

# BROOKINGS

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## The Odd Couple: The EU and Cuba 1996-2008

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### Summary

**What has EU policy towards Cuba achieved? What might have been done differently? What lessons does EU policy offer for other countries in the context of a changing regime in Havana? Is foreign policy a key component in any peaceful transition in Cuba?**

### The EU and Cuba

Few things are ever quite what they seem in Cuba policy. On 19 June 2008, the EU withdrew its June 2003 'sanctions' imposed after the March 2003 crackdown on the Cuban dissident groups. The measures had been suspended since January 2005, following the release of 14 of the 75 arrested. In its June 2008 statement, the EU said they would re-evaluate the position in Cuba after 12 months depending on Cuban performance in areas like human rights and internet access, but the 2003 measures were finally lifted. Meanwhile, life goes on in Cuban jails for 55 of those sentenced in the crackdown along with some 200 others for political offences. Other harassment of those who disagree with the Cuban government remains commonplace. So why did the EU move as it did? Was the policy a failure and what will a new era of dialogue produce?

The EU does not *prima facie* have many natural attributes as an effective interlocutor with Cuba. It is now 27 countries of many different sizes and traditions. All have elections which regularly change the political complexion and personalities of its member governments. And the majority of its members have only modest commercial interests in Cuba. Spain is of course a key exception. It was a domestic election in Spain in March 2004 which changed the EU discussion on Cuba, mainly for reasons of Spanish domestic politics.

By contrast Cuba has had the same ruling family since 1959 and the same still youthful foreign minister since 1999. They watch and wait and are under no internal or media pressure to change their policy.

The EU in 2008 is returning to a policy it has undertaken for many years. Those calling for renewed dialogue perhaps forget that the EU has never cut dialogue. Indeed what happened in March 2003 was the culmination of EU dialogue, the opening of the formal EU office in Cuba. The EU has had a Common Position on Cuba from 1996 and this establishes the parameters for such a dialogue. The Common Position states:

“The objective of the European Union in its relations with Cuba is to encourage a process of transition to pluralist democracy and respect for human rights and fundamental freedoms, as well as a sustainable recovery and improvement in the living standards of the Cuban people. A transition would most likely be peaceful if the present regime were itself to initiate or permit such a process. It is not European Union policy to try to bring about change by coercive measures with the effect of increasing the economic hardship of the Cuban people.

The European Union considers that full cooperation with Cuba will depend upon improvements in human rights and political freedom”

The Common Position is specific as to how these ends should be achieved. Of most relevance is the commitment at (b) “to seek out opportunities - even more actively than heretofore - to remind the Cuban authorities, both publicly and privately, of fundamental responsibilities regarding human rights, in particular freedom of speech and association”

The Common Position does not exclude applying humanitarian and economic aid, including channeling funds through NGOs, such as churches. It envisages a measured response; more progress on democracy, more dialogue and cooperation.

Was this a reasonable position to take in the 1990s? And what happened between 1996 and 2003?

### **The EU in Cuba 1996-2003**

A Common Position is not unusual in EU foreign policy. They exist for many countries such as Belarus, Libya, Myanmar and North Korea. The EU even has some ‘Joint Actions’ against the US in protecting its members from certain sanctions imposed by the US. So the Cuban government’s claim that the Common Position is a unique way of pressurizing them and is discriminatory is not true. It is in this way the EU operates, giving clarity to collective foreign policy. Those who have relations with it must recognize this.

The Common Position gave the EU a platform for a concerted push to develop relations with Cuba. Despite initial Cuban suspicions, the Cubans accepted many sessions of dialogue after 1996, scores of visits by Ministers from EU countries and from members of the EU Commission. From the UK alone there were at least 7 ministerial visits to Cuba between 2001 and 2004 and several Cuban Ministers visited London. There were many more from European Commissioners, with Louis Michel as Belgian Foreign Minister showing a particular appetite for the subject, and from delegations of the European Parliament.

Trade, investment and tourism followed. The context was the aftermath of the collapse of the Soviet Union and Cuba’s urgent need for new economic partners. Fidel Castro had also decided that Cuba could no longer sit on the sidelines of international tourism. EU companies took the signal and even with foreign investment laws that were not problem-free (such as the inability to

contract for labor directly), many EU companies proposed joint investments. By 2003 EU countries provided over half the tourists to Cuba, more than half of the 400 foreign investment joint ventures and was the largest single aid donor. In 2001/02 the EU was Cuba's largest trade partner. EU exports to Cuba amounted to €1.43 billion (44 percent from Spain, followed by Italy and France), while imports from Cuba stood at €581 million.

The EU was also well-placed to develop its policies by having diplomats on the ground. Havana prides itself on the number of foreign missions it hosts. Most are small in terms of size and many have political appointees as ambassadors who are sympathetic to the Communist Government. The EU is different. New member countries like the Czech Republic and Poland came to the Cuba issue fresh from years of political repression. And with 16 of the 25 countries who were member states in 2003 represented in Havana, the EU was a significant bloc. There was close coordination between missions and the EU developed a wider array of contacts in academia, business, education, science, sport etc than any other regional grouping.

Cuba was also a good experiment for EU policy. It was not in a crisis area and was not a political priority for any country. The EU members included countries with recent transition experience from communism, others with a common Roman Catholic heritage and economic and political systems with strong social democratic features. The Common Position had been proposed by the Prime Minister of Spain, but it suited other EU members, eager to differentiate EU policy from the US and spearhead a coordinated commercial move into Cuba. Many in EU political circles had grown up in the 1960s and 70s when Fidel Castro and Che Guevara were untainted heroes of the left. Cuba in the 1990s still had much EU goodwill in its account.

Cuba did not represent immediate economic benefits for the EU. This had little or nothing to do with US sanctions. The prizes offered in investment terms were relatively small. Key Cuban economic sectors like telecommunications and energy were of course still controlled by the state. And the nickel sector was largely sewn up by the Canadian company Sherritt. Tourism was growing from a low base and the Spanish, Germans and others moved in quickly. But companies from other countries like Canada and Switzerland, as well as from Israel and South Korea which had no diplomatic relations with Cuba, also benefited commercially from the openings encouraged by the EU. Beyond cigars and rum, the Cubans have few products of interest to EU consumers, and the Cubans have little money to buy expensive hard currency imports. Cuba had to give priority to feeding itself as food accounts for over 80% of imports. And the EU did not supply basic foodstuffs. Though the trade figures for EU imports from Cuba looked impressive in these years they are distorted by a high figure for the Netherlands which is accounted for by imports of nickel for refining.

How did Cuba regard the EU? In the absence of any obvious alternative in the late 1990s the Cuban government saw the EU as potentially its strongest economic partner. Politically, it was more complicated but it was certainly in Cuba's interests to create sympathy and familiarity with its cause in the EU. The EU showed that Cuba could interact meaningfully with developed countries,

in contrast to US policy which maintained there should be no real interaction. And the relations with the EU developed despite the fact that Jose Maria Aznar and Fidel Castro were far from political soulmates. Aznar's grandparents had lived in Cuba and he regarded the island as the 'unsolved problem of the West'. Not all in the EU agreed, or indeed cared much. But there seemed little downside to any experiment in Cuba and modest chances of success.

The EU also benefited by having relatively little competition in the field of policy. Other countries and groupings were not yet making a decisive move to get closer to Cuba. The Former Soviet Union was exhausted and many Eastern European countries were keen to align with the EU and NATO. Chavez did not come to power until 1998, and Venezuela did not emerge as key ally of Cuba until after the 2002 coup attempt. Most other Latin American countries saw the downside risk of becoming entangled with Cuba as higher than the advantages. Regular tiffs with countries such as Chile, Mexico and Argentina set the pattern and even Lula in Brazil was cautious in the early stages of his government about upsetting the US. The Japanese and Canadians saw Cuba as offering some economic opportunities and more as a relatively risk-free way of showing a foreign policy independent of the US. The Chinese were close politically to Cuba but could not work out how to interact with a country that seemed to believe that socialism should renounce materialism. As for the US itself, there was no significant change in its measures against Cuba. There had been several signals that major changes were on the way, such as a more liberal policy on visits from the US. But these signals encouraged the EU to press ahead with its engagement. With the US measures in place since well before the EU Common Position, the EU had the opportunity to work up a coordinated foreign policy with few distractions.

The EU did not just open its arms and embrace Cuba with no criticism. It continued to use the Human Rights Commission in Geneva to register its disapproval of the Cuban government's repressive policies. During most visits of EU officials to Cuba, they would meet with Cuban dissidents. Though the Cuban government did not approve they did not forbid the meetings. Rather they relied on making them difficult, for example by requiring dissidents to report at their workplaces at times scheduled for meetings, or harassing human rights officers through early morning anonymous phone-calls at home. EU embassies continued to meet regularly with representatives of the dissident groups. At the same time the EU continued to vote against the US sanctions on Cuba in the annual UN General Assembly votes.

The EU could see with some satisfaction the results of its policy. During the late 1990s and early 2000s most EU Cuba policy makers assumed that Cuba was evolving in a positive direction. The bilateral and collective programs were accelerating. Seminars on environment, health, education, and delegations to trade fairs abounded. Joint ventures and academic exchanges flourished. The Cubans responded with VIP treatment and visitors from all walks of EU life showed a healthy appetite to make the trip to Cuba. There were signs of openness – the Varela petition, the visit of Jimmy Carter. Oswaldo Paya was allowed to leave the country to visit Europe and the US. In October 2002 the UK organised a conference in England looking at future transition scenarios. Junior members of the Cuban government, the church and some NGOs with operations in Cuba

participated in a common discussion. There was perhaps less harassment of the opposition, and embassies were allowed a certain leeway to meet openly with opposition.

### **What Changed in 2003**

What changed in 2003? To understand what happened in Cuba in 2003 and led to the EU sanctions in June 2003 it is helpful to review some key dates in the months before. They illustrate how foreign policy has been used by the Cuban government to promote its interests, retain control and maintain economic viability. The EU had been making plans for a smooth evolution in its Cuba policy. But the Cuban government did not see it that way and other factors got in the way.

The Cotonou Agreement was part of the EU's concerted policy towards Cuba. The framework of the EU's cooperation with developing countries was established in the Cotonou Agreement (succeeding the Lome Agreement) and Cuba was one of the few countries excluded from membership. Cuba submitted an application to join Cotonou in 1999. Supported by the ACP, Cuba was at the time attending the negotiations as an observer. Cotonou differed from Lome in requiring some conditionality for assistance. The degree of openness and the role of civil society in a recipient country were important considerations. Cuba was indicating in the negotiations it would consider making small concessions in the areas of political freedoms and human rights. Nevertheless the issues were still sensitive. The EU had voted for a UN Human Rights Commission motion in Geneva in 2000 condemning human rights violations in Cuba, and Cuba's application to Cotonou was withdrawn in April 2000. In 2001 talks resumed and the EU countries again voted against Cuba in Geneva. This time there was no break and in December 2002 Fidel Castro reapplied to join Cotonou.

Meanwhile the event of probably the greatest importance in this changing scenario was the failed coup attempt against Hugo Chavez in Venezuela in April 2002. The Cuban embassy in Caracas had been attacked and Chavez's life seemed in danger. The Cuban government asked the EU to charter a plane to carry him to safety to Cuba. However events moved quickly. Chavez returned to power and thereafter seemed determined to listen much more carefully to the policy advice of Fidel Castro. Venezuelan-Cuban relations intensified to unprecedented levels of cooperation. Cuban doctors and advisers began to move to Venezuela in vast numbers, an influx at first denied by the Venezuelan government. Chavez started Cuban-style literacy and social programs, and adopted a more strident anti-US stance. He fought off the PDVSA oil strike of late 2002 and early 2003. And, critically for Cuba, the oil started to flow in big quantities from Venezuela.

In February 2003, Fidel Castro visited China. He detested what he saw in the spectacular development, and the Chinese embrace of capitalism, incentives and material advance. 'I don't know this country anymore' summarized his reaction. He rejected going down the Chinese route, saying his revolution in Cuba had nothing to learn from them. Early 2003 also saw the preparations for the war in Iraq. The failure of UN resolutions to persuade the Iraqis to produce a full accounting of their destruction of weapons of mass destruction led most analysts to forecast military action. Cuba could see this as well as anyone.

US policy and the behavior of the dissidents were also factors in a changing scenario. In 2002 congressional moves to relax the travel ban were promoted vigorously by a bipartisan group headed by Republican Jeff Flake and Democrat Bill Delahunt. In July 2002 the House voted to limit Treasury funding to enforce the travel ban on Cuba. At the same time trade delegations from US states were visiting Cuba with increasing frequency and US sales to Cuba of food for cash was growing fast. In May 2002 Fidel Castro had had to sit and listen in Havana University – as did viewers on live Cuban TV - whilst Jimmy Carter discussed the merits of Oswaldo Paya's Varela project petition. In October 2002 the European Parliament awarded Oswaldo Paya its Sakharov prize for Freedom of Thought.

In retrospect late 2002 was probably the high watermark of EU/Cuba relations. Yet at that time there were already signs that proposals for new EU foreign investment joint ventures in Cuba were being stalled. This seemed to indicate a period of consolidation by the Cuban government as there was no shortage of new proposals. The Cuban government were increasingly tough on conditions applied to foreign investors, including in higher tax takes. This affected some of the early proposals from the EU to cooperate in oil exploration. Fidel Castro appeared to think that the 400 or so foreign joint ventures were enough for Cuba.

Against this backdrop, the EU had long been planning a formal sealing of its relationship with Cuba. In August 2001, a delegation led by Belgian Foreign Minister Louis Michel, President in Office of the EU Council of Ministers, made an official visit to Cuba. Michel lobbied hard for moving to a new relationship. EU policy procedures do not move quickly so it took time to cement the terms. The EU sent an official in 2002 to establish himself in Cuba and prepare the way. The EU assumed, perhaps with justification, that the Cubans were like-minded. But the capacity of the Cubans to move decisively and quickly was perhaps something the EU underestimated. Whatever Fidel Castro did would be a personal decision, implemented with unquestioning vigor, and not subject to Cuban media or parliamentary scrutiny.

On 13 March 2003 the EU Development Commissioner Poul Nielson inaugurated the Union's first full Delegation in Havana. There was much ceremony and a special performance by an EU ballet company. Commissioner Nielson said 'We want today to send a clear message to our partners and friends inside and outside Cuba: the European Union intends to strengthen and widen its relations with Cuba in the political, economic, social and cultural fields'. He used a Spanish proverb to characterize the new relationship 'Today, I love you more than yesterday, but less than tomorrow. Let's all work together that this can become the lasting motto of EU-Cuban relations'. It seemed therefore that the future of EU-Cuban relations was well set. 13 March 2003 was the culmination of EU policy of critical dialogue. Five days later, to coincide with the invasion of Iraq, Castro rounded up 75 of the most prominent dissidents on the island. It was the most destructive attack on the opposition for over a decade. In retrospect it is clear that the process of greater political openness had never been planned to continue indefinitely. In December 2002, Oscar Biscet, a pediatrician and human rights activist had been rearrested. He had had 36 days of liberty following a three year jail term. He was sentenced this time to 25 years in jail.

The likelihood is that Fidel Castro had made several key strategic decisions before March 2003.

First there would be no more liberalization of the economy. Private sector licences for Cubans were drastically reduced. Foreign investment joint ventures were not approved. Venezuela was to become the key economic partner for Cuba with a starkly lopsided accounting balance favoring Cuba. Oil started to flow with a figleaf of a barter arrangement involving Cuban medical personnel, but in reality little accounting.

Second, a key objective of Fidel Castro was to decimate the Varela petition activists. Over half of the 75 arrested were Varela organisers. And leading dissident figures like Martha Beatriz Roque, Raul Rivero and members of the independent libraries were rounded up, given summary trails and, as one South African diplomat put it, jail sentences of Mandela proportions. Three black hijackers of a ferry in which no one was killed or injured were executed. Castro insisted all the members of the Council of State sign the execution orders. He feared a mass exodus which might provoke US measures to restore stability in Cuba.

A third objective of Fidel Castro may have been to forestall US congressional moves to lift the embargo. He has always seen hostility of the US as fundamental to his foreign policy. With a more assertive internal opposition the last thing he wanted was the dropping of the US measures which remained his main justification for the economic and political sacrifices of the Cuban people.

### **The EU 's reaction in 2003**

The evidence suggests that Fidel Castro did not expect the EU's reaction. The Cuban government appears to have assumed it would soon be business as usual after a few high-minded and hand-wringing statements. Ministers brushed off those arrested as 'mercenaries', all of whom were working in the pay of the US. And one Minister even joked that half of them were Cuban state informers anyway. The world would be nervous about Iraq and would soon turn its attention to more important issues. But the EU felt badly deceived. Exactly a year before Fidel Castro and Perez Roque had looked to EU to rescue Chavez from Caracas and bring him to Cuba. They had built up expectations about political opening and more tolerance with their acceptance of the Cotonou convention and negotiations for the new EU office. Fidel Castro assumed that there would be no sustained EU reaction. Enough of the EU countries would be unwilling to jeopardize the contacts and the investment they had built up. Several of the EU ambassadors had strong personal relations with members of the Castro government. The EU would talk tough, there would be divisions they could play on, and it would blow over. Meanwhile his links to Venezuela offered a much better relationship with plenty of economic benefits but no conditionality.

EU Foreign Ministers condemned the Cuban crackdown. 'These latest developments which mark a further deterioration in the human rights situation in Cuba will affect the EU's relationship with Cuba and the prospects for increased cooperation'. This was followed by an announcement in

May 2003 that the European Commission was shelving the bid by Cuba to join the Cotonou Agreement. In response, the Cuba government withdrew its application to join. The Cuban government blamed the European Commission for exerting undue pressure, and said it had abandoned any policy independent of the US.

The EU's policy response came from ideas generated at local level. The immediate need was to implement an early reaction, because more arrests were possible including of key figures like Oswaldo Paya. The issuing of statements had been done many times before with little enduring effect. The credibility of the EU was at stake. The fact that the EU missions knew the dissidents well made them want to do more. The Common Position included the provision of reminding the Cuban authorities, both publicly and privately, of human rights obligations. Many felt that the executions were a dangerous precedent – indeed the Cuban official intelligentsia were more shocked at the executions than the arrests. There needed to be some EU reaction that was visible in public. The embassy receptions were not of course public but were events which would register with the Cuban authorities and the media.

By June 2003, the EU had come to its conclusions, based on local recommendations. It decided to review its Common Position on Cuba, limit high-level government visits, reduce member states' participation in cultural events in Cuba and agree to invite representative of dissident groups and spouses of political prisoners to national day receptions. This should be alongside the usual list of government contacts. In retaliation, Fidel Castro ordered a freezing of contacts with EU embassies. There would be no appointments for ambassadors with the Cuban government. Later in June, Castro led huge protest demonstrations outside the Spanish and Italian embassies. The British embassy, the first to invite both government and dissidents to their national day and the only occasion where both attended, received a bomb threat. On 26 July, Castro announced that that he had decided to reject all EU aid. Castro argued that the government, 'out of a basic sense of dignity, relinquishes any aid or remnant of humanitarian aid that may be offered by the European Commission and the governments of the European Union'. In September 2003 Cuba took control of Spain's cultural centre in Havana, which the Spanish government had recently refurbished at a cost of 5 million euros.

### **EU/CUBA 2003-2008**

The EU maintained solidarity for around 18 months. In 2003 all of the 16 missions plus Norway continued to invite the dissidents to their receptions alongside the government. The Cubans continued to implement their boycott of the receptions. But the publicity and controversy that the moves had generated served to maintain the cause of the political prisoners in media attention. These 17 missions constituted almost one-fifth of those active in Havana. The fact that the EU countries national days were well spread throughout the year was another advantage. But the decisive event in the change of EU policy was the defeat of the Spanish government in March 2004 by the PSOE under Rodriguez Zapatero. His foreign Minister, Miguel Angel Moratinos had plans to differentiate PSOE foreign policy from the PPP. This included reestablishing a dialogue

with Cuba starting with the appointment of a new leftist-leading ambassador to Cuba, Carlos Alfonso Zaldivar. Moratinos said Spain should spearhead a new policy to Latin America independent of the US. Under Spain's influence the EU became impatient with its sanctions and preferred to be seen as an engager. There were talks which suggested that Cuba would trade the release of some of the most high profile dissidents in return for suspending the measures. Before the EU decision to suspend the measures in January 2005, 14 prisoners including Martha Beatriz Roque, Raul Rivero and Oscar Chepe Espinosa were released with Cubans officially claiming health reasons. Since the lifting of the measures only another 6 have been released.

The releases of prominent political prisoners linked to EU policy appear to have ended. In retrospect the EU should perhaps have traded harder to lift its measures. The Cuban government cares greatly what countries think about it and reads what the international media write. In April 2007 Moratinos visited Cuba again to inaugurate a Spanish dialogue with Cuba. The results are not yet clear. But many in the EU have expressed optimism about improvements in openness under Raul Castro. His announcement of more land for private farmers, the scrapping of tourism apartheid against Cubans in hotels and restaurants, availability of cellphones and DVDs and signing two Human Rights Conventions have convinced a majority of the EU governments there exists a basis for a new era of dialogue. Louis Michel joined the Spanish calls for the measures to be lifted and the June 2008 vote was made. But harassment continues of many activists such as the blogger Yoani Sanchez and the punk rocker Gorki Aguila. The Cuban government is still keen to silence its opponents but since the EU stance is far more conscious of the international impact of its repression.

## **THE EFFECTS OF EU CUBA POLICY**

### **Dissidents**

How did the peaceful opposition in Cuba view EU policy? The first asset the EU brought to bear was its diverse composition. This helped reassure the dissidents. They were not taking money, they were talking to governments who voted every year against the US measures in the UN General Assembly, they were protected by numbers. The invitations to receptions followed many years of close contact between EU missions and the opposition. The EU receptions were on non-Cuban soil, with the major international journalists also invited. The spouses of the prisoners, especially, felt safe and increasingly bonded, whereas previously they had hardly known each other. The invitations to Cuban civil society reflected normal practice in every other country in Latin America, where no EU country just invites government representatives to their national days. It also mirrored what the Cubans do in their embassies in EU capitals. Gerry Adams of Sinn Fein, for example, would be a frequent guest of the Cuban embassy in London.

The EU's reaction in 2003 was the most coherent of any group of countries. And its response, which became known as the 'cocktail party' wars, served to highlight the repression which led to further condemnation from other sources. The Pope called on Castro to show clemency to the

three hijackers, and said the severe sentencing imposed on Cuban citizens had caused him distress. Mexican novelist Carlos Fuentes attacked Cuba's 'suffocating dictatorship' and the Portuguese left-wing writer Jose Saramago said Fidel Castro had 'cheated his dreams'. In 2004, a year after the EU's campaign began, Raul Rivero, the poet and former official journalist, (now one of the 75 arrested), was awarded UNESCO's freedom of the press award, with a jury chaired by a distinguished Jamaican journalist. This was perhaps the most damaging blow of all to the Cuban government. UNESCO and the UN had been seen by Fidel Castro as bastions of support. The current grouping, the Damas de Blanco originated from the solidarity for the prisoner's wives who were invited to EU receptions. And it is interesting to recall that Fidel Castro was himself freed from jail in 1955 following a campaign by the prisoners' mothers as Batista eventually agreed an amnesty for all political prisoners.

Castro's freeze of EU missions did not prevent continued cooperation. The EU countries, despite the freeze in 2003-05, never gave up building contacts and spreading the message that they were willing and enthusiastic partners. Scholarships continued, consular work was still required for the hundreds of thousands of EU tourists, and education and cultural contacts, though diminished also continued. Commercial contacts were maintained and of course important bilateral agreements like the Investment Protection and Promotion treaties remained in force. In the British embassy we continued with a little imagination to stage our own cultural events, including a tour by British and Cuban rock bands. We continued with the British Council activities and sent four Cubans to scholarships at British Universities.

The EU's conduct in this period showed to the opposition that the EU was taking a principled stand. The Cuban Government's freeze might do some short term commercial damage but the EU demonstrated that relations could not and would not be turned off at will. Freezing the EU after 10 years of economic partnership was not like another tiff with a Latin American country. Insults might be hurled but there was too much to destroy. Economic interest suited both sides and the important business of tourism needed functioning embassies; otherwise tourists would not visit. The dissidents saw that the EU intended to be in Cuba through good and bad times. Even in 2006, about 36% of Cuba's imports and 31% of its exports in 2006 were with the EU, making it as a group the island's number one trading partner.

### **Results of EU commercial presence**

Many Cubans have been prepared for the inevitable economic opening by working in and dealing with the hundreds of joint ventures started by EU countries. Companies such as Sol Melia, Havana Club (Pernod-Ricard), Castrol, ING bank, Suchel-Lever, Etecsa, Habanos tobacco (now a subsidiary of Imperial tobacco), InBev of Belgium, Souza Cruz (Brazilian subsidiary of British American Tobacco), have shown Cubans business principles. With the exception of Canada and Sherritt, no other countries have approached this penetration. They have paid real wages, at least 40 or 50 times the average monthly wage. And the EU have not been passive investors. They have insisted on better working conditions, more flexible operating, use of material incentives,

cutting back stifling bureaucracy, always reminding the Cubans they could go elsewhere. They regularly told the Ministry of Foreign Investment (MINVEC) of problems they were having in such area as recruitment, incentives, clarity of regulations, delays in import licences etc. They have formed a formidable lobbying group.

### **Building a Mainstream Country from the Bottom Up**

Cuban economists, intellectuals, educationalists, musicians and even government ministers speak in private in the same way as official figures such as Mariela Castro and the singer Silvio Rodriguez do occasionally in public. They see the flaws of an economic system which has delivered poverty and declining public services. They see a motiveless youth which often sees the only logical course is to leave the country. The EU has shown Cubans in all these areas how institutions of government work, how state education and health sectors function in a tax-paying economy, how efficient standards in a tourism industry are created. They have shown the Cubans that the problems they face, and the aspirations they have are not unique to Cuba. Ironically, in one area where Cuba has fiercely resisted any professionalism, in sports, the government has rigorously had to make choices and live up to world standards. They have maintained standards in some areas with moderate success. But the era of the all conquering Cuban athlete is gone.

What did the Cuban grass roots know of the EU's policy? Strong relationships developed with organizations and with churches in certain Cuban towns. But overall, with state control of media and news, Cuba still presents formidable challenges to dissemination of information. Ironically in 2003 the Cuban government inadvertently assisted the EU get out its message. The Cuban government's freeze of June 2003 extended to all central, regional and official visits or contacts. Senior officials of every institution of the Cuban state were told by the government not to have any official dealings with EU embassies or officials. The reasons behind this would have caused curiosity. The order initially caused some confusion amongst Cuban officials as they appeared to refuse consular access for EU embassies to the hundreds of thousands of EU tourists. The EU reacted strongly and threatened to advertise this lack of access as a breach of the Vienna Convention. Consular access was quickly restored.

The EU has implemented mainstream policies in Cuba in the hope that Cuba would increasingly behave like a mainstream country. It launched cooperation against drugs trafficking and reduced drugs consumption, promoted programs against the spread of AIDS, environmental projects, and invited Cuban biotech and energy professionals to network at key events in Europe. These projects have been building blocks for change and have highlighted what Raul Castro's own daughter has called the 'absurdities' of the present system.

Through its sustained presence in business, tourism, education and other policy exchanges the EU has contributed to a growing appreciation among Cuban policy makers and economists that the Cuban economic model Raul Castro inherited from Fidel Castro is unsustainable. A society based on economic efficiency, individual incentives, material rewards, competition and tolerance of different abilities and earning power appears closer to the model Raul Castro wishes to

promote.

### **Pointers for other countries**

The EU has played to its strengths. It knew that without some carrots – its tourists, investment, exchanges - there was no point in attempting to exert any influence in Cuba towards greater openness. If a country wants to implement a foreign policy in Cuba, then diplomatic platitudes will not get anywhere. A country or grouping has to make the running. It was never Fidel Castro's style to seek out balanced relationships based on non-political factors. For him the survival of the Revolution was paramount and a political unquestioning ally was the ideal partner. So the EU model seems to suggest that a country needs to press its own agenda, concentrate on a defined area, whether it be mining (Canada), energy (Brazil) or transport (China). And then devise a program of action that fits with Cuban perspectives. Business will be the driving force of change in Cuba and the Cuban government increasingly has to speak the same language as Beijing, Sao Paulo and Berlin. Caracas remains the exception but that will not last for ever.

### **Latin American partners**

Unlike the EU, Latin American countries have tended to be rivals rather than allies in forming Cuba policy. They have all had periods of warmth and all have experienced the lashes of Castro's tongue when he has disapproved. Most Latin American politicians have often had a sneaking admiration for how Cuba can rail against the US neighbor. None has ever gone as far as Chavez in aligning his policy and fortune with the Castros. To do anything more would risk domestic opprobrium and ridicule. But since the return of democracy and the embrace of market economies in Latin America, alignment with Cuba has also seemed increasingly irrational. The election of Lula in Brazil, whose staff included key members who had spent exile years in Cuba, illustrates a tricky evolution. Lula has spent very little time in Cuba. Petrobras would like to do more in Cuba but their experience at the hands of Castro's ally Evo Morales will have given them pause for thought.

Since Raul Castro assumed control, he has signaled a greater enthusiasm for foreign investment. It is now on the basis of economic interest rather than political solidarity that Latin America approaches Cuba. Lula has visited the island with a string of leading Brazilian businessmen and signed trade and investment deals worth \$1 billion. Mexico has also renegotiated \$400 million of debt on which Cuba had defaulted and Mexico is also likely to offer a major package of new cooperation projects with Cuba.

But perhaps the most important reason for improving relations with Cuba is that Latin American countries see closer ties as a way of balancing the influence of Hugo Chávez. They are wary about the new caudillo that Chavez represents, with his military populism. They are also concerned that Venezuela will seize the major economic prizes in Cuba. Brazil is ambitious. It aims to become Cuba's number 1 trading partner and trade has already increased by 58% between 2006/07. The Cuban Vice-President Carlos Lage in June 2008 encouraged Brazil's role.

"Our current challenge is to see Brazil as Cuba's number one trade partner, and we are favorably positioned to achieve this."

Energy is an obvious area for both Brazil and Mexico to offer expertise. The Cubans will be nervous about banking long-term on the largesse of Venezuela or committing such a strategic sector to US investment. The EU has shown that building positions means thinking strategically, discounting political rhetoric and concentrating on mainstream interests. The EU has also shown it is important not to be an economic push-over, and not simply to accept aspects of the Cuban system that impact negatively on your country's interests or ways of doing business.

## **OAS**

In the future new external influences could be applied to assist in a full successful transition in Cuba. The two most obvious current fringe players who could be engaged are the OAS and the US. The OAS has underperformed on Cuba because the US has not wanted it to. The OAS Secretary General has repeatedly said he would like to readmit Cuba. Cuba might see the OAS initially as similar to the EU but without the conditionality. The OAS member countries would be interested in commercial opportunities in Cuba but would be unlikely to join together in promoting the release of political prisoners, human rights and openness. Article 19 of the OAS charter insists on non-interference in affairs of members. Cuba would represent a major challenge for the OAS and careful diplomacy would be needed to prepare the case for a proactive role. Nevertheless the OAS might help in a number of ways. As election monitors they have the sort of record that could be useful to assess the fairness of electoral practices. They could engage more directly with Cuba in fighting the drugs trade and on soft issues like the environment. But above all the OAS as a collective grouping could offer a private political forum where the Cubans could show themselves engaging with functioning democracies, perhaps having contacts with civil society and opposition groups, and discussing an agenda of institutional and economic reform. The EU themselves might be represented in such a forum.

## **And The US**

The US has long been trying to influence transition in Cuba without the full tools of the foreign policy kit. Their position has been that any engagement would signify approval of the regime. The EU has shown that to make any plays in foreign policy you have to be on the field. The EU has also shown that you make the best plays if you play to your strengths. In the EU's case this has been its diversity, numbers on the ground, and the tourism, and investment it has built up.

What equivalent assets does the US have available? There are about one and a half million Cuban diaspora living in the US. The exile community is an asset which no other country has. It has family links, many of whom will be already planning reengagement on the island. But the US also hosts many of the families with claims for expropriation. The US is already the largest supplier of food for cash due to geographic proximity and agricultural efficiency. The impact of

unrestricted US tourist access would also be enormous. The US would be starting from a low base which would rise quickly to over 500000 visitors a year. Openness would receive a major boost. Last, the US, despite its restricted engagement has accumulated a vast fund of knowledge about the current state of the island, and has many direct contacts with the Cuban military in areas like Guantanamo Bay and with the coastguard. Either way, both Cuba and the US know that a stable country requires a new sort of relationship between them. The US might usefully use its Latin American and other partners to inaugurate a new relationship. In addition, given the interest both groups have shown in the long-term future of Cuba, the OAS and the EU could also be helpful intermediaries.

### **The EU in Cuba: History will Absolve them**

Those who question EU policy in Cuba often say it hasn't produced the transition that many hope for. The tourism, investment and contacts have not changed the Cuban regime. This is true but foreign policy seldom produces changes on its own. The Cuban government retains formidable advantages which help maintain its control: nationalism, an island territory, its monopoly on information, the near total dependence of all Cubans on the state for income and services, and the safety valve of exile and emigration. The job of the EU in Cuba is far from complete. But it has made a start, it has shown decisiveness in pushing policies and in demonstrating an unusual even-handedness. In a little more than a decade the EU has produced an enduring presence on the island. It has been true to its principles and shown more unity than it has on other foreign policies issues. Overall, EU policy has ensured that Cuba has been more gradually and positively exposed to the benefits of economic and political openness than were the countries of Eastern Europe in the 1980s. The 2008 scenario is a new one but Raul Castro knows that the EU will be an influential piece in the jigsaw of the new Cuba. The EU experiment in Cuba foreign policy is one of the better instances of sustained critical engagement in the modern era.

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