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**PANEL FOUR – WHY CUBA MATTERS TO THE U.S.****Moderator:**

ANN LOUISE BARDACH

Author/Journalist, Global Studies, University of California, Santa Barbara

**Presenters:**

FRANCISCO J. (PEPE) HERNANDEZ

President, Cuban American National Foundation

WILLIAM LEOGRANDE

Dean, School of Public Affairs, American University

JORGE PINON

Energy Fellow, University of Miami

JOHN MCAULIFF

Executive Director, Fund for Reconciliation and Development

**Closing Remarks:**

VICKI HUDDLESTON

Visiting Fellow, The Brookings Institution  
and Former Chief, U.S. Interests Section, Cuba

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ANDERSON COURT REPORTING  
706 Duke Street, Suite 100  
Alexandria, VA 22314  
Phone (703) 519-7180 Fax (703) 519-7190

#### **PANEL FOUR – WHY CUBA MATTERS TO THE U.S.**

MS. BARDACH: Hi there. I'm Ann Louise Bardach, and we're, I think, on the last -- we're on the last panel of the day, in which we've solved all the problems between Cuba and the United States. We're going to have a break now. It's good to be optimistic here.

Anyway, the name of the panel is why Cuba matters. And it may be hard to believe that some people in this room or anybody, you know, north of Broward County, why Cuba matters. There are people out there who have battle fatigue with the Cuba issue. I mean, when something goes on 45 something years, not to mention a good many people on the island in Miami, who share battle fatigue, but also just the general person on the streets.

And sort of in the immortal words -- I'll never forget this one time I interviewed Juanita Castro one day and she said ya basta, you know, it's enough already. And for some people out there, many, many Americans say, you know, is Cuba a trophy for a greed minority or are there really strategic interests. So, we will talk about that to some extent.

I also want to and some might think this is a little bit more tangible and I want to point out that we have a very interesting race about to happen, political race in Miami. Aside from the presidential races, which could potentially be interesting in regard to Cuba or potentially more of the same, but we have a really interesting race in Miami in which we have Raúl Martínez, the former

mayor of Hialeah challenging Lincoln Diaz Vellart. I do not know the latest polls. I would imagine it's a bit of a long shot because of the tenure of Lincoln Diaz Vellart, but I will guarantee you it will be very lively and perhaps the liveliest in the country.

It is already -- it is already, at least from a reporter's point of view, been a very auspicious beginning. They are just slinging it like you cannot believe. And hopefully in the swinging, we'll see a few things. I would argue, I think some other people would argue that if you took out -- well, I'm not going to say all the Diaz Vellarts, but if you took Lincoln Diaz Vellart out of the equation politically, we would have a different relationship arguably.

It would certainly depersonalize things to a large extent. Those of you who are familiar with my work know that I do think there are some personal components in the Cuban political culture. In any event -- and also the fact that Lincoln Diaz Vellart controls a good deal of the political money, not just for himself but for other races and also for various institutions and so, it would be a very interesting -- it would be very, very interesting.

Also, some of you probably know (inaudible) harbors some ambitions that he might succeed his once former uncle. So, I don't know how accurate those ambitions are, but he certainly has had them over time.

I'm also going to -- want to make reference to something we talked a bit about today, and that is oil because oil seems to make people, you know, it makes people come alive. And I want to bring up something. I had a conversation I think it was around 10 years ago with Havana. This was really

something. It was somebody who was very high up in the oil industry at that time in Cuba. Oddly enough and I'm not making this up, his name was Orlando Bosh. And I remember him saying that he had a most unfortunate name for his point of view working in the Cuban oil industry.

But in any event -- and I remember him lamenting over dinner that they had looked high and wide for oil, that they had turned over literally every stone, that they believed because Cuba was between Mexico and Venezuela that that sheik of oil -- that they had to be there somewhere. And they had put so much time and money look for it, but alas, he was saying, and at that point it was off the record, we can't find it anywhere, the money load of oil at this time. This was around 10 years ago.

And well, lo and behold, as we all know, they have finally struck oil deep, deep, deep in the Gulf of Mexico. And as I understand it, everybody is ponied up to try to dig that oil out. So, we have Chavez on this recent trip, he made a deal besides the fiber optic deal, which by the way, I think is extremely interesting in terms of the information highway and technologies et cetera, but specifically with the oil, which as I understand it, you have Malaysia, you have China, you have Spain, and I think even Norway. I mean, they have literally lined up. I think this goes to sort of purview Jones's argument that, you know, of how it was and the certain way they've become sort of self-reliant and self-sufficient in terms of shopping elsewhere.

But, let's say they do get that oil. And let's say that Cuba actually has the potential at some point to become an energy producer. And I guess this

-- I know this is all hypothetical. And -- but that is, I think, a good place to begin. So, I thought we might begin with Jorge Pinon on that subject.

But I also wanted to throw out another subject before we turn to the panel. And that is if we are going to go forward, I believe we're going to need some kind of form of amnesty and reconciliation, a commission of some sort that looks at both sides. I just don't see the entrenched government in Cuba or the entrenched government -- the politic of Miami changing without some kind of reciprocal amnesty -- something in which less parties become less fearful and therefore, reduce the rift.

So, I'd like to bring that up and -- but let's begin on the -- let me just start with Jorge Pinon on the oil issue, which I think would be the most transformational issue, at least on the economic end in terms of why Cuba matters today and let the panelists also, you know, expand in whatever way they want to go.

But Jorge Pinon was in private practice with former private consultant and former president of Amoco Oil Latin America, and he is now I believe with the University of Miami as a senior research associate at the Institute for Cuban and Cuban American Studies. So, why don't we go from there.

MR. PINON: Thank you. When Vicki invited me to come here, I never expected that oil was actually going to be a subject in every one of the panels, and so, I told Vicki, I said, boy, that's a lot of load on my part.

What I'd like to do is I want to put before you a lot of facts and

pictures. There's a lot of different things going on. I hate to say that no oil found -- has been found in the deep waters off of Mexico. There was only one or two or three wells built by (inaudible). And the core sample was good, but there wasn't - - it was not a commercial reservoir.

But let's begin -- let's go to the start and I hope I can -- was that me? There we go. First of all, let me talk about crude oil production in Cuba. Around my usually (inaudible) numbers in barrels of oil equivalent in hundreds and when you look at the numbers, in fact, there was a very good European financial newspaper recently who took the number from (inaudible) converted that number to barrels a day using a conversion factor for crude, and they said that Cuba produced 80,000 barrels a day.

So folks, all of those of you guys out there that take numbers off the press and try to use them, be sure that the number is the correct number. Cuba topped its crude oil production back in 2003 with about 65,000 barrels a day of crude oil. That production now has stabilized more or less at 51-52,000 barrels a day.

Another thing that people don't understand, it is country of Cuba that produces 52,000 barrels a day. Two-thirds of that production belongs to Canadians that the Cuban government has to pay for. In fact, Cuba has to dish out about \$250 million a year to the Canadians for what we call cost oil and profit oil. In fact, if you look in this graph, Hufed's production is declining because Hufed production basically controls the Baladero field, which is the oldest field in Cuba, and it's just a natural curve of the production reservoir that is declining

while the other fields, that are all bi-directional fields, by the way, have been discovered by the Canadian countries.

In fact, let me just spend one quick minute and show you, for example, Sherot. Sherot's gross production last year was 30,000 barrels a day, about 30-31,000 barrels a day. Out of that, as you can see, 13.7 thousand barrels a day was the production that we owe to Cubit. That was the portion of the 30,000 that Cubit took home. There was about 9,000 barrels a day which is what we call cost oil. In the business -- in the old business, by the way, the investor, the risk investor is allowed to take out his investment. The first barrel of oil that comes out of the well is for the investor to recover his oil -- to recover his costs, his capital expenditure. And then the balance is split to whatever the agreement was, in this case, Sherot gets about 8,000 barrels a day of profit oil and the rest goes to Cubit.

So again, Cuban -- Cuba's production is steady, it's not growing. And remember the country of Cuba does produce 52,000 barrels a day, but over -- about this goes into to Perecon, another Canadian company, where about two-thirds of the production actually is Canadian. Cuba has to pay for that.

So, when you put together Cuba's energy bill, not only take into consideration the amount of barrels that they get from Venezuela, they also have to pay for part of the production. It's very, very important for you folks to know and understand. By the way, the (inaudible) for last year was \$41.51 a barrel. Since Cuban crude is heavy, it is sold on the basis of U.S. Gulf Coast fuel oil.

Also, the production costs are very, very good. They're about \$1.71

in some fields a barrel. So, the production costs have been very, very good by the way, both for Cuba and both for Canadian. They're really doing a very good job.

This is where they're producing today. Basically, it's from Vallejero to Havana. They have finally given up on the Calera and Juanabo fields. I think they're not going there again. It didn't come out to well, so I think they're giving up on that. I am very surprise that the Santa Cruz field, which is the one that Fidel Castro announced in December of 2004, is not as good people expected. I thought Santa Cruz was really going to come out a lot and production hasn't materialized.

They're moving now, by the way, east of Guadaleiro. They're going to San Anton to Martique to Vido to some of these fields that they're trying to go there. And now, also, they're already in negotiations with Sherot to go for secondary and tertiary recovery agreements for the Guadaleiro field. They've still got oil left in the Guadaleiro reservoir, but now we have to steam either water -- inject steam or water or something else to recover those barrels.

Now, it's unbelievable how people say the Chinese are here, the Chinese are drilling in the Gulf of Mexico. Folks, the Chinese are not drilling in the Gulf of Mexico. There is only one block for which the Chinese have signed, and that's block three. Block three is a north shore block between Alrioprance. What are they doing there? I have talked to a lot of folks in Houston, and we are wondering what are they doing in block three in Vivalevrio, which by the way, is actually west of Biolga going up to north of the city of Vivalevrio. But the Chinese



only will have one block and that is block three on shore in Vivalevrio Province.

Bedavesa, by the way, have just acquired block one and two. And Petro Gindown has acquired 16, 17, and 18. and again, geologists in Houston that we talked to were wondering what is Petro Gindown doing with 16, 17, and 18 because that's an area that we do question what's there. Petro Blass was in Cuba a few years back and they were at Leo Chiacoco and of course, as we remember, that was a dry well.

By the way, remember that all of Cuba's production is actually what we call coastal production. When you drive off between Lavanna and Valejero, Laviolanka, you see the wells but they are actually about five kilometers out in the shore. In other words, you drill down, then you go by direction -- they broke a record, by the way. They had a 5,000 meter well, which is huge. In other words, they drilled down about a mile, and then they go about three or four miles out into the ocean. So, Cuba's production is not onshore. It is actually coastal production reservoirs.

Now, like it was said earlier, this is the good news. And it is not that Cuba's gas production has increased. It is that now they have recovery methods for gas. Before, in the past, if we used to drive again between Lavanna and Valejero, then we'll see all the flares and we would smell the rotten eggs. Then finally, the Canadians came in and said wait a minute, this is crazy. There's more ways and then Energas came about.

And the reason that this production now you are seeing it here is again, not because there is new gas production. Remember, all Cuban natural

gas is associated gas. There is no gas wells in Cuba. This is gas that is naturally associated with the crude oil reservoir. All this stuff now is fantastic. In fact, this is the best story in oil. I want a piece of this business. Energas is owned one-third by Cubit, one-third by Omielectica, and one-third by Sherot. Yeah, Cubit and Omielectica. Yeah, Cubit owns a third, Omielectica owns a third, and the Canadians own a third.

But, Cubit supplies the joint venture with free gas. So, the gas is transferred free to the joint venture. They process it, and I think it's about four cents kilowatt-hour that they get paid. This is awesome. This is, for us oil people, this is a very, very nice business. This is the plant in Valejero. This is the one in Bocalejeruco, and there's a third one in Portas Condias.

All right. The big question, \$64,000 question. This is the EEC which was agreed to during the administration of President Carter. This also happens to be one of the few treaties, I believe, and there's some lawyers around and I might ask for their help, but I believe this treaty was never ratified by the U.S. Senate. So, even though it's still operational, I think there is a letter that is signed every two years and it gets extended, but actually this has never been ratified by the Senate.

Now, is there oil wells? My opinion is biased, but the answer is yes. The USGF estimates that there is between 4.6 to maybe as high as 90 billion barrels of oil, also natural gas at a 10 percent recovery rate, 40 year life span, we're talking about 350-400,000 barrels a day. It will put Cuba at par with Columbia, for example. So, yes, that is important.

Let's go back to Drexel for a minute. Drexel drilled their well in July of '04. the core sample of that exploratory well was good enough that when they shared that with the Norwegians with Noshedro, Noshedro came on board and bought 30 percent of the active participation. So, the first sign that the industry got that there is something there is when a company like Noshedro, who is one of the best big water operates in the world, and it is a company that politically doesn't need to be close to the Cuban government for any political reason, buys a 30 percent participation of the project with Drexel, those in the industry said they saw something that to them was very good.

Drexel has blocks 25, 29, and 36, Sherot 16, 23, 24, and 33. By the way Sherot has to do something here in the next year and a half. If not, they might very well lose that concession. Do not be surprised if you see Petrogos joint venturing with Sherot. The Indians have 34 and 35. Petrogos, which is Malaysia, has 44 and 45, 50 and 51. Vedavesa has another and Petro Gindown has another four. And again, you will find, I think Petrogos picking up even six blocks, and the announcement might very well come in the next month or so or pick up another two blocks.

I got to finish up here. Let me -- do you notice that the end -- there's cutoff, there's a cutoff and by that I mean 76. there's a reason for that cutoff, my friends. The reason is the eastern gap. Those are the (inaudible). That's where the big prize is, the western hole which was already agreed during the Clinton Administration and is already being drilled by Exxon and Chevron of the U.S. side.

Ambassador Jeffrey David Ballahi just came back from Mexico City last week in meetings with Pennex. By the way, (inaudible) is going to Cuba pretty soon and I understand that on the agenda is the eastern gap. Both the eastern gap and western gap are reported to have maybe 15 billion barrels of oil. Cuba will get a piece of the eastern gap.

So, there's a lot of talk about our companies going into Cuba because of Cuban oil or they are positioning themselves to eventually go into the eastern gap if the Florida moratorium of offshore drilling succeeds. There is a lot of politics into this. Cuba actually now plays a role even into the Florida moratorium of drilling on its west coast.

Let me -- I know that I've got to finish. Two minutes? Well, I won't be able to talk about (inaudible) and ethanol. Let me talk about the Venezuelan supply. The Venezuela supply in Cuba about 90,000 barrels a day. Remember that about almost 50,000 barrels a day of that is clean products. Cuba just doesn't have the refinery capacities. So, when you look at the Venezuelan numbers, remember that it is not only crude oil, but it's also product.

We just ran numbers about a week ago, and our estimate is that the bill -- the value of the oil, the value of the oil -- what we are saying is if Venezuela would have taken that oil and sold that on the U.S. Gulf Coast, we'd take what? What is the value of the oil? I'm not concerned with the contractual value of the product between the two entities. I am actually concerned about the value of the oil in the open market. We think the value today is about \$2.4 billion. So, the value of oil and refined product trade between Venezuela and Cuba

based on U.S. Gulf Coast flat numbers is \$2.4 billion. Too mad you have to add the \$245 million that Cubit pays to the Canadians and that's Cuba's "energy bill."

Another point, Cuba is not reselling Venezuelan oil in the marketplace. I'm tired of listening to that story. If anybody mentions that again, please show me data that supports it. Cuba is not reselling Venezuelan oil in the international market.

All right. I have one more second. Let me talk about Synfuegos, because again, it's very important politically and again to take a look at. Of the three refineries, Santiago really has been in very bad shape for many years. Lavanna is the one that is really working and only at 40,000 barrels a day. And then of course, now, we have our friends that have just bought Synfuegos.

The beauty of Synfuegos is that people won't tell you is that the joint venture valued at a quantity of 204 million. Forty-nine percent Velavesa joint venture, the bottom is Cubit. Velavesa paid about \$100 million to Cuba that is not showing anywhere yet for the 49 percent (inaudible). And then there were two budgetary items for improvements to the refinery, one for 44 and one for 82. my number is 127, Cuban press says 136. so, the investment in the refinery, let's call it about \$150 million in the refinery and another \$100 million in equity participation to buy the 49 percent.

This is the address of the (inaudible) ships that we follow. We follow the Andros very closely to see where it goes. That's how we -- we follow ships. We know what goes where, so that's how we keep track of where things are going. Of course, these are -- the crude oil tanks that we have spent very

good money. The bottom line is that what they have turned Synfuegos in (inaudible) is that Synfuegos is going to replace the 40-58,000 barrels of products that Venezuela used to give to Cuba. That is now going to come out of Synfuegos. So, for Venezuela, Synfuegos is a very good investment. The payback that I have seen is about a three-year payback. And I have to skip the electric sector, and let me go to my last slide.

Let me go to that slide and that's it. I agree with everybody here that have talked about the role of Velavesa and the role of Venezuela in Cuba. My charge to the group is and I agree with plenty of others, their option is (inaudible). Their options are Angola. Those countries might have the volume to give to Cuba, but I don't think they have the will to subsidize or to cover \$2.4 billion of subsidy.

I think strategically it is for our best interest to allow Petrogos and Brazil to come into Cuba. Petrogos and Brazil can also afford to help the industry to get back on its feet. So, if we wanted a bicker of Venezuela and Cuba, if you want to play that chess game, I would rather take Venezuela out of the picture and put in Petrogos or Brazil. I'd rather deal with Brazil than with Venezuela. And I can answer a lot of questions later on. Thank you.

MS. BARDACH: Okay. Thank you. We're going to maybe possibly address here and I'm hoping William LeoGrande can help us with this next is what's the downside of --

Next maybe we could talk a little bit about the downside of continuing to do nothing, non-engagement with Cuba. I heard one of the

speakers earlier say that the Cubans are ready to do another 50 years. That's kind of sobering comment. I don't know if I entirely think that's the case. I don't know if we would have had Raúl Castro making the comments. He said last year regardless, you know, indicating some interest in some perestroika at some level.

But, William LeoGrande is the dean of the School of Public Affairs at American University. He's a specialist in Latin America policies and U.S. policies. So, maybe you could help us out a little bit with the downside of continued non-relations here or the upside of relations.

MR. LEOGRANDE: All right. I will try to do that. first, I wanted to suggest what Vicki asked me to which was to talk a little bit about the election in this country, as opposed to the national assembly elections with the state of Cuba and what impact that's likely to have.

The title of our section is why Cuba matters to the United States and thinking about that to get started, it occurred to me that it was striking how often Cuba has played an important role in U.S. presidential elections and I think more so over the years than probably any other foreign country with the possible exception of the Soviet Union.

So, in 1960, a candidate, John F. Kennedy beat poor Richard Nixon over the head because the Eisenhower Administration had lost Cuba and was doing nothing about it. and that contributed in some small way to Kennedy's unwillingness to cancel the Bay of Pigs invasion when he became the president, having just beaten up Nixon and Eisenhower for being soft.

In 1976, it was Ronald Regan's criticism of Gerald Ford in the republican primaries for having allowed the Cubans to intervene in Angola that led Ford to suspend the secret talks that were ongoing then with the Cubans about the possibility of normalizing U.S. Cuban relations.

In 1980, of course, the Mariel crisis undermined President Carter's reelection bid. It wasn't the only thing that did that. It wasn't something that overly determined the outcome, but it was at least one contributing factor to it.

In 1992, Bill Clinton endorsed the Cuban Democracy Act, which then led President Bush to drop his opposition to that bill and led to its quick passage. In 1996, it was the Cuban shoot down of the rescue planes that led President Clinton to drop his opposition to Helms Burton. And it was at least in part concerns about his reelection that led him to accept the codification of the embargo into the law as part of the Helms Burton bill.

And in 2000, of course, it was the Clinton Administration's decision to return Elian Gonzales to his father in Cuba that cost Al Gore the election in Florida and hence the presidency.

So, I'm holding my breath to see what's going to happen this year with U.S. Cuban relations that might have an impact on our election. So far, I think it's fair to say Cuba has played a pretty minor role in the election campaign. It was in the spotlight very briefly when Barack Obama, during one of the democratic debates, said that he'd be willing to meet with U.S. adversaries and he listed a whole list of them, including Cuba negotiations. Senator Clinton then quickly charged him with being naive about foreign policy, and Obama countered with an



op-ed in the *Miami Herald*, which he called the (inaudible) all restrictions on Cuban-American travel and remittances, but did sort of qualify his offer to negotiate, saying that it was to negotiate about democratic change in Cuba as opposed to just negotiating unconditionally. Senator Clinton then countered that she supported some relaxation of restrictions on remittances and Cuban-American travel, although not a complete abolition of them. So, as the two candidates jockeyed for position, they really came to a position that was first not very different from one another, naturally, and also not very radical since it amounted to not too much more than a return to the policy of President Clinton back in 1999.

I think it's pretty clear that Senator Obama's strategy has generally been to try to appeal to moderate Cuban-Americans, particularly democrats, who, polling in South Florida, have shown -- tend to support remittances, Cuban-American travel, and who tend to vote Democratic. It's a minority in the community, but it's nevertheless an important growing group within the community and hence is a place where a Democratic candidate might be able to make some headway, as Andy Gomez described this morning.

Whereas I think Senator Clinton's strategy, on the other hand, has been very much like her husband's, that is to say, take a hard-line position on Cuba for the most part in order to take it off the table as a campaign issue in the hope that if Cuban-Americans vote on some issue other than Cuba, they're more likely to vote on social and economic issues where their opinions tend to be similar to other Latinos and therefore tend to be more sympathetic to Democrats

than Republicans.

Now, some of the other Democratic candidates in the race had called for much more of a policy of engagement -- Senator Dodd and Governor Bill Richardson -- but they're gone, so that doesn't really take too much here.

On the Republican side, there's really not much difference at all in the policy that the candidates have articulated. All of them support current President Bush's policy, which is -- I think it's fair to say -- as uncompromisingly hard-line as the policy of any President since 1959. But having said that, it's also clear, as I'm sure we all know, that campaign rhetoric is not a very good guide necessarily to what policy will be when a new President takes office. Jimmy Carter actually took a fairly tough line about Cuba during the 1976 campaign and then of course made a decision within months that it was time to normalize relations with Cuba. Ronald Reagan, during his campaign against Carter in 1980, threatened to blockade Cuba if he was elected President and ended up negotiating with Havana, reaching a migration agreement, and an agreement that (inaudible) Cuban troops from Angola. It's ironic that Ronald Reagan had more success negotiating with Havana than any President since Eisenhower.

President Clinton took a tough position on the Cuban Democracy Act during the campaign to the right of then President Bush, but he had opened the door to more people-to-people contact than any prior administration had. So, as I think we all know implicitly, campaign rhetoric is one thing; governing is something else again; and Presidents, when they get into the White House, have a lot of things to consider.

Well, what interests are at stake in our relationship with Cuba?

Because I think once we ask the question why is Cuba important, that's where you have to go next -- is to ask what are the interests that the United States has in the relationship, and at the top of the list certainly for the last two administrations has been a political interest in a stable, economically prosperous but democratic Cuba. That's been the stated objective of the last two Presidents.

We heard this morning that there might be a countervailing political interest in an improvement in relations with Latin America. I think the call to see the relationship with Cuba in a hemispheric context is a very important one, and that would suggest that the current policy of demanding a regime change in Cuba is not a politically sound one in terms of our relations with the rest of the hemisphere.

But, secondly, besides the political interests we have, I think it's fair to say humanitarian interests in seeing that the Cuban people have improved social conditions, freedom from hunger, freedom from disease. We have economic interests in the business possibilities available, and we've just heard about one of the more important ones, which is oil. But that's an interest that's currently subordinated entirely to the political interests in democracy promotion because of the embargo.

And, finally, the interest that used to trump all others -- we have a national security interest, and I think the national security interest we have in Cuba today is in preventing uncontrolled migration and migration crisis; in reducing the organized people-smuggling that goes on and preventing Cuba from

being a jumping-off point for narcotics trafficking; to limit the possibility of an environmental disaster of the type that was described in one of the earlier panels if there should be an oil spill; and then, in looking forward, if there were to be instability in Cuba we have a national security interest in having an unstable -- in preventing an unstable Cuba from becoming a haven for either organized crime or international terrorism.

As in the case of most countries, there's a tension that exists between these various interests. The embargo aims at weakening the Cuban economy to hasten regime change, but at the same time it damages the standard of living of ordinary Cubans, so it tries to advance a political interest, works against the humanitarian interest.

The Bush Administration has been somewhat unusual, I think, in subordinating all interests to the political interest in regime change, and I think the problem with that -- and I'm going to try in the last minute here to answer the question that a gentleman posed earlier: What should we do? -- the problem with that is that a good foreign policy ought to calibrate aims to the available instruments of power. The stated aim of the embargo is to force regime change in Cuba. Now, the embargo may hurt the Cuban economy. I agree with what Dan Erikson said earlier. But it does -- it's not fatal to the Cuban economy. So, the means that we have are inadequate to the stated end, and it's hard to imagine that the Cuban economy survived the special period, that the current embargo will ever be adequate to the end discipline postulated for, and so it seems to me that we have on the face of the policy that empirically it hasn't

worked, and by what we know about the nature of the economy in Cuba is not likely to.

So, what should we do? Well, Vicki Huddleston has talked very engagingly about the need to engage people to people. I think it serves the humanitarian interest as well as serving the interests that the American citizens have in a constitutional right to travel -- I want to get that in. The right to travel is not just something that we give to Cuba as a concession, but American citizens have a constitutional right to travel.

And I think we also want to engage Cuban government, as well as the Cuban people, on issues that are in the international interests of the United States, and so it's a list that other people have run down before but it's on the issue of migration, on the issue of narcotics trafficking, on the issue of people-smuggling, on the issue of environmental cooperation. These are all things that are not things we do for Cuba; they are things that we do for the interests of the United States, and I think they will set a context, or an environment if you will, that will make it more likely in the long run to see a process of courage, a process of change in Cuba instead of current policy.

Thanks.

MS. BARDACH: I just want to make one quick comment here about freedom to travel, that it should go both ways in U.S. and Cuba, and some of us have found that when we (inaudible) certain things we no longer have the freedom to travel at the Cuban end. I just wanted to point that out, that we certainly have our own onerous policy; they also have one.

Our next person on our prestigious panel has had many lives, many acts, and he is Francisco Hernandez, or Pepe, who is the president of the Cuban-American National Foundation. He graduated in Engineering at the University in Havana in 1960. He went into exile. He joined the 2506 Brigade and he was captured and was a political prisoner in Cuba for two years. He has seen all sides of the political spectrum on Cuban politics and maybe could answer some of the questions about why a change might be helpful to the U.S.

MR. HERNANDEZ: Thank you. Thank you very much.

Let me tell you first that I have not had the opportunity to hear Mr. Kirby Jones' before, but I wish I could have heard him before, because it would have saved me a lot of sleepless nights worrying about Cuba and the Cuban people, because it is the Cuba that he presents us (inaudible) really we shouldn't be worrying about -- too much about why Cuba matters to the United States. This is precisely the problem.

The problem is that there are many Cubans, and we think you really refer to the Cuba that we know and the Cuba that we have experienced, and we don't seem to really contact or refer to anything other than that. Several years ago during the last (inaudible) crisis, there was a TV -- in the news they were interviewing a boy about 12 or 13 years old who had arrived from Cuba in a raft, and he had been with his family and another family during the storm and one of the rafts just separated and they were lost, and naturally one or two members of the (inaudible) family had disappeared, and the reporter asked him what did you feel, what's your first thought when you arrived in the land of freedom? And

the boy looked at the sea and said I saved myself from Cuba. This was his first thought after having all that tragedy. He had saved himself from Cuba. This is the Cuba that I think we should think about, because if we have in Cuba many people that feel like this little boy just by leaving behind that island and all that experience -- he would be saved -- is what really concerns the United States, and it should concern all of us here, because the problem that we are having at the present time in Cuba -- this is one of the real, real -- at least for me, it's a tremendous (inaudible) -- is that Cuba for the last -- the first half of the 20th Century was an immigration issue.

About 1940, about 30 to 35 percent of the Cuban population was first- or second-generation immigrants. s a matter of fact, one of the greatest accomplishments of the revolution against Mashado (phonetic) was to create a constitution in 1940 that said that all corporations have to have -- and the government had to have at least 50 percent of Cuban-born employees. So, what has happened? And this is one, perhaps, of the -- say -- somebody says that the greatest accomplishment of the Cuban revolution is the health system or the sports. Others say that the greatest accomplishment of the Cuban revolution is Miami. Well, actually, after 50 years or -- almost 50 years now -- 20 percent of the Cuban population has left the island, most of them swearing never to return. And there's another 20 percent, especially those two million young people that Andy Gomez was talking about that want to leave (inaudible). People are concerned that there's going to be another exodus, and I say, like he said, I don't think that it's going to happen, simply because it's happening right now. What we

are getting is -- we are getting about 35,000 -- between 30 and 35,000 Cubans every year coming to the United States through Mexico, through the Vistas (phonetic) and through Canada and through Europe just getting a plane with a false passport and getting here. And this is really the problem that we are facing in Cuba. If we can't change that, if we don't reverse that aspect of the Cuban revolution that has made a nation of immigrants into a nation of fugitives of their island that want to save themselves from that country, there's not going to be a transition to democracy in Cuba.

Regardless of whatever happens there, whatever, according to Mr. Jones, the Cuban government is going to be able to do, the Cuban people are not going to buy that. The Cuban people are going to want to come to the United States and make their futures here. So, what do we do about transitioning Cuba? We have to change the attitude and the mentality, because these, according to -- like Andy told us, what does the Cuban want to do. Why don't they confront right now the problem? Because they feel that they are not going to have any future whatsoever in Cuba. If we want to change this situation, if we want to do something that really will resolve the problem, we have to change that attitude of the Cuban (inaudible).

The other thing -- that inference about the Cuban revolution about what really made these experiences that we have had over the 50 years -- it's almost -- it's incredible to me, actually. About 50 years ago, there was an Italian immigrant that wrote a book. It was Dr. (inaudible), and he was a -- he wrote a book that was called (inaudible), and the book is about destiny, and this book



really made a tremendous impact on the Cuban younger people, I think the (inaudible) of students at that time, and the main thesis of that book was that Cuba's manifest destiny, that he called it, was to -- and I quote him -- "unify the collective will of the peoples of the Caribbean Sea to create the preservation of the seven states of Central America with the support of Mexico to the north and Venezuela to the south." This became the (inaudible), the greatness, grandiose idea of what he was calling Cuba the generation of the -- the centennial generation, the (inaudible). I belong to that -- the tail end of that generation, because I was 12 or 13 years old, and it was commemorated in Cuba 28 January 1953, just about five months before the attack of Fidel Castro (inaudible). And that became -- this idea became the (inaudible) pride of Fidel Castro and his attackers, the Montada, and actually the Cuban people throughout all the struggle of the revolution. We see that now in the Chavistas, a Bolgavarian revolution.

That means that -- and also most of you, I'm sure, know that whenever when every young Cuban comes to the school every morning, they say (inaudible). This is engrained the present time in all this generation and in the spirit of what they -- what the Cuban government has to maintain in the Cuban people, in order to sustain (inaudible). That is not going to change what -- Fidel Castro death. That's not going to be given up by Raúl Castro. That doesn't matter, and I agree with Kirby Jones, it doesn't matter if we just repeal the Helms-Burton bill or we just lift embargo. That is going to continue, because this is the soul and the lifeline of that revolution and that government at the

present time.

I don't think I have more time, but I would also add to this (inaudible) nation what is going to happen when there is a new administration in the United States, and in my organization just about two weeks ago we called on all of the presidential candidates to ask them a number of questions -- what would they be doing about Cuba policy if they were President. Interesting enough, all of them agreed that the embargo has to be maintained --

MR. HERNANDEZ: -- even -- yes, Senator Obama, and by the way, the only difference between Senator Obama and Hillary Clinton was that Hillary Clinton said when one of our questions -- we asked -- one of the questions: Do you believe that the United States should negotiate with Raúl Castro once it is announced that Fidel Castro has died? Hillary Clinton said no, and Obama said yes. But then -- but then he made a comment and he said a crucial component of the Obama plan to promote freedom and democratic change in Cuba would be aggressive in principle by lateral diplomacy. I was sent an important message. If a post-Fidel government begins opening Cuba to democratic change, the United States is prepared to take steps to normalize relations. So, again, if there is an opening -- a democratic opening, then he will do something. But (inaudible) both who expect a lifting of the embargo from another administration, it's -- I don't think it's going to go. I certainly think (inaudible). There is going to be a (inaudible) station of a number of issues relating to Cuba, and we hope this is probably something that you would not expect from me. But we hope that there's a policy which we actually somehow --

the United States somehow engages the Cuban government in trying to find a solution to the present problem. Of course, the problem is (inaudible). Thank you.

MS. BARDACH: Thank you very much.

MS. BARDACH: So, we're now back to two deeply entrenched governments. We have the government in Cuba and the political culture of Miami. Who will touch first?

Okay, so John McAuliff is kind of going to. He's a founder and Executive Director of the Fund for Reconciliation and Development and knows something about the end of totalitarian countries and maybe what -- he is speaking to something that really interests me, which is the idea that if we don't get into reconciliation, some amnesty, we're not going to ever see some movement on these two sides, because the founding principle of politics is never going to do anything that can remotely threaten your power base. So, I'm just very interested in tangible -- what can actually, you know, create some movement here?

So I leave it to you.

MR. McAULIFF: Thanks.

I want to first take up a bit of the question that was just discussed by reading, actually, the response -- the Obama response that he quite different from Hillary in terms of family travel and remittances, that she tried to triangulate the difference away but in fact her only modification of the Bush policy is

somewhat greater flexibility on emergency travel, but in terms of the once every three years she doesn't question it at all. If you haven't read Theresa Curria's (phonetic) piece from *News Week* that I got, it was also in the *Post*, I recommend it highly. There are copies out on the table.

I'd also say in terms of Obama's response to the questionnaire that he makes clear that he would not only negotiate with Raúl but negotiate without preconditions. He has goals. There's no question about that. He has goals, but he would not make achieving those goals a precondition for negotiation. So, I think that's an important difference, which I say just having spent the last two weeks working for Obama in New York, so I have a certain subjective prejudice.

I was asked to talk about travel, but I'll also talk about the reconciliation question. I mean, I guess my view is that that will happen as part of the process of normalization, again not as a part of the precondition of normalization.

My experience with Cuba is only of the last seven or eight years. In substance, I've worked for 30 years on normalization with Vietnam, Laos, and Cambodia (inaudible). When I began that, there were travel restrictions, there was an embargo, there were no relations, and there was a psychological barrier that was at least as great as with Cuba -- the losses of war and all those things that related. One of the things that signaled a change was when first the Vietnamese and then the State Department started using the phrase that Vietnam is a country, not a war. I think we will get to the point that it will be Cuba should be a country, not a crusade.

The issues that I would say come from travel -- why is travel -- why does travel matter for us? First of all, the issue of Americans' rights were referred to. Supreme Court Justice William O. Douglas said the right to know; to converse with others; to consult with them; to observe social, physical, political, and other phenomena abroad as well as at home gives meaning and substance to freedom of expression and freedom of the press. Freedom of movement is the very essence of our free society. Once the right of travel is withheld, other rights suffer. So, I think the crucial view from an American's perspective on travel is it simply is a fundamental right that has been taken away from us and has to be restored. I don't think it's legitimate to sacrifice that freedom and suppose a justification is to achieve other people's freedom.

The second reason is to have an informed electorate, which is I think exactly the reason why the folks in Miami pressed on Bush to curtail the people-to-people travel that was going on in the later Clinton and early Bush Administrations. When Americans go to Cuba, they see a complex reality, not the ideological hero of the left or the ideological villain of the right. They meet Cubans who have all kinds of views and are prepared to talk about those views. They begin to recognize the role of nationalism and the respect for sovereignty in the dynamic. This is not a history that begins in '59; it's a history that begins in the 19th Century or the 18th Century and certainly was a major factor in the development of Cuban self-awareness throughout the 20th Century.

It is not the same country as portrayed by exiles who have their own agenda. Now, I'm Irish-American. I portrayed the Brits' role in Northern

Ireland to equal one-sidedness, as I hear Cuba now described today, but that's not the reality and that's not what Americans need to be knowing if they're trying to determine their country's policies.

The obvious thing of the culture. Thanks to Congressman Irvin (phonetic), culture sort of leaks through in terms of CDs and DVDs and books, but it can't leak through in performers, thanks to the Bush Administration. Cuban performers coming here and Americans knowing and participating in Cuban culture is tremendously important between us as it is between any two countries of the world.

To understand and evaluate the significance of the debate over reform, we have to be there. We certainly can read the stuff over the internet, but we have to talking to people; they have to be talking to us to get a sense of the context of the U.S. Concretely we have to recreate the interest and the pressure for change that took place in the latter Clinton and early Bush times when world affairs councils, alumni organizations, elder hostels, high school groups, bicycles -- bicyclists -- everybody was going and getting a sense of the absurdity of the policy that exists now.

MR. LEOGRANDE: It's also totally inconsistent for it to have this policy towards every other country in the world. No other country suffers from this travel restriction, whether it is a country that is virtually the same political system, (inaudible) legal system -- China or Vietnam.

Vietnam -- the U.S. is a leading source of tourists to Vietnam today aside from China, which is a next door neighbor. And Vietnam's political system

is not so different than Cuba's. We don't object in an organized fashion to the Vietnamese party or the state, but we -- that doesn't inhibit our tourists at all. There are other countries that are far worse that you can go to -- North Korea, Saudi Arabia, Iran. Also, our limits on travel ignore -- give attention to a special interest group. As intense as its feelings are, it's a tiny percentage of the American population. It's even now a minority of it's own population. It does not reflect that two-thirds of Americans who think we should have normal relations with Cuba and believe that there should no longer be travel restrictions, nor does it, as I said, reflect the 40 percent that would travel there on vacation nor the 55 percent of Cuban-Americans that think all restrictions should be ended, not just the revenue restrictions.

It is also unenforceable. It corrupts the rule of law. It distorts priorities. If you haven't read the GAO report, you should read it. They notice -- they note the fact that customs in border protection is using an unconscionable amount of its personnel and resources in the Miami airport to get rum and cigars and anything that people bring back with them who are legal travelers when they should be dealing with serious potential threats coming across and through the airport.

Since 2001, OPAC opened more investigations and imposed more penalties for embargo violations such as buying cigars than for violations of other sanctions such as goes on around.

Just read the GAO report. It is an absurd policy. It is a double standard. It's a total double standard. Miami -- six months ago several

Americans and one Cuban-American were -- pled guilty for charges of setting up phony travel, phony churches for people -- for Cuban-Americans to go to Cuba. They got a penalty. They'll go to jail. There are probably 4500 -- at least 4500 Cuban-Americans whose names the Justice Department has, that OPAC has. Are they going to go after them? Not a bit. They are not going to do anything about those or the very marginal Santaria trips, because they don't want to disturb, more than they've already disturbed, the political atmosphere within the Cuban-American community. So, that means, at least in theory, if you're a Cuban-American you're not going to be punished and if you are a non-Cuban-American you will be but in practice that's not happening either. We have a system of intimidation, not adjudication.

OPAC is incapable of doing anything about the people that it knows have traveled to Cuba. None of the cases that are currently on appeal in which people have gotten their letter and then they've asked for a hearing -- none of those cases are moving. There were three administrative court judges that were temporarily assigned. I think at best there's one left. One of the early cases was President Bush's interpreter in Indonesia. Nothing is happening on his case. We have the civil disobedience cases of the folks from (inaudible) Brigade and (inaudible). Nothing is happening other than intimidation on those cases.

According to the GAO report, 120,000 Americans every year go to Cuba through third countries without any license. A lot of those are Cuban-Americans, but a lot of them aren't. The Cuban figures have about 40,000 non-Cuban American Americans traveling there and it cannot be controlled. If people



refuse to follow a law they don't consider is just, even if they don't publicly commit civil disobedience, in effect their underlying in the ability to enforce.

Finally, and I'm still just talking about the United States, the ending of travel restrictions can restore our national reputation faster than anything else. Our policy towards Cuba is as damaging as our war in Iraq. We're considered an arrogant bully by much of the hemisphere and much of the world. They think we're obsessed. It's an echo of the Monroe Doctrine, the Platte Amendment, the concept of the Caribbean as a U.S. lake. People share -- in other countries share our goals, but they think we have silly and counterproductive means; that is, they'd like to see a Cuba more democratic in the greater respect for human rights but they think engagement leads to change, isolation doesn't. Virtually -- as Vicki said here, virtually all countries in the hemisphere have very positive relations. They're very grateful (inaudible) Cubans for medical assistance and for training.

The last U.N. vote was 184 to 4. That's the 16th year, and each year it goes up, and does that mean anything to us about our reputation? This is a far easier problem to solve than the Israel/Palestine problem or the Iraq problem, but we're not doing anything about it.

I'm out of time. I'd be happy to talk about the benefits to the American travel industry, which would be substantial, and also to talk about the benefits in Cuba, which I think would be very substantial in terms of encouraging the development of a private sector. The (inaudible) Havana in June. I talked about (inaudible) and the Irish model of beds and breakfasts. Every time before

now, it's been dismissed as ideologically impossible. On the last trip there was yes, that's what we need to do. Once it opens up with the U.S., that's how we deal with the overflow of tourists that can't fit into the hotels. It magnifies the effect on the private sector.

MS. BARDACH: Okay, thank you, John.

Okay, I think at this point we're going to open up for questions and answers to panelists. You know, I just was going to say that, you know, the kind of -- try and maintain a limit to comments and answer the question.

SPEAKER: Jorge, two questions for you. In that Eastern bloc in the Gulf, does the Cuban (inaudible) economic zone go into that Eastern bloc, number one; and, two, what has been the reaction or what do you think will be or would be the reaction of the U.S. oil sector to a rig finally getting out into that North Cuba Gulf and actually some exploration going on?

MR. PINON: Number one, yes, (inaudible) will have a piece of the Eastern Gap. The issue with the Eastern Gap is that, again, it's very deep. The technology's there. I mean, they're already dredging the Western Gap. The technology's there. But there's more protection somewhere else. Eventually everybody wants a piece of the Eastern Gap.

The issue about American oil companies -- I am very careful to making a statement, because it can be used as a political tool. It will take anywhere between three to five years to develop the potential of the lower Gulf of Cuba, anywhere between three to five years. So, don't think that you're drilling a

hole tomorrow (inaudible) oil. There's a lot of stuff that has to go on to really make it productive. So, it's going to take between three to five years. The window, if there is oil and one was (inaudible), is going to be a window of anywhere between three and five years. That's number one.

The political question that I've always asked, because it's a tool to promote the embargo or not, is well, European companies are exploring Cuba; U.S. oil companies are losing position. In our business -- trust me -- we're having conversations with our competitors every day somewhere in the world. No statements of fact -- I'm just saying that we could envision U.S. oil companies already, have had social conversations with the companies that are currently today in Cuba, and conversation has gone like I have concessions in Indonesia, I'll trade them for you for the ones in Cuba, and so on. So, the commercial opportunity -- the commercial opportunity of oil in Cuba is not going to be lost by American oil companies.

And to finish, having said that, the ones that are going to lose it are U.S. service companies. (Inaudible); in other words, we're importing oil companies that in bringing to you -- the Houston companies that supply technology at (inaudible) services, those are the ones that are going to have a true opportunity cost, because those services will come from Mexican companies, Canadian companies, or Venezuelan companies.

So, in -- to finish up, no, in the next three to five years, U.S. oil companies are not going to lose ground. If they really begin exploring, it's going to be U.S. technology and service companies that are going to lose.

MS. BARDACH: Are you saying that sort of under the table there's (inaudible)?

MR. PINON: No, no --

MR. PINION: It's not under the table, it's not under the table. It is that there is always -- there's always (inaudible) as far as properties, concessions, oil concerns anywhere in the world. That is part of our business. I'll give you 50 percent of my agency participation in Norway for 30 percent of participation in Cuba. I'll give you shares in both those -- I mean, that is something that we do every day as part of the business, and what I'm saying is -- I'm not saying that is happening; I'm not saying that's a fact. All that I'm saying is that I do envision U.S. oil companies having a nice social conversation saying by the way, when Cuba opens up, I'll be waiting to sit down with you and (inaudible) X-percentage of your of your concession (inaudible).

MS. BARDACH: Interesting.

SPEAKER: This is a question for Jorge as well. Actually, two quick questions -- one a clarifying question about this Cien Fuegos refinery. Is -- when is that expected to actually --

MR. PINION: It's already growing. Last week, it ran 52,000 barrels a day out of (inaudible).

SPEAKER: Okay, and what's it expected to go up to?

MR. PINION. Sixty-six. They're talking about (inaudible) press 1.3 billion bars of investment to bring it up. Mr. Chavez wants to make it into a huge petro chemical complex.

SPEAKER: A question related to this. How does that relate, then, to the oil that Cuba is getting from Venezuela?

MR. PINION: That's -- I would say -- that's why my whole point is that it's a very good deal for Chavez, because what he is doing is -- that high-value (inaudible) -- 45,000 barrels a day (inaudible) -- was giving (inaudible). Now we can put that in the international market and get true cash for it. Now he's going to be able to realize the true value of that. Now what's he's giving to Cuba is less than 30 crude, which is a much lower -- it's a very cheap crude oil that crosses in the refinery; so, in other words, all that he'd doing is he's -- the payback of exchange is about three years. It's a very good deal for the Venezuelans.

SPEAKER: Okay, actually just a quick follow-up on the Eastern Gap question. You know, no exploration really can take place until there are some negotiations for the border issue, right?

MR. PINION: No. No, exploration can happen tomorrow. Rexall (phonetic) already did it.

SPEAKER: Then who owns the (inaudible)?

MS. BARDACH: (Inaudible)

MR. PINION: Well, there's (inaudible) lawyers. My understanding from -- I have -- all company lawyers that I have spoken with say that that is not a problem. They don't envision any of the recurring activities in the Cuban (inaudible) Sea as being restricted by a treaty (inaudible) by descent. And I'm not a lawyer, but I believe the --

SPEAKER: No, I -- maybe I'm confusing the sea. I'm talking about the Eastern Gap area --

MR. PINION: Oh.

SPEAKER: -- that's not demarcated yet. Is it true that no exploration can really go further until Mexico and Cuba and U.S. --

MR. PINION: That is correct, that is correct, yes.

PETER:

This is a question for Sr. Hernandez, although I'd be interested Prof. LeoGrande's observations about his response.

You are the head of one of the most truly unique political organizations in recent history in terms of its political impact on U.S. policy. There are some people that feel that the Cuban-American National Foundation has single-handedly dominated control of the policy and has been a force in (phonetic) Cuba for many years. During the time of your predecessor there was a sense that it was almost omnipotent, the Cuban-American National Foundation, and there's a kind of conventional wisdom that, since the passing of Jorge Mas Canosa, the Foundation is somewhat weaker, particularly given the changes of demographics in Cuba, some of which we've talked about at earlier panels, although when you think about it, these last years of the Bush Administration have pretty much been, again, the same and very much in keeping with the type of policy that the Foundation has stood for. I'm wondering what you think about the issue of whether you are stronger or weaker in the present day, and what is your plan for influencing the type of political power you've exercised in the past in

the next administration.

MR. HERNANDEZ: Well, actually I think that the time changes and circumstances change with those times. The seclusion of Cuba is completely different than it was before. I -- yes, to a large extent, we are -- if you see us -- as far as influence is concerned, our (inaudible) station doesn't have the sort of influence that it used to have in the White House before. That has to do with a number of issues.

First of all, there are -- when we first started, we were the only ones going in there. I remember one Senator Solinsky (phonetic) when we were trying to push the radio Martí that said you know, well, the -- who are you representing? And we said we were four of us. Then Jorge said -- Jorge Mas Canosa also said well, the four of us just -- this is all the presentation.

MR. HERNANDEZ: And so it -- right now, right now there are, what, four Cuban-American members of Congress and there are two senators -- U.S. senators. Interesting enough, one is a Democrat and another one is a Republican, so this is different than it was before, and actually I think that that conveys the fact that we were quite successful in creating in our community the idea -- and this was specifically the first objective of the Cuban-American National Foundation -- this (inaudible), the explorers, and the screaming out of the (inaudible) and take it to Washington and take it to the --

MR. HERNANDEZ: We still scream (inaudible).

MR. HERNANDEZ: (Inaudible) in Washington. So, this is -- that also has been extremely effective, and -- but then what has happened -- there is a very substantial opportunity now, because what has happened in the last -- perhaps during the Bush Administration and specifically since Jorge Mas Canosa's passing -- is that they -- Cuban-American Congresspersons from South Florida realize that, you know, now we are the representatives of the community, and as such they were initially, well, elected on a (inaudible) the same quality (inaudible) that we were pushing at that time. But things have changed, and Congress -- and our community has changed. But these representatives -- our representatives at the present time unfortunately have not changed, and they have continued to (inaudible), because for them this is something that -- I say publicly because I say also in Miami -- that for them to change would mean to lose that power and that representation that they have, and that has created a stereotype in Washington of a community that has changed, and it has changed because we see now -- we said -- and in the 1970s that everybody was saying that there's going to be changes in Cuba and all that and Fidel Castro is going to open up, and we said it's not going to happen while Fidel Castro is alive. We will have to be (inaudible) not going to change.

MS. BARDACH: You're done.

(Laughter)

MR. HERNANDEZ: But now he dies (phonetic). So, now we've got to -- we've got to seize the opportunity. This is why you see me here on this panel, because we have to change U.S. policy to understand that there is an



opportunity right now, and the problem is that Washington doesn't want to change, because we have to prove that our community has changed.

MS. BARDACH: Right.

MR. HERNANDEZ: And opportunity is coming in November.

MS. BARDACH: The other thing that people may forget is that Jorge Mas Canosa -- and God knows I had a few differences with him -- one of the last things he did is he debated on television -- people do not remember this -- Ricardo Alarcon. So, I may point out that Jorge Mas Canosa was really the first (inaudible), okay?

MS. BARDACH: All right? And I think that one of the problems is that we don't really have somebody of this stature (phonetic) who can sit down with the leaders -- (inaudible) myself and I am -- and say listen, you don't follow my example here, you know, and that this would be a tremendous act of political courage if we could find the resources.

SPEAKER: Did Jorge say how he thinks the U.S. policy should change? I'm not sure I understand --

MS. BARDACH: Jorge Mas Canosa?

MR. PINION: Well, yeah, all right. Okay. Yes, I think that (inaudible) these 2003 restrictions from Bush. We said this is absurd. Cuban-Americans must become agents of change in Cuba. We have to increase the relationship between the Cubans in the island and the Cubans in the United States. After all, 51 percent of our community -- they have stuff from Cuba -- and

since 1980 70 percent of our community was -- I mean, Cubans in Miami and Cubans in Cuba were bored after Fidel Castro came to power. So, we've got to change this situation. That is one of the things that I think has to be changed immediately.

Secondly, yes, the United States somehow has to find the way to engage the Cuban government in the island. We should not just open up and say look, we are going to lift embargo and do all these things and you tell me what you want to give me in return. I don't think so. I think that we have to say look, are you -- and this is something that I have said. We should have (inaudible) when Raúl said we want to talk. Okay, what do you want to talk about Okay? What is it that you want us to talk about? And, yes, we will be willing to talk. I think that the United States has to be. And it's in the interest of the United States right now to say okay, fine, what is it that you want to talk about? So, I think so. I think that -- but I also think that the Cubans have to talk to each other. Cubans in the island have to talk to each other, and the Cuban government has to talk to their people inside the island. If that doesn't happen, then there's going to be very, very little opportunity.

And, finally, finally, you know, this (inaudible) stereotype, slowness. You continue to believe that we are these radical people that want to eat all the -- for lunch -- all the -- or for dinner -- all the Cubans who don't agree with us. I mean --

MS. BARDACH: (Inaudible)

MR. PINON: Not true. It's not true.

MS. BARDACH: Okay, I think we may have time for one question.  
Are we kind of --

SPEAKER: Eva (phonetic), I think I'd better cut it off. I'm going to try to keep this to the minute. I, first of all, want to thank very much this incredible panel that we just heard, but all the panelists have come extremely well prepared. We've had a really dynamic discussion from all ends of the spectrum, and I must say I think that's really where we have to come from if we are going to get the right to a policy for Cuba so that we do have a Cuba that does transition peacefully to a democracy and to a stable, prosperous country.

I would like to thank the audience. You have been really wonderful. You've come with us all through the day. You're as big of Cuba experts, that's for sure, as any of us on the panel.

I'd also like to thank very much my colleague, Jason (inaudible), who has worked very, very hard in bringing this all about, and it really has been a great conference.

Now, I am not going to summarize this whole thing. You've been here and you can draw your own opinions, your own conclusions. But I am going to say one or two things.

Now, one of the things I'd like to say -- I feel sort of funny, kind of, behind this desk, so I'm going to come around a little bit and say -- and tell you a little story. My last Fourth of July in Cuba was the spring in Cuba -- the Cuban spring, and it was summer. It was the Fourth of July, and it was 2002, and everyone came to this great party at this beautiful residence that was built for the

ambassadors, and as they're coming down this road and streaming in, of course the camera across the street -- tick-quick-pick, thank you, on cue --

SPEAKER: -- is taking pictures of everybody who's coming by just when the Cuban government is particularly (inaudible) annoyed they can call them in and say I saw you going to the Americans' Fourth of July party. In any case, I'm -- I was a (inaudible) greeting them. I'm having a great time. About an hour into this long line of people that's coming in, one of the journalists ran up and she said do you know that Fidel is hosting a Fourth of July. Wow. And do you know that he's invited all these musicians that you've invited to the party here. Wow. She said well, what do you think? I said well, first of all, I think it's fantastic, you know, it's -- the day that Fidel wants to celebrate Fourth of July is just fine with me. But he's sneaking all your guests away and, sure enough, as I'm still greeting the stragglers, the musicians are walking out and they have their plastic bag with a radio -- AM/FM/short wave -- and the same Jose Martí in there in an opaque, plastic bag, tied with red, white, and blue ribbon, and they're delighted. They got their gift. They're off to the Karl Marx theater to join the Buena Vista Social Club.

So, why am I telling you this great story? I'm telling you this story, because Fidel Castro always knew -- and I am sure Raúl Castro knows -- what the national interest is of Cuba. He was happy to have an American Fourth of July first of all because he thought maybe he could persuade the musicians not to go and they wouldn't get those little radios that he really didn't like at all, because people could listen to information from whatever source that they

wished. And the Cuban government used to say oh, they only pick up Radio Martí. But that wasn't true.

What I thought was so striking in this panel was the emphasis -- and I think the one who did it the hardest perhaps was Robert Muse. U.S. national interest. We should begin there. U.S. national interest. What are U.S. national interests? They're migration; they're stability; they're oil; they're humanitarian; and very much they are our image in the region. And all those things have been discussed at some length today.

The next issue is how do you get to following the national interests of the United States in the most effective way. Now, Jaime Suchlicki said this morning that he thought basically squeezing the economy further, actually bring about the collapse would probably be the best way to get there, and that is certainly a legitimate way to look at it, and then perhaps you could even begin with a clean slate. But the majority of people here have said there is change. Change is coming. It's going to be strong. It may, as Andy said, take a generation and may, as Marifeli says, involve some people who want to change, such as the 2.2 million, or it may mean that you have a group of entrepreneurs, of military and others who don't want to change. And nevertheless you're going to begin to get the change.

The question, then, comes down to how do you best get it, and I think what I've heard most of all here today is you get it through some sort of engagement. Now, I never heard anybody yet say today -- and I'm sort of amazed -- just get rid of the whole embargo, because I know there are lots of

people around here who would probably say it. That -- when people say there's no -- the U.S. has no influence, such as Kirby Jones said, that's nonsense to me, because as soon as we drop the embargo we'll have a heck of a lot of influence. You basically are talking about as long as we don't do that -- you're nodding your head that some people would understand that.

But the -- so, the U.S. does have a huge influence, and we also have a huge influence that can rock the boat. You know, that's what dictatorships don't want -- is some weight shock to the system that they can't contain. And that is what we might at some point want to move to. But at least, I think, what we've gotten today is that if we are going to prepare the Cuban people, if it is going to be the Cuban people who are going to make the changes in Cuba, there has to be a lot more connection with the Cuban people.

Carlos Saladrigas said it very well. It's counterproductive to isolate a totalitarian regime. Tito loved it. North Korea loves it. Idi Amin in Africa loved it. If we want to change this regime, we cannot collude with them in keeping out people and ideas that will change it.

Thank you all very much. It's been a great day.

(Applause)

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