

# EUROPEAN PARLIAMENT



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A4-0312/95

## REPORT

on the Communication from the Commission to the Council and the European Parliament on relations between the European Parliament and Cuba (COM(95)0306 - C4-0298/95)

Committee on Foreign Affairs, Security and Defence Policy

Rapporteur: Mr Stanley Newens

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en - Or. es

- Consultation procedure  
simple majority
- \*\*I Cooperation procedure (first reading)  
simple majority
- \*\*II Cooperation procedure (second reading)  
simple majority to approve the common position  
majority of Parliament's component Members to reject or amend the common position
- \*\*\* Assent procedure  
majority of Parliament's component Members to give assent  
but simple majority under Articles 8a, 105, 106, 130d and 228 EC

- \*\*\*I Codecision procedure (first reading)  
simple majority
- \*\*\*II Codecision procedure (second reading)  
simple majority to approve the common position  
majority of Parliament's component Members to adopt a declaration of intended rejection of the common position, and amend the common position or confirm its rejection
- \*\*\*III Codecision procedure (third reading)  
simple majority to approve the joint text  
majority of Parliament's component Members to reject the Council text

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By letter of 30 June 1995, the Commission forwarded to the European Parliament the communication from the Commission to the Council and the European Parliament on the relations between the European Union and Cuba (COM(95)0306).

At the sitting of 18 September 1995, the President of Parliament referred the communication to the Committee on Foreign Affairs, Security and Defence Policy, as the committee responsible, and to the Committee on External Economic Relations and the Committee on Development and Cooperation for their opinions.

At its meeting of 6 June 1995, the committee appointed Mr Newens rapporteur.

The committee considered the draft report at its meetings of 31 October, 14 November and 29 November 1995.

At the last meeting it adopted the motion for a resolution by 37 votes to 7 with 2 abstentions.

The following were present for the vote: Carrère d'Encausse, acting chairman; Mendiluce, vice-chairman; Newens, rapporteur; Aelvoet, Alavanos, André-Leonard, Balfe, Barón Crespo, Barros Moura (for Candal, pursuant to Rule 138(2)), Bernard-Reymond, Bertens, van Bladel, Caccavale (for Daskalaki), Caligaris, Carnero, Brendan P. Donnelly (for Stevens, pursuant to Rule 138(2)), Ebner (for Graziani, pursuant to Rule 138(2)), Ephremidis (for Piquet), Gahrton, García Arias (for Rocard), Habsburg, Hoff, Iivari, Kerr (for David, pursuant to Rule 138(2)), König (for Laurila), Kreissl-Dörfler (for Cohn-Bendit, pursuant to Rule 138(2)), Lalumière, Lenz, Lomas (for Malone), Lucas Pires (for Robles Piquer), Marinucci (for Occhetto, pursuant to Rule 138(2)), Oddy (for Seal, pursuant to Rule 138(2)), Poettering, Posselt (for Lambrias, pursuant to Rule 138(2)), Rinsche, Sakellariou, Salafranca (for Fernández-Albor, pursuant to Rule 138(2)), Sauquillo (for Jack Lang, pursuant to Rule 138(2)), Schulz (for Avgerinos), Stasi (for Oostlander), Theorin, Tindemans, Titley, Truscott, Väyrynen and Wiersma (for Colajanni).

The opinions of the Committee on External Economic Relations and the Committee on Development and Cooperation are attached.

The report was tabled on 1 December 1995.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

A  
**MOTION FOR A RESOLUTION**

Resolution on the relations between the European Union and Cuba (COM(95)0306 - C4-0298/95)

**The European Parliament,**

- having regard to the communication from the Commission to the Council and the European Parliament on the relations between the European Union and Cuba (COM(95)0306 - C4-0298/95),
  - having regard to its resolution of 15 December 1988 on the current situation in Cuba, particularly as regards human rights<sup>1</sup>,
  - having regard to its resolution of 16 September 1993 on the embargo against Cuba and the Torricelli Act<sup>2</sup>,
  - having regard to its resolutions of 11 March 1993 on the human rights situation in Cuba<sup>3</sup> and 10 February 1994 on Pablo Reyes Martínéz, Cuban prisoner of conscience<sup>4</sup>,
  - having regard to its resolution of 29 September 1994 on the situation in Cuba<sup>5</sup>,
  - having regard to the Declaration on the Helms-Burton Bill annexed to the Final Act of the XII EU/Latin America Interparliamentary Conference,
  - having regard to the oral report submitted by the Cuban Democratic Platform on 19 July 1995 in Brussels to the European Parliament's Delegation for Relations with the countries of Central America and Mexico,
  - having regard to the report of the Committee on Foreign Affairs, Security and Defence Policy and the opinions of the Committee on External Economic Relations and the Committee on Development and Cooperation (A4-0312/95),
- A. having regard to the fact that since 1991, Cuba has ceased to be in receipt of subsidies estimated at five billion dollars per annum, and to the effects of the collapse of COMECON in 1989 on the Cuban economy, which suffered a 75% reduction in its exports and imports between 1989 and 1993 and a serious deterioration in the living standards of its people, from which it has only minimally recovered,
- B. fully accepting and respecting the right of the Cuban people to maintain their independence and national sovereignty,

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<sup>1</sup> OJ C 12, 16.1.1989, p. 155

<sup>2</sup> OJ C 268, 4.10.1993, p. 153

<sup>3</sup> OJ C 115, 26.4.1993, p. 152

<sup>4</sup> OJ C 61, 28.2.1994, p. 180

<sup>5</sup> OJ C 305, 31.10.1994, p. 92

- C. whereas national sovereignty rests in the people and is legitimately expressed only by means of free and regular elections,
- D. anxious that racial equality, the rights of women, the high level of literacy, the establishment of a publicly provided health service, low infant mortality and high life expectancy, which compare favourably with their equivalents in other developing countries, should be maintained, and that serious problems such as the lack of educational pluralism, freedom to teach and freedom of expression should be corrected,
- E. recognising the urgent need for Cuba to establish a new political and economic relationship with the rest of the world, including the European Union,
- F. believing profoundly that the full observation, maintenance and promotion of human rights and democratic principles are essential for the development of relations between the European Union and Cuba,
- G. taking the view that Cuba needs to take decisive steps towards the democratization of its political system, beginning with the release of all prisoners of conscience and the establishment of a legislative framework which embodies democratic principles, fully respects national sovereignty and involves the whole of the Cuban people,
- H. convinced that appropriate positive action by the European Union will assist the realisation of these objectives,
- I. having regard to the numerous resolutions of the United Nations General Assembly condemning the US embargo against Cuba and to the UN resolution and the agreements adopted by the Latin-American Summit in Bariloche in 1995 on the US embargo against Cuba,
- J. taking note of the fact that the economic and financial embargo of Cuba by the United States for the past 34 years, not forgetting the attempted invasion, has not achieved its objective of forcing change and believing that attempts to isolate and strengthen the boycott, though affecting standards of life adversely, will hinder rather than hasten reforms,
- K. noting that the Cuban authorities have taken a number of steps to liberalize the economy including reform of the law on foreign investment (resulting in the initiation of over 200 joint ventures with business partners from abroad), business restructuring, technological conversions, decentralization, creation of agricultural co-operatives and the formulation of proposals for banking reforms,
- L. further noting that the Cuban authorities allowed a visit by the French NGO, France-Liberté, to inspect and report on the plight of political prisoners and a number, including Sebastian Arcos, founder of the Comité pro-Derechos Humanos de Cuba, have been released, although many prisoners of conscience remain in prison, according to reports by Amnesty International, Democracia Cristiana, the Cuban Human Rights Committee, the UN Commission on Human Rights, Americas Watch and other reliable sources,
- M. taking into account that since the collapse of the eastern bloc, the EU has become Cuba's most important source of aid, accounting for around 75% of all aid since 1980, reaching ECU 14 million in 1994, and that much of the

rest comes from Austria, Finland and Sweden, which joined the EU at the beginning of 1995,

- N. whereas Cuba's external debt, added to the smallness of the amount of international aid, makes this country's transition to a market economy difficult,
- O. whereas the European Union is Cuba's main trading partner, main investor and main donor of aid and whereas economic and commercial relations between the European Union and Cuba are not commensurate with their mutual potential,
- P. taking into account the fact that Cuba is now the only country in Latin America and the Caribbean region with which the European Union has not concluded a commercial treaty or cooperation agreement, while the majority of the Member States maintain economic relations with Cuba as well as bilateral agreements and that, although the EU maintains normal diplomatic relations with Cuba and the country benefits from and applies the EU's SGP, the specific political circumstances set out above mean that no contractual framework exists for institutionalizing relations between the parties,
- 1. Welcomes the Commission's communication in the hope that it will lead to a dialogue with Cuba which will allow a contractual framework to be established which is compatible with European Union doctrine on cooperation, respect for human rights and democracy;
- 2. Welcomes the steps taken by some Member States recently to strengthen economic and political relations with Cuba;
- 3. Believes that dialogue is the most positive means of encouraging evolution in Cuba towards the achievement of those political and economic changes which will enable the country fully to integrate itself into the international community;
- 4. Recognises that it is for the Cuban people, whether they live on the island or abroad, to come to their own decisions on the political and economic system that they desire, provided that internationally held values, which are common to us all, are fully respected;
- 5. Considers that the dialogue between the EU and Cuba may have a positive influence on the political and economic reforms, recognizing that it is for the Cubans who live on the island and abroad to decide about its political future;
- 6. Urges changes designed to bring the Cuban Penal Code into conformity with the principles recognised in the Declaration adopted by the World Conference on Human Rights in Vienna in 1993;
- 7. Considers that the EU must support the democratization process in Cuba at all levels and calls on the Cuban authorities to reconsider the cases of all the prisoners sentenced for political offences;
- 8. Calls for the establishment of and respect for labour laws which allow Cuban workers to sell their labour freely, without any government organization being involved in the payment of their salaries, and the establishment of and respect for free trade unions run by workers themselves without State interference;

9. Also calls for equality of treatment for Cuban businessmen compared with foreign businessmen when staff are being taken on;
10. Recognizes that the difficulties inherent in any transition from a planned economy, aiming to give greater scope to market forces, are likely to be more intense without international assistance and believes that orderly change is required to permit the maintenance of a high level of social protection;
11. Welcomes the organisation of meetings and conferences between Cubans at home and abroad which seek to encourage mutual understanding and the resolution of differences which divide them, hopes that they will continue to take place on a regular basis and expresses its wish to see them extended to representatives of the political parties and human rights groups which exist underground in Cuba, and to those groups in exile which stand for democratic pluralism;
12. Believes that it is essential to increase humanitarian and food aid, as well as those projects directly linked to support for reforms leading to greater respect for the human, civil and political rights of Cubans, and the broadening of the sphere in which they operate, as well as the broadening of the free market economy and the work which the Cuban and European NGOs have been carrying out, in particular during the last few years, by regularizing the legal status of the NGOs working in Cuba in the interests of making their work more efficient;
13. Believes that special attention should be paid to the development of Cuban civil society, supporting the work of NGOs and favouring their international contacts;
14. Welcomes the initiatives to build up sustainable small-size energy projects, e.g. solar energy projects, and invites the Commission to take part in the financing of these projects;
15. Underlines the necessity of diversifying the sugar cane monocultures in order to favour balanced food self-sufficiency and asks the Commission to concentrate its financing on those SMEs and NGOs involved in ecological agricultural projects and commit itself to controlling the export of pesticides;
16. Points out the perspectives and the problems of the expansion of traditional forms of tourism and asks the Commission to promote sustainable tourism so as to avoid environmental damage;
17. Upholds the right of European entrepreneurs to develop legitimate trading relations, to conduct business operations in Cuba and with Cuban partners and to take advantage of commercial opportunities as they arise without interference from any third party, but insists that European participation in economic reform and reconstruction should pay attention to the prevention of the loss of jobs;
18. Calls on the Member States to consider measures to reduce or cancel the debt which Cuba owes them, in particular by launching programmes to convert debt into own resources in the areas of joint ventures, the environment, vocational and business training and social programmes;

19. Upholds the right of Cuban workers to exercise their right to strike, to set up independent trade unions and to enter into direct contractual relations with employers instead of having to use official intermediaries;
20. Reiterates its appeal to the United States not to implement measures designed to impose penalties on those who trade with Cuba, which in any case infringe international law and the standards laid down by the World Trade Organisation, and once again calls upon the United States authorities to end completely the economic embargo against Cuba;
21. Welcomes the measures taken by the Cuban authorities which aim to initiate an economic opening and would welcome firm and resolute steps towards a rapid political opening, guaranteeing the achievements made in the social sphere by Cuban society over the last few years;
22. Calls on the Commission to provide Cuba with technical assistance in introducing new institutional and structural measures which are essential to ensure the success of the economic reforms now under way;
23. Instructs its President to forward this resolution to the Commission, the Council, the Member States, the National Assembly of the Peoples Republic of Cuba, the President of the Cuban Council of State, the President of the Latin American Parliament and the President and Congress of the United States.



B

EXPLANATORY STATEMENT

The position of Cuba in the world today has been deeply affected by its historical development. It failed to gain its independence at the same time as most other Latin American countries but remained under Spanish rule until 1898. Thereafter it was governed directly by the United States from 1898 to 1902 and again from 1906 to 1909. Cuba's first constitution of 1902 included the 'Platt' amendment, which provided for United States intervention until 1934. From 1903, the Guantanamo military base was leased to the United States and American forces have been there ever since. Until the 1959 Revolution most Cuban Governments were subject to strong United States influence. The economy was also closely linked to America and became particularly dependent on sugar production, which was given a quota in the American market.

After 1959, when Fidel Castro came to power, relations with the USA deteriorated rapidly as Cuba attempted to pursue an independent course. The refusal by American-owned refineries to handle Russian oil and the nationalization of oil and sugar companies were features of a developing contest and diplomatic relations with Cuba were broken off in January 1961. An attempt to overthrow Castro by a Cuban insurgent force at the Bay of Pigs, backed by the United States, failed in May 1961. In 1962 an embargo was placed on all Cuban exports to the United States and this has continued up to the present time.

In these circumstances, Cuba developed its economic and political relations with the Soviet Union and Eastern Europe. It became the recipient of Soviet aid and, in 1972, joined COMECON. In due course, the island became largely dependent on trade with the COMECON countries.

A Communist system was developed which was intolerant of dissent and many Cubans left the island. Great efforts were, however, made to establish a comprehensive health system, which has helped to achieve a high rate of life expectancy and low rate of infant mortality. Illiteracy was reduced to a very low level and measures designed to promote race equality and the rights of women have achieved a high level of success.

Since 1989 Cuba has experienced the worst economic crisis it has faced since the beginning of the revolution in 1959. This was the year when, following the fall of the Berlin Wall and the consequent disappearance of COMECON, Cuba's special economic relationship with the countries of eastern Europe perished, with extremely adverse effects on its highly dependent economy. For example, Cuba's import capacity fell by 70% and its per capita income by 40%.

All this was compounded by the financial and trade embargo imposed by the United States since 1962, which had been exacerbated by the adoption of the Cuban Democracy Act (Torricelli Law) in 1992. The United States Congress is currently seeking to tighten the stranglehold further, having recently adopted the Helms-Burton bill extending the sanctions to all natural or legal persons maintaining economic relations with the country. The Clinton administration will probably veto adoption of this law.

## Political situation

The measures designed to open up the economy have not been matched by major political changes on a comparable scale. In recent years, there has been much discussion at all levels of society on the introduction of the economic measures mentioned above because of their indirect influence in the political sphere. However, in recent years two major reforms have been adopted.

At the fourth congress of the Cuban communist party from 10 to 13 October 1991, discrimination based on religion was abolished and believers were allowed to join the Cuban communist party. In 1992, 77 of the 141 articles of the 1976 Constitution were amended, thereby reducing state control over Cuban society. Nevertheless, the most important constitutional reform was the adoption of the new electoral law providing for direct elections by secret ballot every five years to the National Assembly of People's Power and the provincial assemblies.

### \* Direct elections

For the first time since 1959 the Government called direct elections on 24 February 1993 to fill the 589 seats in the National Assembly of People's Power and the provincial assemblies. Following the elections, 80% of the assembly was made up of new members. 90% of the electorate voted for the single candidates. The elections gave greater political stature to the assembly, as reflected in the election of its President, Ricardo Alarcon, a former chancellor and a respected figure both in Cuba and on the international stage. In addition, all the measures adopted with a view to opening up the economy were debated at length in the assembly.

On 8 July 1995, municipal elections were also held. Unlike the national assembly elections, voters could choose between from two to eight candidates whose names were put forward by district assemblies in which all local residents could take part (local units).

This participatory democracy, as Cubans call their political system, does not fully guarantee freedom of association, speech and expression, nor does it give a voice to other strands of opinion not represented under the one-party system.

The domestic opposition supports gradual changes in the political system, to be carried through by the present Cuban authorities so as to ensure that the process does not disrupt civil society. According to some sources, it is estimated that there are approximately 500 political prisoners on the island at present. The current regime has made small gestures, such as the release of Sebastián Arcos, or the meeting between Fidel Castro and Eloy Gutiérrez Menoyo, President of Cambio Cubano. A second conference, 'The Nation and the Emigration', has just taken place in Havana and several measures have been announced to permit emigrants to visit the island freely, regardless of political viewpoint, provided they respect the country's sovereignty.

### \* The 'boat people' crisis of 1994

The political and economic tensions in the island were clearly revealed by the occupation of a number of embassies during the period 1990-1991 and, above all, by the large number of Cuban citizens who decided in August 1994 to attempt to flee to the United States under extremely hazardous conditions (boat people). This massive exodus of boat people (approximately 32 000) heightened the tension between Cuba and the United States, until the Emigration Agreement was signed

by representatives of both governments on 9 September 1994. Under the agreement, the two governments undertook to take measures to prevent illegal emigration, with the United States Government agreeing to issue 20 000 visas per year for Cubans wishing to leave the country legally.

\* Foreign relations

Here a distinction must be drawn between Cuba's relations with the United States and its relations with the European Union.

As was mentioned above, relations with the United States have been dominated by the embargo applied by the United States' authorities which was strengthened in 1992 by the Cuban Democracy Act (Torricelli Law) and which the United States Congress is seeking to tighten still further by means of the Helms-Burton bill. Nevertheless, an agreement has been reached on emigration policy.

Relations between the EU and Cuba were mainly on a commercial footing until 1988, when diplomatic relations were established between the Community and Cuba at the request of the Cuban Government following the normalization of relations between the Community and COMECON. At present, 11 Member States have diplomatic representation in Cuba. However, Cuba is the only Caribbean and Latin American country with which the EU has concluded no trade or cooperation agreements. Among the industrialized countries, the European Union is Cuba's main trading partner, accounting for approximately 45% of Cuba's total trade in 1994. Two thirds of Cuba's exports to the EU, mostly involving food, tobacco, minerals and raw materials, are accorded special treatment under the generalised system of preferences. Spain accounts for one third of all EU trade and is the country's main trading partner, followed by France, Italy and the Netherlands.

Cooperation between the EU and Cuba has been confined essentially to humanitarian aid under the ECHO programme. This aid is channelled directly through European NGOs carrying out projects approved by the Commission. In 1993, ECU 5 m was devoted to humanitarian aid, a figure which rose to ECU 14 m in 1994. This figure should be maintained in 1995. In addition, the EU financed NGO products amounting to ECU 2.5 m in 1994. For its part, the European Parliament has established two special budget headings (for Cuban SMEs and Cuban NGOs), intended to support the reforms undertaken in the island and promote the work of NGOs.

Most Member States have concluded bilateral agreements with Cuba, mainly on the protection and promotion of investment. There is also a growing interest in the economic sector. Some 200 joint enterprises have been set up in Cuba in recent years, many of them on the initiative of European firms, with Spain, the United Kingdom and France being the second, fourth and fifth largest investors in the country respectively.

The European Parliament's Delegation for relations with the countries of Central America and Mexico has played a very active role, dealing with the question of Cuba both at its meetings in Brussels and through its contacts with the Cuban authorities during visits to the island. Important in this connection were the official delegation visit in 1986, the seminar held by IRELA from 6 to 9 December 1993 in Havana and the Centre for European Studies in Havana, where a wide-ranging debate was held on relations between the EU and Cuba and the economic and political situation of the country. In addition, the delegation has invited representatives of the moderate opposition to its meetings and has held talks in Havana with spokesmen for the domestic opposition. The European

Parliament has also adopted numerous resolutions on relations between the European Union and Cuba, dealing mainly with the human rights situation, the United States trade embargo, development cooperation and natural disasters.

#### **Economic situation**

##### **\* The collapse of the Cuban economy**

Cuba suffered severely from the disintegration of the communist world at the end of the 1980s. Although it joined Comecon only in 1972, Cuba initially sought to maintain a balance between its trade with the countries of the East and West and, at the end of the 1970s, 40% of its trade was still with capitalist countries. During the first half of the 1980s, however, a series of events altered its relations with capitalist countries. The Reagan administration banned the import of products made with Cuban nickel, thereby making it impossible for Cuba to export nickel to the West.

In 1985, the fall in the price of crude oil reduced the hard currency profits Cuba had been earning from the re-export of Soviet crude oil that had been stored using conservation measures. Between 1983 and 1985, Cuba re-exported between 2 and 3 million tonnes of the 12 million tonnes of crude it received from the USSR and which were the source of 40% of its hard currency earnings during this period. Its currency debts increased from 2.8 billion in 1983 to 6.1 billion in 1987. Cuban attempted unsuccessfully to renegotiate its debt payments with the Paris Club in 1986 and subsequently declared a moratorium on debt servicing payments. As a result, the government decided to step up trade with the socialist countries and cut back drastically on hard currency imports.

Consequently, in 1987 88.5% of Cuban imports came from communist countries. The socialist world purchased 63% of Cuban sugar, 73% of its nickel, 95% of its citrus fruits and 100% of its electrical goods. The Comecon countries in turn provided 63% of Cuba's food supplies, 80% of its raw materials other than oil, 98% of its oil, 80% of its machinery and 74% of its manufactured goods. When the socialist bloc collapsed in 1989, Cuba's export capacity fell from 8.138 billion in 1989 to an estimated 1.7 billion in 1993.

In other words, in four years crude imports fell by half and purchasing power by three-quarters. By the end of 1992, Cuba's trade with the former socialist bloc countries had fallen to 7% of what it had been in 1989. The deterioration in economic conditions prompted large numbers of boat people to set out for the shores of the United States, with the numbers going from 467 in 1990 to 2549 in 1992 and 1476 in August 1993.

##### **\* Present situation**

The decline affecting much of the country's trade continued as a result of the general decline in economic activity in the country and the inability of the external sector to provide access to international credit which would make it possible to maintain acceptable levels of activity. In 1993, the value of purchases made abroad was restricted to 1.719 billion dollars. This figure represents approximately 20% of the level of imports during the last year of economic growth, which was 8.139 billion dollars. Bearing in mind that most imports were designed to cover the country's energy needs, this meant that 80% of industrial activity was affected by lack of energy.

The leading export and the main activity of the agricultural sector is the cultivation of sugar cane. Sugar production fell from 7 million tonnes in 1991-1992 to 4 million tonnes in 1993-1994 and the Cuban authorities estimate that this year's harvest will be even lower because of poor weather conditions. These poor results are due to a variety of factors, ranging from the traditionally low yields in sugar cane production to the effects of the economic crisis (lack of fertilizers, herbicides, spare parts and fuel), as well as serious organizational problems and a general neglect of farming techniques. In addition, the scope for short-term recovery in production is limited since the conditions needed to remedy the factors behind the decline do not exist.

Cuba's second major export is nickel. Levels of activity in this sector are recovering to pre-crisis levels, in other words production of 33 000 tonnes with an expected increase to 50 000 tonnes in 1996. This has been achieved as a result of an important agreement concluded with a Canadian firm in June 1994. However, in the short term, the fall in international prices has meant that these results have not generated any substantial increase in hard currency earnings.

The third main export is tobacco. In 1994, the highest ever levels of production and export were recorded. This was due to three main factors. First, unused land was handed over to private growers for an unrestricted period. Second, an agreement was reached between Cubatabaco and the Spanish Tabacalera Company on the modernization of production and the supply of the necessary inputs. Third, Cubatabaco reached agreement with other European distributors in the marketing sector.

Tourism is the only sector to have shown sustained growth. In 1993, gross income was 740 million dollars, 250 million more than in 1992. It is difficult to assess net income in this sector since most of the inputs for tourist development are imported.

#### \* Reforms

Since summer 1993, the Cuban authorities have been encouraging a gradual opening up of the economy, which will inevitably lead to a market economy, or what they prefer to call a social market economy. The main objectives are to integrate Cuba within the world economy and, above all, hold on to the gains of the revolution.

Following the liberalization of part of the external sector, economic reforms were introduced to boost and streamline the production process. The government has launched what it calls a special peace-time plan, which consists mainly of an austerity and self-sufficiency programme designed to ration resources and provide alternatives for imports. In order to make this possible, the Cuban authorities have undertaken the following economic reforms, which could offer a glimpse of how the future Cuban economic system might develop. There are, however, problems which arise from the contradictions between market economics and planning which will need to be overcome.

#### A. Legalization of the possession of hard currency

The possession of hard currency was legalized on 26 June 1993. The justification offered by the Cuban authorities for this measure was that it was needed for the country to adapt to changing political conditions in the world. The reform was an attempt by the government to halt the sharp decline in foreign currency and

bring the black market in dollars within the legal economy. It would also make it possible to increase currency reserves and thus wipe out part of the foreign debt. It is calculated that at present 25% of the population has access to dollars and, in tourist areas, this figure may be as high as 75%. Inevitably social tensions can arise between those with access to dollars and those who have no such access.

#### B. Self-employed work

On 8 September 1993, the government authorized self-employment for 117 professions. Professions which represented a benefit to society (university graduates) were initially excluded, although the provision has now been extended to include them. The aim is to promote private initiative and adapt part of the domestic economy to market mechanisms.

#### C. Agricultural reform

Reforms were introduced in the farming sector on 15 September 1993. The main aim was to give agricultural cooperatives use of the land for an unrestricted period. Initially, this law required cooperatives to sell their production to the state at prices set by the latter. Now, however, in order to make the reform project viable, agricultural cooperatives have been authorized to sell part of their production on the free market so as to encourage productivity and overcome the food shortages suffered by the population.

#### D. Reform of the external sector

To begin with, joint undertakings were set up with majority shareholdings by Cuban capital in sectors such as tourism, biotechnology and energy.

Eventually, on 21 September 1995, a law was adopted on foreign investment allowing foreign investors to own 100% of the capital, although recruitment had to be carried out through the Cuba Employment Agency. The agency would receive workers' salaries in foreign currency and then pay them in national currency.

#### E. Economic outlook

The Cuban authorities are predicting an economic recovery for the present year. During the first half year, the Cuban economy grew by 2% of GDP. The main problems continued to be energy import capacity and rationalization of the production of state-owned companies. The Cuban authorities are very concerned at the fact that rapid moves towards a market economy are generating serious disparities among the population. They are aware of the need to be part of the new international economic order, but are particularly concerned that this change should not jeopardize the gains made in fields such as education and health.

Other reforms which could be adopted in future include the rationalization of employment in all sectors of the economy and in individual companies. This process could involve large-scale dismissals in the public sector, which the authorities will be anxious to prevent. The National Assembly of People's Power could discuss a new legal framework for oil exploration as well as a reform of the banking sector.

## CONCLUSION

The process of economic opening now taking place in Cuba is a clear indication of the adjustments being made to the Cuban system, to enable it to adapt to changes in international political conditions. The main problem in Cuba today is that of reintegrating its economy within the world economy, in order to resolve the serious supply problems suffered by the country following the end of its special relationship with the former socialist bloc. The government has also introduced a number of political reforms, the most important of which was the decision to hold direct elections to the National Assembly of People's Power on 24 February 1993 and the subsequent restructuring of the political apparatus with a major generational change and the introduction of new and more pragmatic ideas.

The European Union has a duty to the Cuban people to support its integration in the international system and the establishment of a dialogue is the only way of fostering the changes needed to achieve this goal. With due respect for the independence and sovereignty of the Cuban people, the European Union must not overlook its commitment to human rights and respect for democratic principles when drawing up cooperation agreements with third countries. There must none the less be a level playing field. We must not overlook the fact that there are other states with which agreements have been concluded which are far from perfect on these issues.

Parliament should press on the other Community institutions the desirability of pursuing a dialogue with the aim of achieving a cooperation agreement and persuading the Cuban authorities to make further economic and political reforms, which are in the interests of the Cuban people.

**O P I N I O N**

(Rule 147 of the Rules of Procedure)

of the Committee on External Economic Relations  
for the Committee on Foreign Affairs, Security and Defence Policy

Draftsman: Mr Kreissl-Dörfler

At its meeting of 7 September 1995, the Committee on External Economic Relations appointed Mr Kreissl-Dörfler draftsman.

It considered the draft opinion at its meetings of 22 November 1995 and 27 November 1995.

At the latter meeting it adopted the conclusions unopposed with one abstention.

The following took part in the vote: Hindley, vice-chairman and acting chairman; Sainjon and Pex, vice-chairmen; Kreissl-Dörfler, draftsman; Dimitrakopoulos (for Moorhouse), Ferrer, Kittelmann, Konecny, Erika Mann, Malerba, Miranda de Lage, Moniz, Novo, Smith and Toivonen.



## CONCLUSIONS

The Committee on External Economic Relations calls on the Committee on Foreign Affairs, Security and Defence Policy to adopt the following amendments:

### AMENDMENT 1

Recital Ga (new)

Ga. having regard to the resolutions repeatedly adopted by the United Nations General Assembly condemning the United States embargo against Cuba,

### AMENDMENT 2

Recital Ka (new)

Ka. whereas Cuba's external debt is one of the highest in the world in terms of the percentage of estimated GDP it represents, a fact which, together with the scarcity of international aid, is serving to make it difficult for the country to move towards a market economy,

### AMENDMENT 3

Recital Kb (new)

Kb. whereas the European Union is Cuba's main trading partner, main investor and main aid donor and whereas the potential scope for economic and trade relations between the European Union and Cuba has not been fully explored,

### AMENDMENT 4

Paragraph 4a (new)

4a. Considers that the European Union should support the process of democratization in Cuba at all levels and calls on the Cuban authorities to review the cases of all political prisoners;

### AMENDMENT 5

Paragraph 7

7. Believes that it is essential to increase humanitarian and food aid, as long as this aid does not create dependence nor destroy the vulnerable local markets, as well as those projects directly linked to support the reforms taking place; (7 words deleted)

**AMENDMENT 6**

Paragraph 7a (new)

7a. Believes that special attention should be paid to the development of Cuban civil society supporting the work of NGOs and favouring their international contacts;

**AMENDMENT 7**

Paragraph 7b (new)

7b. Welcomes the initiatives to build up sustainable small-size energy projects, e.g. solar projects; invites the Commission to take part in the financing of these projects and asks the Cuban Government to stop all plans for the construction of the nuclear power plant;

**AMENDMENT 8**

Paragraph 7c (new)

7c. Underlines the necessity of diversifying the sugar cane monocultures in order to favour a balanced food self-sufficiency and asks the Commission to concentrate its financing on those SMEs and NGOs involved in ecological agricultural projects and commit itself to limiting and controlling the export of pesticides;

**AMENDMENT 9**

Paragraph 7d (new)

7d. Points out the perspectives and the problems of the expansion of traditional forms of tourism and asks the Commission to promote sustainable tourism so as to avoid negative environmental repercussions;

**AMENDMENT 10**

Paragraph 8

8. Upholds the right of the European entrepreneurs to develop legitimate trading relations, to conduct business operations in Cuba and with Cuban partners and to take advantage of commercial opportunities as they arise without interference from any third party, but insists that European participation in economic reform and reconstruction should pay attention to the creation of new jobs;

**AMENDMENT 11**

Paragraph 8a (new)

8a. Asks the Commission to support initiatives to solve the problem of the 500 000 Cubans that, according to its communication, are going to lose their jobs as a consequence of economic reconstruction;

**AMENDMENT 12**

Paragraph 8b (new)

8b. Calls on the Member States to consider measures to reduce or cancel Cuba's debt towards them, notably by introducing programmes to convert debt into participation in joint undertakings, measures for the environment and vocational and business training, and social programmes;

**AMENDMENT 13**

Paragraph 10a (new)

10a. Calls on the Commission to provide technical assistance to Cuba for the introduction of the new institutional and structural measures needed in order to ensure the success of the economic reforms that have been launched;

**O P I N I O N**

(Rule 147 of the Rules of Procedure)

of the Committee on Development and Cooperation  
for the Committee on Foreign Affairs, Security and Defence Policy  
Draftsman: Mr José Ignacio Salafranca Sánchez-Neyra

At its meeting of 17 October 1995 the Committee on Development and Cooperation appointed Mr José Ignacio Salafranca Sánchez-Neyra draftsman.

At its meeting of 13 November 1995 it considered the draft opinion.

At the meeting of 23 November 1995, it adopted the conclusions unanimously.

The following were present for the vote: Wurtz, Vice-Chairman and acting chairman; Fassa, Vice-Chairman; Bennasar Tous (dep. Salafranca Sanchez-Neyra, draftsman); Andrews, André-Leonard, Corrie, Cunningham, Goerens, Howitt (dep. Schmid), Liese, Martens, McGowan, Paakkinen, Pons Grau, Sauquillo Perez del Arco, Telkämper and Vecchi.

In June 1995 the Commission submitted a communication to Parliament and the Council on relations between the European Union and Cuba. This document, which is in line with the general policy of strengthening relations with the countries of Latin America, recommends that discussions should be held with the Cubans in order to determine an appropriate framework for future relations between the two parties.

On 2 October the General Affairs Council adopted the strategy proposed by the Commission and subsequently dispatched a Troika, at director-general level, to Cuba.

## I. THE CURRENT SITUATION OF CUBA

### (a) International context

The break-up of the socialist bloc and the disappearance of COMECON came as a severe political and economic blow to Cuba: the country lost major political allies and sources of financial assistance (in 1989 the former Soviet Union subsidized 75% of Cuba's imports) and also foreign markets (mainly for sugar exports), all of which has created serious supply problems.

Against this background may be viewed the fraught relationship between Cuba and the United States in recent years, the main feature of which has been the adoption of the Torricelli law which strengthened the US embargo imposed on the country. The recent Helms-Burton proposal to strengthen the embargo also raises concern about a further worsening of relations.

The EU has formally rejected this proposal in so far as the extra-territorial effects thereof contravene international law, and it has once again called for the economic embargo against Cuba to be lifted.

Despite the growing gulf between Cuba and the rest of the Latin American community, which has opted decisively for multi-party democracy and a market economy, relations between the two parties have gradually developed, although there have been problems on the way. Proof of this may be seen in the increase in Cuba's trade with Mexico, Colombia, Ecuador and Venezuela, its participation as a full member in the recently established Association of Caribbean States (ACS) and the conclusions of the recent Bariloche summit.

### (b) Domestic context

The domestic outlook in Cuba is strongly determined by changes taking place in the wider world, and the country has now entered a period of serious social and economic decline.

During the last four years, various measures have been adopted to adjust the domestic economy to the new state of affairs in the outside world, such as (inter alia) the decriminalization of foreign-currency holding, decentralization, the development of tourism and encouragement for foreign investment. These initial economic reforms should represent the first stage in a process of gradual, irreversible economic opening-up.

There is still much to be done in this area: the state holds a majority share in virtually all means of production and the economy continues to deteriorate, whilst the needs of the population and social problems have only increased.

The various economic measures adopted have not been matched by similar action in the political sphere. The changes which would lead to a political opening-up, thus allowing free elections to be held and a multi-party system to develop, are not provided for under the current Constitution, drawn up in 1976.

The absence of educational pluralism and of freedom of expression and association and the existence of political prisoners (confirmed by various Amnesty International reports, the Cuban Human Rights Committee, the UN Human Rights Committee and other sources) make it clear that there is much work to be done to promote civil liberties and human rights in the country.

## II. STATE OF RELATIONS BETWEEN THE EU AND CUBA

Although the EU Member States maintain trade and diplomatic relations with Cuba there is no contractual framework institutionalizing relations between the two parties on account of the political circumstances described above.

In 1994, however, direct assistance to the population through ECHO reached the significant figure of ECU 14 million, which represents 70% of the total humanitarian aid allocated to Latin America in that year. The figures provided by ECHO concerning the most recent financial decision (for 1995) are similar: ECU 15 million. In addition to this there are the contributions from various individual Member States.

Furthermore, various economic cooperation projects have been financed in recent years, as have projects run by NGOs. The country also has the benefit of a major EU trade facility in the form of the Generalized System of Preferences (GSP).

The European Parliament has always followed developments in Cuba very closely, as clearly shown in the many successive resolutions against the US embargo, the human rights situation or the development of the social and economic situation in Cuba. Furthermore, its Delegation for relations with Central America and Mexico has facilitated the exchange of views with various Cuban representatives.

By virtue of the above, Parliament in general and its Committee on Development and Cooperation in particular wish to see a general improvement in the human rights situation, the adoption of democratic measures and the liberalization of the economy as necessary steps towards a peaceful, democratic transition in the country.

## CONCLUSIONS

On the basis of the above the Committee on Development and Cooperation:

1. Welcomes the strategy proposed by the Commission concerning the initiation of discussions with Cuba in order to determine an appropriate framework for future relations between the two parties;
2. Considers that direct dialogue between the EU, the Cuban authorities and other representatives could make a peaceful contribution to the process of internal transition with a view to supporting, and eventually achieving, Cuba's political and economic integration into the international and Latin American communities;
3. Points out that the early stages of the discussions will focus on the possibilities opened up through the establishment of a contractual framework

compatible with the EU doctrine on cooperation and respect for human rights and democratic freedoms, a doctrine promoted by the European Parliament in particular;

4. Points out that, on the basis of this support for human rights and democratic freedoms and bearing in mind the prospect of a possible cooperation agreement, cooperation with Cuba should be strengthened through an extension and diversification of the cooperation facilities available;

5. Notes the signs of the economic opening-up instituted by the Cuban authorities and hopes that these will be the start of a genuine progressive, irreversible reform;

6. Awaits with interest some unmistakable sign of a definite and continuing process of political opening-up, implemented with due respect for national sovereignty and the involvement of the entire Cuban people;

7. Expresses its concern at the poverty and the shortages with which the Cuban people are required to live and also at the serious social problems facing the Cubans, such as the increase in prostitution, including child prostitution;

8. Calls on the Cuban authorities, in view of the large amount of food and humanitarian aid made available to Cuba by the Community, to grant all possible guarantees regarding the freedom of movement, the independence and the activities of non-governmental organizations working, or wishing to work, in the country;

9. The Committee on Development and Cooperation regrets that Parliament's views have not been taken into account by the Council since, when the report is adopted in plenary, the Troika group will already have submitted it, for which reason it calls for the conclusions to be dispatched immediately and wishes to be involved in whatever measures are adopted as a result of those conclusions;

10. The Committee on Development and Cooperation calls on the Committee on Foreign Affairs, Security and Defence Policy to include the above conclusions in its report and amend its proposal for a resolution as follows:

(a) Add the following first citation (new)

having regard to its resolution adopted on 15 December 1988, on the 30th anniversary of Fidel Castro's coming to power (OJ C 12, 16.1.1989, p. 155),

(b) Add the following penultimate citation (new)

having regard to the report submitted by the Plataforma Democrática Cubana (Cuban Democratic Platform) to its Delegation for relations with the countries of Central America and Mexico on 19 July 1995 in Brussels,

(c) Recital A:

having regard to the fact that since 1991, Cuba has ceased to be in receipt of subsidies estimated at five billion dollars per annum, and to the continued effects of the collapse of the COMECON ....,

(d) Recital Ba (new):

whereas national sovereignty rests in the people and is legitimately expressed only by means of free and regular elections, contested by a range of political parties,

(e) Recital C:

.... developing countries should be maintained; and serious problems such as the growth of prostitution, including child prostitution, may be corrected,

(f) Recital E:

.... and democratic principles on the part of the Cuban Government are essential for the development of its relations with the European Union,

(g) Recital F:

.... decisive steps towards the democratization of its political system, beginning with the release of all prisoners of conscience and the establishment of a legislative framework which embodies democratic principles, fully respects national sovereignty and involves the whole of the Cuban people.

(h) Recital J:

.... have been released, although many prisoners of conscience remain in prison, according to reports by Amnesty International, Democracia Cristiana the Cuban Human Rights Committee, the UN Commission on Human Rights, Americas Watch and other reliable sources,

(i) Recital L:

taking into account the fact that, although the EU maintains normal diplomatic relations with Cuba and the country benefits from and applies the EU's SGP, the specific political circumstances set out above mean that no contractual framework exists for institutionalizing relations between the parties,

(j) Paragraph 1:

.... will lead to a dialogue with Cuba which will allow a contractual framework to be established which is compatible with European Union doctrine on cooperation, respect for human rights and democracy;

(k) Paragraph 6:

.... will continue to take place on a regular basis; and expresses its wish to see them extended to representatives of the political parties and human rights groups which exist underground in Cuba, and to those groups in exile which stand for democratic pluralism;



(l) Paragraph 8a (new):

Upholds, likewise, the right of Cuban workers to exercise their right to strike, to set up independent trade unions and to enter into direct contractual relations with employers instead of having to use official intermediaries;

(m) Paragraph 10:

.... taken by the Cuban authorities which aim to initiate an economic opening and would welcome firm and resolute steps towards a rapid political opening;

