, and post-Soviet allies, Cuba has aimed at burnishing its international legitimacy in a diverse array of international forums (such as the United Nations and the Community of Latin American and Caribbean States, CELAC) so as to further neutralize its Western critics (the U.S., some members of the European Union, and an increasingly vocal group of Latin American intellectuals1) who have emphasized the island’s continued internal deficiencies in democratic governance and human rights.

Here, we review four specific relationships of particular relevance for Cuba’s global insertion: the European Union, Venezuela, Russia, and China. Then, we analyze the emerging new “normal” of U.S.-Cuban relations as they have unfolded between “17-D” (December 17, 2014) insertion: the European Union, Venezuela, Russia, and China. Then, we analyze the emerging new “normal” of U.S.-Cuban relations as they have unfolded between “17-D” (December 17, 2014)2, the visit of President Obama to the island in late-March 2016, and the just concluded Seventh Congress of the Cuban Communist Party. In doing this, we trace an ongoing effort by the Cuban government under Raúl Castro to remake its foreign relations and re vamp its internal economic model so as to avoid having to make any fundamental changes in the island’s authoritarian political structure.

Cuba’s Changing International Relations: The EU, Venezuela, Russia, and China

Starting in April 2014, Cuba began a process of political dialogue with the European Union aimed at removing the EU’s so-called “Common Position” and achieving a new bilateral cooperation agreement. So far, Havana and Brussels have held six rounds of talks alternating between the respective cities (April 29-30, 2014; August 7-8, 2014; March 4-5, 2015; June 15-16, 2015; September 9-10, 2015; and December 1-2, 2015). Although Cuba has signed bilateral accords with 19 member states of the E.U. since 2008, the formal lifting of the “Common Position” – the EU’s conditioning of full economic relations with Havana on an improvement of human rights in the wake of the arrests and summary sentences of 75 dissidents during 2003’s “black spring” – would begin a new stage in the bilateral relationship. Thus, Cuba remains the only Latin American country with which the EU lacks a bilateral agreement, even as it is Cuba’s largest source of foreign investment, second most important trading partner, and its third largest source of tourists after Canada and Latin America. An agreement reached with the EU in March 2016 commits both sides to continue their dialogue over areas where significant differences persist, such as human rights, making the elimination of the EU’s “Common Position” contingent on the agreement of all 28 member states.

The restoration of diplomatic relations between Cuba and the U.S. announced to the world on December 17, 2016, after a half-century of political acrimony, apparently took Venezuela by surprise and triggered a series of confused reactions from Caracas. These reactions indicated that the Venezuelan government had not been kept in the loop by Havana about the secret negotiations that had been taking place with Washington since the spring of 2013. Nevertheless, during 2015 and 2016 reiterated public statements and numerous bilateral accords between the anti-imperialist allies have underlined their strategic geopolitical and economic partnership. For its part, Cuba fears what the severe economic and polit-

2. Given the transcendental importance of the December 17 date for Cubans on the island, many have taken to referring to it with the Spanish shorthand term: “diecisiete-D.”
cal crisis of its biggest regional ally might mean for its domestic stability given the level of its economic dependency on Venezuela. For example, in 2010 trade between them amounted to almost 12 billion Euros, the equivalent of 21% of Cuban GDP.

On the other hand, Venezuela relies heavily on tens of thousands of Cuban medical professionals to operate “Barrio Adentro” (a much admired health care outreach program for poor urban and isolated rural communities). Moreover, apart from the essential support of the Venezuelan military, continued assistance from Cuban security advisors and spy masters has been key to the preservation the embattled government of Nicolás Maduro against the growing popular appeal and electoral progress of the opposition. In line with this, on October 29, 2015, President Maduro announced the 2015-2030 Cuba-Venezuela Cooperation Plan. Then, on March 18-19, 2016 –just two days before President Obama’s historic visit to the island– Maduro returned to Havana where he met privately with both Raúl and Fidel Castro. During his brief visit, he was publicly awarded the Order of José Martí, the highest honor the Cuban government can bestow on a foreign national. As if to leave no doubt as to the solidity of their alliance, on April 4 the two governments renewed their Comprehensive Cooperation Agreement for 2016, which includes investments of more than $1.4 billion in ten different fields of collaboration.

Cuba’s ties with Russia have deepened together with Moscow’s renewed prominence on the international stage and its increased antagonism with the West. In 2014, Russia wrote off 90% of Cuba’s outstanding debt to the former Soviet Union (valued at more than $35 billion) and announced the expansion of its investment in and collaboration with the island. In April 2015, Prime Minister Dmitry Medvedev and Defense Minister Sergei Shoigu met with the vice president of the Cuban Council of Ministers Ricardo Cabrisas, sending the signal that Cuba remains one of Russia’s most important allies in the Western Hemisphere and committing to continue supplying the island with modern military equipment. Driving the point home, on May 9, 2015, Raúl Castro was on hand in Moscow’s Red Square for the military parade that marked the 70th anniversary of the Soviet victory in the “Great Patriotic War” (World War II). Thereafter, Russia and Cuba signed six cooperation agreements in the areas of energy, finance, steel, and pharmaceuticals.

Another important area of international expansion are in Cuba’s growing economic links with China. On September 4, 2015, visit to Beijing, First Vice President Miguel Díaz Canel emphasized the importance of a continued political alliance between the two countries’ ruling Communist parties. Exemplifying the depth of this relationship, on October 30, 2015, Cuba announced that bilateral trade between the two countries had reached nearly $1.6 billion only since the beginning of that year, of which the vast majority ($1.3 billion) were Chinese exports to Cuba. Finally, in March 2016 perhaps as a way to tamp down expectations that Cuba respond favorably to the Obama administration’s (and Google’s) offer of collaboration and investment in Cuban telecommunications and information technology (IT) expansion and upgrading, Cuba announced the expansion of cooperation with China in the industrial sector and IT.

**Epoch-Making Changes in U.S.-Cuban Relations: “17-D” and its Aftermath**

In a geopolitical shift of truly historic proportions, the announcement by Presidents Barack Obama and Raúl Castro on December 17, 2014 that the two former antagonists would soon reestablish diplomatic relations set in motion an unprecedented chain of events that began on that very day. As William LeOGrande and Peter Kornbluh report in the new epilogue to their groundbreaking history of U.S.-Cuba negotiations, *Back Channel to Cuba*, before either president began speaking, each had confirmed the simultaneous release of three Cuban intelligence agents (Gerardo Hernández, Antonio Guerrero, and Ramón Labañino) from American prison and the liberation of U.S. contractor Alan Gross from Cuban custody. However, owing to Washington’s desire to avoid any perception of “equivalency” between the Cuban agents and the American contractor, the “deal” only became possible when Cuba agreed to release Cuban CIA operative Rolando Sarraff Trujillo as well. Thus, while often described by the press as the necessary “prisoner swap” that paved the way to the reestablishment of diplomatic relations, the resolution of this issue was only possible after each side
accepted the other’s claim of “unilateralism.” That is, the releases were understood to be sovereign decisions of each country, not reciprocal actions conditioned by an expected response from the other side.

This fundamental if often overlooked principle has continued to guide the unfolding bilateral relationship between the two nations in subsequent months (and made the Obama administration the target of domestic criticism for getting a bad “deal” from Cuba): movements by one side should not be understood to require concessions from the other. LeoGrande and Kornbluh make this lesson explicit in their evaluation of how Obama successfully broke with past U.S. policy that demanded reciprocity from the Cuban government.

“Unlike his predecessors, Obama took immediate, unilateral steps to normalize relations – without the preconditions his predecessors had demanded of the Cuban government, and without the incremental quid-pro-quo approach that had repeatedly failed in the past ” (2015: 420-421).

Indeed, there is an inherent asymmetry in the fact that existing U.S. sanctions are aimed at Cuba, while Cuba has no sanctions of its own against the U.S. – save perhaps outstanding property claims that date from the early 1960s. Havana “sanctions” –if we can call them that– are against its own citizens. Thus, the Cuban government’s demands that the U.S. lift its sanctions, cannot in the minds of Cuba’s leaders be equivalent to or contingent upon U.S. demands that Cuba change the island’s internal political structure. This imbalance is one of the many reasons why the Cuban government has always insisted on separating its bilateral relations with the U.S. from what it sees as its internal “sovereign” affairs, including the civil liberties and political freedoms that the U.S. claims its citizens lack.

Following closely on the heels of 17-D, January 2015 saw a major Congressional delegation to the island led by Senators Patrick Leahy (D-VT) and Jeff Flake (R-NV), perhaps the two most pioneering American members of Congress to challenge the conventional wisdom of the embargo (and lobby the administration for the prisoner releases the previous December). This was followed by an ongoing series of bilateral diplomatic negotiations between the two countries, including face-to-face meetings between Presidents Obama and Castro at the Summit of the Americas in Panama in April 2015 and at the UN General Assembly in September. The months between the Summit and the UN gathering saw Obama remove Cuba from the list of state sponsors of terrorism and the official reestablishment of diplomatic relations on July 20, which included the reopening of embassies in the nations’ respective capitals.

Apart from this ongoing bilateral diplomatic engagement, during the past 16 months the Obama administration made five separate announcements, which have together included as many as 20 key regulatory reforms aimed at facilitating trade, expanding telecom access on the island, deepening a wide range of people-to-people contacts, and neutralizing the effectiveness of the embargo. In the realm of travel and transportation, Obama removed all remaining restrictions on the amount of remittances and the frequency of family visits of Cuban-Americans to the island. He eliminated the need for non-Cubans to apply for specific licenses from the Treasury Department prior to travel to Cuba, replacing that time-consuming and bureaucratic process with a general license for all “self-certified” travelers under 12 specific categories. Indeed, just before visiting Cuba himself accompanied by his family, Obama eliminated the need for U.S. travelers to arrange their visits through costly package tours, allowing them to make independent trips with the aim of facilitating the “people-to-people” engagement that underlies his new policy.

Additionally, Obama expanded the “suitcase commerce” import limit on U.S. travelers, now allowing them to return from the island with Cuban merchandise valued at $400 (up from $100), including tobacco and alcohol. He also facilitated the ability of Airbnb and other such Internet-based travel start-ups to serve travelers from around the world in reserving and paying for private lodging in Cuba (a service previously restricted to U.S. travelers only). Finally, he reached an agreement with the Cuban government to reestablish regularly scheduled commercial flights between the two countries and –after removing Cuba from the list of countries with inadequate port security– authorized U.S.-based cruise and ferry companies to serve Cuban ports of call. This final agreement to allow cruise ships to travel...
between the U.S. and Cuba was nearly derailed by a little-known Cuban rule aimed at preventing maritime exile raids that barred Cuban-born residents of the U.S. to disembark on the island. In a surprise reversal quietly requested by Carnival Cruise Lines and loudly demanded by the Cuban-American community, the Cuban government rescinded the outdated rule opening the way for the arrival of American cruise ships in May 2016.

In the financial and communications realms, the most significant change has been the elimination of the past prohibition against so-called “U-turn” transactions – the ability of Cuban nationals and financial institutions (including Cuban government ones) to carry out business with third country entities in U.S. dollars using American banks as intermediaries. (This change on the U.S. side caused to Cuba to reciprocate by announcing the imminent removal of the longstanding 10% penalty on changing U.S. dollars to convertible Cuban pesos.) Additionally, Cuban nationals can now open U.S. bank accounts, use them to send remittances home, and even earn salaries in the U.S. without first having to initiate a process of immigration as had been the case previously. However, this is conditioned on the premise that they not be required to pay an additional income tax on those earnings in Cuba. The limit on cash transfers of U.S. nationals to Cuba was also raised from $500 to $2,000 every three months. Finally, direct mail service between the U.S. and Cuba was restored just hours before Air Force One touched down at José Martí International Airport in Havana.

Obama also expanded the list of U.S. products that can be exported to Cuba beyond food and medicines, now to include construction materials, spare parts for certain machinery, and telecommunications equipment, software, and related tech services. In most cases, however, these new exports must be destined for the expanding non-state sector on the island. Given the Cuban government’s long-time monopoly on foreign trade, it remains to be seen whether it would even allow Cuba’s private sector to independently import such items or export its own products and services to the U.S. In early 2016, both governments gave approval to the Alabama based company Cleber for the construction of the first U.S. factory in Cuba since the start of the Revolution in 1959. It will produce small tractors at the newly inaugurated Mariel Special Economic Zone under the brand name Oggún – the Afro-Cuban god of iron – which will be marketed to private farmers and agricultural cooperatives.

**Obama’s “Honeyed Words” to the Cuban People**

Of course, all the above diplomatic and regulatory activity culminated in Barack Obama’s visit to Cuba on March 20-22, 2016, the first by a sitting American president in almost 90 years. But more importantly, as Alma Guillermo Prieto reminds us, it is the first visit since the triumph of the Cuban Revolution brought the Castros to power in 1959 and the first since the U.S. “imposed fifty years of diplomatic and commercial isolation on an island with a population of eleven million.” During the trip, President Obama explicitly recognized Cuban sovereignty, swore off any intention to impose regime change on the island, and reiterated his call – so far without success – for the U.S. Congress to lift the embargo. Indeed, what was truly breathtaking about the visit – apart from the fact that it took place all – is the fact that an American president traveled to Cuba with the Castros still in power and while the U.S. embargo is still in place. On the one hand, this was made possible by Obama’s determination to normalize relations with the Cuban government (with or without the Castro brothers at the helm) and deepen engagement with the Cuban people, “bury[ing] the last remnant of the Cold War in the Americas,” as he famously declared at the start of his Havana speech. On the other hand, and quite ironically, the fact that 1996’s Helms-Burton Law transferred authority over the embargo from the president to Congress has freed Obama from any responsibility for it – likely one of the reasons Raúl Castro invited him to visit in the first place.

During Obama’s historic speech to the Cuban people on the morning of March 22, he also addressed President Raúl Castro directly assuring him that

---

just as he need not fear any threat from the U.S., he also “need not fear the different voices of the Cuban people – and their capacity to speak, and assemble, and vote for their leaders.” Directly following the speech (and just before attending an exhibition baseball game in the company of his family and Raúl Castro), Obama also met privately with a diverse group of independent civil society activists, including leading dissidents like Manuel Cuesta Morua, Miriam Lieva, and Larița Diversent, who support his new policy of engagement and others like Antônio Rodiles and Berta Soler who have publicity criticized it. Significantly, Obama is the first foreign head of state to legitimize Cuba’s internal opposition by arranging such a meeting. And though the meeting was held behind closed doors and off the record, the press was briefly invited in at the start to lend a bit of Obama’s credibility and the protection that comes with such global publicity to the island’s top democracy and human rights activists.

By all accounts, the visit had a powerful sociopolitical impact on the island sewing seeds of hope among everyday Cubans while it provoked a notable if predictable apprehension among government officials, including the aged ad semi-retired Fidel Castro. Obama’s clear and consistent message of reconciliation, openness, and respect found a grateful reception among the population who seemed to appreciate his relaxed and spontaneous demeanor, especially given his frequent use of colloquial Cuban Spanish and a pair of surprise appearances on the Cuban everyman Pánfilo’s top rated situation comedy “Vivir del Cuen-ta” (Live By Your Wits) where he actually said, “Pánfilo’s top rated situation comedy “Vivir del Cuen-ta” (Live By Your Wits) where he actually said, “¿Qué bolá?” the Cuban equivalent of “What’s up?”

During Obama’s short visit, Cubans even took to ironically referring to him as “el delegado” (literally meaning “the delegate”) in a mocking reference to their own often ineffective representatives to the local level of government, called “Poder Popular” (Popular Power). Whereas Cuba’s delegados are rarely able to resolve local problems, Obama’s visit saw the overnight resurfacing of many of the long neglect-ed streets his motorcade would traverse. Likewise, many of the homes and buildings along his route were given a fresh coat of paint while the Estadio Latinoamericano, where the Tampa Bay Rays played the Cuban National Team in an historic exhibition game of pelota, saw its massive roof expanded and repainted (it is also notable that Cubans sometimes refer to their much-revered national independence leader José Martí as “el delegado” as well, given that he founded and served as leading “delegate” of the Cuban Revolutionary Party in 1892).

President Obama also received an enthusiastic welcome from the scores of Cuban microentrepre-neurs present at an unprecedented entrepreneurial forum co-organized by the two governments on March 21, which included numerous representatives from the Cuban-American business community and American tech start-up scene. During the event, Obama praised the spadework done by the non-profit, Catholic Church affiliated NGO Cuba Emprende training thousands of Cuban entrepre-neurs over the past three years. He also celebrated the fact that there are now half-a-million licensed Cuban entrepreneurs who —together with the other parts of the non-state sector— now make up one-third of the Cuban workforce. Indeed, one of the lines that most endeared Obama to the Cuban public at this event came as he struggled through peculiar Cuban Spanish words like “cuentapropistas” (self-employed entrepreneurs), “casas particulares” (private bed and breakfasts), and “pa-la-dares” (home-based restaurants), finishing up with the self-deprecating rejoinder: “My family and I ate in one [paladar] last night, and the food is really good even if my Spanish is not that great!”

His direct and lively interaction with a handful of Cuban cuentapropistas was especially notable in that he listened intently as each one “pitched” their business plan to him before following up with his standard but much appreciated question, “What can we do specifically to facilitate the growth of your business?” At the same time, Obama openly recog-nized the Cuban government’s apprehension that U.S. economic investment in and empowerment of Cuba’s private sector might be nothing more than a “Trojan horse of trade.” Given this fear, Obama end-ed his public exchange with entrepreneurs by making two key points. First, he reasoned that just as he had based his change of U.S. policy toward Cuba on the recognition that “if something is not working for 50 years you should stop doing it and try something new” (drawing sustained applause from the audience), the Cubans too might consider using the same logic to justify making deeper changes their own in-ternal economic policies toward entrepreneurship and the growth of the private sector after 50 years.
Second, he recognized that change on each side required building a new relationship based on mutual trust and cooperation, reassuring his listeners saying, “the Cuban people have nothing to fear from the United States. And I’ve said to the American people, ‘we have nothing to fear from Cuba’.”

**Havana’s Harsh Reply at the Seventh Party Congress**

In striking contrast, Cuban government officials, the ubiquitous security forces, and President Raúl Castro himself all came across as quite rigid and anxious during the trip in the face of Obama’s soft power offensive. This was evident when President Castro failed to greet Obama at the airport when his plane landed on the evening of March 20, and especially clear the next day at an impromptu joint press conference where Castro’s annoyance at having to answer questions about political prisoners from a Cuban-American foreign correspondent were on display to all via live broadcast. “Show me a list of political prisoners,” Castro demanded, “and I will release them this very night.” Though numerous lists were soon prouced, with perhaps the most authoritative circulated by Elizardo Sánchez’s organization the Cuban Commission for Human Rights and National Reconciliation (CCDHRN), no prisoners were released during Obama’s visit or have been in the six weeks since then.

Obama had not even departed the island when the official state media unleashed of torrent of propaganda aimed at undercutting his charisma and exposing his supposed “silences.” This offensive culminated in an aggressive article penned by none other than Compañero Fidel Castro mockingly entitled “Brother Obama” that dismissed the U.S. president’s “honeyed words,” advised him to stay out of Cuban politics, and proudly declared: “We don’t need the empire to give us anything.” Indeed, if anyone missed this message in the immediate aftermath of Obama’s trip, President Raúl Castro echoed this unmistakable pushback against Obama’s charm offensive in his inaugural speech at the Seventh Congress of Cuba’s Communist Party (the island’s only legal one) on April 17, 2016, saying:

“We have a single party and great honor. For that reason it’s no accident that they attack and make demands on us to divide our forces into various parties under a bourgeois democracy. However, if they succeed in fragmenting us it would mean the beginning of the end of the homeland, the Revolution, and socialism”.

Castro also warned Party cadres to be “alert, more than ever” to the new U.S. engagement approach aimed at “empowering” the island’s nascent entrepreneurial sector since it signals only a change of “means” not “the ends, which are to generate agents of change to put an end to the Revolution”.

**Engaging Cuba: Between Sovereignty and Solidarity**

Thus, apart from the modest opening to the market and a slow and expensive spread of Internet access that island residents have seen over the past five years, the strategy that guides the Cuban government’s reaction to Obama’s new policy of engagement is to maximize benefits and concessions from the U.S. without ceding to any of its criticisms about political reform, human rights, the need to respect independent civil society, or expand opportunities for the nascent private sector. Any diplomatic agenda vis-à-vis Cuba from the democratic governments of Europe and the Americas will have to consider the reach and impact of this strategic approach on the part of Havana. From our perspective, this will require these international actors to strike a difficult but healthy and necessary balance between the pragmatism that recognizes Cuba’s sovereign “national interest” (raison d’État) as defined by its current government with an unconditional solidarity with the Cuban people who demand and deserve greater civil liberties, political rights, and personal autonomy.

---