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# The US embargo of Cuba is a failure

Obama should lift the embargo. Allowing more travel and farm exports to Cuba will be good for democracy and the economy



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After nearly 50 years, America's cold war embargo against Cuba appears to be thawing at last. Earlier this spring, the Obama administration relaxed controls on travel and remittances to the communist island by Cuban Americans, and last week it agreed to open the door for Cuba's re-entry to the Organisation of American States.

Admitting Cuba to the OAS may be premature, given the organisation's charter that requires its members to be democracies that respect human rights, but changes to the US economic embargo are long overdue.

The embargo has been a failure by every measure. It has not changed the course or nature of the Cuban government. It has not liberated a single Cuban citizen. In fact, the embargo has made the Cuban people a bit more impoverished, without making them one bit more free. At the same time, it has deprived Americans of their freedom to travel and has cost US farmers and other producers billions of dollars of potential exports.

As a tool of US foreign policy, the embargo actually enhances the Castro government's standing by giving it a handy excuse for the failures of the island's Caribbean-style socialism. Brothers Fidel and Raul can rail for hours about the suffering the embargo inflicts on Cubans, even though the damage done by their communist policies has been far worse. The embargo has failed to give us an ounce of extra leverage over what happens in Havana.

In 2000, Congress approved a modest opening of the embargo. The Trade Sanctions Reform and Export Enhancement Act allows cash-only sales to Cuba of US farm products and medical supplies. The results of this modest opening have been quite amazing. Since 2000, total sales of farm products to Cuba have increased from virtually zero to \$691m in 2008. The top US exports by value are corn, meat and poultry, wheat and soybeans. From dead last, Cuba is now the number six customer in Latin America for US agricultural products. Last year, American farmers sold more to the 11.5 million people who live in Cuba than to the 200 million people in Brazil.

According to the US international trade commission, US farm exports would increase another \$250m if restrictions were lifted on export financing. This should not be interpreted as a call for export-import bank subsidies. Trade with Cuba must be entirely commercial and market driven. Lifting the embargo should not mean that US taxpayers must now subsidise exports to Cuba. But neither should the government stand in the way.

USITC estimates do not capture the long-term export potential to Cuba from normalised

relations. The Bahamas, Dominican Republic, Jamaica and Guatemala spend an average of 2.8% of their GDP to buy farm exports from the US. If Cuba spent the same share of its GDP on US farm exports, exports could more than double the current level, to \$1.5bn a year.

Advocates of the embargo argue that trading with Cuba will only put dollars into the coffers of the Castro regime. And it's true that the government in Havana, because it controls the economy, can skim off a large share of the remittances and tourist dollars spent in Cuba. But of course, selling more US products to Cuba would quickly relieve the Castro regime of those same dollars.

If more US tourists were permitted to visit Cuba, and at the same time US exports to Cuba were further liberalised, the US economy could reclaim dollars from the Castro regime as fast as the regime could acquire them. In effect, the exchange would be of agricultural products for tourism services, a kind of "bread for beaches", "food for fun" trade relationship.

Meanwhile, the increase in Americans visiting Cuba would dramatically increase contact between Cubans and Americans. The unique US-Cuban relationship that flourished before Castro could be renewed, which would increase US influence and potentially hasten the decline of the communist regime.

Congress and President Barack Obama should act now to lift the embargo to allow more travel and farm exports to Cuba. Expanding our freedom to travel to, trade with and invest in Cuba would make Americans better off and would help the Cuban people and speed the day when they can enjoy the freedom they deserve.

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