



### CUBA Special Edition

## Debates on Cuba's Present and Future

### FOREWORD

Ana Faya

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Ana Faya.....1

#### Canada's "New" Conservative Government's Foreign Policy: Implications for Canada's Policy of Constructive Engagement with Cuba?

Cristina Warren.....2

#### US-Cuba Relations: The Limits of Wishful Thinking

Dan Erikson.....4

#### The Cuban Economy After Fidel

Archibald R. M. Ritter.....5

#### A New Mexican Government Faces Cuba

Ana Covarrubias.....6

#### European Union Policy Towards a New Government in Cuba

Susanne Gratius.....7

#### Canada, Cuba, Race and Engagement

Carlo Dade.....9

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As is now common knowledge, on July 31, 2006, Fidel Castro transferred power in Cuba to his brother and official successor, Raúl. The Cuban leader also, for the first time, handed over some of his self-assigned everyday jobs to a group of high-ranking officials from the Cuban Communist Party and government. But, in the "Proclamation to the People of Cuba", signed by Castro, the word "provisionally" appeared six times, which indicated Castro's reluctance to admit that in spite of his serious health condition he was definitely out of Cuba's political scenario and decisions. Official state media on the island have echoed the *Comandante's* wish and have not referred to Raúl as the "interim" president, but as the First Vice President. This situation, and the fact that Castro's health has been qualified as a "state secret" by the Cuban government, has given rise to a variety of speculations and rumours on the real possibilities of his full recovery, and to debates on the characteristics of the provisional government and Cuba's immediate future. The resulting immobilization and uncertainty that now prevail in Cuba are also affecting its relations with other countries.

After seven months of rule by the provisional government, a wide range of opinions has emerged on the new government's aims and capacity in dealing with the very acute problems the Caribbean nation faces. Some observers have focused on comparisons between Fidel Castro's performance and the style and likely future actions of his brother Raúl. Others have analyzed the nature and extent of changes the new leadership should implement in order to respond to the increasing demands of the population. Some analysts have ventured to affirm that a smooth transition has already begun that will lead to a transformation of the status quo—of the deteriorated Cuban economy, at a minimum.

However, in the midst of this proliferation of debates, conferences and articles on the subject, almost all analysts agree that the provisional government will not initiate actions until Fidel Castro passes away. This seven-month period has proved to be a continuation of the previous state of affairs. Cuba's friends and foes are facing a provisional government managing State issues without implementing long-awaited changes. And, as time goes by, concerns arise about the dangerous consequences of immobilization resulting from Castro's influence over the elite. Among other things, it could spark a split in the leadership between supporters and dissenters of Castro's domestic and international policies, with unpredictable consequences for the country.

Reinforced by other political events in the region, most governments are taking positions to address the new circumstances in Cuba, and some official statements have provoked huge questions about their future actions. Those governments with close links to the island, like Venezuela, Bolivia and most recently Nicaragua, have emphasized their full support of the Cuban government. Where Venezuela is concerned, however, some analysts note that Hugo Chávez does not have the same close personal relationship with Raúl Castro that he does with Fidel, and speculate that this might

affect relations between the two nations once Castro passes away. In the meantime, given Castro's and Chávez' messianic visions, it is difficult to predict how this close relationship will evolve within the framework of the Bolivarian Alternative for the Americas (ALBA) promoted by the two leaders. In the case of the United States, various government officials have publicly rejected the idea of a dialogue with Raúl, affirmed their country's desire to promote a peaceful transition toward democracy, and reiterated that the US will intervene in Cuba's internal affairs only if requested by the Cubans. These positions make analysts wonder what the US government response will be if Raúl assumes power without current ambiguity. The European Union has adhered to its previous statements in favour of democratic practices in Cuba, and adopted a wait-and-see attitude towards developments on the island. Mexico has made clear its desire to reinforce its relations with Latin America, and to amend past controversies with the Cuban government. It is yet unclear how the new Conservative government of Stephen Harper in Canada will keep its independent policy towards the island vis-à-vis the US.

In this special edition of *FOCAL POINT Spotlight on the Americas*, a group of experts examines Cuba's relations with Canada, the United States, the European Union, and Mexico. This issue also includes commentary on the Cuban economy and the challenges ahead, as well as observations on race issues, one of the most controversial problems facing Cuban society today.

Debates taking place abroad have not been matched by a comparable public dialogue within the island. This is regrettable, because Cubans need to engage in a wide debate on the future of their country. They should be allowed to discuss issues of concern in the official media, as a representative of the Communist Party publicly requested, but without restrictions, censorship or retaliation. After 47 years of a one-man authoritarian regime, Cubans should be democratically shaping their own government and future without fears. All sectors and layers of society, without exclusions, and with high levels of participation, should contribute to decisions on Cuba's political system and structure, economy, foreign relations, civil society and leadership. The debate should address topics on the national agenda that have needed to be discussed for decades, like civil, political and labour rights, religion, freedom of expression, migratory regulations, family reunification, political prisoners, judicial, legal and penitentiary systems, access to the Internet, education, cultural policy, public services, and freedom of association.

At this turning point in Cuban history, Raúl Castro and the members of the provisional government should focus on creating the conditions necessary to achieve a real democracy. Only then will the path toward true stability and sustainable development be guaranteed for the young and future generations. But, this implies that they will have to distance themselves from Fidel Castro's influence, and reinvent themselves after 47 years of playing leadership roles on the socialist Cuban stage, while reinventing the whole nation. Up to now, the new leadership has done very little, and its will to initiate deep transformations of the system is the subject of debate. Still, a unique momentum has been created in Cuba for both national and international players, and nobody can predict with exactitude how the game will unfold or end. ■

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## Canada's "New" Conservative Government's Foreign Policy: Implications for Canada's Policy of Constructive Engagement with Cuba?

*Cristina Warren*

The Canadian federal election of January 2006 concluded more than a dozen years of Liberal rule, and marked the end of an era in Canadian foreign policy. The unstable year-and-a-half-old minority government of Paul Martin was replaced by a minority Conservative government led by Stephen Harper, who was sworn in as Canada's 22<sup>nd</sup> Prime Minister. (Today's Conservatives were formed in late 2003, rising from the ashes of the once-significant Progressive Conservative Party of Canada – nearly extinguished in the Liberal sweep of 1993 that brought Jean Chrétien to power – and the Canadian Alliance, the successor of the Reform Party of Canada.)

In Canada, a change in governing party traditionally brings about an overhaul of foreign policy. Although an internal foreign policy review apparently took place throughout the fall of 2006 and was recently concluded, the Conservative government has shown no hurry to publicly articulate an overarching foreign policy framework. Nevertheless, comments and actions over the course of the past year have demonstrated that Canada's "new" government favours moving in a very different foreign policy direction than the previous Liberal government, and doing so with a sharp contrast in style.

Since coming to power, Harper has imposed a coherence and discipline missing from Martin's unfocused administration in a number of ways: by tightly controlling his Cabinet and caucus, including in its communications with the media; setting a clear, if under-achieving, domestic agenda focused on five key priorities (money for child care, a cut in the sales tax, tougher laws against street crime, legislation to make politicians and the civil service more accountable, and reducing health care patients' wait times); and boldly attempting to redefine Canada's international image by asserting tough, clear, principled decisions in the area of

foreign policy (*e.g.* its call for Canadian leadership in Afghanistan, and its decision to suspend aid to the Palestinian Authority shortly after the election of the Hamas government).

Central to the Harper government's emerging foreign policy agenda is a pragmatic understanding that Canada can best pursue its core economic and political interests by constructively engaging with the United States. This has led his government to prioritize repairing a bilateral relationship that had gone sour under the Liberals. Security issues are at the core of this effort: the Conservative government has quickly and emphatically demonstrated its commitment to the war in Afghanistan (signing Canada up for a more aggressive and lengthier role than what the Liberals had originally agreed to), and has focused on rebuilding the capacity of the Canadian Armed Forces as well as on improving Canadian security.

The current government's approach towards the United States is facilitated by the fact that Harper's personal and party policy tendencies largely overlap with those of the current US administration on issues of trade, western values and international security. Compatible worldviews, along with Harper's new clarity and assertiveness in foreign policy, were quickly noticed in Washington. In April, Nicholas Burns, the US Under Secretary of State for Political Affairs, was in Ottawa for regular bilateral consultations. He made it clear that the State Department was tremendously excited to be dealing with an engaged, active new government "[which] is not afraid to make tough decisions".

At the same time, the Harper government has been careful not to be seen as too close with the United States. The government is well aware that as long as it remains in a minority position in Parliament, it has to find a way to balance its greater affinity for American-friendly policies with the reluctance of many Canadians to be tied too closely to the United States in general, and to the administration of George W. Bush in particular. Minority governments in Canada last an average of 18 months. While nobody in Ottawa is in a rush to force a new election, sooner or later, Mr. Harper's government will fall on a parliamentary vote of confidence. The talk in Ottawa now is that Harper's government may manage to carry on until 2008. Harper's firm defence of Canadian sovereignty in the Arctic early in his term, in response to the American Ambassador's comments against the Conservative government's plan to station military personnel in the North, highlighted the more confident, mature and respectful relationship with the United States Canada's current government is seeking to build.

Given the foreign policy priorities of the Conservatives, what can we expect for Canada's current policy of constructive engagement with Cuba, which was put in place by the Liberal government of Jean Chrétien? The course so far is unclear. While divisions within the Conservative party over how best to deal with the lack of political freedoms and human rights in China have led to tensions in the Canada-China relationship, the present government has so far been conspicuously quiet in publicly articulating its views on how it will proceed with its Cuba policy.

It does not take much imagination, however, to envision how a renewed policy of constructive engagement towards Cuba could play its traditional role

of highlighting Canada's distinctiveness from the US, while at the same time serving to strengthen the Canada-US relationship.

As the era of charismatic *caudillismo* in Cuba draws to a close with Fidel Castro's historic transfer of power to his brother Raúl, and Fidel's imminent death, Canada's Conservative government is certainly well placed to play a helpful and constructive role in facilitating peaceful, stable and genuine change in Cuba. Canada has excellent strategic assets that may pay important dividends in Cuba's emerging new context: good relations and open channels of communication with the US and Cuban governments; its extensive presence in Cuba; a reputation for stability, fairness and credibility as a peacemaker; and the example it provides inside the island as a democratic, capitalist, prosperous and socially progressive country that works well (in many ways due to the range of benefits Canada reaps from its longstanding—and yes, complicated—relationship with the United States).

These assets have not gone unnoticed by the Americans. In December, Thomas Shannon, the US Assistant Secretary of State for Western Hemisphere Affairs, acknowledged Canada's helpfulness in Cuba-US relations:

"Countries like Canada have a very useful role to play because of the relationships they've built over time and the influence they've built over time, and also their access on the island... the international community can play an important role expressing some expectations about what a successful and peaceful transition to democracy might look like and communicate both to the Cuban regime and to the Cuban people, the importance of successful transition to democracy." (Canadian Press, 18/12/06)

Ultimately, however, the road ahead in foreign policy for Harper's government will depend on the degree to which the Conservatives are able to demonstrate competence in implementing their overall agenda, and establish credibility as a government, so that they are able to meet their fundamental political challenge - re-election with a majority. A future majority would certainly help Harper complete his ambitious interest in remaking Canada's place in the world. ■

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## US-Cuba Relations: The Limits of Wishful Thinking

*Dan Erikson*

As Cuba hovers on the brink of the post-Fidel era, there is little question that its tense and estranged relationship with the United States is about to enter a new phase. Present indications, however, are that the future of US-Cuban relations will not look much different from the present. On December 2, 2006, in a major speech at a celebration commemorating the 50<sup>th</sup> anniversary of Cuba's Revolutionary Armed Forces, Raúl Castro declared that, "we take this opportunity once again to state that we are willing to resolve at the negotiating table the long-standing dispute between the United States and Cuba". However, he signalled that Cuba would not be willing to compromise its communist political system, rejected any US overtures to embrace democracy, and instead was planning to "wait patiently until the moment when common sense prevails in Washington power circles".

The United States, for its part, has placed democracy and human rights concerns at the centre of its Cuba policy. In his 2007 State of the Union address, President George W. Bush declared that, "we will continue to speak out for the cause of freedom in places like Cuba, Belarus and Burma". The US embargo of Cuba has been accepted as an article of faith and is adamantly defended. In a recent interview, US Assistant Secretary of State for Latin America Tom Shannon dismissed Raúl Castro's offer to negotiate as "nothing new" and emphasized the view that "the road to stability in Cuba runs through a successful transition to democracy." The US is now focusing on short-term goals that would lead towards a political transition, such as freeing political prisoners, allowing the development of trade unions and political parties, and creating a pathway towards elections. With or without Fidel Castro, it appears that the vast chasm between the US and Cuba will show few signs of closing in the near term.

More than six months have passed since Fidel Castro stunned the world by handing over power to his brother and designated successor Raúl, but the US and Cuba have evinced little interest or capacity to develop common ground. Indeed, the United States has been extraordinarily cautious in its public remarks, eschewing a more aggressive or interventionist approach while avoiding any efforts to open up avenues for communication and dialogue with the provisional Cuban government. If anything, both sides have become trapped by wishful thinking that has inhibited broader policy changes. The US wants Cuba to embrace a democratic model, while Cuba wants the US to treat it as a sovereign nation worthy of respect. But neither is ready to pursue the types of policies that the other claims to desire, so the standoff seems set to continue.

The US position has been complicated by the political imperative to prepare for the most desired scenario: the collapse of Cuban communism followed by a subsequent rapid transition to a democratic, pro-US government. In its public statements and high-level governmental preparations, notably including the report of the Commission for Assistance to a Free Cuba, initially released in 2004 and revised in 2006, President Bush's Latin America team has embraced the assumption that democratic transition will take place in Cuba after Castro. This has left the US government very well prepared to handle the highly unlikely event of dramatic democratic change in Cuba, and woefully unprepared to respond to

the unfolding communist succession led by Raúl Castro. In addition, the nearly four-year-old US occupation of Iraq has left the Bush administration with little appetite to try to force the Cuban government into economic collapse and risk a sudden upheaval. Taken as a whole, the policies of the Bush administration suggest that US policy has become almost entirely rhetorical in nature, with few new tools or instruments being proposed to advance the presumed goal of democratizing Cuba.

In Washington, the centre of gravity in US-Cuba policy is beginning to shift back to the US Congress, where a bipartisan legislative group led by Representative Jeff Flake (Republican-Arizona) and Representative Charlie Rangel (Democrat-New York) has proposed a measure to lift the ban on travel to Cuba, while Representative Bill Delahunt (Democrat-Massachusetts) advocates a separate measure to allow Cuban-American family travel to Cuba. However, these measures may find it difficult to gain support in the Senate, where Cuban-American legislators like Senator Mel Martínez (Republican-Florida) and Senator Bob Menéndez (Democrat-New Jersey) hold significant sway. While the newly Democratic leadership in the US Congress is hardly sympathetic to the US embargo, competing priorities and the remaining uncertainties about the shape of post-Fidel Cuba mean that any efforts to refashion US policy are likely to reflect an incremental approach.

Perhaps more importantly, the 2008 presidential contest is fast approaching, and Florida will again be a key battleground state. In this context, the Cuban-American constituency will be well primed to work its magic on John McCain, Rudy Giuliani, Hillary Clinton, Barack Obama – or any other presidential contender. If a Cuban government led by Fidel or Raúl Castro outlasts Bush, then long-simmering tensions in Florida's Cuban-American community will surely rise to the surface during the 2008 elections – and it will remain to be seen whether Miami's new moderate voices have the influence to sway the community's historic embrace of the US embargo on Cuba. Indeed, after nearly fifty years of enmity, the war of attrition between the US and Cuba appears poised to outlive Fidel Castro's rule, and perhaps become his most durable legacy. ■

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## The Cuban Economy after Fidel

*Archibald R. M. Ritter*

The Cuban economy has recovered reasonably well since its meltdown from 1990 to 1994 following the termination of Soviet subsidies. According to ECLAC's *Preliminary Overview of the Economies of Latin America and the Caribbean 2006*, its performance from 2000 to 2006 has been strong, with a growth rate of Gross Domestic Product (GDP) per capita averaging 6.1% per year. While there are ambiguities and obscurities in Cuba's recent National Accounts measures, there is little doubt that this economic growth has been significant. So far, this has improved the living standards of the Cuban people only modestly, however.

Cuba's economic success is due to some good policy thrusts and some good luck. The good luck includes high nickel prices (such that nickel has become the chief merchandise export), high sugar prices (compensating partly for low production volumes), and subsidization and credits for oil imports from Venezuela. Cuba also has received credits from China for the purchase of transportation equipment. The policy-related successes include expanded exports of medical services, rum (facilitated by the joint venture with Pernod Ricard of France) and tobacco (with Altadis of Spain and France). On the other hand, some policy areas continue to be in a state of profound deformation.

### **Cuba's Revised Development Strategy**

From 2004 to 2006, Cuba re-oriented its development strategy. The central feature of the revised "grand design" is a new basis for the generation of foreign exchange earnings, now emphasizing nickel, medical and educational services, and petroleum. The strategy positions Cuba as a "knowledge economy and society" producing high-value services for Latin America and the world. The older economic foundations of the economy from 1992 to 2004—remittances, tourism, and lesser merchandise exports such as sugar, rum, tobacco products, and bio-technological products—will be de-emphasized. The drive to increase foreign investment also has waned, though new inflows are still being promoted in petroleum, nickel, and now the sugar sector.

The new master plan includes stronger central control of the economy as well as "socialist purification" and a shoring up of basic infrastructure. These features will continue under Acting President Raúl Castro.

Nickel is a major prospect, with increased extraction likely to occur as a result of investments of \$US450 from Sherritt of Canada and \$US500 million from China. Sugar exports will probably recover somewhat to 1.5 or 2.5 million tons, mainly for the Chinese market. Remittances will continue, but perhaps at declining levels. Tourism should remain buoyant, with a new emphasis on Venezuelan and Chinese tourists. The renewal of state trading within the Venezuela-Cuba-Bolivia Trade Agreement of 2006 may lead to some export diversification and expansion.

An important new export is medical services. Cuba has turned its surplus of doctors into a foreign exchange-earning resource, sending them to Venezuela, Bolivia and elsewhere. Venezuelan and other foreign nationals also obtain medical attention in Cuba. (Some of these services are provided as development assistance to recipient countries.) "Medical tourism" may be significant for some years or even a decade, but perhaps may not have a long-term future as Latin American countries build their own medical capabilities. However, Cuba may have a continuing role as the educator of foreign doctors and other medical personnel for those countries that have underdeveloped health systems and personnel shortages. Cuba also is expecting that its large recent investments in higher education will also generate exports.

An additional component for Cuba's export sector will be petroleum processing, and perhaps in time, oil exports. Cuba and Venezuela have agreed to invest around \$US100 million to refurbish and complete the old Soviet-era refinery in Cienfuegos that will refine Venezuelan crude oil into derivatives for sale in the Caribbean region. Recent petroleum discoveries in deep waters off the Cuban northwest coast provide indications of substantial reserves. Some 16 sub-areas are currently being explored by Canadian and Chinese firms, with Spanish, Norwegian, and Indian firms also planning exploration.

The new development strategy also includes institutional dimensions, such as a return to more intense administrative centralization, increased containment of self-employment, and an attack on the petty theft and corruption that has dominated Cuban society. Control of foreign exchange has been removed from state enterprises and centralized under the Central Bank. Control of foreign trade has been shifted from state enterprises to the Ministry of Trade. The number of joint ventures with foreign enterprises has been reduced. The government has also been limiting the granting of licenses to the self-employed. Tightening regulations have shut many *cuenta propistas*. Punitive taxation makes survival difficult, and impossible for some. It would be surprising if any of these orientations were to change under Raúl Castro's Presidency, though this is certainly not impossible.

## Continuing Challenges

Cuba's economy faces several continuing challenges. The first is the country's lack of open debate. Democratic countries have free presses and open discussion on the issues of the day. Opposition political parties, academics, interest groups, Non Governmental Organisations, and journalists continuously analyze and critique public policy issues and proposals and the functioning of private and public enterprises and institutions. Open analysis and criticism in a context of open diffusion of information, provides a mechanism for self-correction, exposing flawed policies and errors and leading to improved policy design and implementation. Free analysis and criticism is vital in order to bring illicit actions to light and to correct errors on the part of all institutions and enterprises. This has been lacking in Cuba. As a result, public policies get announced full-blown, without critical input into their formulation and with little if any early criticism and correction. Interestingly enough, Acting President Raúl Castro recently indicated that he was aware of the need for such frank analysis, but whether this can occur in the country's centralized and state-controlled media is dubious.

A second challenge is Cuba's low level of investment, averaging 9.4% of GDP in 2004-2005 in comparison with about 20% for all of Latin America [ECLAC: 2006]. This is less than what is needed to restore infrastructure in housing, public buildings, transportation, water, sewage systems, factories, etc., though the investments in electrical generation and transmission and health are good beginnings.

A third problem is that the controls on self-employment and prohibitions on micro- and small-scale enterprise hurt Cuba immensely. Small-scale enterprise is a dynamic sector in virtually all countries. The inability of Cuba's state sector to produce a diversified range of goods and services for Cuban citizens has been demonstrated repeatedly in the past. It is unlikely that renewed *Perfeccionamiento Empresarial* ("Perfecting the State Company System," a managerial method applied in Cuba), will be any more fruitful under Raúl than under Fidel.

A fourth challenge that Cuba has avoided so far will be to unify the dual exchange rate and monetary systems. The deformations of the general structure of incentives that guides the actions of all Cubans are well known. Moreover, a significant diversification of merchandise exports is unlikely to occur until the exchange rate regime is repaired. The probable types of policies necessary for monetary and exchange rate unification include a devaluation of the exchange rate between the *Peso* (national currency) and the Convertible *Peso* (known by the acronym CUC) and abolition of the latter, together with a well-orchestrated realignment of the general structure of prices, wages and salaries. All of this will not be easy but must be confronted. Will Acting President Raúl Castro take on this difficult task? ■

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## A New Mexican Government Faces Cuba

*Ana Covarrubias*

Mexican President Felipe Calderón has declared that one of his government's foreign policy objectives will be to improve relations with Cuba, Bolivia and Venezuela. This will not be an easy task where Cuba is concerned: the deterioration in relations between the two countries in the last few years was profound, and the understandings and negotiating procedures that shaped the relationship for many years have either weakened or disappeared. Calderón has insisted that Mexico's foreign policy will continue to support democracy and the protection of human rights abroad. This is not the message Cuba wants to hear, but without a clear strategy as to how the Mexican government will do this, there may be some room to improve or, at least, continue relations in their current form. In this scenario, Calderón might endorse the promotion of democracy and human rights, but only rhetorically and without condemning Cuba directly, or return to the principle and policy of non-intervention. Both options would differentiate Calderón's policy from that of his predecessor, Vicente Fox, but, at the same time, they would call into question the government's international commitment to democracy and human rights. In any case, it is very unlikely that Mexican-Cuban relations will improve without Fidel Castro's determined will to do so. There is no evidence to suggest that Fidel is heading in that direction.

The high degree of uncertainty regarding the Cuban political situation in the medium and long term also makes it particularly difficult to devise an effective policy towards the island. Nevertheless, it is possible to identify a number of policy options once Fidel's influence on Cuban politics ceases. Before doing so, however, it is worth underlining that Cuba is not isolated as it was in the 1960s or immediately after the disintegration of the Soviet Union. Cuba has diplomatic or consular relations with most Latin American and Caribbean countries, and has participated in different regional initiatives. This does not mean that relations are close with all Latin American countries, or that these countries do not criticize Castro's regime. In addition, we do not yet know how important certain contacts will be

at the time of Castro's death or a more "active transition." Thus, change or continuity in Cuba will not face a homogeneous region but a plurality of interests.

It is foreseeable that either Raúl Castro or a collective authority will continue to govern for a while, and that the international discussion about Cuban democracy will take precedence. What would Mexico's interests be regarding Cuba? What kind of policy should it implement towards the government of the island? We might consider four courses of action. The first would result from a "cynical argument" that states that Mexico does not have any special interest in Cuba, so that relations could be maintained in the same way as they are with the Dominican Republic or even Haiti. (Haiti is a good example of how instability in the region does not necessarily affect Mexico.) A second option would underline Mexico's interest in avoiding violence in Cuba that might result in the arrival of Cuban rafters at Mexican coasts. A third route would consist of a return to Mexico's traditional relationship with Cuba based on negotiations and a language of non-intervention. Finally, Cuba could still be used by Calderón's government to reinforce a foreign policy supportive of democracy and the protection of human rights. This last course of action could be pursued in two ways: rather actively, as Fox's government did, or passively, without criticizing Cuba directly or exclusively.

All these policy options should take into account two key elements: domestic opinion and US policy. Cuba is and has always been a domestic issue in Mexico, and it is difficult to foresee a "non-policy" towards Cuba, since public opinion and political actors in Mexico will take sides regarding the Cuban process. It is unlikely that Mexicans will forget the history of Mexican-Cuban relations before 2000. The Mexican government will also have to take into account public opinion and political actors in case it has to decide what to do with Cuban rafters: repatriate them, allow them into the country or allow their transit to the United States. It does not matter if the arrival of rafters is not massive: a few Cubans will bring about domestic discussion. Adopting non-interventionist language regarding Cuba, or not actively pursuing a policy supportive of democracy and human rights, may be safer ways of dealing with the island's process. Non-intervention is a constitutional principle, and both those who are in favour of change in Cuba and those who support the socialist regime may agree in insisting that political and economic change is, in the end, a decision to be taken by the Cubans. Should these policies be successful, then the Mexican government might have a role in Cuba's transition in the longer term. The active promotion of democracy, on the contrary, may provoke the opposition of those in favour of the Cuban socialist government or the non-intervention principle.

Where the United States is concerned, on the other hand, should the Mexican government actively promote democracy and human rights given the US policy of regime change by force? The Cuban process may be an opportunity for the Mexican government to redefine once more its foreign policy *vis-à-vis* the United States: it may decide to support change in Cuba but in a different way, it may agree with US positions or it may openly differ. What is important is that the Mexican government avoid taking a narrow approach to Cuba's process, but instead consider its long-term interests and wider foreign policy.

It is difficult to predict how events will unfold, and it will not be surprising if none of these scenarios and policies materialise. Nonetheless, attempting to define its interests and identify the variables to take into account may help the Mexican government design and implement a successful policy towards Cuba. The

Mexican government may be right in hoping for change in Cuba; the problem is how best to design a policy that contributes to that end without turning the bilateral relationship into a series of unpleasant episodes and insults. In the long term, Cuba's democratic change is almost inevitable; a democratic and economically open Mexico and Cuba may then find common interest.■

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## European Union Policy Towards a New Government in Cuba

*Susanne Gratius*

In contrast to the United States' bet on a Cuba without Fidel and Raúl Castro, the European Union (EU) has chosen to pursue a reactive policy strategy towards the island. A collective government led by Raúl Castro would bring about little or no change in this policy unless signs of a political and economic opening were forthcoming. Since adopting its Common Position on Cuba on December 2, 1996, the EU has sought to encourage a gradual transition towards a pluralist democracy on the island. According to EU declarations, a transition "is most likely to be peaceful if the present regime were itself to initiate or permit such a process". Also, the EU has rejected any type of coercive measures and has promoted improvement in the living standards of the Cuban people through a strategy of economic engagement.

Beyond these two principles—encouragement of a democratic opening from within the regime and economic cooperation with it—the EU lacks a common policy towards Cuba, despite it being the only Latin American country that, on Spain's initiative, warranted the adoption of a Common Position. In today's extended EU of 27 countries, there is probably little consensus on the topic of Cuba anymore, given that Spain and the older Member States do not have as much political clout as they used to and that EU expansion to include

former East Bloc countries has tended to blur the notion of a common foreign policy.

As a political symbol or battleground for other struggles, Cuba serves to illustrate growing divergences within the EU. Like Spain, whose policy towards the island, ever-changing to the tune of domestic politics [Jorge Domínguez and Susanne Gratius: 2006], has been echoed by that of Brussels, the Eastern European Member States had also developed individual ties with Cuba through Soviet-era COMECON cooperation. Most of the new EU members, having experienced themselves the transformation from authoritarian socialism to democratic capitalism, identify Cuba with their own history and perceive the existing regime as totalitarian. Many Eastern European governments maintain positions close to those of the United States and tend to favour a hostile policy towards the Castro regime.

In the view of this group of countries, supported by northern human rights "fundamentalists" Sweden, Denmark and the Netherlands, European policy towards the Cuban government should be more about the stick and not so much about the carrot. However, other Member States, led by the socialist government of Spain, lean more towards the implementation of an unconditional policy and the strengthening of economic and political relations with the Cuban regime (including the signature of a cooperation agreement). Hence, a first European disagreement revolves around what the best strategy should be—pressure or incentives—to promote a democratic opening in Cuba.

There is a second debate simmering within the EU regarding who would be best suited to speak on behalf of the Cuban people: the Cuban regime, the dissidents or the representatives of Cuban exiles. This dialogue dilemma is reflected in the long, still unresolved dispute over whether dissidents should be invited to EU Member States' embassies for national holiday festivities. While the political dialogue with the government carries more weight for some, others support closer ties with the dissidents and/or exile organizations. Although these are not mutually exclusive options, the EU does not maintain regular channels of dialogue with either the Cuban government or its opponents.

Such differences in tactics and approaches to dialogue will make it difficult to design a short- and medium-term strategy towards Cuba, as can be seen in the EU Council's recent attempt to revise the Common Position, in June 2006. An agreed document is yet to be released and, if approved, there is little chance that it will be anything more than a vague declaration of principles.

Lacking an agreed future strategy, the EU has failed to respond to the change of government in Cuba brought about by Fidel Castro's illness. Still, unlike the United States, the EU does not reject outright a succession government headed by Raúl Castro, recognizing it instead as a political interlocutor. Maintaining even low-profile dialogue channels between the EU and Cuba implies that, while the European countries will exert little influence, they will at least have a presence in a post-Castro political process. Also, at the

economic level, the EU remains Cuba's main trade partner and source of tourism and, therefore, an important interlocutor for the authorities.

As for the road ahead, the EU Common Position's scenario of political continuity seems to have been confirmed. It is possible that, in the medium term, a gradual and peaceful economic and political opening, as envisioned by the EU, could come about in the island. In that event, a collective government in Cuba would imply, in and of itself, a greater search for consensus, not just among the representatives of the political elite but also between that government and the citizens. Ever since the hesitant opening of the 1990s, citizens have been the protagonists of a "bottom-up" process of economic transformation that, denied the government's stamp of approval, forges ahead as part of the black market. That is why expectations for change in the island do not focus so much on the political sphere but rather on the economic realm. This is also where the EU presence in Cuba is more noticeable, in terms of trade, investment and tourism.

Finally, it may be that the current President's seeming unwillingness to play a prominent role, the unlikely return of Fidel to the helm of the country, and the tendency in collective governments towards fragmentation, will favour the EU's preferred political scenario in Cuba: a democratic opening carried out in stages, peacefully, and "from the top down." If there are indications that such a scenario is taking place, the EU should offer incentives for the Cuban government to stay the course, cast aside any internal divisive struggles and bolster its political dialogue with all political interlocutors in the island. ■

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## Canada, Cuba, Race and Engagement

*Carlo Dade*

Race, and particularly the status of Cuba's self-identified African descendant population, has recently become an issue of concern within and outside of the island. Government officials, as well as analysts, the media and critics, have begun to acknowledge that racial inequality is rising. Recent research and anecdotal reports from the island portray a strong link between increased racial inequality and the inflow of remittances and growth in the tourism sector during Cuba's timid economic opening after the collapse of the Union of Soviet Socialist Republics (USSR). In the coming years, Cuba will face increased pressure for greater economic liberalization—it is hard to image any scenario where the island will become more closed—and hence the issue of race takes on greater urgency for those thinking about Cuba's future.

The economic and social status of Cuba's black population will also resonate throughout the Americas. Many on the left in the hemisphere, including in the US and Canada, already harbour strong suspicions about the intentions toward the island of the various leadership elements of the Cuban exile community in Miami, which despite recent changes is perceived as being overwhelmingly white. Because blacks in Cuba have had a higher degree of political, social and economic success than have Afro-descendant communities in other countries of the Americas, what happens to Cuba's black population will become part of a larger argument between left and right in the Americas. Already there has been much positioning and posturing in the US and Venezuela on the issue. Change in Cuba could easily, if incorrectly, become equated with a rise in racism and racial inequality.

Race is coincidentally the one issue in the Cuba-Canada relationship where Canada has the least to contribute. Yet, responding to the (re)emerging importance of race in the current context in Cuba is critical to the evolution of a coherent and meaningful Canadian policy toward Cuba in the near term.

Race and identity, especially as tied to African descent, are difficult issues to comprehend and discuss across the Americas. Perception, understanding and even meaning change drastically from country to country. Moreover, the outsized impact of racial discourse in the United States warps discussions on race in the region. In Cuba, race has always been a critical, though complex, factor in shaping political, economic and social tensions and dynamics. Cubans associate the term "black" with people with African features or very dark skin and kinky hair. In the last census conducted in Cuba (2002), almost two-thirds (7.2 million) of Cuba's population of 11 million identified themselves as white, while 1.1 million described themselves as black and 2.7 million described themselves as mixed. Yet, scholars and the Cuban and American government put over half the population as being of mixed race and less than one third as white. Those Cubans who emigrate to the United States quickly find a new racial dynamic, and many who would have identified themselves as white in Cuba find themselves identified as black in Miami or New York,

just as African Americans who consider themselves black would be called mulatto in Cuba, and lighter-skinned African Americans would be called white. From José Martí through the Castro revolution, addressing racial inequality has been an important issue in Cuba. Yet, as with any country with a history of slavery, including Haiti, the vestiges of the colonial socio-political and economic systems—where whites sat on top, mulattos occupied a middle area and those with stronger African features occupied the bottom—remains in Cuba to some degree. Nonetheless, since the Castro revolution black Cubans have made great advances, especially when compared to poor Afro-descendant populations in other countries of the region, including the United States. One oft-quoted figure is that Cuba's population of 11 million people has more than 13,000 black physicians, while the United States, with a population of 300 million (and a black population four times as large as Cuba's), counted just over 20,000 black doctors in the 1990 census. On the one hand, the Cuban revolution has managed to improve the socio-economic situation of Cuba's black population, but on the other hand, it has not been able to eliminate racism from Cuban society. A similar situation is seen in the formerly communist countries of Eastern Europe where anti-Semitism, long officially suppressed during communist rule, seemed to re-emerge as a force in public almost before the Berlin Wall came down.

Even though conditions are arguably and in many cases demonstrably better for Afro-descendants in Cuba, many, especially young, Afro-Cubans contend that racism exists in Cuba, and that things are getting worse.

Afro-Cubans have always complained about slights such as "walking while black", i.e., the tendency of the police in Cuba to stop darker-skinned Cubans to ask for identity papers. However, the impetus for the concern over a rise in racial inequality comes from changes seen during the "special period", which followed the dissolution of the Soviet Union and the Eastern Bloc and the ending of foreign subsidies and the guaranteed markets for Cuban goods that had kept the economy afloat. The early 1990s witnessed drastic changes in Cuba as GDP contracted by close to 35%, and a poor but reasonable standard of living and rationing was suddenly replaced by impoverishment and hunger.

In response, the Cuban government adopted a series of economic measures to replace the lost revenue and support from the Soviet Union and Eastern Bloc. One step was to attempt, unsuccessfully, to increase traditional exports like sugar. But the government also took measures to increase the inflow of dollars by easing restrictions on the entry and use of remittances and on foreign direct and domestic private investment for tourism. The government was desperate for dollars, and in order to encourage the Cuban diaspora to send more to their relatives on the island, the government was forced to legalize the US dollar, or in other words, to let Cubans who received dollars spend them as they saw fit. As a result, remittance flows increased, the government got its “cut”, and those who received the remittances were better able to ride out the hardships.

However, the inflow of remittances had an unintended consequence. Those sending remittances from Miami and elsewhere were largely white Cubans, as were those who received them. In the 1990 US census, over 85% of Cubans living in the US listed themselves as white.

In addition to encouraging remittances, the Cuban government response to the hardships of the special period was to turn to tourism. Here the government encouraged foreign investment through joint ventures in new resorts and through allowing Cubans to operate small tourism support businesses such as in-home restaurants and *pensiones*. There is strong anecdotal reporting from the island that Afro-Cubans are underrepresented on the staffs of the new hotels and the ancillary service businesses around Havana, other major cities, and Varadero beach. Increasingly it is reported that waitresses, tour guides, porters, resort entertainers and cab drivers appear much whiter than Cuba’s population as a whole.

The Cuban economy has become substantially dollarized through the inflow of remittances and tourist dollars. Those who have access to dollars have been forming a new type of elite in a country where income inequality had not been a major issue. This income inequality and elite status are being overlaid on a dormant system of racial preference and discrimination that the government has managed to keep underground, but not eliminate. Economic hardship and the resulting openness seem to have triggered a rise in, or perhaps return of, inequality based on race.

More research needs to be done on this issue to understand how racial dynamics on the island have been affected by the special period, and to draw lessons from this to inform engagement toward Cuba in the coming years. This will be a challenge for Canada, which to this point has not incorporated race into its foreign and development policies. Cuba will be a good, and necessary, place for Canada to start. ■

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### FOCAL's Spotlight on Cuba: Planning for the Post Castro Era

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In *FOCAL POINT Spotlight on the Americas*, Volume 5, Number 10, page 3

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**Length:** 700 – 900 words.

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