

**STATEMENT OF WILLIAM A. REINSCH
PRESIDENT, NATIONAL FOREIGN TRADE COUNCIL, INC, AND
CO-CHAIRMAN, USA*ENGAGE**

**BEFORE THE
COMMITTEE ON FINANCE
U.S. SENATE**

SEPTEMBER 4, 2003

Mr. Chairman and Members of the Committee, I am William Reinsch, president of the National Foreign Trade Council, an association of more than 300 U.S. companies engaged in international trade and investment that support an open, rules-based trading system. I am also appearing today as co-chairman of USA*Engage, a broad-based coalition of over 670 American companies and trade and agricultural organizations that support sanctions reform. My comments today will address U.S. policy toward Cuba and the positive role that the private sector can play in promoting a peaceful political and economic transition there.

Our basic position is simple. We believe the forty-year old U.S. economic embargo of Cuba is one of the most dramatic failures of modern U.S. foreign policy: the regime it intended to undermine is as solidly in power as ever; its leader rules with unchallenged arbitrary brutality; and its people remain economically deprived and politically dispossessed

Instead, the United States is far more likely to achieve its objectives in Cuba through a policy of engagement with Cuban society than continuing to isolate Cuba. People to people programs, educational and cultural exchanges, and commercial engagement all hold out the promise of influencing the future course of events in Cuba.

In contrast, the main achievement of our embargo has been to provide Fidel Castro with a blanket excuse for his government's failures. Having chosen not to engage Cuba, the U.S. has abdicated the possibility of influencing its development. This has resulted in a perverse dynamic that perpetuates and deepens the stalemate: each time there is a prospect of improved relations, the Cuban government takes an action which they know will prevent any change in U.S. policy, and each time we have reacted exactly as Castro wants by tightening the embargo or stopping movement toward engagement.

This is a sterile vicious cycle that must be broken. We cannot assume that time is on our side in Cuba or that continuing to pursue our failed policy is without risks. The real issue the U.S. should address is how to prepare for a post-Castro transition. We have to accept the fact that there are radically different courses that post-Castro Cuba can take, not all of them to our liking: civil war, domination by drug lords, a military junta, or rule by another figure from this regime who might compensate for a charisma deficit with even more repression. Increased immigration to the U.S. could be the result of any of

these outcomes. Second, because of its symbolic importance to the U.S., how we deal with Cuba as it approaches this transition will affect our standing in the region and beyond. The U.S. should be seen to be working constructively toward a peaceful transition to free market democracy in Cuba. By moving now to engage Cuba, the United States will be able to deploy its most powerful arsenal *before* we are overtaken by events. That arsenal is our “soft power,” which goes beyond American affluence to include American values, institutions and traditions such as the rule of law, tolerance and freedom of expression and association. These factors have played a significant role in transitions in places as diverse as South Korea, Eastern Europe and South Africa.

Now, having failed to influence events in Cuba through a policy of isolation, it is time to call Castro’s bluff and start removing the crutches he uses to stay in power. Increasing contact between Americans and Cubans is one way to begin.

To that end, we support enactment of S.950, which would repeal the prohibition on American citizens’ freedom to travel to Cuba. Ending the travel ban does not reward Castro; it punishes him by building pressure that will lead to a free people and democratic government in Cuba. These travel restrictions are perhaps the most counterproductive of all the U.S. sanctions on Cuba. They hurt families on both sides of the Florida Straits and restrict the freedom of American citizens who are accustomed to traveling throughout the world without constraint.

Recently, the Office of Foreign Assets Control amended its travel regulations to eliminate people-to-people and educational exchanges with Cuba, the most potent weapon in our arsenal of “soft power.” These new regulations would not only eliminate important cultural exchanges between the American and Cuban people, but would eliminate the entire category of licensed travel by U.S. citizens to Cuba to participate in educational programs. As a result programs conducted by some of our country’s most prestigious institutions, such as the Museum of Modern Art, the Smithsonian Institution, the American Museum of Natural History, the Houston Museum of Fine Arts, and the Museum of the City of New York will be eliminated. In addition, these new regulations would deny licenses to companies that specialize in organizing foreign educational travel designed to export American values. These include the Ambassador Group, founded in the Eisenhower Administration to promote people-to-people exchanges, and those that promote music, architectural preservation and rural development.

In May 2002, President Bush announced the “Initiative for a New Cuba” to encourage freedom in Cuba. People-to-people contacts are a key component of the President’s initiative. These new travel restrictions are a clear step backward. Congress has taken notice and is now moving to ease the travel restrictions. Legislation has passed the House of Representatives by increasing margins in each of the past three years. Ending the travel ban would expose the Cuban government’s many failures. This may account for recent poll results show that a majority of Cuban-Americans support lifting it.

We also endorse efforts to further liberalize food and medicine exports to Cuba. Food sales have long been recognized as positive way of engaging other societies. Since

Congress passed the Trade Sanctions Reform Act in 2000, American farmers have sold increasing amounts of agricultural products to Cuba, benefiting both countries. Last year Cuba bought \$138.4 million in U.S. agricultural products, including wheat, corn, rice, soybeans and soy products, dairy and poultry products. Cuba has recently bought live cattle on an experimental basis to see how they will adapt to life in Cuba. U.S. agricultural exports to Cuba in the first six months of this year are already over \$100 million and are up 40% over the same period in 2002, clearly an upward trajectory even though they are cash sales. This is also relevant to the travel ban, since more Americans traveling to Cuba will mean more demand for American food products.

A third issue related to Cuba that we hope the Committee will consider is repeal of section 211 of the Omnibus Appropriations Act for Fiscal 1999. Without going into extensive detail, this section has put the U.S. out of compliance with its WTO and Inter-American Convention obligations with respect to the protection of trademarks. As you know, we have lost a WTO case on this matter. If the section and its implementing regulations are not repealed, we will be effectively allowing Castro to steal the 5,000 U.S. trademarks lawfully registered in Cuba and develop and conceivably export counterfeit products. From a broader perspective, we will also be compromising the strong position the U.S. has taken on behalf of intellectual property protection worldwide, something which I know is of serious concern to this Committee.

Over the years we have learned from painful experience that, while they may make us feel better, unilateral sanctions almost never achieve their objectives, are usually counterproductive, and are costly to Americans as well as their foreign targets. There is no better example of this than the forty year-old sanctions on Cuba. No other country in the world has such sanctions, but no other country in the world has the potential to have the positive impact on Cuba through engagement that the U.S. does.

It is time to realize that isolation does not punish Castro – it helps him stay in power. As a people we have always been outspoken in defense of freedom and democracy. We should have the confidence and determination to take our convictions and the institutions that embody them directly to the Cuban people. We may be surprised at the result.