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P R O C E E D I N G S

MR. PICCONE: Good morning. Can everyone hear me?

QUESTIONER: Yes.

QUESTIONER: Yes.

QUESTIONER: Yes.

MR. PICCONE: Oh, great, excellent. I'm Ted Piccone. I'm a Senior Fellow with the Latin America Initiative here at Brookings. And thanks for joining us on this call. And we also have one of your colleagues here in the building. We're here to talk about Cuba and the timing is particularly useful and interesting for two reasons. One, we're approaching the one year anniversary of D17, December 17, when President Obama and President Raul Castro announced the process of normalization, and a lot has happened since then. And so we are happy to get into some of those issues if you're interested, but today we're really focused on one of the key issues in the relationship and in the process of normalization, which is the issue of claims. And specifically

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property claims of U.S. nationals for property that was expropriated in the early days of the Cuban revolution, 1959 and the early '60s. And today in fact the two sides, Cuba and U.S. negotiators, are meeting in Havana, the U.S. delegation led by the Acting Legal Advisor of the State Department to tackle these issues. And the timing couldn't be better for a research project that we launched over a year ago to look very intensively at this issue. The history, the scope of the claims, the experience, that the United States and Cuba have had with this issue, with other countries, and we're here to brief you on that and answer any questions you might have.

Richard Feinberg is our lead author for this report. Dr. Richard Feinberg is a professor of Political Economy at the University of California in San Diego and a Non Resident Senior Fellow with us here at Brookings Foreign Policy Program. Richard is the author of several long reports and papers for Brookings and other institutions on Cuba, particularly looking at issues of Cuba's economy, its growing

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middle class, the role of the international financial community, and now this report on property claims.

I'm going to turn the microphone over to Richard and let him brief you on this, but if you could just very quickly take a role call so we know who's on the line.

Michelle, would you start?

MS. KELEMAN: Michele Kelemen, NPR.

MR. PICCONE: Nora?

MS. GAMEZ TORRES: Nora Gamez from the *el Nuevo Herald* and the *Miami Herald*.

MS. ZENGERLE: Patricia Zengerle; I'm with Reuters.

MR. LIOTTA: Doug Liotta with the *Wall Street Journal*.

MR. PADGETT: Tim Padgett, WLRN in Miami.

MR. GUZZO: Paul Guzzo with the *Tampa Tribune*.

MR. DEY: Iain Dey from the *Sunday Times* of London.

MR. STEVENSON: Seth Stevenson from *Slate*.

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QUESTIONER: (Inaudible), *Sun Times*.

MR. PICCONE: Great, excellent. Thank you all for joining us. And I'll the microphone over to Richard.

MR. FEINBERG: Thanks very much, Ted; always a pleasure to be here at Brookings. So first at the top, why are these bilateral talks starting today on property claims, why are they important. The convening of these talks in Havana are a major milestone in the process of gradual full normalization of relations between the United States and Cuba, especially important with regard to commercial relations. Property ownership and claims are at the strategic heart of the Cuban revolution, dating from the early 1960s and also a major cause, perhaps the major cause, of the conflict between the United States and the Cuban revolution. The seizure of properties, the massive seizure of properties by the Cuban revolution was the means whereby they seized and maintained power all of these years. The seizure of U.S. properties was the proximate cause of the

imposition of U.S. economic sanctions back in the early 1960s. Those sanctions, now codified in Helms-Burton legislation and other executive actions, these sanctions are the most comprehensive and prolonged economic embargo in U.S. diplomatic history. So these talks, therefore, are an effort to settle these claims and to turn the page to enter into a new chapter in U.S.-Cuban relations are therefore of strategic importance in the bilateral relationship.

Let me now go on and discuss my report. And I want to thank the U.S. government for scheduling these talks precisely on the day in which I'm releasing this report. (Laughter) My report, as the talks, will discuss U.S. claims only and that is defined as U.S. citizens or corporations at the time of taking, that is to say when the nationalizations occurred they were U.S. citizens or U.S. based corporations. So we are not discussing in this paper -- and I believe also in the bilateral talks -- we're not discussing the claims of Cubans who lost properties and later became U.S. citizens.



Very importantly, both nations, the U.S. and Cuba, agree on the principle of compensation. That is to say both nations agree that sovereign nations have the right to nationalized properties in the public interest, but are required to pay just compensation to the owners. Cuba does not dispute this basic principle in international law. In the early nationalization laws of the 1960s compensation was provided for, including most importantly, Law 851 of July 6, 1960, that famous Law that nationalized many U.S. corporate properties. That law provided for compensation by a 30 year bond paying 2 percent interest. Also both Fidel Castro and Che Guevara and other top Cuban diplomats in various conversations over the years with U.S. diplomats have agreed to include compensation on the bilateral agenda. Furthermore, Cuba has negotiated compensation accords for seized properties with various of their economic partners, including Canada, Spain, France, Italy, and the UK. From its own national interest perspective Canada has good reasons to negotiate compensation.

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Cuba wants to demonstrate it is not a rogue nation,  
Cuba wants to demonstrate it is a nation of laws, and  
Cuba wants to remove major irritants to its  
international diplomacy and commercial relations.  
Most importantly, perhaps, Cuba today wants to attract  
international investment. In order to do that they  
need to reduce perceptions of uncertainty and risk,  
they need to offer a better business climate for both  
international and domestic investment. And that means  
resolving outstanding property claims.

Now the U.S. of course has long advocated  
prompt, adequate, and effective compensation for  
nationalized properties. Now in the case of Cuba,  
it's a little late for compensation to be prompt, but  
the negotiations will reveal just how the two nations  
define adequate compensation and effective  
compensation. In international diplomacy typically  
massive compensations by revolutionary governments are  
typically resolved through bilateral negotiations  
between the two governments. That is to say not by  
individual companies negotiating one by one with the

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other government, rather, they're handled by the U.S. government as a whole representing or espousing on the behalf of U.S. claimants. On the U.S. side, the Foreign Claims Settlement Commission, which is the independent entity within the Department of Justice, it advocates and places value on U.S. claims. But it's the State Department that then takes this data and this information and uses that as the basis, as the opening position for negotiations with the other government. Therefore it is the State Department, not the Foreign Claims Settlement Commission that is leading the delegation now in Nevada. Once an agreement is reached, and I have no doubt that eventually an agreement will be reached in this case as it has in so many other previous cases historically, it is the U.S. Treasury that then takes whatever the Cubans agree to pay, that lump sum payment, and it's the Treasury decides how to distribute that payment, that compensation among the various claimants.

Why does the U.S. pursue lump sum

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agreements. That has a number of advantages from the point of view of the demandeur of the United States in this case. And negotiations prevent a fragmentation among the claimants. It makes it more difficult for the other government to use divide and conquer tactics. So by summing together all the claimants in a single package advocated for by the United States, that enhances U.S. leverage in the bargaining process. Also from the point of view of the claimants though, lump sum settlements also have important advantages. They result in a fairer distribution of the proceeds among the various claimants, and also provide for a more transparent process than you might have if you just had single companies negotiating directly in secret.

Now in the case of Cuba, at Congressional assistance back in the early 1970s, the Foreign Claims Settlement Commission, again an independent agency that's housed within the Department of Justice, the Foreign Claims Settlement Commission heard 9000 claims, they denied 3000, my report explains on which

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basis they issued these denials, but nearly 6000 were certified and accepted as valid and those 6000 claims have a total value of nearly \$2 billion in 1960 dollars. Now following its own routine, the Foreign Claims Settlement Commission tacked on a simple interest charge of six percent per annum. Simple, that is to say not compound interest but simple interest of six percent a year. However that figure is a rather arbitrary figure not required or stated in any U.S. legislation and moreover, in fact, in terms of settlements that have been negotiated by the State Department over the years most bilateral lump sum accords have fell well short of that six percent interest target. And again my paper lays out all of that in detail. Even Germany, when we negotiated the settlement of the claims against East Germany, negotiated by West Germany after unification, even the Germans only paid three percent interest on U.S. claims that had been inherited from the East German government, the GDR.

Let me just explode one myth right now. It

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is simply not true that Cuba is so poor that there's no way for them to pay any compensation. For example, if we just took the \$2 billion, the principal required, and if we said okay, they can pay it over 10 years -- these agreements often are settled with payments over a period of years -- if their payments were over 10 years, that would be \$2 billion divided 10 or \$200 million a year, which would be only 3 percent of Cuba's current annual merchandise exports and only 0.2 percent of Cuba's GDP. And if the payments were over 10 years, and if we assumed some growth in exports and GDP in Cuba, then those ratios would decline ever further, making it even easier for Cuba to be able to afford those payments. Now of course if you added the interest charges then the payments of course would be more burdensome on the Cuban economy.

So now let's take a look at those 6000 certified claims. Let's drill down a little bit. Of the \$2 billion in authorized claims, \$1.5 billion are accounted for by 50 U.S. corporate claims. So in

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terms of the amounts of claims, they're highly concentrated in a relatively small number of U.S. businesses. On the other hand, of the 6000 claims 5000 of those, the large majority of claims, are held by individuals, mostly for homes, or securities that were held in Cuban financial institutions. Those 5000 individual claims account for only about \$230 million. A lot of Americans in those days owned summer homes in Cuba. It was not unusual for people who lived on Long Island to have a vacation on the Island of Pines. That's how closely integrated the U.S. and Cuban economies were back in the 1950s before the Cuban revolution.

So Cuba could satisfy those 5000 individual claims, the principal as certified by the Foreign Claims Settlement Commission, with a mere \$230 million, assuming the U.S. dropped interest charges as has often been the case in other lump sum settlements. That \$230 million is well within the capacity of even the Cuba government, particularly if it were stretched out over a couple of years.

Now for the larger, corporate claims, that \$1.5 billion held by 50 corporations for example, there I think some creativity might be possible. Cuba could offer a menu of options that claimants could choose from on a voluntary basis if they found something that menu of options more attractive than monetary compensation. For example, those companies could be issued vouchers that could be applied against future equity investments on the Island or against future tax liabilities that they might accumulate doing business on the Island in the future. Other options, Cuba could grant these companies the right to operate, to open a new business, certain preferred acquisition rights, or in some cases I think direct restoration of those properties is not likely in the large majority of cases, but there might be opportunities in which the government could offer investment opportunities in vacant locations of comparable value.

In each case, many of these creative solutions in that menu of options, Cuba could tie the

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solution to requirements that that company carry out additional investments on the island so that there would be a net gain, not only for the company, but also for the Cuban economy. That idea of tying compensation or access to markets to new investments is something that was done in Eastern Europe in a number of countries when those property disputes were settled.

Such business deals were to require on the Cuban side some credible investment guarantees. The companies would have to feel secure that they were not once again going to be nationalized or otherwise squeezed such that their businesses would fail. On the U.S. side, as a minimum in order for companies to do business in Cuba, they would have to be issued licenses by the U.S. Treasury, by OFAC, or perhaps this entire agreement could be accompanied by a significant relaxation of U.S. economic sanctions.

In fact, and this is my last point here before we open up for discussion, the whole issue of claims, strategically it could be a very contentious

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issue, and we have yet to see exactly what position the Cubans will take on this. It could drag out over many years and really slow down the entire process of commercial normalization, or both governments could see the issue of claims as a major catalyst for a grand bargain that drives the settlement on a range of bilateral issues.

This idea of having claims settlement at the core of a grand bargain is something that the United States has done previously. For example, when we normalized relations with Vietnam in the 1990s, the settlement of claims was a big piece of that process of full normalization, and similarly, with the Soviet Union back in the 1930s. What might this grand bargain look like with a settlement of claims at the strategic core? It could include giving Cuba access to the international financial institutions. It remains an anomaly.

Cuba is the only country in the world other than North Korea not a member of the World Bank and the IMF. It's about time that historical anomaly was

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rectified. The U.S. could participate in the renegotiation of Cuban official and commercial debts. The U.S. Export-Import Bank, for example, still carries Cuban arrears on its books. That could be settled altogether to facilitate for Cuba to be able to pay with relative ease out of its balance of payments. It needs more investment, and therefore it would be in the interest of both parties for this grand bargain to include an easing of U.S. sanctions as part of the grand bargain. So ideally this grand bargain would include some agreement on at least the outline of an ambitious forward-looking, more market-driven development strategy for Cuba that would have the support of the international community.

So finally, this grand bargain that I'm suggesting here would be in the interest of both Cuba and the United States. It would result in the 20th century trauma of massive property seizures being transformed into a 21st century economic development opportunity for both nations. Thank you very much. I welcome your comments and questions.

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MR. PICCONE: Thank you, Richard. The floor is open for questions.

QUESTIONER: (inaudible).

MR. PICCONE: Go ahead someone. I didn't catch your voice.

QUESTIONER: Oh, hi. This is Nora here. Thank you very much, Richard. I wonder if you can just talk about several years, but do you have the timeframe on when this agreement could be reached? And my second question is, I know you're not discussing the uncertified claims, those held by Cuban Americans, but I wonder how agreeing on the certified claims could help or not these other claims held by Cubans or Cuban Americans?

MR. FEINBERG: So on the timeframe, it's impossible to say. It really depends upon how both governments view their strategic interests. I think if both governments decide that the settlement of claims could speed the overall normalization process, and if they see that as in their interests, then I do think, \ at least the framework for this agreement

could be put in place during 2016.

On the other hand, I assume today that both countries will begin at the table with a maximalist position. That's the normal thing in such negotiations, a bit of posturing, and so we'll see how long it takes for governments to get off their initial position and get down to serious negotiations. If the Cuban government decides to stick to their initial position, which as you know, they've stated rhetorically, which is to say that, well, they recognize that they need to pay some compensation on U.S. claims, but the U.S. government owes them billions and billions of dollars as a result, one, of the longstanding economic embargo and two, their personal injuries as a result of the Bay of Pigs and other alleged crimes committed by the United States. If they stick with that position, then, of course, there will not be a settlement, and this could drag on as a major thorn in the relation over many years.

With regard to uncertified claims, well, first I think a decision by Cuba and a settlement

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would in general improve relations dramatically and also improve the business climate in Cuba, and I think it's in the interests of many Cuban Americans, not just those who might have lost some properties, for there to be an improvement in overall relations.

Whether or not this agreement might include a framework to begin to look at Cuban American claims, I could see that as a possibility, perhaps establishing some general principles whereby those potential claims might be vetted going forward. As you know, Nora, in general and in international law and in U.S. practice, the U.S. advocates or espouses just for U.S. nationals, U.S. citizens and U.S. corporations that were U.S. nationals and citizens at the time of taking, that is to say, at the time of nationalization, and so the U.S. is following that principle in these negotiations that begin today.

MR. PICCONE: I would just add one point about timeframe, which is that 2016 is a pivotal year in U.S.-Cuban relations, because there is great uncertainty about what happens in November elections

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here in the United States, and some of the leading presidential candidates on the Republican side have made it very clear that they intend to pull back, reverse, do various things that would change Obama's policy of opening up to Cuba. So that creates a certain sense of urgency to see how much progress can be made in this next, say, six to ten months, so take advantage of that window of opportunity. Next question?

QUESTIONER: Yeah, hi, Ian Dey from The Sunday Times here. Just to expand on that theme, I'm just thinking of how the politics of how this would work. So the 5,000 citizens who've got a claim, many of those 5,000 families have inherited claims from parents or mostly been their own claims, but these are possibly people with no real connection to the island other than the fact that they used to own a house there. How is that going to play politically as these 5,000 people get tens of thousands of dollars each, and yet the Cuban American community, people who fled for their lives, get nothing. Surely the two sets of

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claims would have to be addressed in tandem, would they not?

MR. FEINBERG: Well, first I think if there's a settlement for the 6,000 authorized claims, 5,000 individuals, nearly 1,000 U.S. corporate entities, among those many major American firms, that would create overnight a very large constituency for the broader normalization of commercial relations between the two countries. Presumably, a number of these 6,000 people now remain hostile to the government that expropriated their properties. They would be turned from hostile overnight to friendly in favor of engagement, because their claims would have been settled, they would have gotten something, and some of them would have decided to reengage in the Cuban economy. So that's an important part of the politics of it.

Imagine if suddenly there's a settlement whereby Cuba offers compensation and in effect accepts that basic principle of U.S. and international law. That would seem to me, all things being equal, to

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really undercut the arguments of the remaining stalwarts who continue to oppose U.S.-Cuba normalization of relations. If there were a good agreement put in place, I think the conditions would then be set for a Congressional vote that would, if not fully lift the embargo, certainly significantly relax U.S. economic sanctions.

I think in terms of the Cuban Americans, a settlement for U.S. claims, and not only the recognition of compensation but actually the agreement to pay some compensation to U.S. citizens, would create more favorable conditions for Cuban Americans, and for Cubans who live on the island, by the way, who may have lost properties, for them to begin to broach the issue if they're interested.

QUESTIONER: Next, would it establish the concept that the Cuban government believes in the concept of compensation?

MR. FEINBERG: Yes, well of course, the Cuban government, as I said at the outset, does accept the principle of compensation, and they've negotiated

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compensation, did this with other countries, as I pointed out, but this would be with the U.S. This would be by far the biggest settlement in terms of amounts of money and number of claims. So it would be a major milestone in Cuban economic policy and actually implementing the principle that they agreed to, but in a large scale of compensation.

QUESTIONER: Okay, thank you.

QUESTIONER: Can you talk a little bit about this administration's track record with negotiating with Cuba? You've seen it for a year now. Are you confident that they'll be able to negotiate the kind of package you're talking about, and are you worried at all about these Cuban claims? I mean, they're talking billions of dollars that they've lost in the embargo that the U.S. is even willing to talk about that it seems?

MR. FEINBERG: Do you want to respond to the first part and I'll take the second.

MR. PICCONE: Well, I think that so far since the announcements in December 17th, and of

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course, for many months before that when the process was closed, secretive, but a tremendous amount got done we found out on December 17th. The choreography of the exchange of Alan Gross and other individuals in Cuba's going back was as dramatic as could be, and have the effect psychologically of really turning the page. Now what's happened is a shift of attention to many different areas, and on the U.S. side, you now have the Commerce Department, the Treasury Department, Agriculture Department, Department of Homeland Security, many other agencies engaged, sending cabinet secretaries, and really trying to use this window of opportunity to open the door and to get to know each other. Because it's basically been completely frozen for decades, and our interest section that's now an embassy, has been isolated from any direct contact with government officials except for a small number for years, so it's a whole process of unwinding that embargo that is underway now.

So what we have in the next, I think, month or so will be some announcements of new agreements

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that both sides have reached. Some have already been announced, one on environmental cooperation and protection of marine sanctuaries, but we expect others in the area of civil aviation, postal relations, counternarcotics cooperation, other areas of law enforcement, including some very touchy, sensitive issues around fugitives. These are all on the table making progress, and maybe there'll be some announcements in that regard in the next month or two.

QUESTIONER: And is this the toughest?

MR. PICCONE: This is one of the toughest, but I think, because, as Richard lays out, there is experience and a process for certified claims negotiations. In a way, this one is more straightforward than the other claims on the U.S. side, many of which have been pursued through the U.S. court system, and there are default judgments out there that are looming, a big shadow, so that if Cuban entities want to do business and bring, say, an airplane to the United States, that is subject to attachment under a court order, and that becomes very

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messy, because the U.S. government doesn't have as much direct control over that. There's a legal judgment that's been made by a court in Florida, so that, I think, makes it much more difficult. The proof of concept idea is why this is important, because it will accelerate the interests on some parties to go ahead and settle these claims sooner rather than later.

MR. FEINBERG: The U.S., as Ted indicates, is negotiating or in talks with the Cubans on a whole host of issues. We see progress in a number of areas. But I think there is the danger of a diffusion of efforts across many issues, all of which have some importance, but really are not strategic.

What the claims issue has the potential of being is becoming the strategic issue which fundamentally alters and advances U.S./Cuban relations, and which fundamentally alters the debate in the United States and in the U.S. Congress. So that is the tremendous opportunity that the two governments face, and we'll see if they're capable of

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grasping it or not.

On the issue of Cuban counterclaims that you raised, so there's two types of counterclaims on the Cuban side that they publicly announced. One is claims for injuries from the U.S. embargo. There I think the U.S. will dig in its heels because economic sanctions are a vital instrument of U.S. foreign policy. We've used it most recently, and very successfully, in order to pressure Iran to accept the nonproliferation agreement. In the WTO, Article 21, allows countries to use trade sanctions on behalf of their self-defined national strategic interests, so I think the U.S. will hold firm there.

On the issue of personal injuries, Cubans allegedly harmed by the actions of the U.S. government, there I think there might be some room for discussions, and it will be interesting to see how that pans out. However, the idea that the two governments could say, okay, the U.S. owes Cuba for personal injuries, Cuba owes the U.S. for claims. Let's just call it a day. That will not wash because

that would leave U.S. claimants hung out to try, and so the U.S. cannot just trade off one set of claims against the other.

MR. PICCONE: Next question.

QUESTIONER: Hi. Paul Guzzo of the Tampa Tribune. You mention in your report that there might be some exceptions to Cuba, who the world negotiate or give settlements to, specifically people associated with the Batista government. Who would they define as being associated as being with the Batista government? Is there anybody you think on the list of certified claimants that could be included in that?

MR. FEINBERG: Well, Paul. Thanks for that. You and I have gone back and forth a little bit about this on our own. So this takes us back to the early days of the Cuban revolution when in their initial nationalization laws that allowed for compensation, as we've emphasized, there were clauses in there which excluded people who were "associates". "Participants in or associates of the Batista government." I think that the very phrase associates allows for

considerable interpretation. So that's open.

Now, if you were literally working in the government, but even then it might depend on what level of government, etcetera. In most cases, that would presumably deal with Cuban-Americans or Cubans or Cuban-American claimants. But there might be some cases, and I do know that you have one or two in mind, and I think it will be very interesting to see how that plays out.

I might mention this. When the Foreign Claims Settlement Commission does it work, and in this case sifting through 9,000 claims, certifying 6,000 the Cuban government was not in the room. So the Cuban government could say, "Well, you did your work and now why don't we, the Cuban government, take a close look ourselves at those 6,000 certified claims and decide what we think. One, are they valid claims. Two, the monetary amounts that the Foreign Claims Settlement Commission put on those claims. What do we think about that?" And try to revise and presumably revise downwards those 6,000 claims.



We'll see. The danger there, of course, is that could really drag out these discussions over a long period of time if Cuba really wanted to try to go through those 6,000 claims. It took the Foreign Claims Settlement Commission, I believe, six years to go through the 9,000 claims. So I'm hoping, anyway, the Cuban government doesn't decide to replicate all of that work. But they might take a quick look at those 6,000 claims and contest some of them on various grounds. One of which might be the grounds that you are referring to, Paul.

QUESTIONER: Thank you.

MR. PICCONE: Next question. Don't be shy. I'm sure you're not. Michelle?

QUESTIONER: Is there a danger that because of the year 2016, this is Obama's last year, that he tries to rush through this a bit too much? That he might want it more than the Cubans do?

MR. PICCONE: I mean, this has been a question that's been raised from various angles. Not just on the Cuba issue either. I mean, I think the

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President does want to define Cuba as a legacy of his Administration. He came to office in 2009 having, as a candidate, declared his interest for a different policy toward Cuba. It took longer than expected, but I think this has been a priority for this Administration.

Does that translate into giving too much away? I don't think so. I mean, when you look at the effectiveness of U.S. policy purely and as objectively as possible you can easily reach the conclusion that our policy of very strict embargo was a complete failure. I think most foreign policy experts in this town would agree with that, Republicans and Democrats. So it really was time for a different approach. I think President Obama was willing to take the political risk of starting that process, but it's a slow process. It's not happening overnight. There is much more work that needs to be done on both the U.S. and Cuban side.

On the Cuban side, they have their own needs and demands. There is a process of change underway in

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Cuba, but it's slow and it's going to be cautious and controlled by the top. This is a long term process of change. What President Obama has done is get it going, get it moving. That's why I think more can happen in 2016 so that certain steps are less likely to be reversed in 2017.

QUESTIONER: But easing all these restrictions, emptying out this embargo as much as he can before 2016 doesn't that mean you lose your leverage on issues like claims?

MR. FEINBERG: Well, first of all, with regard to claims, so we had a tough policy for 50 plus years, and how many claims were resolved, Michelle? How much did the claimants get back in 50 years?

QUESTIONER: None.

MR. FEINBERG: Zero, right. So that might suggest that a different approach might, at least, gain something for the claimants. The so called, tough policy, got them zero. So anything they gain from this new approach would be more than they've gained from our full court press embargo.

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Secondly, I would assume the Administration understands that if there's a settlement that falls way short of the aspirations of the claimants then they could be subject to court challenges and maybe challenges on the Hill. I think the Administration tactically wants a deal that shields them from counterattacks, let's say.

Finally, in these negotiations, the U.S. has considerable leverage. The U.S. has not fundamentally altered the core of the embargo. Sanctions remain strong on most U.S. trade and all U.S. investment. U.S. investment is still entirely prohibited in Cuba. So those remain important levers, and the Cubans desperately need a real opening, a full serious opening to the U.S. market, so I think that gives U.S. negotiators considerable leverage in these discussion, and therefore, the ability to reach a compensation agreement which meets the interest of the claimants.

QUESTIONER: Can you just give some examples of some obviously the businesses that could -- I mean, when you talk about this grand bargain what businesses

lost things that could now be interested in going in?

MR. FEINBERG: Well, the report I'm releasing today that contains in its annex the top 50 certified U.S. corporate claimants. I can't tell you today which of this would be interested in going back and under what conditions, but I could imagine how some of these might be the type of business that ordinarily would want to be present in every market around the world, certainly a market the size of Cuba with 11 million potential consumers.

So you have the Coca-Cola company, Colgate, Palmolive, you have IBM --

MR. PICCONE: Starwood.

MR. FEINBERG: -- Starwood Hotels, Exxon. So those are examples of. I think also it's a --

QUESTIONER: Are there some that don't even exist anymore? Because this was a long time ago.

MR. FEINBERG: Also General Electric, General Motors, Goodyear Tire. These are the types of companies, I think P&G, these are the type of companies that generally like to be present in markets

such as Cuba.

Now, you might say, Cuba's sort of a small market. Why would a company of the size of these companies, why would they care? But, in fact, they do. If you look at their global corporate strategies they do like to be present in markets like Cuba. If for no other reason, to be able to compete with their competitors, including their international competitors. Some of whom are already present, for example. So Colgate, Palmolive, and Procter and Gamble typically compete with Unilever worldwide. Unilever is in Cuban or was actually there.

MR. PICCONE: They're in there still.

MR. FEINBERG: They're negotiating a return. So they, and Nestle also. So those companies have a first starter advantage, and the U.S. firms want to get back in so that they can compete with their European and Asian competitors.

QUESTIONER: Hi. I have a question for Richard. I wonder if you know how many Cuban-Americans own shares on those companies that do have

certified claims? Is it a substantial amount of Cuban-Americans who might benefit from the settlement?

MR. FEINBERG: I haven't really thought about that. I mean, most of these companies are public companies. There's to say, you can buy their shares on the financial markets, and so Cuban-Americans, like any other group of people, conceivably could own some shares, and therefore, might benefit at the margin if these companies gain some compensation. That's an interesting point, Nora. I hadn't thought of that angle.

QUESTIONER: Sure, thank you.

MR. PICCONE: Another question?

QUESTIONER: Richard, can you hear me?

MR. PICCONE: Yes.

QUESTIONER: This is (inaudible) from the Wall Street Journal. I'm wondering, Rich, do you have any idea of how interested, potentially interested claimants are (inaudible)? This is (inaudible) the money we're talking to is not much. I assume that the corporations have written off most of this a long time

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ago, and most of the claimants are now one or two generations away from Cuba. So what's the (inaudible) on the U.S. side to really negotiate strongly for this? It's political or actually there's people potentially interested in this?

MR. FEINBERG: Well, I think from the U.S. side there is the principle that compensation should be paid, and so that's one reason why the U.S. government is interested in a settlement which honors in fact, not just in theory, the principle of compensation.

But my understanding from the State Department is many claimants have come in to talk to them to express their continuing interest in this case. I think, as I was saying, from the point of view of U.S. corporate claimants they do like to be present globally in ever significant market, and Cuba's not huge, but 11 million potential consumers. Companies like to have a presence there. I know a number of American countries that it hasn't been at the top, but let me put it this way. That, of course,

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this has been a quiescent issue. Companies typically, the general counsel's office has a file, the Cuba file. It's been inactive over the decades, but the general counsel's office now pulls out those files and say, "Hey, let's take a look at this." I think a lot of them are saying this is something that we could well be interested in going forward under the assumption, one, that there's a favorable settlement of claims. And, two, that the Cuban economy becomes a more prosperous economy.

That's why I emphasize in my idea of a grand bargain that for this whole thing to work the Cuban economy has to be put on a more growth oriented, sustainable footing. A grand bargain could, particularly if it brings in the international financial institutions, assist Cuba in putting together a development model which is appropriate to the 21st century.

MR. PICCONE: We're almost towards the end of our time. Any other questions? Okay, then. Well, thank you all for joining us. Richard and I are

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available offline any time through our emails which I hope you have or we'll get them to you, to this group. We're both heading down to Cuba this weekend for a week of additional meetings and talks, so we'll have some new ideas and inputs when we get back. Any other final words?

MR. FEINBERG: That's it. Thank you all very much.

MR. PICCONE: Thank you.

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