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## FEATURED Q&A

# Will U.S.-Cuba Relations Thaw Further in 2016?



Cuban President Raúl Castro and U.S. President Barack Obama met last April on the sidelines of the Summit of the Americas in Panama. // Photo: White House.

**Q** It was just over a year ago that U.S. President Barack Obama and his Cuban counterpart, Raúl Castro, announced that the Cold War foes would move toward re-establishing diplomatic relations after more than five decades of estrangement. The year 2015 brought meetings between Obama and Castro, the opening of embassies in Washington and Havana, and an end to the U.S. government's designation of Cuba as a state sponsor of terrorism, among other changes. What developments in the rapprochement will occur in 2016? What are the most thorny issues that remain to be worked out? A year later, are there any indications that the thaw could lead to political changes in Cuba?

**A** Paul Webster Hare, senior lecturer at the Frederick S. Pardee School of Global Studies at Boston University and former British ambassador to Cuba: "I expect more progress in re-establishing normal travel and tourism links between the United States and Cuba. But Congress will not authorize unrestricted U.S. trade, investment and development aid. And the Cuban government would not approve U.S. projects, even if restrictions were lifted. That is not what Raúl Castro wants his legacy to be. It is likely that President Obama will visit Cuba before his term ends, but he will expect Castro to cooperate with some visible benefits. The thorny issues like the U.S. property claims, Cuban claims for the embargo and Guantanamo Bay are those from the legacy of 50 years of mistrust. But whether U.S. and Cuban relations can progress to the next level will depend on Cuba's economic reforms. Will Castro promote material prosperity for Cubans rather than the old

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The government of President Mauricio Macri said Argentina will continue pressing its claim to the islands.

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## Chile's Tax Service Seeks Probe of Bachelet's Daughter-in-Law

The request stems from accusations last year that President Michelle Bachelet's son used his political influence to secure a \$10 million loan to buy property.

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### ECONOMIC

## Maduro Limits Lawmakers' Power Over Central Bank

Venezuelan President Nicolás Maduro limited the National Assembly's power over the central bank. Maduro's opponents are scheduled to take control of the legislative body today.

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Maduro // File Photo: Venezuelan Government.

## ECONOMIC NEWS

## Maduro Limits Lawmakers' Power Over Central Bank

Venezuelan President Nicolás Maduro last week limited the incoming National Assembly's power relating to the country's central bank in an action that was made public on Monday, BBC News reported. On Dec. 30, a day before Maduro's authority to legislate by decree expired, the president gave himself the power to hire and fire central bank directors without legislative approval. The outgoing National Assembly, which is dominated by Maduro's supporters, gave him the power to legislate by decree in March, but a new National Assembly, controlled by members of the opposition, is scheduled to be seated today. The change marks the ruling United Socialist Party's first loss of control of the assembly in 17 years. In addition to limiting the National Assembly's authority over central bank appointments, the law Maduro approved last week also allows the bank to withhold economic data if it deems its publication to be a threat to the country's security or economic stability, BBC News reported. The government has not published statistics on Venezuela's rate of inflation, which is believed to be along the world's highest, since December 2014. Maduro's decree also allows the central bank to allocate money to the government without legislative approval.

## Argentine Crop Exports Soar After Macri's Moves

Argentina's crop exports increased by \$2 billion in the last three weeks of the year after new President Mauricio Macri eliminated most crop export taxes and lifted currency controls on the Argentine peso on Dec. 17, Bloomberg News reported. However, annual crop sales fell 17 percent from 2014 to a six-year low in Argentina. Also, Argentine farmers sold \$752

million worth of grains and oilseeds in the last three days of 2015, bringing the total for all crop exports for the year to \$20 billion. Sales in the last few days of 2015 amounted to nearly double the amount sold in the entire month of November. Argentina's record for crop exports was \$25.1 billion in 2011. In anticipation of Macri's promise to lift most export restrictions for agricultural products, farmers hoarded crops, causing the central bank's reserves to fall to a nine-year low in November. Farmers had been withholding about \$11.4 billion worth of soybeans from the market, former tax agency chief Ricardo Echegaray said Dec. 1 in a statement.

## POLITICAL NEWS

## Chile's Tax Service Seeks Probe of Bachelet's Daughter-in-Law

Chile's tax service has asked a local court to launch a criminal probe of President Michelle Bachelet's daughter-in-law, Natalia Compagnon, alleging she committed tax crimes "related to the filing of maliciously false tax declarations,



Bachelet // File Photo: Chilean Government.

incorporating false invoices ... and illegally reducing the tax base on income that needed to be paid," Reuters reported Monday. The tax service's request stems from an investigation of Sebastián Dávalos, Bachelet's son, who was accused last year of using his political connections to secure a \$10 million loan for his wife to buy property that was soon sold at a profit. Dávalos has denied wrongdoing.

## NEWS BRIEFS

## Argentina's Macri Seeks Dialogue With Britain Over Falklands

Argentine President Mauricio Macri's government announced in a statement that Macri has asked Britain to begin negotiations over the Falklands Islands, UPI reported Monday. Macri's government said it will continue to press Argentina's claims over the islands. In a Christmas message to residents of the Falklands, British Prime Minister David Cameron said his government's stance on the islanders' right to remain British is "immovable."

## Arca Continental Boosts Stake in Peru's Lindley

Arca Continental, Latin America's second-largest Coca-Cola bottler, increased its stake in Peruvian Coca-Cola bottling company Corporación Lindley, the Mexican company said in a statement Monday. Arca Continental boosted its stake to more than 60 percent, purchasing more than 38 million common shares with voting rights at \$1.57 per share. The Coca-Cola Company holds most of the rest of Lindley's common shares, totaling to about 38.5 percent of its common shares with voting rights.

## Brazil's Production of Oil, Gas Falls to Lowest Level in a Year

Brazil's oil and natural gas output in November was the lowest it had been in a year, oil regulator ANP said Monday in a statement, Reuters reported. A strike that lasted more than two weeks, the longest in two decades, hindered production from fields run by Brazil's state-owned oil company Petrobras. Brazilian oil companies produced 2.927 million barrels a day of oil and natural gas equivalent in November, which was only 1.3 percent more than what was produced in November 2014, the last time Brazil had produced less.

## Five Freed Cuban Dissidents Back in Custody

Cuban authorities have re-arrested five dissidents who were freed a year ago amid the country's thaw in relations with the United States, a human rights group said Monday, Agence France-Presse reported. The five were among 53 political prisoners who were released amid the thaw, said the group, the Cuban Commission on Human Rights. Among the prisoners is Vladimir Morera, who launched a hunger strike in October and has since been hospitalized.

### BUSINESS NEWS

## Canadian Oil Sands Urges Shareholders to Reject Suncor Bid

Canadian Oil Sands Ltd. on Monday urged shareholders to reject Suncor Energy's hostile \$3.1 billion bid, which is set to expire later this week, Reuters reported. "Independence is, by far, the better decision," wrote Don Lowry, Canadian Oil Sands' chairman, in a letter to shareholders Monday, Bloomberg News reported. The company said it had considered many alternatives to accepting Suncor's bid, including full or partial sale to other parties. The company also said Suncor's bid "substantially undervalued" the company, and that Canadian Oil Sands had sufficient financial resources to weather the drop in oil prices without needing to accept Suncor's bid. Suncor CEO Steve Williams said Monday in a statement, "We are urging COS shareholders to act now to protect the value of their investment by tendering their shares to our offer." In the 10 months since Suncor first approached Canadian Oil Sands, the latter has yet to find a more compelling bidder for the company. Suncor's offer is worth \$6.40 per share.

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revolutionary mantras of equality, control and dependence on the state? Will he finally resolve the issue of dual currencies? Will he allow significant private enterprise to develop? And will he give Cubans access to the Internet that the rest of the world has long enjoyed? Change is happening in Cuba under the radar of the government—many Cubans and Cuban-Americans are, in reality, now living their lives in both countries. They are rebuilding Cuban business and society. But Raúl knows that Venezuela—with the coming weeks crucial—is still more important for Cuba than the United States. And he wants to see out his term with the fundamentals of the Revolution intact."

**A** **Frank Calzon, executive director of the Center for a Free Cuba:** "2016 will bring more Obama concessions to Raúl Castro, who has Lt. Col. Alejandro Castro Espín, his son, in charge of intelligence and repression. And, as Bloomberg has reported, the man to see for businesses and investment is his son in law Luis Alberto Rodríguez López-Calleja. Havana will continue, as U.N. Human Rights Commissioner Zeid Ra'ad al Hussein has said in regards to 2015, engaging in repression and abuse which "often takes place without a warrant and ahead of specific meetings or demonstrations, and seems ... aimed at preventing people from exercising their right to freedom of expression..." Significant issues remain unresolved. Obama extended a hand of friendship. Castro's angry fist continues to pummel peaceful women calling for political amnesty. Amnesty International says that there is increased political repression. Obama counsels patience. Amnesty says that without changes in the repressive structures, prisoner releases are a smokescreen. There are strong alliances with Iran and Syria as well as arms shipments to North Korea and American terrorists living in Havana. The majority of Cubans are not white and do not receive remittances from abroad. They

are hardly seen in positions of political or economic power and are well-represented in the opposition—an explosive situation. Yes, Raúl intends for his son to inherit power after him, à la North Korea. The dictatorship insists that its concessions to Obama are to accept hundreds of millions of American tourist dollars, and that Washington's mild expressions of concern about political repression are not welcomed."

**A** **Jorge Sanguinety, chairman and senior advisor at DevTech Systems:** "The most important development in the economic front can be expected to be an increase in the number of American tourists in Cuba, assuming that the current reports on increasing discontent by citizens on the island does not lead to social unrest. The exchange-

**“ Political power remains highly concentrated in the Cuban government.”**

— Jorge Sanguinety

es between American and Cuban diplomats can be expected to continue without major breaks on the political front. If President Obama is true to his word of conditioning a visit to Cuba on being allowed to meet with Cuban dissidents, it is very doubtful that the visit will take place. The thorniest issue will certainly involve the exchanges on American claims on properties confiscated in 1960, exacerbated by the Cuban government's claims on what it alleges to be the losses due to the embargo, plus the demand for the United States to relinquish the Guantanamo naval base. The Cuban government is trying to counterbalance the property claims with losses that in fact were suffered by Cuban

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citizens, not the Cuban state. Indicators on political changes so far must be focused on two fronts: the political system and its policies. On the first one, there are no changes whatsoever. Political power remains highly concentrated in the Cuban government. Nevertheless, when it comes to repression of dissent, the policy has changed from long sentences for members of the opposition to less stringent but more frequent acts of harassment, arrests and physical brutality. Without improvements in the economy, there is no basis for optimism on political changes in 2016."

**A** **Jonathan Benjamin-Alvarado, professor of political science at the University of Nebraska at Omaha:** "Expect that commercial relations will continue to improve (commercial air flights, mail service and some telecommunications). The talks on compensation for the confiscated/expropriated

**“Expect that commercial relations will continue to improve.”**

— Jonathan Benjamin-Alvarado

properties will continue and are perhaps closer to a resolution than many observers think. However, it is my bet that the deals will be settled for pennies on the dollar. This does not satisfy the requirements of the Helms-Burton Act and will prove to be a problem. It is a part of a larger and more intractable dimension of the issue, that of dismantling the legal elements of the embargo codified in Helms-Burton. In spite

of the many changes that have already occurred, this one will be the stickiest. President Castro will retire in 2018. Will that be enough change to prompt congressional action to take apart Helms-Burton? That is the real question. We don't know what Cuban Vice President Miguel Díaz-Canel and his advisors are thinking and what actions they will take."

**A** **Kirby Jones, president of Alamar Associates:** "Hopefully, 2016 will finally witness the beginnings—at least—of the dismantling of the embargo against Cuba. We should not confuse the raising of flags, the visits to Cuba by 'Mary and Johnny' to study Spanish or by their parents to look at Cuba's architecture, Americans' ability to use their Verizon phones, increased air travel by Americans or last month's visit to Cuba by the Los Angeles Dodgers' Yasiel Puig as having much to do with the embargo. At the same time, the Bush regulations persist governing the sale of agricultural products, OFAC still does not allow Cuba to buy chlorine-storage tanks and allows trade in some areas, but the mounds of paperwork required have led to just one small bank in Florida doing any business there. In other words, it has been positive and good publicity, but the core of the embargo continues as strong as before. And it is all under the big question: when will Cuba reform and change to suit the United States? That is nothing more than the continuation of the same policy that has proven so unsuccessful for more than 50 years. When will we learn that Cuba will set its own course, on its own timetable, in its own direction? Wake up and get used to it. Everyone else has."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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