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## P R O C E E D I N G S

MS. CHALEF: Thank you all for joining us today for our discussion on President Obama's trip to Cuba and Argentina. Our panelists are Harold Trinkunas is the Director of Brookings Latin America Initiative. Richard Feinberg is a Nonresident Senior Fellow at Brookings, and professor of international affairs and economics at University of California, San Diego. And Ted Piccone is a Senior Fellow in Foreign Policy and in the Latin America Initiative as well.

We'll start the conversation with Richard Feinberg and the Cuba portion of President Obama's trip.

MR. FEINBERG: I thought what I would do is give you six things to look for on the trip. Are you all going to be on the trip? Good. Six things to look for. So, first, what is the key goal of Obama's policy, I think, and there is a lot of talk about legacy, et cetera, but that makes it sort of personal. In terms of the policy, the idea is to help to try to engineer a soft landing in Cuba, which avoids violence

and civil strike in Cuba or a major immigration crisis of people fleeing an unsettled domestic political situation.

The idea is to promote a gradual incremental transition to a more open, pluralistic and prosperous Cuba integrated into global markets of goods, capital, and ideas. It is a long-term strategy. It cannot be measured by quarterly reports.

The second thing to look for, how does Raul look compared to Obama? Who is the past, who is the future? From the Cuban perspective, there is a big risk in this visit. You will have a youthful, vigorous mixed race leader who looks like the average Cuban, and for the Cuban leadership, that is an uncomfortable comparison with an aging, distant mostly European origin current Cuban leadership.

Although Raul and Barack Obama will shake hands and smile, in fact, between the two of them, there is a battle of symbol and ideas. Already, the Obama Administration has undermined the national security paradigm of the long-standing Cuban regime.

The Cuban national security paradigm was based on fears of an imperialistic neighbor. That was their excuse for their intolerance of pluralism, their excuse for economic shortcomings.

By having a visit by the President of the United States, what happens to that national security paradigm? It evaporates. That alone, it seems to me, is a major accomplishment of the Obama Administration. It will be interesting for you all to watch how will Raul cope with the fact that his national security paradigm has gone up in smoke.

A third thing to watch for, the deliverables, some of which we just announced this morning, how do these deliverables advance building constituencies in both countries, to make engagement irreversible.

So, on the trip, the President will be accompanied by some CEOs, I guess some of whom either signed deals or announced deals are forthcoming.

In my testimony, which I will deliver this afternoon before a House subcommittee, which I think

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is in your packet, I make some calculations. I say that if trade really opened up between the United States and Cuba, beginning in 2018, let's say in the post-Castro era, with Raul leaving in early 2018, in the 10 years, by 2027, 10 years after 2018, by 2027, and these numbers are in the testimony -- U.S. businesses could be selling between 11 and \$14 billion annually to Cuba, assuming Cuban imports grow, I think, at a reasonable projection of 5 to 7 percent a year.

If you sum up the 10 years, from 2018 to 2027, U.S. businesses could sell a cumulative \$86 billion to \$101 billion in goods and services to Cuba, which does not fundamentally alter the U.S. balance of payments, but it is significant, particularly in terms of the possible impact on individual U.S. companies selling goods and services.

So, I think it will be interesting to watch to see how successful is Obama in building constituencies. He will be bringing along also members of Congress, as well as CEOs, and of course,

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the constituencies in the media. There will be a whole plane of you guys; right?

Then on the Cuba side, the fourth thing to look for in my list of six, he will be meeting with the "cuentapropistas," the emerging private sector. Why is he doing that? Because they are a building block of the new Cuban economy, the new Cuban economy, you can call it either market socialism or state capitalism, whichever you prefer, but a mixed economy in which you still have a strong state sector, but you have an emerging domestic private sector, as well as increasing international investment.

Already, there are 500,000 authorized private sector individuals in Cuba, authorized by the government, and according to calculations in a Brookings' publication published two years ago, I calculated that up to 2 million Cubans, which would be 40 percent of their workforce of 5 million, up to 2 million already have at least one foot in the private sector. So, it is significant.

President Obama will be meeting with them, I think, to increase their visibility, enhance the legitimacy, to encourage their activities, and I think to better understand how they have been successful, but what obstacles remain, and perhaps how the U.S. could help in moving them forward.

He also, I think, wants to try to encourage the present leadership of Cuba, to the extent that he can, to respond more favorably to this emerging private sector, which is legitimate and considered legitimate in Cuba, but still is viewed with some suspicion by the senior leadership.

Obama can encourage the senior leadership in Cuba to move forward on their own reform agenda. In 2011, they put out a long list of items that they wanted to change in the economic area. By their own calculations, they have only fully implemented 21 percent of that reform agenda, by their own calculations. President Obama can go down and say hey, so many more things you said you would do, why don't you consider a few more.



The fifth thing to watch for, and I think perhaps the most important thing. Yes, he will be meeting with the senior leadership, that is always done in state to state visits, of course. But I think more important, how well does Obama do in reaching out to the Cuban people. I think that is really what this trip is about.

He's looking beyond the current leadership, which is about to retire in Cuba, to reach out to successor generations. How well received will he be? To what extent will the Cuban government allow him to actually move around and mix with the people? To what extent will the Secret Service allow him to do this? This, we will see.

In any case, my prediction is that he will be very well received, for precisely some of the same reasons that Obama is often disparaged in the United States, the Cubans will appreciate him. The Cubans will appreciate his humility, his willingness to state U.S. values but without coming across as heavy-handed or an interventionist.

They will, of course, appreciate his mixed race background, which mirrors the Cuban people themselves. They will appreciate his courageous opening to Cuba, which challenges, in their mind, without doubt, the Cuban regime. You can ask them to see how they see it.

In my forthcoming book, ["Open for Business: Building a New Cuban Economy,"](#) which will be out in about two months, published by the Brookings Press, there is a chapter in there in which I interview on the ground in Cuba a dozen Cuban millennials from a wide range of professions.

I can report that every one of them, without exception, including those working for government agencies, approved of the decisions by Barack Obama and Raul Castro to normalize diplomatic relations. Furthermore, they expressed hope that economic relations would normalize as well, "normal" being allowing the free flow of goods, capital, and people across the Florida Straits. These folks, the

millennials, should be a main target of the Obama visit.

Finally, my last point, quite briefly, I will leave it to Harold to discuss the broader issues of U.S./Latin relations. A major reason the Administration decided to go forward on Cuba was that Cuba had become a thorn in U.S./Latin American relations, that even conservative Latin Americans long ago recognized, and the European Union is again asserting, that it is more potentially effective to interact with rather than isolate a communist party government when you can recognize that the ideology of the regime is passé, when state centric economic socialism is seen as an artifact of history, when its economic model has so clearly failed to deliver prosperity to its people.

There may be some interesting lessons to be learned in Cuba on social policy, as Bernie Sanders reminds us, that the overall economic model of state-centric socialism has been thrown into the trash bin of history virtually everywhere else in the world.

So, the main point is not to be so concerned about that old tired leadership. The main point is to be reaching out to the next generation and the future generations of leadership.

Very finally, not long ago, in your newspapers and media, ALBA, The Venezuelan centric alliance in Latin America, Hugo Chavez, that appeared to be riding the crest of history, remember? However, today, as predicted by most economists who recognized that sort of spendthrift populism is not sustainable, that model is in shambles.

Obama's trip to Cuba and then Argentina will put another nail in the coffin of ALBA, stripping away Argentina, reintegrating Argentina into the mainstream of inter-American affairs.

So, combined with the removal of Cuba as a thorn in U.S./Latin America relations, with Argentina and Cuba, it potentially opens up a new more productive era in inter-American relations.

With that, Ted, it is yours.

MR. PICCONE: Thank you, Richard. Just to build on some of Richard's points and go a little bit beyond it, the idea of the long-term bet that Obama is making in not being able to measure it in short-term concessions is really important to understand just the nature of this relationship between the United States and Cuba. Richard and I wrote about this in a new Huffington Post piece, ["In Cuba, Obama Looks to the Post-Castro Era."](#)

The Castro's for years have dug in by not yielding and that is not going to change. This is not a defeated regime. This is a regime that is still in power and control. They are changing slowly but surely but at their own pace. This trip is a way for them to achieve their objective of gaining the respect of the United States as an equal sovereign power, and that is very important to the Cuban mentality.

So, as much as Obama is getting the win for taking away the national security argument, the Castro's are getting a win of having that kind of recognition, but that is the key to unlock a whole set

of future changes that I think will be net positive for the United States, but it is going to take time, and it is not going to happen overnight.

So, that is kind of an overarching message. Also, it is in the United States' self-interest to engage Cuba, and to cooperate with them. I mean, the soft landing argument is one. We do not want a failed state 90 miles off Florida shores.

We have concerns about the flow of migration. We have seen crises of migration in the past, and trying to put some controls over that. I think that is going to be one of the trickier topics on the agenda because there is no temperature mood right now to change the privileges that Cuban migrants get, but at the same time, the idea is to help Cubans stay in Cuba, because the state cannot absorb this kind of brain drain that has been going on, and in fact, has increased in the last year.

We also have an interest in issues of security cooperation, law enforcement cooperation, counternarcotics, issues of marine and science

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cooperation. Of course, there are business opportunities for U.S. companies and agricultural interests, and we are seeing that move in some interesting directions, and of course, on the trip, there will be some new announcements made in that direction.

Again, it is not going to happen miraculously overnight where the United States comes in. In fact, Cubans are very much opposed to that, but you are going to see some new business opportunities.

On the other elements that the Cuban regime is facing right now, the post-Castro era, and the demand for diversification, they are intent on not depending so much on one patron as they did with the Soviet Union and more recently with Venezuela.

So, over the last several years, even before Venezuela started collapsing, they began to diversify their relations, economic relations, with other countries, and the United States is a critical part of that equation, but it is not the exclusive part of it.

The Europeans are chomping at the bit and already on the ground and expanding their role, and of course, you have Brazil as a key player in Cuba's economy, as well as China and Vietnam, who also trade extensively with Cuba.

You also have the challenge of demographics, that Cuba is facing an aging population. This is one of the --

MS. EILPERIN: Do you have stats on that?

MR. PICCONE: I do and I can send them to you in follow up. I don't have it in front of me. We are working on a paper that will be released in a couple of months on this issue. I can give you some stats that show that 15 years from now, Cuba will look a lot more like Japan than any other country in Latin America, for sure.

You have declining fertility rates, expanding longevity, this is the success of the Cuban health care system, you have brain drain, outmigration, and you have a labor force that is



shrinking and will not be able to sustain the social contract, the social gains of the revolution --

MR. FEINBERG: I know this. So, the current fertility rates are 1.6 per Cuban women, as compared to the U.S., which is closer to 2. That is not quite enough to sustain the current level of the population. The average life expectancy is 79. You are getting an older gray population.

MR. PICCONE: Yes, but we can follow up with some additional numbers. Other ways that Cuba is changing, they are trying to reduce the size of the state, so people are being moved off the state payrolls. The estimates are around 600,000 in the last 5 years. The goal was a million. They are not on target yet.

You see the growth of the private markets, and everything from restaurants and B&Bs, the growth of agricultural cooperatives is important. They are now beginning to mobilize the foreign direct investment agenda, and some of those investments are

now being recorded, but they still have a long way to go to meet their targets of \$2 billion a year.

You are seeing an increase in expansion of mobile phones, the Internet, Wi-Fi hotspots, which is another kind of opening up the economy to the modern world.

Let me say a couple of words about the human rights situation, since that is going to be a very important topic on the agenda. So, Cuba is not so black and white as it is painted in our media and in our politics.

Cuba, you have to think of human rights as not just civil and political rights. In terms of economic and social rights, Cuba stands up very well, according to international standards. This is not a topic that we frequently talk about here in Washington, but economic and social rights are part of the international human rights system, and Cuba stands up pretty well.

Where they are falling down, of course, are on civil and political rights, and labor rights. It

has been a changing picture where much more repressive in the past, where there were long-term arrests, detentions, in prison cells for many years without due process. That has shifted to the short-term detentions, which have increased in the last year.

Obviously, the regime is defensive and concerned about controlling opposition, but you do not see the same number of political prisoners as you did in the past. You should recall that 53 political prisoners were released in December 2014 at the time of negotiations with the United States.

Maybe there will be more in the coming days before or after the trip, we will see.

Another issue to understand is that civil society in Cuba is not just the dissidents that we hear so much about. There are many, many groups, both informal and formal, that are emerging, that work on issues from the environment to LGBT rights, to think tanks, that are expanding boundaries. They work in a gray zone, they are not illegal, but they are tolerated. They are taking advantage of this new

environment of openness to do new things and challenge the regime. There is much more of an open debate than we have seen in the past.

You see it through the blogosphere, which is proliferating in Cuba. Social media is proliferating as people have more access to cell phones and the Internet, and you also have the dissemination of information through the "paquete", which you may have heard about, these flash drives, that are circulated around the island where people get their news and entertainment.

Another key point is that starting in January 2013, the Cuban government allowed Cubans to travel off the island, and return, including dissidents, including opponents, who have come to the United States and other parts of Latin America and Europe and have been very vocally critical of the Cuban government, and have returned and continued their work. With harassment? Yes. They have been able to continue their work for the most part.

I think this is a much more complicated picture than is being painted, and I hope that you will get a chance to talk to a variety of different voices, including within the dissident community, who in fact are very positive about the President's trip, and see it as an opportunity to expand the space they work out of. Of course, there are those that are opposed, and you will hear from them as well.

Finally, I would just say this normalization process does expand the space for Cubans to get organized, to travel, as I said, to have a greater voice. There is one issue that is not clear, which is the party Congress in April. So this is the seventh Party Congress. The last one was the Party Congress that ratified the economic reforms. There are discussions around potential electoral law reforms, decentralization, separating the party from the state over time, and that has to do with Raul leaving power. But we don't know that much about what's going to happen at that Party Congress.

So the President's visit, the timing of it,

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is curious because it could serve as a friendly nudge to help the reformers in the Cuban government and the pragmatists to push for change in April. Or it could do the opposite, which is what you saw in the Granma editorial last week, which was hey, we're not changing for you guys, the United States, we're sticking with our model. So it might take longer than anticipated. I think we have to wait and see because one thing about the Cuban system, and particularly when it comes to important government decisions, it's fairly opaque. And so this trip hopefully will shine a light on some of the things that are going on behind the scenes. And I think the more you guys talk to people throughout society as much as possible -- I know you're going to be stuck within certain formal rules, but the more interesting it will be get a real feel for what is happening in Cuba.

MS. CHALEF: Thank you. Harold?

MR. TRINKUNAS: So I'll talk about President Obama's other trip to Latin America, which is actually the title of a blog post I just put on. It should be

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in your packet. But basically it's an interesting combination as Richard and Ted alluded to of Cuba, which is really about moving among other things a stumbling block to better relations with Latin America, and Argentina, which is about restoring a positive relationship with a key swing state in the region that was once one of our most important allies in the region. And so I don't look at the trip to Argentina being so much about the short-term deliverables. The Macri government has been in power long enough. And frankly we're coming from a very hostile relationship with the Cristina Fernandez de Kirchner administration. So I mean of course they talk about tourism and trade, agriculture, sustainable energy, but I think really the long-term purpose is to rebuild this positive relationship with Argentina and to also signal sort of a possible future for the region as it looks to recover from the end of the commodity boom and a general slowdown in the region's economy.

So the key to I think to recall about

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Argentina is that the U.S. once saw Argentina as really its regional thought partner on issues like human rights, on issues of democracy, civil military relations, on free markets. If we recall back to the 1990s this was a sort of a time when the Argentines were very interested in having good relations with the United States. And in the Menem administration there was this sort of policy of automatic alignment. And I don't think, under Macri, even though people in Washington are very optimistic and it's almost like this exuberance about the Macri election when you talk to people in the administration, we're not going back to this policy of automatic alignment. I think there will be much more (inaudible) sort of relations, but Macri is going to be careful I think just given his domestic politics to try to develop sort of a mature relationship with the United States rather than think of it so much as policy of alignment.

Nevertheless I think there are a lot of things that Argentina and the United States can still do together. I think it's interesting that Argentina



is still the only country in Latin America that's a major non NATO ally, which is the same status Israel or South Korea or Japan have. So the fact that that's sort of still there to build on I think is important.

Thinking about Argentina and the region, Richard pointed to this issue of the future of ALBA. Whether Macri succeeds or fails I think is important for thinking about whether this is a new model for the region. So he's coming more from a right of center background; he's a businessman, he's liberalizing the economy. Some of the reforms he's implementing are things that probably need to be done in some other countries of the region as well. But certainly the fact the Argentina is a very large and important country and economy in the region is sort of backing away from its relationship with Venezuela and Bolivia and Ecuador I think is a key change, and very relevant for us because it changes the regional conversation. I think for the past 10 years there has almost been this sort of reflexive solidarity among South American countries, not just because of Venezuela, but also

because of Brazil. Now with Brazil in such political and economic crisis, whether Argentina succeeds or fails will become sort of the alternative when you look at sort of the Brazil model, the Venezuela model, will Argentina be that alternative model. So we have to wait and see. But that's certainly I think a hope from the U.S. administration's perspective that Macri succeeds and becomes sort of a part of a more diverse set of voices in the region. And also diversity matters in the United States doesn't stand alone basically when it engages on these conversations, on issues such as free markets or free trade or human rights.

I think it's also interesting that they've picked this time to go to Argentina. I mean it's a bit curious again the timing because it is so early in the Macri administration and Macri was coming anyway for the Nuclear Security Summit at the end of the month. But in a sense we applaud it because it's really a leaning forward in U.S.-Latin America relations as opposed to reacting. It's really trying

to sort of lay down marker that this is an important relationship, this is an important experiment that Macri is undertaking. We wish him well, we wish him success. And so that I think is sort of to be commended, this leaning forward.

And finally -- and I'm happy to go into more detail on any other aspects of Argentina, but I want to hear your questions. It's in a sense a sign that sort of this policy of strategic patience towards the Bolivarian countries panned out. I mean I think people who kind of recognize that the fundamentals of the model that they were proposing were unworkable in the long run, that they're only sustained by high oil prices and high commodity prices, which inevitably -- I mean we see boom and bust cycles in the commodity sector historically. So I mean this policy of being patient and not becoming overly or unduly alarmed, but what these countries are doing, realizing that these are relatively small countries, that even Venezuela throwing all this money around, really can move a needle that far on most of these issues I think in the

end paid off. Because again it's about the U.S. establishing positive relations with the region, mature working relationships, as opposed to telling countries in the region what to do, right, which is the historic kind of norm in U.S.-Latin American relations, that the U.S. has backed away from in Cuba, and I think in places like Argentina.

MR. FEINBERG: I think Brookings published a good paper on this.

MR. TRINKUNAS: That's right, last year. The paper called, "Better Thank you Think" about this, Latin American relations.

So why don't I just stop there and that way we have some time for questions or discussion.

MS. CHALEF: Great. If I could just ask when you ask your question if you could state your name and your news organization because we'll need that for the transcript. Thanks. Go ahead.

MS. EILPRIN: Juliet Eilprin, *Washington Post*. I actually wanted to pick up on one thing you said about -- I mean clearly, again, how the President

relates to Cuban is important and the fact -- and I'm interested in Afro-Cubans and kind of that obviously is an important segment of Cuban society and clearly they can identify and relate to Obama in a way that he, you know, might now when he goes to other countries. So I just was wondering if the two of you could talk a little about that dynamic, and also the interesting idea that Afro-Cubans might be the ones who lose out to some extent on this opening because they don't have as many say white relatives in Miami. And so how are they doing this and what's your sense of what we should go forward on?

SPEAKER: Do we know, are the daughters going on this trip?

MR. PICCONE: As of now we do not think that they're going. We've gotten no indications that they're going.

SPEAKER: Because they've been talking about the family.

MR. PICCONE: Right, the First Lady. Yes, so the First Lady will definitely go. They haven't

said anything, although I believe it is Sidwell's spring break. But we've not been told that they're coming.

MR. FEINBERG: Well, also Michelle will be received with wild enthusiasm on the Island, in particular because of just like I could point out that Beyonce when she was there, I mean people -- when she walked down the streets of Habana Vieja, the old town, I mean everybody was super enthusiastic. You know, these are themes that don't have to be stated, they're visual, and people will appreciate that. As I pointed out, particularly in comparison to the current leadership, if you look at the politburo, which is the leadership, who by the way are pretty invisible to most people; it's such a closed hermetic government. You don't see a lot of dark faces. So Obama looks like the average Cuban. And by the way, the numbers there, the officially published numbers of race in Cuba are based on self-identification. By people who still tend to play down the percentage of African descendent --

MS. EILPERIN: Would you know the stats on that or is that something we could get afterwards? I know it's kind of tricky basically to get stats.

MR. FEINBERG: Yeah, so the government stats would have roughly half the population considering themselves either -- a very small percent would consider themselves purely black, maybe like 10 percent.

MR. PICCONE: Right, 10 percent.

MR. FEINBERG: And then you have another say 20-30 percent which would self-identify as mulatto, which is the phrase they use there, or mestizo. But just look around and you'll see a lot higher percentage than that have at least some African descendent blood. So there will be a lot of appreciation for that. Let's see how clever the White House is in staging him. You know, will they go to a nightclub, will they do something with Cuban culture and music. Because if they do that will be tremendously well appreciated.

The second part of the question was?

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MS. EILPRIN: The fact that this is also the population that to some extent might be a little hesitant about some of the economic liberalization and some of the changes. So I'm curious if again through your travels you've gotten a sense of how enthusiastic they are, whether they do have any hesitation.

MR. FEINBERG: So I think it's more the older folks who are more concerned about economic change. I think it's more of a generational thing. First of all, support for the regime of traditional socialism and all that, as you might imagine, is stronger among the older generation. And just as was the case in Eastern Europe after the fall of the wall, older people have more difficulty adjusting, psychologically, to a brand new system. And it's harder for them to switch gears and engage in new forms of activities or professions. So I think that's where I would see the major break as sort of generational.

Now it is true that Afro-Cubans don't have as many relatives in the United States. That gap has



narrowed. With the first wave of immigration back in the '60s that was mostly, you know, white Cubans who came across. But since successive waves, since 1980, we're more mixed. And so you do have, you know, some Afro-Cubans living in the United States who then can send back some remittances. But it is true that to the extent to which economic activity is based on remittances that does favor basically the white middle class with relatives here. That's why by the way the development of an actual financial sector either in Cuba or vis a vis international credit would help level the playing field.

MR. PICCONE: I really don't have much to add to that, but I would note that there is a politically active community of Afro-Cubans who are sometimes working as their own sector, but also blending with others that want to reform the political system. Because if you look at the leadership of Cuba and all the other key positions across the Island, it's mostly white Cubans. So they feel quite disenfranchised in that sense as well. There's a guy named Manuel Cuesta

Morúa who you might have a chance to talk to who is one of these leading Afro-Cuban leaders in the political space who are trying to challenge this system from within the rules and are working through an organized informal party structure to create dialogues in Cuban homes throughout the Island to try to talk about, okay, changing our political system means reforming our constitution and changing the electoral laws so that we can run as independent candidates even if we can't yet create our own party. It's those kinds of issues that he, I think with many other Afro-Cubans, are pushing.

MR. FEINBERG: One last point on this by the way. Baseball. Baseball is very integrated in Cuba. The extent to which if Obama can actually for example go meet the National team, I mean that would show definitely a lot of mixed race. Jackie Robinson played in Cuba during spring training in 1947 just weeks before he was brought up by the Brooklyn Dodgers to be the first African American to play in Major League Baseball. Let's see if Obama is clever enough

to somehow work that theme into his agenda.

MR. CARTILLIER: Yes, Jerome Cartillier with AFP. Do you see the normalization process as irreversible? And to be more specific, how do you see it evolve should a republican be elected to the White House next year?

Mr. FEINBERG: We are really engaging in hypotheticals here.

MR. PICCONE: Well, I mean I think one of the goals of the trip is to make the changes that President Obama has initiated at least sustainable into 2017 and beyond. And you've seen some comments about -- including from republicans -- that the mood is changing in Congress to lift the embargo. And you see more and more republicans visiting Cuba, signing onto legislation to ease or lift the embargo, and it's not just Senator Flake from Arizona, you have House republicans as well. And it's a matter of time I think before Congress will take those kinds of steps. What changes the equation is who sits in the White House because they do have the power of the pen to

reverse these Executive Orders. But not without some pain, including from the Cuban-American community in Florida who are in favor of normalization. They like the fact that they can send money back to their family and travel more regularly because this is about family for many of these communities. And for a new president to come in and say no, you won't be able to do that anymore would be very unpopular in the Cuban-American community in Florida. We've seen this before. They've tried in the past to reverse the changes that Obama took in the first term and it failed. So much of Cuba politics is about our domestic politics and I think that would come back to really act as a break. So you might see a suspension of activity, a slowing down, but I don't think you would see a reversal.

MR. FEINBERG: First, you should ask people in Cuba what they think of Donald Trump and I think it doesn't take a lot of imagination to think that since they are Hispanic and since many are also Afro-Cuban, those characteristics might color their views of

Donald Trump. Trump though, as far as I know with regard to Cuba has said that he thought Cuba policy should change. As he says with regard to everything, of course, he could have gotten a better deal. So I think his policy going forward should he be elected I think is more open to question. And after all he does come from the business community and the business community is very much in favor of being able to make more deals opening up.

I would note that in the Senate two major pro embargo Senators, Menendez and Rubio, let's say are in decline. (Laughter)

MR. TRINKUNAS: Just very quickly a historical observation that Ronald Reagan when he was campaigning for the White House back in 1979-1980 had also complained bitterly about the Carter policy on sort of liberalizing relations with a Cuban Interests Section, but once they got into power they didn't actually close down the Interests Section, so they found it useful to actually have diplomats on the ground in Cuba. So there is historical precedence for

them changing their minds once they actually get into office.

SPEAKER: Good point.

MR. CONDON: George Condon with the *National Journal*. I have another question, but let me ask a quick follow up on that. If you talk to any ambassador here in Washington the first question they have is what the hell is going on in the campaign and what does it mean to us. And they're trying to send all these dispatches back to their government. Is there the same kind of concern in Latin America?

SPEAKER: Absolutely.

MR. CONDON: Something the President is likely to have to answer questions on?

MR. PICCONE: Absolutely. You know, given the nature of particularly Donald Trump's -- again his comments about Mexicans, very explicit, and his general attitude, you know, on immigrants and racial issues in Latin America is seen very personally, as though this is aimed at me. His criticism of trade deals. What's his position on NAFTA? He would

rescind it or whatever. So all of that frightens them and they can't imagine that after the Barack Obama administration that this country would turn 180 degrees to a regime that stands for all the opposites of the current -- you know, it's very confusing to them. How could this happen in the United States.

MR. FEINBERG: I'd say that the other thing, specifically on Mexico, is it's not just the whole Trump's comments about Mexican's, but it's also certainly among business elites sort of a sense of shock that somebody like Trump with a business background doesn't understand exactly how integrated the North American economy is and how important Mexico-U.S. trade is for economic prosperity in both countries. In fact we're having an event about that tomorrow. But the number often thrown around is that out of 40 percent of the inputs for goods that the U.S. gets from Mexico come from the United States. So the U.S. exports therefore provides -- you know, there are jobs associated with that to Mexico, but then gets integrated, value gets added and it gets re-exported

to us. And it's usually not just once. It crosses the border multiple times. I mean I think people don't really appreciate the amount of economic integration.

MR. TRINKUNAS: Also as Marco Rubio has said Trump would remind Latin Americans, particularly in Argentina, of their own strongmen that did such damage to their economies and countries in the not that distant past.

MR. CONDON: Let me follow on some things that you said about the leaders and -- number one, what is the situation with Fidel? I mean as far as health and whether there's any potential at all for any kind of meeting.

And secondly, on President Obama, were you talking about the potential for them to really like him? I mean do they -- this is not an introduction to them.

SPEAKER: No.

MR. CONDON: I mean how much do they really know, how much have they been allowed to know? What's



their view on him now?

MR. PICCONE: So on Fidel, so Fidel is not very visible in Cuba. He's generally considered to be quite ailing. But he does, or he or his staff, do occasionally pen these letters from Fidel that appear in Granma and if you're in the White House and thinking about things that might go wrong, a sudden shot across the bow from -- a missive from Fidel criticizing in effect the U.S., that would be a potential shock to the visit. I don't think that will happen because in general Fidel has supported his brother's policies, but every now and then he's put out little remarks suggesting that he's not entirely comfortable with the rapprochement. I don't think this rapprochement could have occurred if Fidel were still active and Comandante en Jefe. If he were still numero uno, this would not have happened.

MR. FEINBERG: I mean Fidel also has his family members in various places in the government. And it's not just the family members, other loyalists who are on the harder line approach and who Raul has

had to struggle with in finding consensus to move forward at a faster pace. And that's been an ongoing tension. So while the President is not seeing Fidel, which I think is a good decision, the shadow of Fidel will be there.

MR. PICCONE: On view of Obama, there was a poll co-published by the *Washington Post* last year, which I don't think you can take as definitive because it's difficult to do polling in Cuba, but it did show very high popularity rating, I think at about an 80 percent level, considerably higher than the popularity ratings for Raul, which were not that bad. That was usually around 45 percent favorable ratings. For the reasons that I said, again the racial context, his willingness to open to the U.S. From their point of view his willingness to take on the Cuban-American lobby that had terrorized -- and I can tell you, I worked in the Clinton White House, that terrorized the executive branch for decades. He took them on and I would say has defined them and largely defeated them. And they really appreciate that.

And then his humility is important. For the Cubans, you know, the Cuban revolution was all about respect and sovereignty. And the average Cuban might not agree with the form the revolution has taken, et cetera, but they do definitely agree with this thing about, you know, respect, sovereignty, non-intervention --

SPEAKER: Independence.

MR. PICCONE: Independence, yeah. And they feel that he, Obama, because of his general attitude of humility and respect, is on that wavelength.

MS. EILPERIN: I was hoping to ask a question which applies to both countries which is that sort of looking forward, obviously, President Obama is a short-timer, so if you're looking at that next couple of years and both, you know, what are some of the possibilities and some of the breaks on, say, whether it's they reform in Cuba, and closer relations with the U.S. given how divided Argentina is right now, could you just talk about what you see as the trajectory going forward? What might foster a

potential for advance, and what might be breaks on these developments?

SPEAKER: Kind of in a two-year time frame?

MS. EILPERIN: Well, I mean, I was using, because of the 2018, I mean, with Cuba you'd include certainly with a little bit post-2018 since that's an important inflection point but just giving kind of a sense of the near term how these politics might evolve.

Mr. FEINBERG: Well, first, so the senior vice president, Miguel Diaz-Canel, is the presumptive heir. This would be decided upon formally by the National Assembly in Cuba. In fact, the politburo and Raul, but he seems to be -- and so it would be interesting to see how much of a profile he gets from this trip. How much time does he spend even with Secretary Kerry, or with the President, and others. That's something that I would watch for.

He's been a very cautious guy. He doesn't often meet with foreigners. But in talking to people, Cubans who do know him, and I know a lot of Cubans who

knew him because he was Minister of Higher Education for a while, so he was in the academic community.

And people really did like him, you know, honestly, they saw him as smart, open minded, you know, progressive, in the Cuban context, and also good looking guy. So he could emerge as a strong leader, but that very much remains to be seen.

MR. PICCONE: Just staying on Cuba one more point, which is the migration issue, I would say, is an important thing to watch. If there continues to be such heavy brain drain, and it's not just the external brain drain, it's also internal brain drain. There are professionals, engineers, doctors, who are leaving their professions to work in the tourist economy because they get paid 25 times as much.

I mean, the disparity is so dramatic that this is over time eroding Cuba's ability to deliver professional services to its own population, let alone to export those services to other countries. So I think this is a really constant concern and thorn that they have to worry about, and then the demographic

issues, but that is a little bit of a longer term, but the ability of the Cubans to maintain the social contract is their biggest challenge.

MR. FEINBERG: Something else to watch for, which is not necessarily involving the U.S. so much is approval of foreign investment. They passed two years ago a new foreign investment law. They've also begun to open up the Mariel Free Trade Zone, special development zone. No, it's not actually a free trade zone, special development zone.

They've been very slow, however in approving new foreign investments outside of the Varadero tourism corridor. Can they get that moving? Can they do more? I think there are clearly divisions within the government. The old-liners, as Ted discussed, you know, still very cautious and hesitant, still sort of see foreign investment as the, you know, the front of the spear of imperialism sort of thing.

But plenty of other -- but the official line of the government is they need \$2-3 billion a year of new foreign investment inflows.

MS. EILPERIN: And how much have they gotten so far?

MR. FEINBERG: Very little. Very little. You know, couple of hundred million a year. Yeah.

MR. TRINKUNAS: Yeah, I think on Argentina, I mean, obviously, a lot depends on which, what the next administration is because I think there'd be some skepticism about Trump in Argentina, although they'd probably figure out a way to work with him. I don't think it's an automatic --

MR. PICCONE: They would see him as a neo-Perone.

MR. TRINKUNAS: Yes, no, I mean, or Hugo Chavez or something like that.

SPEAKER: I mean, it's the populace dimension I think they would recoil from especially in this -

MR. FEINBERG: But Starwood has a \$51 million claim. They're in the top 10 claimants on the list of claims as certified by the Foreign Claims

Settlement Commission. So I think you all might want to ask if, in fact, this Starwood deal is announced, as has been anticipated, does that mean that Starwood is going to forego its \$51 million claim? Is that the quid pro quo?

MS. EILPERIN: And just one quick question about you mentioned other civil society groups, like LGBT and environment.

MR. PICCONE: Yeah, women's rights.

MS. EILPERIN: I'm curious if you have examples of how that has helped change the discussion or lead to an opening. Certainly, again, in the past, the Cuban government has not been very tolerant of the LGBT community.

MR. PICCONE: Really, I need to have to really correct that idea.

MS. EILPERIN: Okay. They no longer --

MR. PICCONE: That is like, excuse me, 20 years out of date.

MS. EILPERIN: Okay, right. No, I'm just saying like in the far past.



MR. FEINBERG: In the far past. Far past, far past. Mariela Castro, you know, the daughter of Raul, is the president of CENESEX, which is not only an institution based in Havana, but has offices all around the country, who runs also public education programs, very much took the lead in respect for gays, et cetera. Took a very big lead dealing with the problem of HIV/AIDS. And Cuba is the leader in the developing world on combating HIV/AIDS. And, in fact, just last year, PAHO, Pan American Health Organization, gave Cuba -- the minister of health from Cuba was up here and they gave him an award because I believe having to do with eliminating transmission of HIV/AIDS from mother to newborn through their various programs.

MR. PICCONE: I would add one other data point. In late 2013, the Cuban National Assembly banned workplace discrimination against gay, lesbians, and bisexuals as part of their new labor code . So they have taken steps on this front, I think, in fact, beyond certainly other Latin American states.

On other fronts, I would point to, number one, the explosion of activity on the Internet and social media and blogosphere, it's really fascinating. The quantity of material coming from folks who are well educated and care about Cuba's future and want to work within the system to change it, and so that's quite important and interesting.

Some of this is coming out of the Catholic Church, so we haven't talked about the role of the Catholic Church and the freedom of religion that is progressing in Cuba. It's not perfect, but it certainly has improved over the years. So that's an important factor. I don't know if the President will be meeting with the archbishop -- or Cardinal Ortega from Havana, but he played a critical role in the negotiations of December 2014 and came for a secret meeting to the White House. But I think that's another important source of change in Cuba.

You know, the Catholic Church also provides social services to people, including to the elderly, who are living off of pensions that have shrunk in

value that are not -- you can't live on it. It's \$10 a month. And these are people who will only grow in size over time.

Incipient think tanks I mentioned. There's a group called *Cuba Posible*, which is doing -- you might check them out and look at their website -- a remarkable amount of work. And then you have somebody like Yoani Sanchez, who is a blogger, who came to the United States and was allowed to go back and do her work as well.

MR. CONDON: Is Guantanamo going to come up?

MR. FEINBERG: Well, it's part of -- I mean, Raul, when he goes through his five major demands, he'll list it. But Guantanamo, if you're familiar with the geography of Cuba, you know that Guantanamo is very much off in a remote part of the island, so it's not like other bases the United States has around the world that might be very visible. So the Cubans are aware of it, but I wouldn't say it's a central issue and it'll eventually be dealt with down the road.

MR. PICCONE: And from the U.S. side, President Obama has a very strong record of trying to close the detention center and clean up that mess of our human rights story, so he has good standing on the efforts being made to deal with that. But until they get it back, the Cubans will continue to pound their fists on this issue. I think the likelihood of that in the short term is very remote.

MR. FEINBERG: There is possibly a sort of related issue that conceivably could come up. On the Malecón there is a monument to the sailors who were blown up when the *SS Maine* was blown up. And the monument is to them as well as to Cubans and Americans who died fighting the Spanish in the War of Independence, you know, that same war. Right now there's just a pillar. Originally on top of that pillar was an eagle, big one. That eagle was dislodged I think twice: once because there was a hurricane and once because there was a protest around the Bay of Pigs. That eagle, you'll see it on display at the residence of the U.S. chargé or future

ambassador.

At some point in time, that eagle will be restored, I would suggest, to that column. Whether or not they want to undertake that symbolic act on this trip or not, I don't know, but that would be interesting should they try to do that.

SPEAKER: Just last one on timing. You touched on it. You said it was all surprising that this trip is taking place one month before the Congress. Why now? And then obviously there'll be a moment of -- it's a feel-good story for Obama and most people agree with it in the U.S. or elsewhere.

MR. FEINBERG: Well, someone who worked in the White House, you know, presidential scheduling, they looked at the President's schedule, where do we have three or four open days? Here it is. And by the way, it's spring break and that would be fun. I mean, I sort of doubt it has to do with the Cuban calendar.

MR. PICCONE: But nonetheless, it takes two to tango. I mean, the Cubans also agreed to this date. And so there's some rationale for Raul before

this April's Party Congress and looking beyond that that this works for them. And I think it remains to be seen what exactly comes out of the Party Congress that we can say, ah, this makes sense from their point of view. But certainly they get, in the short term, as I said, they get to kind of check the box, we had the President of the United States visit us and we have respect.

MR. FEINBERG: And I think in the case of Argentina it's simply we're going to the region and what other good-news story do we want to add on to this. Right? What else do we want to highlight that's positive that's going on in the region, Argentina?

MS. CHALEF: That's all we have time for. Thank you to our panelists and thank you all so much for joining us this morning.

MR. PICCONE: Good. Have a great trip.

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