

International Trade



READING 1

Mithre J. Sandrasaga. “Politics—U.N.: Assembly Votes 173–3 for End to Cuba Blockade,” *Global Information Network*, 13 November 2002, 1.

-- Discussion of Reading 1 -----

1. In 2002, which countries sided with the United States in the U.N. General Assembly vote of 173–3 on the Cuban embargo? (Israel and the Marshall Islands)
2. What serious concerns did many U.N. delegates have about the blockade? (They said the blockade violates international law, infringing on Cuba’s sovereignty, and violates the Charter of the United Nations.)
3. What were the provisions of the law passed by the U.S. Congress in 2000 that concerned the embargo? (The 2002 law exempted food from the U.S. embargo but banned official and private financing of food exports to Cuba, forcing Havana to pay for the goods in cash.)
4. What are the extraterritorial effects of the Helms-Burton Act of 1996? (Under this legislation, the United States assumes the right to penalize countries that trade with Cuba.)
5. What was the key provision of the 1992 Cuba Democracy Act? (Cargo vessels from third countries are prevented from docking in U.S. ports if they have called in Cuba in the previous six months.)

6. Describe the findings of the study by Georgetown University on the sanctions imposed on Cuba. (The study found that 59 new unilateral sanctions were imposed between 1997 and 2001, a significant decrease from the 1996 rate. In 1996 alone, the U.S. imposed 26 new sanctions.)
7. What question about the embargo is being debated by U.S. policymakers? (The question is whether the embargo is an appropriate foreign policy instrument for achieving national goals.)
8. Outline the position of the Cuba Working Group. (It has proposed a nine-point plan to ease the embargo and promote bilateral trade and travel, but it falls short of calling for direct U.S. investment, diplomatic relations, or foreign aid.)
9. Write a one-sentence statement in your own words of the main idea of the article. (Although the United Nations General Assembly voted to lift the trade blockade against Cuba, the United States government has maintained the embargo despite criticism that it violates international law.)
10. Cuba has a socialist system of government. How does that differ from a capitalist system? (Capitalism: private ownership, free enterprise, competition, and profit. Socialism: state ownership, with all members of the community sharing in the work and products.)
11. Which social and economic policies have been successful in Cuba? (Cuba has a health care system that provides free health care to all citizens. The education system has produced one of the lowest illiteracy rates in the world and a high enrollment rate in schools.)
12. Should the United States provide foreign aid to Cuba? Justify your answer.

Anita Snow. "Cuba to Buy \$66M in American Food," 30 September 2002, in *www.salon.com/*.

-- *Discussion of Reading 2* -----

1. Explain the deal made between Cuba and the United States involving farm products. (Cuba struck deals to buy more than \$66 million in American food as of the eve of the end of a five-day agribusiness show.)
2. How much did Cuba spend on U.S. farm products in 2001 and 2002? (In 2001 Cuba paid \$140 million for U.S. farm products, and in 2002 Cuba had paid at least \$60 million by September 30, 2002.)
3. How did Cuba pay for the farm products? (Everything was paid for in cash.)
4. Describe the four contracts that were signed at the agribusiness show. (One contract was for \$5 million of soybean and corn from F. C. Stone of Iowa; another was to buy eggs worth \$1 million from Dolphin Shipping & Trading of Georgia; later contracts were for \$7.4 million to buy soybeans, soy flour, and corn from Bunge of New York and \$1.4 million to buy rice from Riceland of Arkansas.)
5. What other deals were discussed at the fair? (a co-marketing agreement between Cuba's Havana Club rum production company and Splash Tropical Drinks of Florida)
6. How did Fidel Castro describe the Americans in his speech at the dinner for exhibitors and their families? (Castro congratulated the Americans for their initiative and courage.)
7. How long has Cuba been under a trade embargo? (for more than four decades)
8. What law is the exception to these sanctions? (A U.S. law in 2000 permitted the first direct commercial sales of American food and agricultural products to the island in 40 years.)
9. Why did Havana refuse to take advantage of the new law for one year? (Havana refused because the law prohibits American financing, requiring all sales to be made in cash.)

10. Name other countries on which the United States has imposed a trade embargo or applied sanctions. (Burma, Iran, Iraq, Libya, North Korea, Syria, the Palestine Liberation Organization)
11. During the years of isolating Cuba, democracy has spread throughout Latin America. What can we infer about the relationship between the embargo and the development of democracy in Latin America? (Latin American countries have seen the results of the embargo on Cuba, which may have influenced their decision to adopt the democratic model of government rather than the communist model.)

Vocabulary

Fill in the blanks with the correct words. Use each word only once.

sovereignty	successive	blockade	prohibiting
advocated	exacerbated	sanctions	embargo

In 1959, Cuban revolutionaries, led by Ernesto (Ché) Guevara and Fidel Castro, overthrew the government of Batista and announced that Cuba would be a communist country. As a result of this change in government, the John F. Kennedy administration implemented a trade embargo against Cuba in 1960.¹ The embargo imposed economic sanctions on Cuba, prohibiting imports of food and medical supplies from the United States. Today, not only is trade with the United States forbidden, but other countries are penalized if they trade with Cuba, through the Helms-Burton Act of 1996.² Critics of this law say that it violates the sovereignty of nation states and limits fundamental human rights.

The embargo has been in effect for over 40 years. The Cuban people have suffered greatly in terms of their health care and general standard of living, especially since the fall of the Soviet Union, which used to provide aid to Cuba. The original purpose of the embargo was to encourage the Cuban people to rebel against Castro and end his communist regime. The United States feared that a strong communist government in Cuba could lead to the

1. “Cuba and the United States: The Americans Have Come,” *The Economist*, 4 January 2003, 28.
 2. Mithre Sandrasagra, “Politics—U.N.: Assembly Votes 173–3 for End to Cuba Blockade,” *Global Information Network*, 13 November 2002, 1.

expansion of communism throughout Latin America. The trade embargo has failed to end Fidel Castro's rule; in fact, Castro has remained a powerful and charismatic leader of the Cuban people in spite of the poor living conditions in the country, which have been exacerbated by the embargo.

Many in the international community, including Pope John Paul II, have spoken out against the embargo. The United Nations General Assembly has advocated the end of the trade embargo, and it has voted against the blockade for eleven successive years.³ However, the U.S. government refuses to lift the embargo because it believes that trade with Cuba would benefit no one but Fidel Castro, whose dictatorship is contrary to U.S. principles of freedom of speech and democracy. Nevertheless, Thomas G. Donlan, editor of *Barron's*, writes: "In many countries, trade has undermined the roots of tyranny and made it fall."⁴

In 2000, a new U.S. law was passed that authorizes direct sales of U.S. food, agricultural products, and medicine to Cuba if payment is made in cash. In 2002, Cuba received about \$165 million in food from the United States, "helping to turn the United States into Cuba's tenth-biggest trading partner."⁵ Although the blockade remains in place, today the U.S. and Cuba have an active trade relationship, which represents a major turnaround in U.S. foreign policy.⁶

3. *Ibid.*, 1.

4. Thomas G. Donlan. "Editorial Commentary: Principles and Trade," *Barron's*, 27 May 2002, 35.

5. "Cuba and the United States: The Americans Have Come," 28.

6. Joseph Contreras, "The Cracks in Castro's Wall; U.S. Food Companies and Tourists Are Flocking to Cuba," *Newsweek*, 30 September 2002, 48.