

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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**ANALYSIS OF THE EFFECTS OF THE EMBARGO IMPOSED BY THE
GOVERNMENT OF THE UNITED STATES OF AMERICA AGAINST CUBA**

Communication from Cuba

The Director-General received a communication dated 30 June 1994 from H.E. Mr. Ricardo Cabrisas Ruiz, Minister of Foreign Trade of Cuba, referring to United Nations General Assembly Resolution 47/19, adopted on 24 November 1992, concerning the economic, commercial and financial embargo enforced by the United States on Cuba. The following paper prepared by Cuban authorities was attached to the communication with the request that it be distributed to contracting parties for information.

The 49th Session of the United Nations General Assembly will be held only a few weeks before the second anniversary of the enactment of the Torricelli Law, the most recent official act which strengthens the embargo imposed by the Government of the United States of America against the Cuban people for more than 32 years.

For over 10 years prior to the adoption of this Law, there was a continuous escalation in the harassment of Cuba, making it impossible for Cuba's trade, economic and other relations with countries and organizations in the international community to develop normally.

Attacks hindering the normal development of such relations have ranged from the most gross political pressure, making the trade interests of third parties in United States markets subject to conditionality, to the most subtle forms of pressure so as to make the blackmail effective and ensure subjection to the dictates of a policy which it has been demonstrated should be rejected by all different sectors and trends in the world.

In order to underpin its policy, the Government of the United States has continued to enact laws, apply procedures and issue regulations in a complex process designed to cause the greatest possible prejudice to the Cuban nation.

During the past year, the material effects on the Cuban people as a result of the imposition of the embargo and the exercise of aggressive action have been permanent.

In order to show the true situation, a report independent of this analysis has brought up-to-date a previous list of specific examples, to which new cases have been added.

However, the deliberate omission of a large number of examples showing the irrationality of this policy and of details regarding some of the examples given are due to the need to protect from

reprisals and pressure those whose daily relations with Cuban enterprises and institutions provide the elements which give concrete support to this declaration.

What is important is the qualitative analysis of the overall implications of this policy, which many people in the world, including in the United States of America, qualify as absurd, rather than the focus on individual specific examples, even though these are extremely illustrative.

The following are the basic elements for the analysis:

- The pressure which continues to be exerted against trading companies in third countries, imposing conditions on their access to the United States market so as to oblige them to observe the policy dictated towards Cuba, either in connection with their exports or the supply of raw materials and technology which in many cases are required for production.
- The farcical attempt to disguise the Torricelli Law with a so-called Aid to the People of Cuba Section, in connection with which the following points should be underlined, *inter alia*:
 - .. Reference is made to authorization of gifts of food to Cuba, yet on the other hand the granting of licenses for trade between subsidiaries of United States companies and Cuba is prohibited.
 - .. In 1991, just to take one year, the United States Treasury Department reported a figure of US\$ 347 million solely for sales to Cuba of products for direct consumption such as oil, wheat flour, rice, soya products and maize.
 - .. As shown by the two paragraphs above, the prohibition on trade with Cuba by subsidiaries of United States firms means for Cuba an additional restriction of the market in which it can buy such food in view of the fact that there already existed a prohibition on access to the closest and highly competitive market of the United States.
 - .. It also means an additional restriction for Cuban exports, which are the main source of foreign currency earnings allowing Cuba to buy basic foodstuffs and other products of high priority for the population.
 - .. The prevention of direct access to the New York Exchange for Cuban sugar continues to have a significant impact.
 - .. The prohibition on the use of inputs of Cuban origin in products made by firms in third countries for the United States market also constitutes a restriction on Cuba's export opportunities.

This is particularly true for Cuba's basic export items namely, sugar and nickel products, which are widely used in the production of various goods.
 - .. As an island, Cuba depends to a great extent on maritime transport and since the application of the Torricelli Law the restriction of the maritime freight market has intensified, in particular with regard to the fleet generally operating in the western hemisphere, where the dominant position of the United States

as a market makes it difficult for any ship to renounce access to United States ports for periods of six months.

Since the early 1960s, the shipping market under the jurisdiction of the United States Government has been restricted for Cuba.

- .. As a result, with the additional restriction on freight for Cuba, mentioned above, there continues to be a premium or increased cost for freight services connected with Cuban trade.

It follows that a higher proportion of available financial resources in Cuba has to be devoted to paying freight, to the detriment of the quantities which Cuba imports in accordance with a strict system of priorities.

- .. In addition, because of the distances covered as Cuba does not have access to the nearest market, namely the United States, freight costs are in general higher and are occasionally excessive.

- .. Furthermore, the above-mentioned circumstances mean delays in transportation due to long ocean crossings. In the case of exports, this means delays in receipt of export earnings; as regards imports, the direct consumption of goods needed by the population and production requiring basic raw materials are delayed. In both cases, the risks to be covered by insurance are greater due to the longer distance and time required for transportation so that costs in this sector are higher.

- .. With regard to bulk liquid cargo, which requires tankers, restrictions on the availability of such ships in comparison with general cargo ships are greater and this is reflected in the freight costs. This affects the transport of such basic products as fuel and lubricants *inter alia*.

Moreover, wherever possible, those supplying fuel to Cuba have been subject to pressure with a view to preventing the supply of this resource which is essential for any economic activity in Cuba.

- .. When the measures described in the paragraph above apply to chemical products used in agriculture for the production of food and for the country's fundamental resource, namely, sugar cane, the threat which these measures represent for such crops in addition to natural and climatological factors is obvious and sometimes leads to considerable losses.

- .. Whenever a subsidiary firm in a third country has decided to utilize an intermediary in order to protect the interests of the parent company and at the same time maintain relations with Cuba, the most direct result has been increased costs.

- Another aspect of the farce constituted by the so-called Aid to the People of Cuba theoretically provided for in the Torricelli Law concerns the exports of medicines to Cuba under licence because United States Government agencies try to impose strict prohibitions such as the following:

- .. They do not authorize the export to Cuba of raw materials and intermediate products for the pharmaceutical industry and medical equipment; licence possibilities are limited to finished products.

In this connection, in view of Cuba's infrastructure for production in the health sector, the assurance of inputs for functioning of the existing installations would represent the best possible use of available sources for the benefit of the population.

- .. It is specifically prohibited to export any product which could be used for any production whatsoever in the biotechnology industry.

The capability of Cuba's biotechnology industry is directed towards production in the health sector and products to be utilized in agriculture for the production of food.

- .. The result is high freight costs for the transport of products for the health sector. In many cases, it is necessary to use air transport when transporting goods of high priority over long distances because the United States market is closed.

- In addition, pressure aimed at preventing investment in Cuba by businessmen in third countries, whether in the tourist sector or in other branches of the economy, has been exerted through a variety of methods, ranging from arguments to dissuade those interested to threats by means of blackmail.
- The prohibition on allowing samples of Cuban production access to international fairs organized on United States territory has been a constant feature.
- The refusal to grant United States entry visas to representatives of Cuban entities wishing to participate in specialized fairs and international events in the United States has continued to be exercised in an arbitrary way.

During the past year, this has affected the executives of recognized regional organizations such as the Group of Latin American and Caribbean Sugar Exporting Countries (GEPLACEA), simply because they were Cuban citizens.

- As has been mentioned on other occasions, recently there have been further cases in which the prohibition affecting a subsidiary of a United States firm under the jurisdiction of a parent company situated in a third country has also had an effect on the latter.

In such cases, the extraterritorial scope of the prohibition becomes two-fold.

- The effects on the competitiveness of Cuban exports of goods and services, in addition to those already mentioned, have also been felt in other ways.

One of these has been to include Cuba in the list drawn up by the United States Department of Agriculture of countries infected by cattle foot-and-mouth disease.

Another element has been the arbitrary omission of flights by the Cuban airline from international information networks under the control of United States agencies. This is another example.

The preceding paragraphs give a short summary of the effect on Cuba's foreign trade of the imposition of the embargo by the Government of the United States of America. It is difficult to show the scope of the effects on the Cuban people's daily life by means of general statements. Nevertheless, an appeal for further consideration is made to those who read these words, which may help to give a more precise idea of the capacity for resistance and the fortitude of the Cuban people in their determined struggle to maintain their sovereignty and their achievements.