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 Suzanne Dale

05/20/98 05:03:14 PM

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Subject: EMBARGOED Remarks by the President to Honor Cuban Independence Day

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Elizabeth R. Newman
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Subject: EMBARGOED Remarks by the President to Honor Cuban Independence Day

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE UNTIL
1:30PM, MAY 20, 1998

REMARKS BY THE PRESIDENT TO HONOR CUBAN INDEPENDENCE DAY

THE PRESIDENT: I want to say hello to all listeners of Radio Marti. On behalf of the people of the United States I offer you warmest wishes on this Cuban Independence Day.

The United States is determined to help Cuba achieve a peaceful transition to democracy. And as part of our effort, I announced in March that the U.S. would permit direct humanitarian flights, transfers of money from families in the United States to relatives in Cuba, and streamline procedures for the sale of medicines to your country.

These steps are aimed at building on Pope John Paul's historic visit to Cuba, increasing humanitarian relief and supporting the role of the Church and other elements of civil society. We're committed to helping Cuba's courageous democracy and human rights advocates as they work for a brighter future. We continue to be concerned about those who languish in Cuban jails. We urge the Cuban government to release all political

prisoners and reintegrate them into Cuban society.

Cubans will never be free until Cubans are free to speak out and organize for fundamental change. We send you a message of hope; we must work together to promote freedom in the only country in our hemisphere which does not yet enjoy it. I believe the Cuban people want democracy and that they will relish it and prosper in every realm -- political, economic, and cultural -- once they are free.

Before I sign off, let me congratulate the Office of Cuba Broadcasting, home to Radio and TV Marti, as it begins broadcasting from its new headquarters in Miami today. Here, closer to their listeners, Radio and TV Marti will continue to bring information, hope and encouragement to the people of Cuba.

My best wishes to all of you, and thank you for listening.

END

Message Sent To: _____

The Cuban factor

**\$400-million Canadian hotel joint-venture to add 4,200 rooms by 2006;
McConnell Valdes already registering clients' trademarks — just in case**

BY PEDRO SMITH

While Puerto Rico proudly boasts of the addition of 3,000 new hotel rooms in the past four years, Cuba is quietly working on the construction of 27,000 new rooms by the year 2000. One key development includes a \$400 million master-plan by a Canadian-Cuban joint venture that promises 4,200 new hotel rooms, golf courses and even shopping centers in different parts of Cuba.

While it is true that U.S. tourists are forbidden to visit Cuba as part of the U.S. embargo against Fidel Castro, the frantic growth of the Cuban tourism industry is a reminder to Puerto Rico of how much confidence foreign investors are placing in Cuba as a viable Caribbean destination.

Last July, Vancouver-based Wilton Properties Ltd. signed an agreement with a wholly-owned subsidiary of

don't have a claim on the land the company will develop.

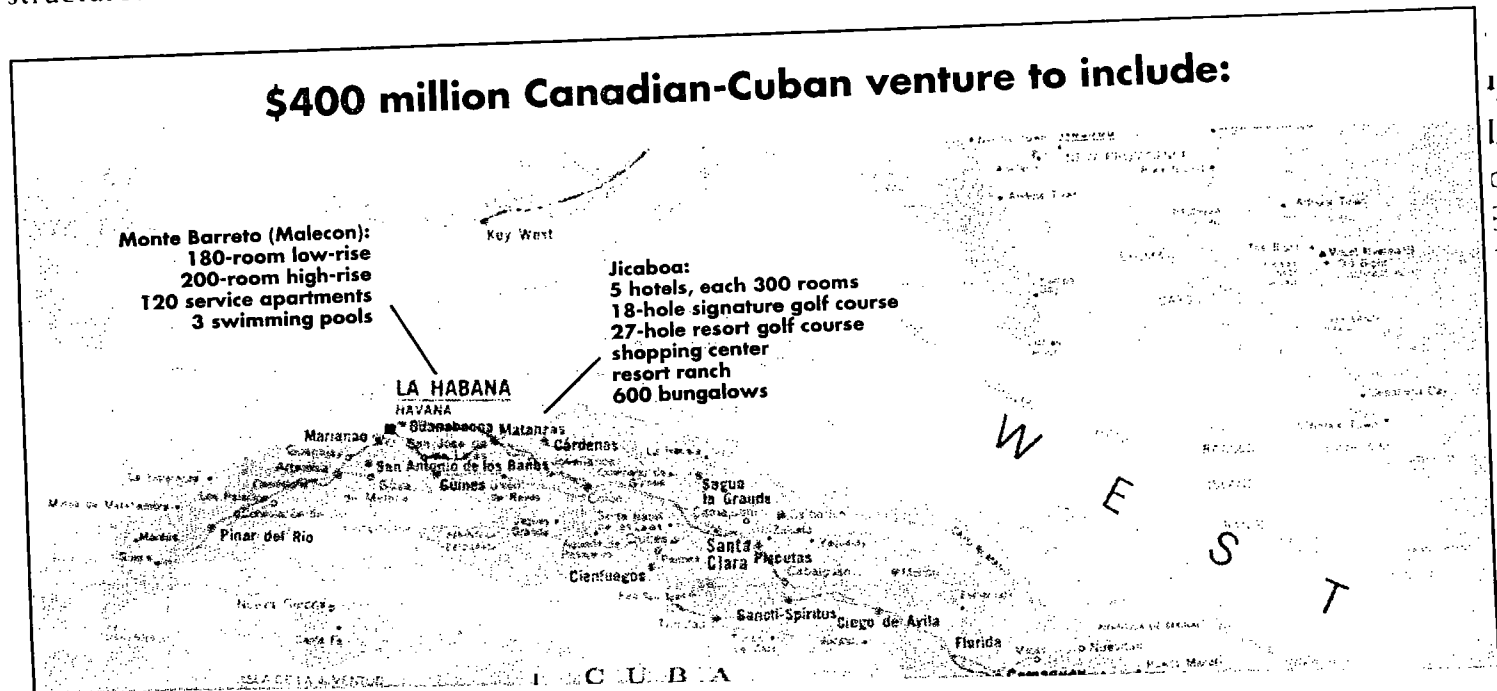
The projects, currently in a feasibility study stage, will be subdivided under different subsidiaries and structured under Cuba's recently

message being that it will be protected by the Cuban government, unlike the piracy situation in Asia," added Cotto.

The law also allows companies to import construction materials duty-

investments in stocks or other securities or bonds, either public or private," added Cotto.

The Canadian venture has been caught in the crossfire of international politics. With the Cold War all



Gran Caribe — a Cuban company — called Gran Antillana, to form the joint-venture company Vancuba Holdings S.A. Both entities have 50% ownership of the venture. (Wilton has since been acquired by a Canadian conglomerate called Leisure Canada through a stock swap.)

"The message being sent from Cuba is very simple: We are open for business. Prospective investors must come prepared to deal with very sophisticated people," said Walter H. Berukoff, chairman of Wilton Properties in a telephone interview with CARIBBEAN BUSINESS.

According to Berukoff, the company has acquired from the Cuban government the rights to develop up to 11 hotels containing approximately 4,200 rooms on four sites in Cuba. Initial construction is slated to begin late this summer.

These sites are Jicabo, 40 kilometers east of Havana, midway between Havana and the resort area of Varadero; Cayo Largo, a sand and limestone quay approximately 50 kilometers south of the main island of Cuba; Malecon on Havana's waterfront, and Isla de la Juventud, a 2,000-square-kilometer island west of Cayo Largo.

Berukoff emphasized that an exhaustive title search was conducted to assure that Cuban exiles

enacted Law No. 77, known as the Foreign Investment Act, which allows foreign companies to become 50% partners in local ventures.

"It is a plain language law. It looks like any other investment law such as Section 936, 30A, etc. and it applies to any type of investment in the areas of telecommunications, transportation, construction, etc., except for medicine and health care, which are strictly government-controlled," said Ramon Cotto Ojeda, a capital partner in the Litigation Department of McConnell Valdes and head of the firm's Cuba Task Force.

The law firm is actively involved in the registration of trademarks and names in Cuba. According to the attorney, some 73 companies in Puerto Rico — mostly multinationals — have already registered their intellectual property in Cuba. "Cubans are playing it very smart about protecting intellectual property, the

free, pay employees in dollars and select their own labor force from a government-endorsed labor pool, areas previously considered key obstacles to investing on the island.

"Though labor is still controlled by the government, they provide a labor pool from which to choose. The Cuban labor force is extremely well-prepared and the government allows us to train them based on our standards of service and quality," added Berukoff.

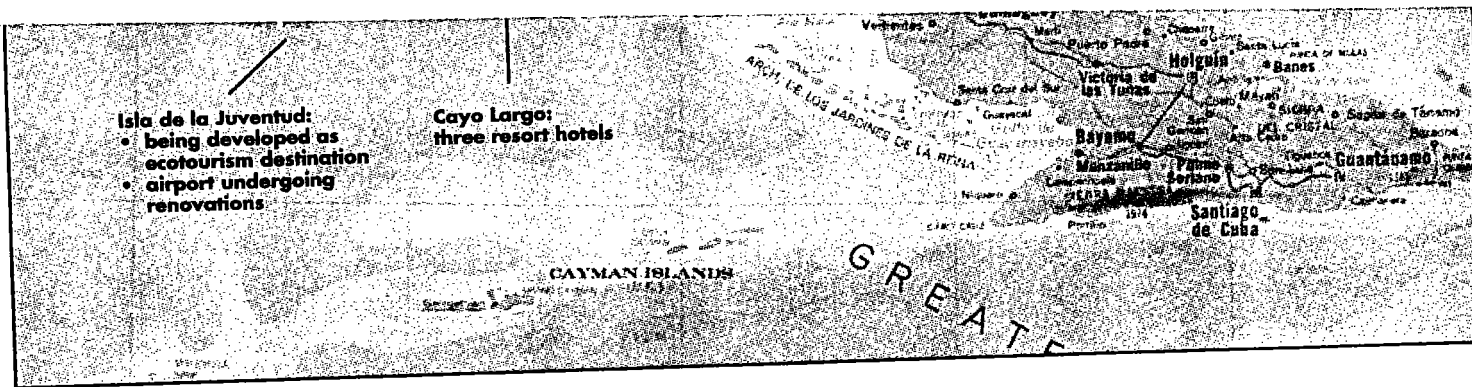
According to Cotto, the law is sketchy about recognizing the principle of private property. But, he points out, most deals can be structured under favorable leasing terms — sometimes for a 99-year term — making it attractive to foreign investors in Cuba.

"The law allows foreign investors to own 100% of the capital of a commercial entity or investments, which can take the form of direct

but thawed, Cuba remains one of the last vestiges of the old world order. The Feb. 24, 1996 shoot down of two unarmed civilian aircraft that allegedly invaded Cuban airspace in defiance of the Castro regime prompted the passage of the Helms-Burton Bill, named after its Congressional sponsors Senator Jesse Helms (R-NC) and Representative Dan Burton (R-Ind.).

"The law provides for a private right of action by the United States against persons or entities trafficking in any real or personal property confiscated or expropriated by the Cuban government after Jan. 1, 1959," Cotto said.

The law, however, has been largely snubbed by U.S. allies, who prefer to follow the strategy of economic engagement as a route to opening Cuba further to democratic processes. ■





159464
Commonwealth of Puerto Rico
House of Representatives
Capitol
San Juan, Puerto Rico

R. Morales-Lugo, Esq.
Secretary

March 13, 1996

Hon. William J. Clinton
President of the United States
The White House
1600 Pennsylvania Ave. N.W.
Washington, D. C. 20500

Dear Mr. Clinton:

For your knowledge and corresponding action I remit a copy of H.R. 5231, approved in Final Vote on Monday, February 26, 1996, entitled:

"To express the repudiation and indignation of the House of Representatives of Puerto Rico for the cowardly murder of four (4) members of the humanitarian organization "Brothers to the Rescue" by the armed forces of the totalitarian regime of Fidel Castro, and to urge the President and the members of the Congress of the United States of America to take all the necessary measures to prevent the strategy or repression of the Cuban government against dissident groups and to attain the establishment of a democratic system of government in that neighboring island, based on respect for human dignity."

Cordially,

Hiram R. Morales- Lugo, Esq.

COPY

COPY

C LINE H0427

**TEXT APPROVED IN FINAL VOTE BY THE
HOUSE OF REPRESENTATIVES
(FEBRUARY 26, 1996)**

COMMONWEALTH OF PUERTO RICO

**12th Legislature
Session**

7th Regular

HOUSE OF REPRESENTATIVES

H. R. 5231

February 26, 1996

Introduced by Representative Figueroa-Costa, Mrs. Hernández-Torres, Messrs. Mislá-Aldarondo, Aponte-Hernández, Cintrón-García, Bulerín-Ramos, de Castro-Font, Granados-Navedo, Hernández-Santiago, Jiménez-Cruz, Lebrón-Lamboy, López-Nieves, López-Torres, Maldonado-Rodríguez, Marrero-Hueca, Angel; Marrero-Hueca, Manuel; Navarro-Alicea, Quiles-Rodríguez, Rondón-Tollens, Sánchez-Fuentes, Silva-Delgado; Mrs. Soto-Echevarría and Mr. Valle-Martínez.

Referred to the Committee on Internal Affairs

RESOLUTION

To express the repudiation and indignation of the House of Representatives of Puerto Rico for the cowardly murder of four (4) members of the humanitarian organization "Brothers to the Rescue" by the armed forces of the totalitarian regime of Fidel Castro, and to urge the President and the members of the Congress of the United States of America to take all the necessary measures to prevent the strategy of repression of the Cuban government against dissident groups and to attain the establishment of a democratic system of government in that neighboring island, based on respect for human dignity.

COPY

COPY

COPY

STATEMENT OF MOTIVES

On Saturday, February 24, 1996, the Cuban people once again suffered the intolerable attack of a government system founded on repression, dehumanization and unrestrained violence against freedom. On that day, four (4) Cuban Air Force fighter planes shot down two (2) small aircraft property of the members of the humanitarian organization "Brothers to the Rescue" which were participating in a search and rescue mission of the countless Cubans who attempt to flee in makeshift vessels from the living hell the island of Cuba has become.

The Castro regime absurdly pretends to justify, under the pretext that its airspace is being violated, this cowardly attack which consisted in firing their submachineguns and missiles against two unarmed aircraft occupied by civilians. There is no justification for such a disproportionate aggression. The Castro regime has not even been able to claim that the occupants of said small aircraft carried out the slightest action against the Cuban government, which goes to show the attitude of retaliation held by Fidel Castro in the face of his weakening and collapsing dictatorship.

This action is one of many cowardly examples of acts perpetrated by an inhuman regime, whose sole justification as government lies on terrorizing and repressing its citizens which markedly contrasts with the humanity, civic-mindedness and non-violence represented by the actions of the organization "Brothers to the Rescue."

The People of Puerto Rico, champions of peace, democracy and civility, cannot but become indignant before this vicious crime. We support the Cuban people, within and outside of Cuba, and we share the suffering they have undergone for more than three long decades, which has once again been evidenced by the blood shed by four (4) of its citizens.

COPY

The House of Representatives, as a body representing the People of Puerto Rico, deems it prudent to express to the Cuban community the indignation of the People of Puerto Rico for these vicious murders and to urge the President and the members of the Congress of the United States of America to take all the measures directed to vindicating the memory of these four people, preventing the strategy of repression of the Cuban government against dissident groups and to attain the establishment of a democratic system of government in Cuba, based on respect for human dignity.

**BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF
PUERTO RICO:**

Section 1.- To express the repudiation and indignation of the House of Representatives of Puerto Rico for the cowardly murder of four (4) members of the humanitarian organization "Brothers to Rescue" by the armed forces of the totalitarian regime of Fidel Castro.

Section 2.- To urge the President and the members of the Congress of the United States of America to take all the measures needed to prevent the strategy of repression of the Cuban government against dissident groups and to attain the establishment of a democratic system of government in Cuba, based on respect for human dignity.

Section 3.- This Resolution shall be translated into the English language and remitted to the President of the United States and to the President and Speaker of both Bodies of the Congress of the United States of America.

Section 4.- A copy of this Resolution shall also be remitted to the Ambassadors of the United States of America and of Cuba at the United Nations Organization as well as to the Secretary General of said International Organization.

Section 5.- This Resolution shall take effect immediately after its approval.



Secretary of the Senate

March 4, 1996

The Honorable William Clinton
President
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. President:

The Senate of Puerto Rico, on its Session of February 26, 1996, approved Senate Resolution 1973, entitled:

"To urge the Cuban government on behalf of the Senate of Puerto Rico to establish direct and open communications with all the Caribbean, Central American, South American countries and the governments of the Southern States of the United States to provide information regarding the safeguards and security measures taken in the construction of the nuclear energy plant in the Province of Cienfuegos, Cuba."

In its Sections 2 and 3, it states:

"Section 2.- A copy of this Resolution translated into to the English language shall be remitted to the Hon. William J. Clinton, President of the United States of America; to the Hon. Robert Dole, President of the Senate of the Congress of the United States, and to the Hon. Newt Gingrich, Speaker of the House of Representatives of the United States.

Section 3.- A copy of this Resolution shall be remitted to Mr. Fidel Castro, Prime Minister of the Republic of Cuba, as well as to the Heads of State of the countries of the Caribbean, Central America and South America."

In compliance with the aforementioned Sections, we remit a copy of said Resolution for your knowledge and pertinent action.

Cordially,


Clorah J. Montes Gilormini
Secretary of the Senate

Annex

Cob
Commonwealth of Puerto Rico
Senate
Capitol Building
San Juan, Puerto Rico 00901

157219
REC PLN 3-23-96
To Kyle B

Cob

**TEXT APPROVED IN FINAL VOTE BY THE SENATE
(FEBRUARY 26, 1996)**

COMMONWEALTH OF PUERTO RICO

12th Legislature

7th Regular
Session

SENATE DE PUERTO RICO

S. R. 1973

February 23, 1996

Introduced by Mr. Valentín-Acevedo

Subscribed by Mr. Iglesias-Suárez

Referred to the Committee on Internal Affairs

RESOLUTION

To urge the Cuban government on behalf of the Senate of Puerto Rico to establish direct and open communications with all the Caribbean, Central American, South American countries and the governments of the Southern States of the United States to provide information regarding the safeguards and security measures taken in the construction of the nuclear energy plant in the Province of Cienfuegos, Cuba.

STATEMENT OF MOTIVES

Nuclear power represents one of the alternate sources of energy. It is the end product of the fission or fusion process of atomic nuclei.

The energy of any system, be it physical, chemical or nuclear is manifested by its capacity to do work or release heat or radiation.

By 1980, there were about one hundred (100) nuclear energy plants in the United States. After the Three-Mile Island incident, the development of nuclear energy sources was halted for reasons of security and economic factors.

In 1990, close to twenty percent (20%) of the energy produced in the United States proceeded from nuclear plants. The people's concern regarding the production of nuclear energy is based on two basic characteristics of the system. The first is the high level of radioactivity present throughout the several stages of the nuclear cycle, including its disposal. The second

characteristic is that the nuclear fuels uranium-235 and plutonium-239 are materials that can be used to manufacture nuclear arms.

Radioactive material generates ionizing radiation which can cause harm to human tissue. Several radiological hazards can arise throughout most of the stages of the nuclear cycle.

In spite of the many safeguards in the operation of nuclear reactors, the possibility of accidents with fatal consequences, exists. Examples of this are the accidents which occurred at Three-Mile Island in Pennsylvania, United States and at Chernobyl in the former Union of Soviet Socialist Republics.

The imminent construction of an atomic energy plant in the province of Cienfuegos, Cuba, turns the threat of a nuclear disaster into a reality for the Caribbean, and particularly for Puerto Rico. The Island's newspapers have raised their voice of alarm in view of the confirmation of the Russian Minister of Atomic Energy, Viktor Mikhailov, as to the intention of reactivating an agreement between Cuba and Russia to finance the construction of a nuclear plant in the neighboring island.

Taking into consideration the environmental repercussions for the peoples of the countries of the Caribbean Basin, should a nuclear accident occur in Cuba, the Senate of Puerto Rico deems it to be meritorious and imperative that open communications be established between the Cuban government, the Caribbean countries and the Southern States of the United States, since the construction of a nuclear plant in Cuba threatens the safety of all the peoples of the region.

BE IT RESOLVED BY THE SENATE OF PUERTO RICO:

1 Section 1.- On behalf of the Senate of Puerto Rico, the Cuban government is hereby
2 urged to establish direct and open communications with all the Caribbean, Central American
3 and South American countries and the governments of the Southern States of the United
4 States to provide information regarding the safeguards and security measures taken in the
5 construction of the nuclear energy plant in the Province of Cienfuegos, Cuba.

6 Section 2.- A copy of this Resolution translated into to the English language shall be
7 remitted to the Hon. William J. Clinton, President of the United States of America: to the

- 1 Hon. Robert Dole, President of the Senate of the Congress of the United States, and to the
2 Hon. Newt Gingrich, Speaker of the House of Representatives of the United States.

3 Section 3.- A copy of this Resolution shall be remitted to Mr. Fidel Castro, Prime
4 Minister of the Republic of Cuba, as well as to the Heads of State of the countries of the
5 Caribbean, Central America and South America.

6 Section 4.- This Resolution shall take effect immediately after its approval.

Cuba

Montaner: Invest in post-Castro Cuba only

Journalist believes Castro's 'new' model doomed to fail; foresees a free Cuba as an opportunity for Puerto Rico

BY JOHN COLLINS

Puerto Rico should not view a democratic Cuba as an economic threat, but as a neighboring and friendly market of 11 million potential consumers who need to obtain absolutely all kinds of articles, Carlos Alberto Montaner, the Cuban exiled author, journalist and publisher, said in his keynote address at the recent seminar, "Business and Investment in a Free and Democratic Cuba."

Montaner, who lives in Madrid, was in Puerto Rico for the seminar, co-sponsored by Caribbean/Latin American Action and the International Trade & Service Association of Puerto Rico.

Some of the areas in which Montaner thinks Puerto Rico is well-suited to be involved in Cuba's transition are urban renewal, restoration of historic edifices, sugar by-products, and the dairy and pharmaceutical industries.

"The Puerto Ricans who maintain Old San Juan on a level of splendor, which the capital of the island probably never had in colonial times, can give Cubans a great lesson in urban conservation," Montaner said. He believes Puerto Rico professionals are the most qualified to assist a democratic Cuba absorb "a substantial part of the American aid which will certainly flow to Cuba." Two other areas in which he indicated Puerto Rico will be able to participate in the Cuban transition are capital investment and shared marketing techniques.

Recalling that some 10,000 Puerto Ricans settled in Cuba after the republic was established in 1902, Montaner said they were able to take advantage of the economic opportunities which existed during the first quarter of the century. He would like to see a similar sharing of experiences after the change because he is convinced that a democratic Cuba will offer "a formidable economic opportunity for all those who are willing to collaborate in the reconstruction of the country and — why not? — to benefit from that effort."



"What is intelligent and prudent is to gain a foothold after the chaos, not before it, when uncertainty has disappeared and it is known that the country is marching toward its recovery."

— CARLOS MONTANER

CUBA AT A CROSSROADS

Montaner views present-day Cuba under Castro at a crossroads "For more than 30 years, Castro's government was able to elude that simple rule of universal economy by subjecting itself, on the one hand, to the enormous, astounding Soviet assistance — more than \$100 billion — and on the other hand, admitting a progressive but slow, egalitarian general impoverishment of the Cuban people," he said.

His impressions lead him to two relevant conclusions. "First, Castro and his government know, exactly as we know, that the economic model they defended for more than three decades is totally unfeasible today," he said. "Second, the other model Castro has

today in his undefeatable, stubborn head is also absolutely incapable of sustaining Cuba as a modern Western country."

Montaner sees Castro's new model, from the economic point of view, as "a bizarre marriage of joint venture between foreign investors and the Cuban state." He thinks Castro intends to replace "the advice of the East with the know-how of the West and substitute the substantial Soviet subsidies with injections of foreign currency from capitalist companies."

Montaner sees Castro's model as "doomed to fail" for a number of reasons. He said the system "hardly generates internal savings" and that Cuba today "is barely producing 20% of what is needed to maintain the lifestyle of 1989." He said only around \$50 million reaches Cuba a year now whereas its true needs require in the order of \$2 billion to \$3 billion annually.

The 11 million Cubans do not represent an interesting market for any foreign investor at this time because, he said, they lack a currency with buying power and, therefore, Cuban "trade" is reduced to tourism, sugar, telecommunications abroad, nickel, tobacco, shellfish and some other items of lesser importance.

"Most foreign investors do not accept the premise that it is convenient to gain a foothold in Cuba at this time, awaiting the change because, if the change is traumatic and bloody, this will represent a sure loss for these investments," Montaner said. "What is intelligent and prudent is to gain a foothold after the chaos, not before it, when uncertainty has disappeared and it is known that

the country is marching toward its recovery." (See CARIBBEAN BUSINESS, Dec. 22, 1994.)

CONVINCED OF CHANGE

Montaner is convinced that in the end "there will be no other option but the ballot box... and the only path available leads us directly to the hands of democracy." Two of the most important institutions which will have to be recreated, according to Montaner, are a stable currency and an adequate legal system.

He sees "enormous possibilities" for development in the tourism sector. Initially, he sees the two million Cubans abroad as the first tourism vanguard. He said requirements in construction, arts and crafts, entertainment, all services linked to tourism, "will have a sudden, spectacular development which will overwhelm the economy."

At the same time, he views the major infrastructural rejuvenation as "a gigantic task," including dredging of ports, construction of new airports, and "the urgent salvage of incredibly deteriorated cities, starting with Havana."

Montaner sees a democratic Cuba as an early applicant for status as a beneficiary of the Caribbean Basin Initiative "as a step toward subsequent integration into the North American Free Trade Agreement." He envisions Cuba's professional and technical cadre restoring the manufacturing sector, which will grow into complex export industries "similar to what we have seen in these fabulous economic enclaves known as the tigers or dragons of the Far East."

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BUSINESS

Cuba opportunities await Puerto Rico expertise

By AURA N. ALFARO
Of The STAR Staff

In a democratic Cuba, Puerto Rico would find opportunities in twin-plant-type arrangements in food processing and in the exporting of much needed machinery, equipment, fertilizers and pesticides.

So said William A. Messina, Jr., executive director of the University of Florida's International Agricultural Trade and Development Center, during a two-hour workshop which was part of a Cuba business conference earlier this week.

Messina cited the twin-plant concept as the most feasible option for local processing operators wary of making any large scale investments.

"The Cuban government may be being

overly generous in its present foreign-joint investment arrangements, and we don't know how this will work out in the future," Messina said.

He also noted the country's dire need for farm machinery and parts, as well as all kinds of fertilizers and pesticides. These needs, Messina said, could also be supplied by the United States, and may be economically much more feasible for stateside suppliers from Florida — only 90 miles from Cuba — than from any regional office in Puerto Rico.

At least 80 per cent of Cuba's economy is still derived from agriculture, basically sugar cane farming. Its potential for exports are citrus, vegetables, sugar, fish and seafood, which Messina said reflect Florida's agricultural products.

Mayda Sotomayor, manager of import operations for Great American Farms Inc., in Florida, pointed out that Cuba has good soil and climate, and now has more produce in the ground than in all of Florida. Yet Cuba yields a lot less because of its lack of modern technology, she said.

"Florida growers feel threatened and rightly so. Its proximity to U.S. shores beats Mexico by 600 miles," Sotomayor pointed out.

She said a democratic Cuba could offer Puerto Rico the benefit of a secondary supplier, complementing the Dominican Republic and the United States.

Another panelist, Nicolás Gutiérrez, an attorney in the sugar cane industry, highlighted the problem that 80 percent of

land in Cuba is owned by the government, and that former owners, both on that island and in exile, will attempt to win back what was taken from them without compensation.

At the present time, there are 157 mills in Cuba, a number which, he said, everyone agrees must be reduced while disagreeing on how it should be done.

Government leaders want to be the ones to determine which should be shut down, while many in the industry feel market forces should be allowed to determine that, Gutiérrez said.

"Cuba now has only half its mills grinding at any given time, a situation that was almost unheard of in the past," the panelist stated.

Daco starts ad campaign to tout bioequivalent drugs

By the STAR Staff

The Department of Consumer Affairs (Daco) will launch an educational advertising campaign today for the first time in the history of the agency, said Daco undersecretary Carlos Lasanta on Wednesday.

Daco has invested \$300,000 in the ad campaign to tout the benefits of bioequivalent drugs, which contain the same ingredients as more costly name brand medicines.

The Legislature made special allocation last year to fund the campaign, he said. The ad campaign, designed by the ad agency De La Cruz & Associates, will run from today through June 30, he added.

The ad campaign includes 30-second TV and radio spots as well as print ads in local and regional newspapers, said De La Cruz media associate Saribel Martinez.

"Bioequivalent drugs, unlike generic drugs, have the exact chemical composition and effects as their namebrand counterparts," said Adria Rivera, pharmacist at Farmacia Arlene in Caguas.

Bioequivalent drugs can cost on average 50 percent to 75 percent less than namebrand drugs. Bioequivalent products exist for approximately 50 to 60 percent of the drugs on the market, she added.

"This represents considerable savings, when one considers that local drug sales generate about \$600 to \$700 million in annual revenue in Puerto Rico," Lasanta said.

Daco plans to continue educational advertising in 1996 and has already been allocated \$150,000 by the Legislature for next year's ad campaign. He said that the theme still has to be determined by Daco.

Said Lasanta: "We are trying to help consumers through education in areas where great savings can be achieved."

Baxter subsidiary to sell division

By the STAR Staff

Baxter Healthcare Corporation, a subsidiary of Baxter International and one of the largest employers in Puerto Rico, announced its intent to sell its Industrial and Life Sciences Division to VWR Corporation for about \$400 million in cash.

VWR is a publicly traded company engaged primarily in the supply and

distribution of laboratory products and scientific equipment used in science and industry.

Baxter said Wednesday that the company signed a definite agreement to sell the division to beef up its core businesses, which include biotechnology, renal therapy, cardiovascular, international expansion and the U.S. healthcare business.

From Page B43

Cars

proposed tariff are: Mazda 299 and Milenia; Toyota's Lexus; Mitsubishi's Diamante; Acura Legend; Nissan's Maxima and all Infiniti makes.

"We have seen a marked increase [20 percent] in the sales of these models since the sanctions were announced, but there isn't a buying frenzy for these makes like in the United States," said Edouard Lafontant, vice president of operations for Plaza Motor's Corp., the local Mazda distributors.

Since Mazda sells about 15 of each of these makes a month, the increase translate into 3 more cars per month in each category.

From January through April, Plaza Motor's Corp. sold a total of seventy-one Mazda 929, priced from \$34,500 to \$38,500, and fifty-six Milenia models, at from \$36,500 to \$40,500.

Last year, sales of these models made up 4.7 percent of the 9,042 Mazdas sold in Puerto Rico.

"With the proposed sanctions, distributors' inventories for these models is very important since cars already on the island won't have to pay the 100 percent tariff and can be sold at regular price," Lafontant added.

Acura Legend sales had increased by 20 percent from five cars to six cars this month, said Claudio Carmona, senior vice president of the local distributor for Honda and Acura. Last year, sales of Acura Legend accounted for 1.5 percent

of the total 3,880 cars sold by Bella International, which sells Hondas, and its corporate subsidiary Vortex Motor Corp., which sells Acuras.

"The Puerto Rican consumer is very cautious, so people haven't come out en masse to buy these cars, and besides luxury car sales account for a very small part of the Puerto Rican market," Carmona said. The executive has in stock enough Legend models that average \$55,000, to last "through the summer", he said.

The proposed hike would raise tariff on 13 Japanese car models from 2.5 percent to 100 percent of retail price, but the measure has not yet been implemented. If the United States and Japan can reach an accord by June 28, the sanctions will be rescinded.

Some cars dealers are taking a wait-and-see attitude.

"It isn't over 'til it's over," said Héctor Rivera, director of sales and marketing for Toyota de Puerto Rico Inc., which distributes luxury Lexus models, ranging from \$47,000 to \$87,000 in price. Toyota sells approximately 20 Lexus models a month, making up 1 percent or 2 percent of Toyota's total sales in Puerto Rico.

"Although there has been a lot of curiosity regarding these models, it hasn't translated into any marked sales increase," Rivera said. "Sales of cars that cost over \$30,000 account for only about 5 percent of total market," he added.

Last year, 110,000 new vehicles were sold, generating more than \$1.3 billion in revenue, according to the industry.

From Page 43

Union

message of having aligned with the employer," said Meléndez who assured that the decertification of the union would not happen

"They might have filed the request, that doesn't mean it's going to happen... it's only the new croupiers that want out," Meléndez said.

Meléndez placed the blame on the casino workers for not putting pressure on the Sand's management in the negotiation process by implementing a strike vote approved in November.

"They are not willing to go on strike, because they are afraid, but I'm ready," he said.

Meléndez would not comment on how a petition to remove the union would affect the negotiation process, saying he would have to consult with his legal advisers.

Sand's vice president and managing director Richard Abati was not available for comment.

BUSINESS

The San Juan Star

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'Acto de traición'

Por WILLIAM BOOTH
THE WASHINGTON POST

MIAMI - La decisión de la Administración de Clinton de mandar de regreso a Cuba a cualesquiera balseros futuros que huyan de la isla, ha enfurecido a influyentes norteamericano-cubanos de aquí, quienes compararon el cambio histórico de política a un acto de traición.

Sin embargo, otros muchos, incluyendo al Gobernador demócrata de la Florida, respaldaron la medida, diciendo que la misma le ahorrará al Estado un enfrentamiento contra las personas desesperadas y necesitadas que huyen en botes.

Las reacciones subrayan la aparentemente esquizofrénica política de la situación de los refugiados cubanos de aquí: hasta la comunidad de exiliados sostiene puntos de vista contradictorios.

Muchos de los exiliados cubanos no quieren ver otro exodo en masa de sus paisanos hacia Miami, pues tienen la sensación de que el área ya está sobrepoblada con las nuevas llegadas.

Tampoco quieren que se detenga a los cubanos en la base naval de Estados Unidos en Guantánamo.

Ni desean que se les devuelva a la fuerza a Cuba.

En una importante decisión de dos filos, la Administración dijo que permitiría la entrada a Estados Unidos a la mayoría de los 21.000 exiliados que actualmente se hallan en Guantánamo, pero que repatriara obligatoriamente a Cuba a todos los que partan hacia la Florida en embarcaciones improvisadas, tal como hicieron miles el verano pasado.

ESTA ÚLTIMA decisión, que completa una revocación empezada el verano pasado de más de 35 años de trato preferencial a los refugiados cubanos, fue condenada por líderes en el exilio.

"Nos sentimos como si se nos hubiese quitado la alfombra que teníamos debajo", dijo Jorge Mas Canosa, líder de la Fundación Norteamericano-Cubana, un poderoso grupo de cabildero que ha sido decisivo en la política de Estados Unidos hacia la Isla durante la última década.

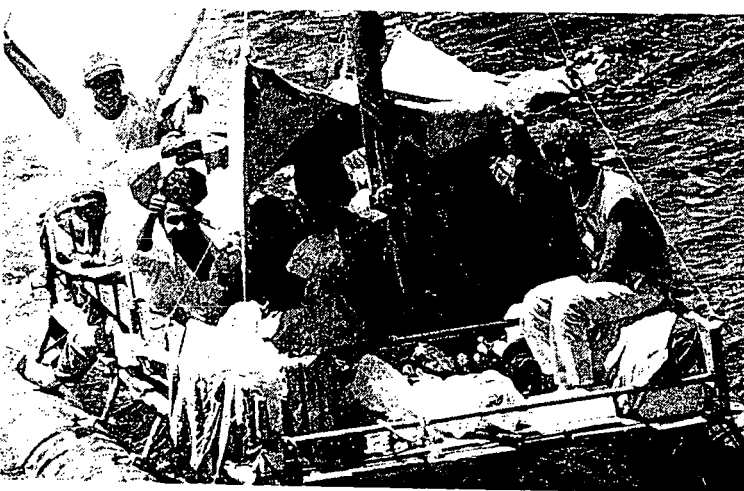
"Este es un día negro para el pueblo cubano, el peor día para el pueblo cubano", dijo Rebecca Cobo, líder del centro de refugiados cubanos de Cayo Hueso, quien ha trabajado en el procesamiento de las personas llegadas en bote.

Otros exiliados cubanos de aquí dijeron que sospechaban un nuevo surgimiento de los esfuerzos por entrar clandestinamente. El líder de un grupo de pilotos voluntarios que vuelan sobre los Estrechos de la Florida en busca de balseros expresó su preocupa-

ción sobre cómo podría informar a la Guardia Costera de Estados Unidos sobre sus localizaciones, si el resultado era únicamente que iban a ser devueltos a Cuba.

Los balseros serán detenidos en alta mar por la Guardia Costera de Estados Unidos, la cual, el verano pasado, en ciertas ocasiones, desempeñó un papel potencialmente peligroso de gato y ratón con los botes artillados cubanos.

"Estamos reacondicionando nuestros mapas de navegación del puerto de La Habana", dijo el comandante Jim Howe, de la Guardia Costera de Estados Unidos. Howe dijo que los detalles sobre la forma cómo los balseros serán devueltos apenas ahora se están elaborando.



AP/RYNE SLADKY

Rosselló les abre las puertas

Por PEPO GARCIA
DE EL NUEVO DÍA

EL GOBERNADOR Pedro Rosselló indicó ayer que su Administración le ha planteado al presidente Clinton que Puerto Rico está en la disposición de ser uno de los lugares para que los cubanos que se encuentran en Guantánamo entren a territorio de Estados Unidos.

Ayer el gobierno de Clinton anunció que le permitirá la entrada a territorio americano a los balseros que se encuentran en la base Guantánamo, de Cuba. Pero anunció, además, que los balseros que de ahora en adelante abandonen la Antilla Mayor serán deportados.

"Esta posición se la hemos expresado a la Casa Blanca hace muchos meses. Al tomar-



El gobernador de Florida, Lawton Chiles, insistirá en que el gobierno federal reubique 21 mil refugiados cubanos. Abajo, foto de archivo de los días de la gran fuga.

Disgustado el exilio

Por ANDREA MARTINEZ
DE EL NUEVO DÍA

REPRESENTANTES del exilio cubano en Puerto Rico expresaron júbilo ante la entrada a suelo americano de los cubanos refugiados en Guantánamo, pero criticaron fuertemente la nueva política de Estados Unidos de rechazar a los balseros que salgan de la Antilla Mayor a partir de ahora.

"No podemos estar de acuerdo con esa segunda parte. Eso da a entender que ha habido una negociación entre el gobierno de Cuba y el de Estados Unidos", dijo Guillermo Toledo, miembro de la Coordinadora de Organizaciones Cubanas en Puerto Rico y codirector del Movimiento Cuba 21.

Al expresar regocijo con la aceptación de los balseros en Guantánamo, Toledo dijo que "ellos han sufrido mucho", pero manifestó que la nueva política de rechazar los subsiguientes balseros, representa una violación a los derechos humanos. De hecho, la Casa Blanca había descartado esa posibilidad.

Arturo Fernández, de la organización Cuba Independiente y Democrática, indicó que logró comunicarse con cuatro líderes disidentes en Cuba quienes le manifestaron que les preocupaba que el acuerdo aparentaba ser "una traición de Clinton y una traición a la sensibilidad humana". Calificaron el acuerdo "como un reconocimiento a la dictadura de Fidel Castro."

SERGIO Ramos -Movimiento Cuba 21- dijo que los cubanos en Guantánamo salieron por la persecución política de que fueron víctimas. "Esa persecución política persiste", manifestó Ramos, para luego indicar que la nueva política es "injusta e insensible al dolor humano y que debe ser rectificada".

La secretaria de Justicia, Janet Reno, dijo que la medida "es otro paso importante hacia la regularización del procedimiento migratorio con Cuba". Pero Ramos opinó que dicha disposición contradice las mismas leyes de inmigración de Estados Unidos que impiden la deportación de aquella persona que corra peligro en su propio país. "Nos parece que lo que se pretende hacer es castigar a la víctima y no al victimario. Entendemos que estas personas constituyen una inmigración política y no económica", dijo Ramos.

Ramos sostuvo que al presente "las condiciones en Cuba son las mismas que las que había durante el exodo del año pasado".

se esta decisión, quiero decir que Puerto Rico estará en disposición de agilizar y facilitar esa entrada de cubanos de Guantánamo a los Estados Unidos", apuntó Rosselló.

El Gobernador explicó que la intervención de la Isla no guarda ningún tipo de relación con el establecimiento de campamentos.

"AQUÍ NO estamos hablando de campamentos. Aquí estamos hablando de que entren a territorio de Estados Unidos y entonces se puedan ubicar en cualquier lugar", apuntó Rosselló.

"Lo que hemos planteado es que Puerto Rico pueda facilitar el proceso de entrada, y tengo que decir que de mi parte los cubanos que deseen quedarse en Puerto Rico serán bienvenidos", agregó.

December 7, 1994

The Honorable Pedro Rossello
Governor of Puerto Rico
San Juan, Puerto Rico 00901

Dear Pedro:

As you will recall, I directed the Attorney General to parole into the United States the unaccompanied young Cuban children who were in the safehaven in Guantanamo. I do, though, want to make sure that you know that your willingness to explore the feasibility of finding housing in Puerto Rico for those children was appreciated even though other arrangements were being made.

With best regards, I am

Sincerely,

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 14, 1994

Statement by the Press Secretary

The President today announced a series of immediate humanitarian steps relating to Cubans in safehavens in Guantanamo and Panama.

First, the Attorney General will parole into the United States chronically ill persons and their caregivers who cannot be adequately cared for in the camps.

Second, she will parole into the United States unaccompanied young children now in the safe havens.

Third, she will parole into the United States migrants over 70.

In each case, we will ensure that those paroled in have appropriate sponsors.

Fourth, the Administration will conduct a review of the status of all children in the camps.

Fifth, we have launched a major effort to persuade other countries to accept some of the Cuban migrants.

Sixth, although much remains to be done, significant improvements have been made in the camps including providing better food, inaugurating mail and telephone service, and improving sanitary conditions. Attached is a fact sheet showing the time table for improvements.

The administration shares the deep concern of the Cuban-American community for the well-being of all the Cubans in safehavens. The root cause of these problems is in Cuba. The administration is dedicated to pursuing policies which will lead to a rapid and peaceful movement to democracy in Cuba.

#

FACT SHEET

IMPROVEMENTS AT GUANTANAMO

There are five tiers of improvement categories:

- I. Infrastructure/facilities
- II. Food/clothing/medicine
- III. Personal communications
- IV. Education/recreation
- V. Other/administrative

INFRASTRUCTURE/FACILITIES

Water: Running water is now available in all Haitian and Cuban camps. Water has always been available for consumption, but construction of the last piping system for running water was completed on 9 October. Each migrant is provided safe drinking water and sufficient water for daily hygiene.

Tents: All migrants have shelter, but dust is still a problem in the Cuban camps. As some migrants leave, camp officials can close some camps and build hard stands for other tents going up. The Haitian camps are located on hard surfaces (runways) and dust is not as bad in this location. Many steps have been taken to reduce dust. One measure that has had some success is the spreading of a soil stabilizer, another measure has been to plant surrounding ground cover. These are temporary measures until all tents are hardened to include concrete or wooden flooring. Projected completion of the hardening project is 15 November.

Sanitation facilities: There is currently one latrine for every 30 migrants. Cleaning is now done once every three days; by October 24 cleaning will be done once every day. Plans are now being developed to have permanent latrine facilities. The construction of sewer piping systems is slowed by the small geographic area and by

limited treatment capacity. Follow-on plans include expanding existing treatment facilities.

Camp areas: Each camp has an area for recreation. Half-court basketball and volleyball courts are being constructed, projected completion 24 October. Additionally, baseball diamonds and soccer fields are being built for common use.

FOOD/CLOTHING/MEDICINE

Milk: A preliminary supply of milk has been provided along with specialized milk for babies with digestive problems (*Infamil* with Iron, *Similac*). Follow-on supplies will be provided and sustained.

Food: Every effort is being made to develop a varied menu. There are now enough food stocks to allow the announcement of 2-day menus. Two new kitchens have been built. Each migrant receives 2 hot meals and one MRE (Meal Ready to Eat) per day. Migrants take part in food preparation and as a result of greater food stocks the resulting menu has become more Cuban and Haitian friendly. Examples include the Haitian fare *Paella* and a Cuban recipe for *Arroz con Pollo* on Sundays.

Clothing: Thanks to the efforts of many government and non-government organizations each migrant has spare clothing and shoes and ball-type caps for those that need sun-protection during the day. Over 35,000 pairs of shoes were purchased for the migrants and all have been distributed.

Medicine: There have been no outbreaks/illnesses of any serious nature within the last month. Hygiene is improving daily and preventive care is being developed by camp doctors. There are estimates of up to 250 pregnant women in the camps. Pre-natal and post-natal facilities are being built to assist new and expectant mothers with the care and feeding of their children. Special milk/formula and other infant needs are being stocked.

PERSONAL COMMUNICATIONS

Mail: Limited postcard service has been available through the American Red Cross. A DoD/US Postal Service team traveled to Guantanamo last week to arrange regular letter service to begin in October. Initial service will include only

letter/post card mail. By early November details of package delivery will be announced.

Phones: 95 phone lines have been established solely for use by Cuban and Haitian migrants. All phones are operational.

EDUCATION/RECREATION

Educational facilities/supplies: Primary education is currently provided through the 6th grade level. Supplies for crayons, notebooks and school books in Spanish and Creole were provided with DoD funds.

Newspaper Deliveries: Daily newspaper delivery service should begin on 20 Oct.

Radio Service: There were over 1000 radios supplied to the migrants in September and more are being scheduled for delivery. Additionally, the radios are able to pick up *Radio Marti* during the evening hours and DoD has been producing additional broadcasts through a temporary station called *Radio Esperanza*.

Other Media: Camp leaders are also given the opportunity to produce their own print media for the camps.

Recreation: The Cubans have asked for basketball areas and 6 are now being constructed, expected completion is 20 October 94. Each camp will have a recreation tent by 12 Oct. Other facilities are being planned and constructed that include baseball diamonds and soccer fields, as previously mentioned. Special activities for children are also being implemented. Currently, there is a program to transport children and their parents or their caregivers to playground areas around the base. More playground facilities are being built within the family camps for greater access. Recreation tents are being stocked with supplies of games, cards, dominos and other related materials.

OTHER

Administrative: Mr. Guarione Diaz, a Cuban-American and President of the Cuban American National Council, was appointed Ombudsman to help assist in the U.S. Government's effort to improve camp conditions. He has been instrumental in coordinating relief activities and supplies from the Cuban-American population.

Camp Leadership for the Migrants: Each camp has selected a small group of camp leaders and representatives to voice their concerns over the conditions in the camps. The leaders' recommendations are followed as much as practical. Camp leaders hold regular meetings with migrants in their areas and during these forums give updates from governmental agencies.

Cigarettes: Small shipments of cigarettes have been arriving in Guantanamo during the last two weeks. Other priority items such as milk for babies, clothes, shoes and other food stocks were delivered first. The Administration is working with the Cuban-American community in Miami for a large donation of cigarettes which DOD will arrange to have transported and distributed in the camps.

Camp Visits: Guantanamo has been visited by the Archdiocese of Miami, scores of press, US government officials, non-governmental organizations, and many others in an effort to assist migrants. Information will be released in November about how private citizens can arrange visits to Guantanamo. The first priority is to get those assigned duty to help the migrants.

Donated Goods/Services: The US Government welcomes all donations of goods and services for the migrants in Guantanamo. The State Department has contracted the services of World Relief to accept and distribute donated goods to the migrants.

To Donate Goods, contact: Peggy Gilbert, World Relief, (914) 268-4135.

To Donate Services, contact: Mr. Guarione Diaz, Ombudsman for Cubans at the Camps, (305) 642-3484.



The Governor of Puerto Rico

October 13, 1994

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Perhaps because Puerto Rico has endured more than its own share of hardship over the centuries, the hearts of our people are invariably moved by the suffering of others – especially when those in need are incapable of helping themselves.

In that spirit, it was with profound sorrow that we recently learned of the plight of scores of Cuban children currently in United States custody at the Guantánamo Bay Naval Station in Cuba.

As of September 30, 1994, according to the Cuban American National Foundation, approximately 200 of the Cuban refugees at Guantánamo Bay were both younger than 12 years of age and also unaccompanied by any parent or legal guardian.

Under even the best of circumstances, a refugee experiences severe stress. But it is difficult to imagine the emotional burden being borne by these boys and girls – some of them mere infants – who are subsisting in strange surroundings, separated from parents or guardians who may themselves be deceased.

We realize that you lament this tragic situation as deeply as we do, and we sympathize with the dilemma it poses for the Federal Government.

What has prompted me to write this urgent letter is the realization that your fellow citizens in Puerto Rico may be uniquely positioned to serve the national interest and the cause of human brotherhood by helping to alleviate the anguish of these youngsters.

Post-It™ brand fax transmittal memo 7671		# of pages »
To: <i>Marsha Hale</i>	From: <i>Wanda Rubianes</i>	
cc: <i>FYI</i>	Co:	
Dept:	Phone #	
Fax # <i>(202) 456-6220</i>	Fax #	

The President
The White House
October 13, 1994

If relocated to Puerto Rico, the aforementioned refugees would encounter a familiar climatic, topographical, cultural and linguistic environment. It would, of course, not be home – but it would surely be a setting less disorienting than the one they confront today.

Moreover, I have no doubt that countless families in Puerto Rico – including many who are natives of Cuba – would welcome these boys and girls with open arms.

So it is that I place myself at your disposal, should you desire to explore the feasibility of seeking a more suitable site in which to house unaccompanied Cuban children presently interned at the Guantánamo Bay Naval Station.

Looking forward to hearing from you if we can be of assistance in any way, I join Maga in extending warmest wishes to you and Mrs. Clinton.

Sincerely,



Pedro Rosselló
Governor of Puerto Rico



October 10, 1994

The Honorable William J. Clinton
President of the United States of America
Executive Office of the President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

Since our meeting of August 19th, when our Cuban brothers and sisters faced certain death at sea, pawns of Fidel Castro's attempt to transform into an immigration problem for your government what was the boldest political crisis his regime has faced in thirty-five years of dictatorship, thirty thousand of our compatriots remain today in detention, their fate uncertain and their tragedy far from over.

Nearly sixty days hence, the images of twenty-thousand Cubans protesting through the streets of Havana on August 5th demanding "libertad", and of the subsequent mass exodus of humanity which opened the eyes of the world to the sad reality in Cuba, have been replaced today with those of innocent children, women and men in indefinite limbo. These are Castro's victims who, like all Cubans, placed their faith in America as the bastion of democracy that would welcome them and that every Cuban yearns for each day in the absence of liberty.

With faith in your commitment to a firm stance against Castro's tyranny, and with a sense of gratitude for your firm policy toward the restoration of democracy to Cuba, Mr. President, I must bring to your attention the plight of our brothers and sisters, children and adults, men and women, who have been languishing under very precarious conditions in detention centers in Guantanamo and Panama. Despite the best efforts of your government to care for our Cuban compatriots in a humane manner, the current living conditions in Guantanamo have reached crisis proportions, warranting resolute and pragmatic measures.

In this spirit of finding an immediate solution to this crisis situation, Mr. President, we have met with Governor Pedro Rossello of Puerto Rico who has accepted to receive all children currently detained in Guantanamo to arrive in Puerto Rico where they will be privately sponsored by the Cuban American National Foundation. We hope that your Administration will accept this proposal by Governor Rossello who has always shared the plight of our people and has demonstrated great courage and solidarity with the cause of democracy in our hemisphere.

Our Cuban compatriots in these detention centers, Mr. President, are enduring terrible hardships. They suffer today nearly sub-human standards and the terrible indignities that generations of Cuban

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President William J. Clinton
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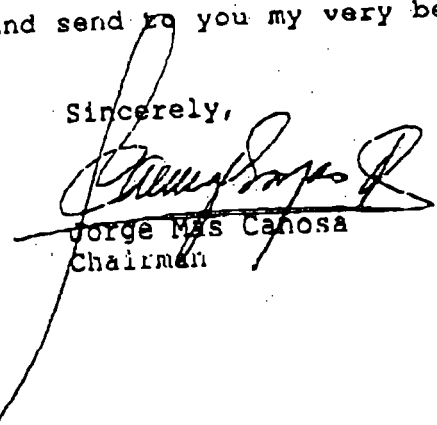
Americans before them fought hard to assure no Cuban would again witness in the struggle for our nation's freedom. Today, over three thousand children, many orphaned after losing their parents at sea, others wrought with disease, and yet others born into detention, linger alongside elderly and seriously ill refugees requiring immediate special medical attention. Amid the solemn wail of young Lizbet Martinez's rendition of the 'Star Spangled Banner' on an old violin she brought from Cuba, they remain there, with no running water, inadequate sanitary and healthy facilities, guilty only of their passion for democracy.

This is not how the story of the heroic Cuban rafters should end, Mr. President. These are the brave Cubans, of all ages and from all walks of life, the future of our nation, cast to sea, risking their lives in anything that floats with only the hope of reaching the liberty and dignity they were denied in their captive homeland. Their faces of despair tell the stories of their odyssey -- of mothers hugging their drowning children, fathers watching the slow death of their young families, and of brothers and sisters separated at sea struggling for survival. This is the human cost of Castro's legacy.

I appeal to you Mr. President on their behalf. The last chapter of this terrible tragedy remains unfulfilled, and we must secure a final victory in this battle of Guantanamo which, we pray, will prove historic in what we must not lose sight of as our ultimate goal, and what you have done to uphold as an important foreign policy objective: Cuba's freedom. We hope and trust that your Administration and the exile community, working together, can achieve a just and permanent solution to the crisis of the Cuban refugees, consistent with your Administration's policy of promoting human rights and dignity for mankind, and in the best interests of the refugees, the people of the United States, and the cause of a democratic Cuba.

I look forward to seeing you again and send to you my very best wishes and warmest personal regards.

Sincerely,



Jorge Mas Canosa
Chairman

MARCIA:

- Rossello says 400 families were interested in children.
- He'll probably say the President's action addresses his concern.
- Can we say (on background) that his willingness to help was appreciated? (but the President's action is for a more permanent solution?)
- Can he get a thank you response to his letter? (next week?)

Jeff

The press question is: Is the President saying no to his offer?

Sept. 26, 1994

4. The President has indicated that the membership of the policy working group (which Marcia and I are chairing) will be named by mid-October. Romero should have the fullest opportunity to provide his input before this is done.

5. Meeting with Romero now -- before even more difficult Puerto Rico decisions are clear -- will minimize the need to meet with him later, when a meeting may be more difficult.

6. Romero was a campaign supporter and has been supportive as a House Member.

7. Romero can probably generate support for a meeting from other Members of Congress.

Sol.

14-352

go thru channel

better day waiting
- Rosalbo waiting
- Drug zone
- Romero
- Pat

Any thing criminal
no vote
for - Susan going
Just ask draft memo

let's go first
- Drake
- Chiles

Pat
S. Reps.

Bring in urgent
med prob
child w/out parents
over 70

McAuliffe

status
go thru me if do more
teenager
Panama
Costa Rica

401 / 3093

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SEP 08 1994

To: President Bill Clinton
Sen. Vance Hartke (Ret.)
Sen. Christopher Dodd
Sen. J. Bennett Johnston
Rep. Lee Hamilton
Rep. Ron De Lugo
Rep. Carlos A. Romero-Barcel's (P.R.)
Gov. Pedro Rossello (P.R.)

From: Gregory McCrane

Date: September 1, 1994

Re: CUBA ISSUE/RESOLUTION

I am incredulous, chagrined and embarrassed for the U.S. watching the unfolding debacle of our Cuba policy. It represents a double standard considering China's MFN status and trading with Vietnam and the former Soviet Union, among others.

It is hypocritical for the Administration and Congress to condemn human rights violations worldwide while pursuing the Cuban trade embargo and detention of refugees. With the prohibition of medicine and transfer of funds, these policies exacerbate the dire circumstances of 11 million Cubans. Furthermore, they are abusive to Americans who cannot offer assistance to their families in Cuba. Guantanamo could be more effectively utilized as a Club Med rather than an internment camp for refugees. U.S. taxpayers would also benefit if it were sold or leased to Club Med.

The Administration and its spin masters should appreciate the expression: "Its the Economy, Stupid" as it relates to Cuba. As Cuba's economy improves, so will its standard of living. The political system will evolve according to the wishes of the Cuban citizens. The correlation between a higher standard of living and increased political/social freedoms has been well proven most recently in varying degrees in countries such as Mexico, China, Vietnam, Poland, Hungary, Indonesia, etc.

However, none of these countries is 90 miles from the U.S., has such a fertile economic base, large market and hard working population. Nor do they enjoy a common heritage, culture and language as does Cuba with the Commonwealth of Puerto Rico. We should, therefore, maximize the value of this "asset".

Puerto Rico will in all likelihood become a state with the next plebiscite. Those who envy Section 936 will be satisfied; deferred taxes will be paid over time. The economic reality is that Puerto Rico is not competitive with NAFTA/Mexico or the Caribbean Initiative. Labor rates are too high, unemployment is increasing and the economy is stagnating. Some believe that Section 936 is an entitlement subsidized by U.S. taxpayers, however it is only a tax deferral on private sector profits earned in Puerto Rico. When statehood is achieved, U.S. taxpayers may be rudely awakened as Washington may have to subsidize it big time as its economic decline continues. The on-going cost to taxpayers compared to deferred interest on 936 funds is like the federal budget deficit vs. a subway token.

Economically, Puerto Rico will not be competitive and therefore offer little incentive to attract investment capital. Cuba will be revitalized over time and then Puerto Rico, with a quarter of Cuba's population, will be even less competitive. Furthermore, U.S. firms will see \$6 billion in annual trade foregone to foreign competition.

Puerto Rico has unique attributes and therefore the potential of becoming the economic powerhouse of the Caribbean. It could join NAFTA and be the catalyst for opening the Cuban market to U.S. investment. A Johns Hopkins study estimates that in the first year following the lifting of the embargo, the U.S. would realize \$1.5-2.0 billion in trade, which would grow to \$6.5 billion in 3-5 years.

We recommend that the embargo be lifted and Puerto Rico simultaneously establishes a Free Trade Alliance with Cuba. Fulcrum as strategic investment bankers is available to facilitate this initiative (*see attached*).

The Cuban Initiative

Cuba is an anachronism in form and substance. Eleven million people are victims of outdated Cuban and U.S. political and economic policies. The depressed economy and political system stand in vivid contrast to the enormous socio-economic potential in developing Cuba's resources in tourism, mining, medical, agribusiness as well as the underlying infrastructure requirements for telecommunications, education, housing, transportation, sewer and water systems. Considering that the U.S. bestowed MFN status on China and ended the embargo on Vietnam, then our Cuban Initiative is not only plausible and long overdue, but consistent with this policy. It also maximizes the potential of Puerto Rico, which otherwise will languish, and significantly increases our foreign trade.

Maintaining the status quo and particularly our current Cuban policy is exacerbating Cuba's problems, especially the suffering of its people. The growing economic vacuum resulting from our policies is being filled by others, which is clearly not in our best interest. Significant economic and political opportunities are being lost. Current regional/global structural, economic and political factors call for the implementation of a constructive policy towards Cuba.

The Puerto Rican economy continues to erode. The advantages it now enjoys (Commonwealth status with Section 936 intact) could be maximized by being the catalyst in breaking the current stalemate between the U.S and Cuba while enhancing its economy.

Examples of the Cuban vacuum being filled:

- Mexico: Mexpetrol SA is negotiating to purchase Cuba's Cienfuegos refinery. In June 1994 the Doms International Group acquired 47% of Cuba Telephone for \$720 million with a commitment to invest an additional \$1 billion. President Salinas visited Cuba for the closing - a strong statement.
- China: A significant exporter of rice to Cuba.
- Canada: Has reinstituted the Cuba Aid Program. Two major firms (Teck Corp and Sharret) and several smaller companies are developing sites for mining gold, nickel and copper and, as well as for offshore oil exploration.
- The Netherlands: The Dutch banking and insurance giant ING opened the first foreign bank branch in June 1994.
- Spain: Grupo SOL invested \$78 million in three hotels.

A Johns Hopkins research study estimates that the U.S. would realize \$1.5-2.0 billion in trade the first year after lifting the Cuban embargo. This would grow to \$6.5 billion annually in three to five years.

Last November Puerto Rico narrowly voted to preserve Commonwealth status rather than choose Statehood. There is growing pressure in Washington to rescind Section 936, one of Puerto Rico's most productive and attractive assets. Their economy is stagnant and growth potential finite as Mexico/NAFTA, along with other Caribbean countries, are becoming formidable competitors. **Our proposed initiative is that Cuba join with Puerto Rico in a Free Trade Alliance and that Section 936 also apply to Cuba.**

Fulcrum International Ltd

The initiative would include the following events:

- The Cuban trade embargo would be rescinded. Benefits to the Clinton Administration should be enormous in sending a proactive and creative foreign policy message to the world.
- Puerto Rico would be authorized by Congress to extend Section 936 to Cuba, thus providing it with immediate access to capital and enhancing its value. Incentives through 936 would accelerate U.S. corporate investment and trade with Cuba immediately.
- A public or private funding mechanism would be implemented to compensate those firms whose assets were expropriated by Cuba, with the condition that proceeds would be applied to Section 936 for Cuban economic development (Texaco is due \$250 million, the largest of any firm). A condition would be that as long as funds remained in Section 936, beneficiaries would enjoy a moratorium on taxes due from tax credits received for asset expropriation. Individuals, would receive funds due, using a mechanism yet to be determined.
- A Cuban Enterprise Fund would be established (Fulcrum as managing partner). It would be financed from public and private capital (including Section 936) along with third party institutions (e.g., the IADB). The Fund would provide equity capital for private sector development as well as for project financing and selected infrastructure.
- **Cuba would continue to exist as an independent nation.** Aligned with Cuba via a free trade alliance, Puerto Rico could become the dominant economic force in the Caribbean and well positioned to join NAFTA. These events may also trigger the inclusion of the Dominican Republic, Haiti (a viable and timely option to the current debacle), Jamaica and others.

Puerto Rico's expertise and success as a free market economy is precisely what is needed by Cuba. We believe that as the free market takes hold and provides an improved standard of living, then the Cuban people will unilaterally choose the most appropriate political system. The Initiative will facilitate the process with the positive impact of increased trade and mitigating the need for the U.S. to subsidize Puerto Rico. A window of opportunity exists to constructively resolve the Cuba issue while giving Puerto Rico a growth strategy. It opens a major market for U.S. industry while increasing annual trade by up to \$6 billion.

The initiative should be taken and Cuban embargo rescinded in parallel with a free trade agreement with Puerto Rico. Puerto Rico/Cuba could become the Singapore of the Caribbean. If this or a comparable initiative is not taken now, the U.S. industry, taxpayers and Puerto Rico will lose whether or not the embargo is lifted; foreign companies will already be well positioned in Cuba and Puerto Rico's economy will be severely impacted as Cuba will, inevitably, prosper.

Lastly, we should not personalize U.S. policy at Castro, but rather treat Cuba as an independent country having their own national pride. Rather than dictate, we should provide constructive solutions, take the initiative and be proactive. The current policy is reactive.