

Report

Cuba-United States Relations in the Age of Obama

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Cuba's President Raul Castro, left, and US President, Barack Obama shake hands during the summit of the Americas in Panama City, Panama, April, 11, 2015 [Reuters/Jonathan Ernst]

Abstract

This paper explores Cuba-United States relations in the aftermath of the President Obama's bold moves defying the Congress of the United States and seeking direct engagement with the government of Raul Castro. This policy change has implications for the two countries involved as well as for the wider Latin American region. A number of issues have come up for scrutiny in this regard; among them are the economic implications for Cuba, the shift in balance of power in Latin America, Cuban diaspora reaction as well as the significance for Venezuela.

Introduction

United States' hegemony over the American hemisphere has produced long-standing tensions and frictions. After five decades of hostilities and bellicosity Cuba and the United States (US) took a sharp turn toward reconciliation on December 17, 2014. Announcements from Washington and Havana reset the clock on one of the longest running bilateral feuds in the Americas. Diplomatic interactions between the two capitals were disrupted after the triumph of the Fidel Castro-led revolution in 1959. Relations became permanently frozen when the US levied an economic embargo in 1961. The 2014 rapprochement have left scholars and analysts grappling to understand the implications of this policy change. Questions abound regarding Cuba's economic outlook and the role that Cuban- Americans will play in this diplomatic opening. Likewise there is

uncertainty concerning the spill over effects of the reintegration of Cuba into hemispheric affairs.

Economic Implications for Cuba

Before 1959 the US was Cuba's largest trading partner. Economic life on the island was inextricably tied to the US economic system. From the time of the Spanish-American war, Cuba entered into a patron-client relationship with the US where there was the seamless integration of Cuban industrial, agricultural and tourist sectors into US commercial life.(1) The embargo froze these ties and thrust Cuba into the Soviet sphere of influence. Despite integration into the Soviet trading block and massive economic aid and assistance, the Cuban infrastructure, which was largely outfitted with US machinery and equipment, ossified leading to a steady decline of its economic potential.(2)

The rapprochement presents Cuba with a matrix of opportunities for significantly improving its economic performance. Analyst and pundits have speculated about the economic model Cuba would pursue as it retrofits the engines of economic growth. Such speculations have included the so-called Vietnamese model(3), a hybrid form of state and free market economy, or a continuation of the centrally planned statist economy or a shift to embrace unbridled market forces. Meanwhile the US Congress has argued that full embrace of Western style neoliberal free market economics should be the guiding principle of any model aimed at jumpstarting the Cuban economy.(4)

For the US, Cuba represents fertile ground for large scale investments in myriad commercial ventures. However in spite of the reestablishment of relations, the Helms Burton Act(5) which codified the embargo into law is still in existence. The law prohibits US citizens, companies and their subsidiary entities from conducting business in Cuba. As such, potential US investors have been hamstrung by an antiquated policy that is depriving them of access to the Cuban market.(6)

Despite this, what is not in dispute is that the aperture has unlocked the door for a two pronged approach in Cuba development. The first is the increased potential for accessing capital to enhance development in the tourism, agricultural and agri-business sectors. Since 2000 the US Trade Sanctions Reform and Export Enhancement Act has provided an opening of trade in agricultural products(7). This softening of the embargo enabled farmers and agri-businesses to export poultry meats, grains such as corn and rice and other comestibles to Cuba. This was done through cash before delivery basis, a policy that was difficult to sustain because of Cuba's cash flow problems during the "special period"(8) Currently the US exports approximately \$300 million worth of food

and grains to Cuba annually. This figure represents a mere 16 percent of Cuba's total imports from global sources. (9)

Likewise there is growing interest from US companies in the underperforming mining and extractive sector. In April 2015 the US Geological Survey Report reported funding need for an estimated 246 mining-related projects(10). Moreover since the thaw the well-established biomedical and pharmaceutical industries have embarked on collaborative ventures. The signing of an agreement with the State of New York for the testing of a Cuban cancer vaccine(11) is beneficial for both countries with the US showing no aversion to investing in its further development.

The second promise of the rapprochement is that it presents Cuba with the opportunity to engage in the research and development necessary to modernize the infrastructure that will be needed to engender increased efficiency and productivity. Several Cuban industries are performing below capacity because of the absence of infrastructural capacity to facilitate innovation. While Cuba possesses the highest degrees of computer literacy in the Latin American region, it has one of the lowest levels of information and communications technology penetration in the world. This is a direct result of the US embargo which forbids the export of computer technology to Cuba(12). Since many of the underperforming industries were originally built with technology from the US, this provides an opportunity industrial to import spare parts.

Balance of Power Considerations in the Latin America

In the post-Cold War period, scholars and practitioners of international relations have grappled with the continued relevance and future of seminal realist balance of power theorizing in world affairs(13). US gunboat diplomacy aided by the Monroe Doctrine and Roosevelt Corollary has cemented its dominance of the hemisphere throughout much of its history and prevented the rise of any competitor to challenge its hegemony. For much of the Obama presidency, Latin America has been on the backburner of the US foreign policy agenda as international terrorism and security threats in other areas of the world have taken centre stage. As a 'zone of peace'(14) Latin America presents no threat to American unipolarity, however the rise of the left leaning "pink tide" governments(15), increased Chinese expansion(16) and regional attempts at institutional bandwagoning to checkmate US influence have become common undertakings in the region. This has not gone unnoticed in Washington.

Obama's overtures toward regional cooperation at the 2009 Summit of the Americas meeting in Port of Spain, Trinidad and Tobago did not engender closer ties to the region.

Even after his conciliatory thrust positing that “[t]here is no senior partner and junior partner in our relations; there is simply engagement based on mutual respect and common interests and shared values”(17). Obama’s personal appeal and lofty oratory did little to remove the long shadow of the US’ chequered history of dominating the region through the sponsorship of coups, support of military dictatorships, training of paramilitary forces, contravening the sovereignty of regional states.(18) From the Port of Spain meeting onward, the ‘pink tide’ nations, along with members of the Caribbean Community, receptive as many were to Obama the individual doubled down on the issue of Cuba. The clearest evidence of this was the push by regional governments to reinsert Cuba into the all levels of hemispheric activities. For example a declaration was passed at the meeting of 2012 meeting of the Organization of American States in Cartagena, Colombia, that the next convening of the Summit of the Americas would only be possible if Cuba were present at the gathering(19).

The rapprochement confirms that Cold War era ideologies that formed the basis of the anachronistic policy of isolation are no longer at play in the region. Latin American nations do not possess the resources, the capabilities or the interest in building up countervailing military capabilities to challenge the US. However the need to balance against US economic and cultural domination remains high on the agenda of many of these nations. Trade promoting arrangements such as the South American Common Market and the Union of South American Nations have been designed to stymie US penetration of regional markets. While the newly established intergovernmental body the Community of Latin American and Caribbean States ELAC is perceived as an alternative to the US dominated the Organization of American States. Meanwhile Cuba sponsors initiatives such as the eye care regional program Operacion Milagros; the Venezuelan based community health initiative Barrio Adentro; and the Latin American School of Medicine (ELAM) which trains students from underserved regions of the hemisphere, (including from poor communities in the US)(20) to become medical doctors. These undertakings are part and parcel of the institutional frameworks being created to use Latin American soft power(21) to deal with the complexity of social and economic issues faced by countries in the hemisphere.

Perhaps it is China’s deepening commitment to expanding its influence in the areas of financing, development assistance and infrastructural projects in Cuba and the wider Latin America rather than Cuba’s reengagement with the US that constitutes the real power shift. The regimes in Beijing and Havana have long maintained strategic bonds due to their shared political ideologies. Likewise China’s close ties with Brazil, as members of the BRICS(22), as well as its involvement in bilateral projects across the

hemisphere have increased its visibility and prestige in Latin America. In that regard it can be argued that while traditional balance of power concerns do not arise from US-Cuba rapprochement, the moment does open the door for the US and China to compete for status, influence and economic dominance in the region.

The Role of the Cuban United States Diaspora Community

Havana's long-standing frictions with Washington has led to intractable cross-strait relations with Cuban US-based exiled and diaspora populations and have been the central plank of US foreign policy to Cuba, as well as a significant issue of US domestic politics. The Cuban diaspora in the US occupies a *primus inter pares* position when compared to other diaspora groups. Cuban-Americans are a politically salient ethnic cleavage wielding an extraordinary level of clout and influence over US foreign policy towards Cuba, as well as possessing a powerful multifaceted domestic lobby that has a veritable strangle hold on the Cuban affairs in Washington.

The Cuban diaspora is stratified according to post-revolution migratory waves from Cuba to the US. Diaspora reaction to US-Cuba policy and relations coalesces around time of arrival. There is a clear correlation between migration wave and level of support for US policy action that is geared toward closer ties with Cuba. A survey conducted by the Cuban Research Institute of the Florida International University in 2014 revealed that a higher percentage of Cuban-Americans who left Cuba between the years 1959 and 1980 supported the embargo and opposed the re-establishment of diplomatic relations. A more recent poll⁽²³⁾ conducted in the aftermath of the reconciliation announcement confirmed the divide between the conservative old guard and the younger, more liberal, less ideological post 1980 migrants.

This split in the *émigré* group which has shaped the contours of Cuban-American community relations with the homeland since 1959 will remain for some time. At the level of US domestic politics, in-group competition to influence policy change in Washington will continue to dominate the landscape. The economic embargo remains the major issue on the agenda and with presidential elections due in 2016, the Cuban-American community voting preferences could be the weather vane for influencing congressional lifting the embargo. From the standpoint of practical engagement Cuban-Americans are expressing interests in seizing on opportunities to re-establish connection with the island, with reported cases of repatriations to the homeland.⁽²⁴⁾ The re-opening of embassies in both capitals will go a long way in facilitating these connections.

Implications for Venezuela

Secretary of State John Kerry speaking at the Organization of American States in 2013 declared that the era of the Monroe Doctrine was over, "The relationship that we seek ... [is] about all of our countries viewing one another as equals, sharing responsibilities, cooperating on security issues, and adhering not to doctrine, but to the decisions that we make as partners to advance the values and the interests that we share."(25) However the legacy of this contentious centuries-old tool of US regional domination continues to loom large. Since the early 2000s Cuba has played an interlocutory role between Venezuela and a number of countries in the regions. This relationship was cemented around a strategic engagement between the two countries to deepen and broaden their cooperation in a number of technical, social and medical arrangements. Hugo Chavez and his Bolivarian revolution found in Cuba the modalities to promote Venezuelan interests in the circum-Caribbean region. This engagement involved the creation of significant bilateral and multilateral mechanisms and institutions that have cemented Venezuelan ties in the region.

The worsening of relations between the US and Venezuela have caused Cuba, the 'pink tide' nations and sympathetic governments to express concerns about the ratcheting up of sanctions against the Maduro government(26). Raul Castro has been quite strident in his defence of Venezuela declaring that "the US needs to understand once and for all that it cannot seduce or buy Cuba, just as it cannot intimidate Venezuela". "Our unity is indestructible."(27)

Meanwhile the US has unveiled a new policy of energy diplomacy for the Caribbean beneficiaries of the Venezuelan energy initiative Petro-Caribe. Using the opportunity of his stopover in Jamaica while travelling to the 2015 Summit of the Americas in Panama Obama launched the Clean Energy Finance Facility for the Caribbean and Central American, a program aimed at advancing investments in clean energy solutions.(28) He also announced the creation of the Energy Security Task Force partnership for deepening energy sector cooperation between the US and the region. These moves are seen as direct interventions to curtail Venezuelan influence the Caribbean.

While rapprochement with Cuba holds much promise for hemispheric harmony, there is no guarantee that it will engender closer ties between the US and other nations in the regions. The protracted nature of some of these hostilities goes beyond action that can be resolved by group think. There is a sense in the region that Washington can only improve its relationships with individual countries on a bilateral basis as the veins of Latin America(29) are still open from centuries old wounds.

Conclusion

Despite the re-opening of embassies in Havana and Washington, Cuba-US relations are still tenuous and must be carefully nurtured. The continued presence of the embargo limits large scale economic engagements and will delay capital transfers and infrastructural development. While rapprochement holds promise for hemispheric cooperation, it is not a panacea. The US must prudently manage its bilateral relations with respective countries in order to redeem its tarnished image in Latin America. The breakdown of relations with Venezuela is a reminder that US hegemony continues to loom large. As the policy unfolds, the Cuban diaspora will be confronted with the reversal of certain privileges that have been in place for decades. The Cuban- American community has yet to grasp the full effect of this sea change in Cuba-US policy.

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