

## **CUBA'S REPORT**

On Resolution 72/4 of the United Nations General Assembly entitled "Necessity of ending the economic, commercial and financial blockade imposed by the United States of America against Cuba"

June 2018

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## Introduction

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The economic, commercial and financial blockade imposed by the government of the United States of America against Cuba for almost six decades is the most unfair, severe and extended system of unilateral sanctions ever applied against any country. From April of 2017 until March of 2018, the period with which this report deals, the blockade policy has intensified and it continues to be applied with all rigor.

The government of the United States has imposed a serious setback to the bilateral relations with Cuba based on President Donald Trump's signing of the "Presidential Memorandum for National Security about the Tightening of US Policy against Cuba" on 16 June 2017, thereby renewing, among its aims, the tightening of the blockade against the Island. In November of that same year the Departments of Commerce, the Treasury and State of the US issued new regulations and provisions to put into effect the aforementioned Memorandum.

The measures applied restricted even further the right of Americans to travel to Cuba and it imposed additional obstacles on the limited opportunities of the American business community in Cuba, by setting up a list of 179 Cuban entities with which American natural and juridical persons are prohibited from carrying out transactions.

The new sanctions against Cuba have caused a notable decrease in visits from the US and they have generated greater obstacles on Cuban companies' economic and commercial relations with potential American and third country partners. These measures not only affect the Cuban State economy but they also affect the country's private sector.

The strengthening of the extra-territorial application of the blockade has been another of the distinctive manifestations of the tightening of this policy, with marked effects on Cuba's international financial and loan relations.

In recent months, the permanent persecution of Cuban financial transactions and bank and loan operations with Cuba has intensified on a

world scale. This has caused severe harm to the country's economy especially on the commercial activities of companies and national banks in their links with international banking.

The tightening of the blockade on Cuba has been accompanied by aggressive, menacing, disrespectful rhetoric and conditions coming from the most senior levels of the US government; this generates greater mistrust and uncertainty among American financial institutions, companies and suppliers due to the very real fear of being penalized for their relations with Cuba.

The economic, commercial and financial blockade imposed by the United States against Cuba constitutes the principal obstacle for the development of all the potentials for the Cuban economy. It represents a brake for the implementation of the country's National Plan for Economic and Social Development as well as for Agenda 2030 and its Sustainable Development Goals. It is the principal hurdle for the development of Cuba's economic, commercial and financial relations with the US and, because of its extra-territorial nature, with the rest of the world.

The accumulated harm because of the blockade being applied for almost six decades reaches the figure of \$ **933,678,000,000** dollars taking into account the depreciation of the dollar as compared to the price of gold on the international market. At today's prices, the blockade has caused damages that can be calculated at over \$ **134,499,800,000**.

In the period considered by this report, the blockade has caused losses to Cuba for around \$ **4,321,200,000**.

This policy of economic aggression, along with the promotion of internal subversion corroborates the aim of the US government to destroy the economic, political and social system that has been freely chosen by the Cuban people.

The blockade constitutes a massive, blatant and systematic violation of the human rights of all the Cuban people and qualifies as an act of genocide, according to the Convention on the Prevention and Punishment of the Crime of Genocide of 1948. It violates the United

Nations Charter and International Law and constitutes an obstacle for international cooperation.

It is imperative that the United States comply with the 26 resolutions adopted by the international community within the framework of the United Nations General Assembly in the framework of the General Assembly of the United Nations and put an end, without any conditioning, to its policy of blockade.

## **1. Continued implementation of the Blockade Policy**

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### **1.1 New Measures for Intensifying the Blockade by the current government of the United States:**

The arrival of Donald Trump's presidency represented the beginning of a process of moving backwards on bilateral relations and of intensifying the blockade against Cuba. Amendments to the regulations about the application of the blockade, implemented by Barack Obama and his stand in favor of eliminating this policy, were drastically turned around by today's government. The decisions taken by Donald Trump, preceded by negative messages and declarations during his electoral campaign, determined a process of completely revising the policy towards Cuba, ordered by the Executive in February of 2017.

On 16 June of 2017 in Miami, President Donald Trump signed the Presidential Memorandum entitled "*Strengthening the Policy of the United States Toward Cuba*", which overturned the instructions issued by President Barack Obama on 14 October of 2016, entitled "*Normalization of Relations between the United States and Cuba*". As a result, a notable change was produced in US policy towards Cuba, marked by a considerable negative nature. The United States once again took up the strategy of intensifying the blockade and subversion against Cuba.

On 8 November of 2017, the Departments of Commerce, the Treasury and State of the United States of America issued new regulations and provisions, in compliance with what was set in the Presidential Memorandum of 16 June. Restrictions were placed on trips under the "people to people" category, one of the exceptions most used by Americans travelling to Cuba, besides the limitations which were added on educational trips. All of this had the effect in 2018 of decreasing numbers of American travellers, including visits from academic institutions and thousands of university students. These legal provisions constitute an additional negative effect on the Cuban economy, including the activity of tens of thousands of workers and families who are self-employed in Cuba.

On the same date, the Department of State issued a list of special “*Restricted List of Cuban Entities and Sub-entities*” which included 179 companies. The aim of this measure is to continue setting up roadblocks for the economic and commercial relations of Cuban companies with potential American and third country partners. Its aims are also directed to limiting the opportunities of the Cuban business system with the rest of the world since many foreign counterparts have interpreted that they cannot do business or continue operations with the companies on that list. The extra-territorial impact has been considerable in 2018 because of the confusion created with the List of Specially Designated Nationals of the Office of Foreign Assets Control (OFAC).

Numerous third country companies that are traditional exporters of essential products and materials for the Cuban economy are refusing to act as suppliers or they are running into additional difficulties in ensuring financing to back up exports to Cuba. The cost of this extra-territorial effect is tens of millions of dollars and is translated into delayed supplies, shortages of raw materials and severe harm to Cuba’s factory production.

The extra-territorial effect of both discriminatory procedures will continue to affect Cuba’s economic development and the opportunities for its companies, increasing the fears of the international business community to set up links and do business with the Island.

The movement backwards in bilateral ties and the tightened of US blockade has intensified persecution of Cuban financial transactions on a world scale. All of this has severely hurt the Cuban economy, especially the commercial activities of companies and the ties Cuban banks have with international banks. In 2018 dozens of banks all over the world decided to close down their relations with Cuban or foreign companies in order to eliminate any links with their activities with Cuba, including anything related to operations with Cuban citizens merely because they held that nationality.

Another group of banks and institutions in Europe, Latin America, Africa and Asia have imposed conditions and obstacles on continuing to work with Cuban companies and embassies that have been their clients for

years. Among the main repercussions recorded as the result of this intimidation effect we find: the prohibition on money transfers in US dollars or in other freely convertible currencies; the cancellation of embassy accounts or the accounts of companies having Cuban interests abroad, as well as financial services or business related with Cuba and the refusal to grant loans or process credit cards. The financial barrier against Cuba has tightened up. This is the result of the mechanisms of vigilance and taxation imposed by the United States on international banking activities and the direct consequence of million-dollar fines that have been levied against foreign banks in recent years.

President Trump's policy of economic and financial harassment seeks to satisfy his political commitments with the extreme anti-Cuban right-wing in Florida and it ignores the support of the majority in American public opinion, in the international community and among Cuban immigrants in the US, to lift the blockade and normalize relations between the two countries.

Using the reason of the health problems reported by a group of diplomats at the American Embassy on Cuba, the US government adopted the unjustified measure of declaring a travel warning which recommends that potential visitors reconsider their intentions to travel to Cuba. The effect of this measure has caused a significant reduction in the numbers of American visitors; they are being held back from travelling because, among other reasons, insurance companies have reacted seriously to the travel warnings.

The application of this measure has a negative impact on the emerging non-state sector, which had the American visitor market as their main source of customers, incomes and development. This measure by the American government has been imposed without any evidence whatsoever about any real harm for persons associated with Cuba, and without one single visitor of the five million entering this year having reported any symptoms of any sort.

Using the same excuse, the US government unilaterally and with no justification whatsoever ordered a significant number of Cuban diplomats

in the Embassy at Washington be withdrawn. Among these was the staff of the economic-commercial office that were in charge of exploring opportunities and routes for commercial exchanges within the extremely narrow framework of permits and exceptions to the blockade put in place by the American government. The impact is a further blow to limited bilateral commercial exchange.

## **1.2 Validity of the Laws of the Blockade:**

The laws and regulations sustaining the blockade have remained in effect and they are applied with full rigor by American government agencies, especially by the Departments of the Treasury and Commerce and, in particular, by OFAC.

The principal laws and administrative provisions which establish and govern the blockade are:

- ❖ Trading with the Enemy Act of 1917 (TWEA). Its section 5 (b) delegated the senior executive branch with the possibility of applying economic sanctions during times of war or in any other period of national emergency, and it prohibited trading with the enemy or with allies of the enemy during wartime. In 1977, the International Emergency Economic Powers Act (IEEPA) restricted the president's powers to impose new sanctions during times of national emergency. Nevertheless, the TWEA continued to be applied against Cuba, even when the White House had never declared any national emergency related to the Island. Since then, successive US presidents have extended the application of the TWEA for Cuba. Under this legislation, the oldest of its type, the Cuban Assets Control Regulations (CACR) were adopted in 1963, by virtue of which US nationals or persons subject to US jurisdiction were prohibited from carrying out financial transactions with Cuba, Cuban assets were frozen and the importing of goods of Cuban origin into the US was prohibited, among other restrictions. Cuba is the only country for which this legislation is valid. On 8 September of 2017, President Trump renewed sanctions against Cuba via TWEA for one more year.

- ❖ Foreign Assistance Act (1961). It authorized the President of the United States to establish and maintain a total “embargo” on trade with Cuba and it prohibited granting any kind of aid to the Cuban government. It also established that US government funds designated for international aid and delivered to international bodies may not be used for any programs related to Cuba. It prohibits granting any kind of assistance foreseen under this law or any other benefit foreseen by any other law to Cuba until such time as the President should determine that Cuba has undertaken actions directed towards returning to American citizens and companies at least 50 percent of the value or just compensation by the Cuban government after the triumph of the Revolution.
- ❖ Presidential Proclamation 3447. Issued on 3 February of 1962 by President John F. Kennedy, it decreed the “embargo” on all trade between the US and Cuba in compliance with Section 620 (a) of the Foreign Assistance Act.
- ❖ Cuban Assets Control Regulations of the Department of the Treasury (1963). They stipulated the freezing of all Cuban assets in the US; the prohibition of all financial and commercial transactions unless approved by a permit; the prohibition of Cuban exports to the US; the prohibition, for any natural or juridical person of the United States or third countries, on carrying out transactions in US dollars in Cuba; just to name a few.
- ❖ Export Administration Act (EAA) (1979). Section 2401 (b) (1) “National Security Control”, “Policy towards determinate States”, established the Trade Control List, by means of which the President of the United States maintains a number of countries upon which they are able to set special export controls for considerations dealing with national security. Cuba is included on this list.
- ❖ Export Administration Regulations (EAR) (1979). They establish the general control bases for articles and activities subject to EAR controls, according to the sanctions imposed by the US government.

They establish a general policy of refusal for exportation and re-exportation to Cuba.

- ❖ Cuban Democracy Act or the Torricelli Act (1992). It prohibited US companies in third countries to trade goods with Cuba or with Cuban nationals. It also prohibited third country ships to touch port in Cuba, to enter US territory within a term of 180 days, except those having a Secretary of the Treasury permit.
- ❖ Cuban Liberty and Democratic Solidarity Act or Helms-Burton Act (1996). It codified blockade provisions, broadening its extra-territorial scope by the imposition of sanctions on executives of foreign companies who make transactions with the nationalized American properties in Cuba and the threat of lawsuits in US courts (this last one has not been applied). Likewise, it limited Presidential prerogatives to suspend the blockade even though it preserved his powers to authorize transactions with Cuba by issuing permits.
- ❖ Section 211 of the Supplementary and Emergency Allocations Act for the 1999 fiscal year. It prohibits recognition by US courts of the rights of Cuban companies on trademarks associated with nationalized properties.
- ❖ Trade Sanction Reform and Export Enhancement Act (2000). It authorized the export of agricultural products to Cuba, conditioned by payment in cash and in advance and without US funding. It prohibited travel to Cuba by Americans for tourism, defining “tourism” or “tourist activity” as any activity related to travelling to, from or inside Cuba that has not been expressly authorized in Section 515.560 of Title 31 of the Federal Regulations Code. In other words, it limited travel to the 12 categories authorized at the time the aforementioned legislation was passed.

### **1.3 Principal Blockade Actions applied between June of 2017 and March of 2018:**

The blockade against Cuba has not only stayed in force but it has also been strengthened as some examples of the repercussions suffered on

account of this policy demonstrate, affecting Cuban and third party entities. Some of these are:

- ❖ On 8 September of 2017, US President Donald Trump signed a memorandum directed to the Secretaries of State and the Treasury in which he extended for 1 year the application of the economic sanctions on Cuba under the legal framework established in the Trading with the Enemy Act of 1917.
- ❖ On 9 November of 2017, the US Department of State published a list that arbitrarily included 179 Cuban institutions from a wide range of sectors in the national economy, with which direct financial transactions are forbidden; this has negative impact on the country's economic development and generates the effect of intimidating US and third country companies who would like to set up economic, commercial and banking relations with Cuba.

Some specific examples of the application of this policy are:

- ❖ On 8 June of 2017, OFAC levied a fine on the American Honda Finance Corporation (AHFC) for the amount of \$ 87,255 since one of its branches in Canada, Honda Canada Finance Inc., had approved and funded 13 agreements to lease cars between the Embassy of Cuba in Canada and an Ottawa Honda dealership between February of 2011 and March of 2014. On 30 March of 2015, that same company had already refused a transfer from the Embassy for changing its auto vehicle fleet that corresponded to being replaced by the company.
- ❖ On 26 June of 2017, OFAC levied a fine on the American company American International Group (AIG) for the amount of \$ 148,698 due to a supposed violation of the blockade against Cuba. According to the wording on the fine, between 2007 and 2012, AIG had been involved in 29 apparent violations of this policy by providing insurance coverage for several shipments of goods to or from Cuba or related to a Cuban entity.
- ❖ On 18 August of 2017, we learned about the ASB Bank of New Zealand refusing to allow Cuban diplomats to have personal credit or

debit cards in their own names or associated with the corporate account of the Cuban Embassy in that country, because Cuba was a country subject to sanctions.

- ❖ On 26 September of 2017, OFAC prohibited a donation of medicines going to the NGO Caritas Cuba because the ship carrying the cargo belonged to the American-owned Norwegian Cruise Line Holdings Ltd.
- ❖ At the start of October of 2017, the British banking and financial institutions HSBC, Barclays and National Westminster Bank froze the current expense accounts of the Embassy of Cuba in the United Kingdom, holding the funds until such time as it could be determined whether there was any connection with the United States. Also, the National Westminster Bank held back a transfer made in Euros for the quarterly payment for the apartment being occupied by the Cuban Tourism Counselor in London.
- ❖ On 17 November of 2017, OFAC levied a fine for \$ 291,825 on BCC Corporate S.A. (BCC), the Belgian subsidiary of the US company Alpha Card Group, for selling, between 2009 and 2014, credit cards that were used to make purchases in Cuba. 50 percent of the shares of the Alpha Card Group belong to the American company American Express.
- ❖ On 20 November of 2017, the Canadian branch of the US company Global Payments refused to honor a service contracted by the Cuban Consulate in Montreal, due to US blockade sanctions against Cuba.
- ❖ On 27 December of 2017, the Inter-American Development Bank blocked funds going for an academic agreement between Cuba and the *Escuela Superior Politécnica* of Chimborazo, Ecuador, due to the US blockade against Cuba.
- ❖ On 12 February of 2018, it was learned that 5 banks in India refused to make a transfer from the United Nations Development Programme (UNDP) office in Cuba, directed to the Indian company Ankur Scientific Energy Technologies LTD, because of the US blockade regulations against Cuba.

- ❖ On 12 February of 2018, the Malaysian branch of the American company ADT received instructions from their headquarters to refuse to renew the security services contract for the Cuban Embassy in that country, because Cuba was a country being sanctioned by the United States.

## **2. The Blockade violates the rights of the Cuban people: Repercussions on the most sensitive social sectors**

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### **2.1 The Right to Health and Food:**

The US government strategy of bringing the Cuban people to its knees by hunger and diseases has resulted in sensitive social sectors such as public health and food being kept among the principal objectives of the application of the blockade against Cuba.

Since the first of January of 1959, Cuba has placed the wellbeing of its people among the priorities to be guaranteed. Article 50 of the Constitution of the Republic establishes that all of the country's citizens have the right to be attended to and that their health should be protected. Free medical care for the entire population has been an inviolable principle of the Revolutionary Government.

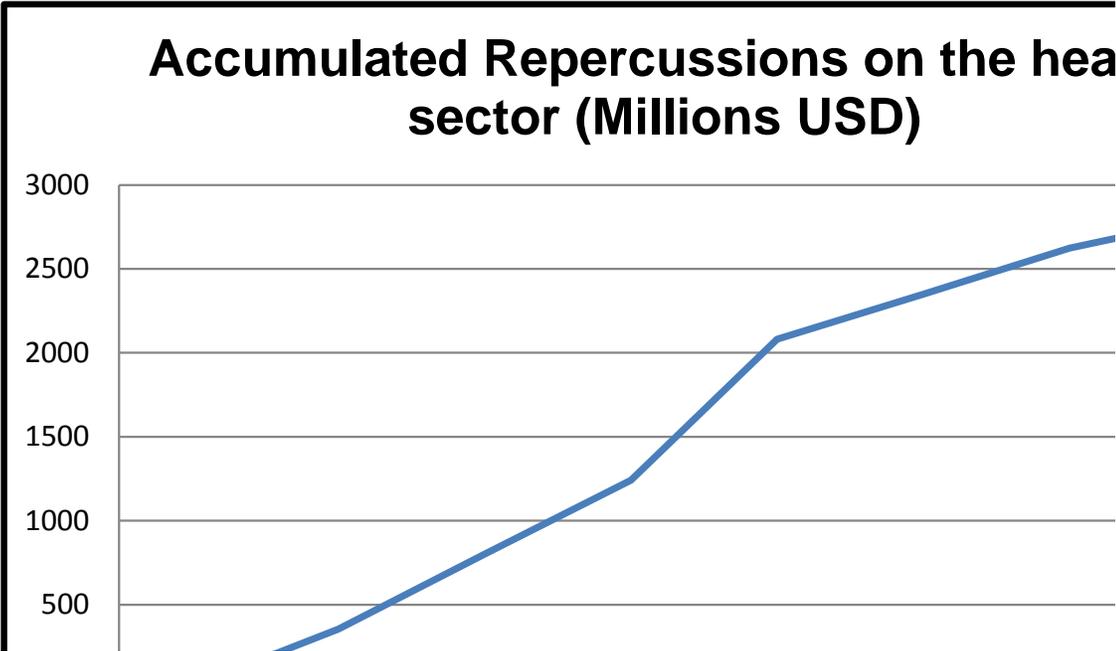
Thanks to the importance given to public health by the Cuban State, Cuba has attained results in this area which are comparable to those in many developed countries. For example in 2017, Cuba reached the lowest infant mortality rate in its history and one of the lowest in the world, with 4 deaths per every one thousand live births.

The Cuban health system has suffered serious repercussions due to the policy of the blockade against Cuba, derived from the difficulties in acquiring medicines, reagents, instruments, spare parts for medical equipment and all the other consumables needed for the sector to function; all of this

*The blockade policy against Cuba has a negative impact on the Cuban health system.*

must be purchased in faraway markets and, on many occasions, with the use of intermediaries. This adds to the costs of these consumables.

To all of this we must add the suffering and despair which is caused for patients and their loved ones when they cannot obtain the ideal medicine to treat a given disease and, in many instances, at the moment it is needed to save a life. A price can never be put on such pain.



In the period being analyzed, the Cuban importing and exporting company for medical products named MEDICUBA S.A. has made requests to over 30 American companies to purchase the consumables needed for our health system. Until the present day, the only answers have come from the Agilent and Cook Medical companies; they replied that due to blockade regulations they were unable to sell Cuba any medicines. The following requests are among those made by MEDICUBA:

- ❖ We requested various American companies such as Pfizer and Bristol-Myers Squibb for their rates for the purchase of their product named Temozolamide which constitutes the first choice for chemotherapy treatment of malignant brain tumors. Until the present, we have

received no reply from the suppliers. As a result, the National Oncological and Radio-Biological Institute has had to turn to the administration of alternative treatment protocols for three patients under the age of 15 who were diagnosed with central nervous system tumors, the second most frequent neoplasia in children after leukemia and lymphomas.

- ❖ On 21 March of 2018, we asked to buy the Evolucumab Repatha monoclonal antibody from the Amgen Company; this is the first biological drug used for the treatment of hypercholesterolemia (high cholesterol) in high-risk cardiovascular patients. The use of this drug contributes to resolving cardiovascular diseases, the first cause of death in Cuba. Furthermore, it may be used in patients with familial hypercholesterolemia, a genetic disease that exposes them to high cholesterol levels from birth. Nevertheless, until the present we have not received any answer from this company.
- ❖ In March of 2018, we made two requests for information for the purchase of the Da Vinci Surgical System, robot surgical equipment developed by the Intuitive Surgical Company of the United States. Acquiring the Da Vinci robot responds to one of the needs of the National Minimal Access Surgery Center since this equipment facilitates complex surgery by optimizing the human hand's field of action by reducing any possible trembling and by improving all of the surgeon's movements. Until the present, this company has not answered us either.
- ❖ On 22 March of 2018, we asked the Illumina Company, leader in producing the most used sequencing technology to date, for information to purchase human DNA sequencing equipment that permits diagnosing generic diseases and the susceptibility of suffering from such diseases. This device provides many advantages for the timely diagnosis of cancer and the development of precision medicine. Until the present, this company has not answered us.
- ❖ On 26 March of 2018, we asked the Agilent Company for the high-tech equipment called "mass spectrometer", used for the diagnosis and

early detection of metabolic diseases or congenital metabolic errors. That same day the company replied that at the present time they were unable to do business with Cuba as a result of the laws controlling exports from the United States.

- ❖ On 5 April of 2018, we asked Cook Medical for the purchase of different types of cardiac valves, vascular prostheses, electrode extraction devices, among other products, that would improve the diagnosis and treatment of patients needing cardiac surgery, clinical electrophysiology and pacemakers as well as cardiovascular surgery. The company sent us an Email on 9 April 2018, saying that its products are not available to be sold or distributed on the Cuban market.

Other examples demonstrating the harm caused by the blockade on the health area during the period covered by this report are:

- ❖ In July of 2017, the Mexican affiliate of the American company Thermo Fisher Scientific sent a refusal notice to four researchers of the National Genetic Medicine Center who had previously been accepted to take a training course offered by said company. The objective of the training was to achieve the introduction of new molecular diagnoses of genetic diseases and to improve those currently being provided in Cuba. The Mexican affiliate was not able to carry out this exchange due to the restrictions imposed by the blockade.
- ❖ In March of 2018, MEDICUBA S.A. was informed that the ACULIFE Company of India refused to send directly to Cuba the medicine Levofloxacin which is used to treat bacterial skin infections, bronchitis, pneumonia and other diseases. This negative response was due to the fact that the bank operating the account of said company in India refused to accredit payments made by Cuba since the shipping documents justifying this payment had a blockaded country as the final destination.
- ❖ Cuba is unable to acquire Nitric Oxide on the American market; this is used for prevention or efficacious treatment of acute pulmonary hypertension attacks which could be serious and even result in death.

Between 8 and 10 percent of operations each year at the William Soler Pediatric Cardiac Hospital are made on children suffering from this disease. Nitric oxide, due to its potentially explosive content, can only be transported by sea and for short periods of time and so this prevents it from being moved great distances.

In addition, the setback in bilateral relations has had a negative impact on academic and scientific exchanges of Cuban and American health professionals and technicians. Just to mention one example, the Institute of Gastroenterology of Cuba notified that, due to the new regulations imposed by the Trump government, the encounters scheduled for this year on hepatology among experts of the two countries has been cancelled.

Repercussions recorded by the Foods Industry and Agriculture during the period being analyzed by this Report amount to \$ 413,793,100; this signifies an increase of \$ 66,195,100 as compared to the previous period.

*The economic, commercial and financial blockade imposed by the United States has affected the foods sector in Cuba for 413 million dollars*

The greatest negative effects caused by the blockade on the food sector are the impossibility of placing our products on the American market. Just Ron Havana Club, one of the most prestigious companies in the world for the manufacture of spirits, has lost \$ 90,930,000 of revenues for this reason.

Other brands of rum such as Santiago de Cuba, Isla del Tesoro and Cubay, with an export potential to the American market of at least 200,000 boxes per year, attending to the interest expressed by the main US distributors today, cannot place their products on that market.

If the Livestock Business Group of Cuba could have access to American technologies for raising swine, meat production in the country would increase by 2050 tons.

Lost revenues would have facilitated reinvestment and the creation of a solid infrastructure in the food sector, especially taking into account the

difficulties of the principal sectors of the Cuban economy to get access to foreign funding due to the blockade policy.

The Cuban government has had to expend great efforts to achieve the results attained in matters dealing with food security, the results that have been recognized by specialized United Nations system agencies such as UNICEF which recently published a report mentioning that Cuba is the only country in Latin America and the Caribbean free of severe infant malnutrition.

For the purpose of preserving such achievements, one of the guiding principles of the National Plan for Economic and Social Development of Cuba until 2030 is to attain agricultural production and commercialization levels that would guarantee a high degree of food self-sufficiency.

## **2.2 The Right to Education, Sports and Culture:**

Since the first of January of 1959, guaranteeing free access to quality education for all Cuban men and women has been a fundamental objective of the Revolution. It was reflected in the budget approved by the government for 2018 when it allocated that sector 8,180,000,000 pesos, thereby

*In order to guarantee quality education for all, Cuba must face the limitations imposed by the US blockade policy.*

guaranteeing enrollment for 1,775,000 students in pre-school, primary and secondary education and for 185,000 students in higher education.

According to UNESCO, Cuba is the Latin American country with the highest rate of development in education.

In Cuba, 100 percent of youth are guaranteed free access to education, including a university education.

The principal damage reported in this sector is determined, among other factors, by the more expensive payment of rates for freight charges for the transportation of products acquired in faraway markets; the lack or insufficiency of some means and resources for teaching and research

due to higher costs in other markets; limited access to scientific information and to the computer tools necessary for the production of educational multi-media products, and the obstacles for receiving payment for the professional services Cuba offers abroad.

The treatment for special-needs children is a priority for the Cuban government. For this purpose the State establishes measures contributing to the correct functioning of their schools with a view to attaining inclusive education for all handicapped boys and girls. Nevertheless, due to the prohibitions imposed by the blockade, Cuba does not have access to all the equipment necessary for guaranteeing the proper learning of these children. Just to mention one example, the Braille PERKINS mechanical writing machines cannot be acquired by Cuba since they are manufactured and sold in the United States.

In the period covered by this report, there has been a decrease in academic exchanges among universities. Next, a few examples:

- ❖ The Faculty of Philosophy and History of the University of Havana reported that, in the period analyzed, they received requests from between 10 and 12 American and/or Puerto Rican students wanting to take their post-grad programmes in Cuba. But as the result of the application of the blockade, students of those nationalities are forbidden to take courses and internships at Cuban universities.
- ❖ The Institute of Pharmacy and Foods has suffered from refusals to renew permits for the development of teaching and research programmes (semester programmes, short courses and/or events). In 2017, the Fourth Encounter of Pharmaceutical and Foods Sciences “ECFA 2017” and the First Student Pharmaceutical and Foods Sciences Workshop were held in Havana with the participation of 24 US delegates. At these meetings, the possibilities of exchange and collaboration with 2 universities in the US and with the University of Puerto Rico were identified. But it hasn't been possible to realize the ties with these institutions as a result of the policy of tightening the blockade being applied by the Trump government.

- ❖ The Technological University of Havana - CUJAE emphasizes that despite the important results attained up to 2016 in holding international workshops and internships, enrollment of American students in this institution's faculties has significantly dropped.

Cuban sport, one of the great achievements of the Revolution, has a diminished capacity to import sports equipment bearing American brands, many of them mandatory according to stipulations in official regulations of international sports federations.

Cuban sports training schools have restricted possibilities for acquiring medicines, muscle recovery elements and cutting-edge technology equipment due to limitations on importing products and consumables from the United States. These consumables are essential in order to improve the infrastructures of the schools and the training conditions of athletes.

Some examples of how the blockade negatively affected this sector in this period were:

- ❖ Use of the Nexy credit line, granted by the National Institute of Sports, Physical Education and Recreation (INDER in its Spanish-language abbreviation) for the acquisition of sporting articles in Japanese companies, has been notably limited since these companies' commercial distributor for our geographical area is located in the United States.
- ❖ The Antidoping Laboratory of Cuba, one of the top regional labs, had to acquire the mass-mass gases chromatograph which is the main tool used to detect the presence of drugs in athletes at a much higher price than if they had been able to buy it in the US.
- ❖ When this same lab wasn't able to buy the consumables necessary to realize the National Antidoping Programme testing in the American market or in their affiliates in third countries, it had to face a 20 percent cost increase for that programme.
- ❖ Some 250 US athletes were not able to participate in the Marabana and Havana Triathlon events due to the limitations imposed by the blockade on their very own US citizens.

- ❖ In order to acquire US brand sports equipment such as Louisville, Wilson, Xbat, Rawlings, Atec, 3N2, Easton and W&W, many of which are mandatory for international sporting events, we must use third countries, spending between 20 to 30 percent more than the prices of these products, and having the additional expense of freight.
- ❖ Our Paralympic athletes have been affected by not having access to the latest implements that are being used in international competition due to the fact that they come from the United States. This puts them at a disadvantage in regards to the athletes from the rest of the countries.

The development of culture in all of its manifestations is a priority for the Cuban State, as demonstrated in the cultural events held at the Kennedy Center of Washington in May of 2018.

The Revolutionary Government's cultural policy is guided by the insoluble association of the concepts of culture and freedom, present in the ideas of the major figures in Cuban history.

Nevertheless this sector continues to be adversely affected by the application of the US blockade policy against Cuba. From April of 2017 up to March of 2018 exchanges between Cuban artists and their counterparts in the United States have decreased in number. Some examples proving this statement are:

- ❖ In 2017, the participation of 497 musicians and music professionals from the United States was forecast at shows and events in Cuba. Because of the intensifying of the blockade these artists were unable to participate at the activities which had been planned earlier.
- ❖ Between the last quarter of 2017 and the beginning of 2018, the visits of 15 American groups comprising around 300 persons, including musicians and accompanying persons, were cancelled.
- ❖ A group of students from the prestigious Berkeley Music School of Boston was unable to travel to Cuba to take part in workshops with Cuban professional musicians and music students. The sound engineers in charge of organizing the trip to Cuba sent word to

EGREM that they had been warned by the authorities of their country to refrain from making the trip, due to the existing regulations.

On the other hand, the blockade sets up roadblocks for the commercialization and promotion of Cuban music, the visual arts, theater and literature, as demonstrated by the following examples:

- ❖ Between April of 2017 and March of 2018, a total of 37 artistic units made up of 367 musicians travelled to the United States to put on necessarily promotional shows due to the blockade regulations. No revenues were received for these shows.
- ❖ If the blockade did not exist, the exports of Musicalia, the agency representing artists of Artex S.A. of Cuba, could have been 20 times greater.
- ❖ The Artex S.A Music Recording and Publishing Company, Bis Music, contacted several American companies involved in distributing and publishing music, interested in negotiating in Cuba. But for fear of being sanctioned under the regulations imposed by the blockade, these companies did not send the documentation necessary to realize the negotiations.
- ❖ The theatrical artistic units Revolution, Rakatan, Havana Queen, light opera singers and circus performers cannot sign direct contracts with US impresarios interested in our artistic talents.
- ❖ The National Center for the Visual Arts (CNAP in its Spanish-language abbreviation) “Collage Habana”, as part of their efforts to develop exports of Cuban art, saw a decrease in sales to US citizens after the signing of the Presidential Memorandum in June of 2017. Despite their interest in Cuban art, Americans are worried about the sanctions to which they may be submitted should they purchase anything in Cuba.
- ❖ In 2016 and 2017, the International Book Fair of Havana (FILH in its Spanish-language abbreviation) hosted the First and Second Encounters of Publishers, Distributors and Literary Agents of Cuba

and the US, occasions on which they had fruitful exchanges that allowed for the encouragement of drawing closer and cooperating in the publishing area between the two countries. However, because of the new measures adopted by the US government, it was not possible to hold the Third Encounter of Publishers, Distributors and Literary Agents of Cuba and the US during FILH 2018.

Due to the blockade regulations, materials necessary for teaching the arts, such as books for reading music, sheet music notebooks, saxophones, strings for guitars, violins, cellos and basses, are bought at higher prices on the international market, while they are found at much more reasonable prices on the American market.

The growth of the Cuban film industry has also been affected by the conditions imposed by the blockade, such as the Animation Studios of the Cuban Institute for Cinematographic Art and Industry (ICAIC in its Spanish-language abbreviation) not having access to software permits essential for their production processes and not being able to have direct access to the most important international film market, the American film market.

### **3. The Right to Development**

The biopharmaceutical sector has been one of the growth engines for Cuba's economy and exports in recent years. The products generated by this industry, basically in biotechnology, are among the main items having possibilities of entering the US market thanks to the new features, high aggregate value and the existence of potential demand in the United States.

Below are some concrete examples of the repercussions produced by the blockade on this sector:

- ❖ Heberprot-P was developed by the Center for Genetic Engineering and Biotechnology of Cuba (CIGB in its Spanish-language abbreviation). It is a unique and brand new medicine for treatment of severe diabetic foot ulcers (DFU). If the blockade did not exist and taking into account that the prevalence of diabetes in the US is at 9.4 percent of its

population, Cuba could have been exporting Heberprot-P to the American market, with economic benefits for Cuba and health benefits for American patients suffering from this condition.

- ❖ The Center for Genetic Engineering and Biotechnology of Cuba has suffered losses of some \$ 392,085, caused by the use of intermediaries in third countries for the purchase of basic production consumables. Similarly, we have been unable to receive products contracted from US manufacturers, forcing our Center to relocate its purchases to other destinations with the subsequent increase in costs.
- ❖ The Sasol Wax Company sold part of its shares to US companies, and was unable to continue delivering 6 raw materials usually supplied to FARMACUBA, even after having closed a contract for 2017, all because of the regulations imposed by the blockade against Cuba.
- ❖ The manufacturer Blanver, a company with which we have done business for several years, notified us that it would be impossible to supply some of the consumables ordered for 2017 and that they were unable to supply the products under contract for 2018; shipment of 21,000 kilograms of Microcel 101 remained pending, given that it had been acquired by a company whose operations headquarters for worldwide pharmaceuticals is based in the United States.
- ❖ The import-export company FARMACUBA lost money for the amount of \$ 4,457,374, because it became impossible to carry out their operations in US dollars and due to the difficulties of finding banks willing to transfer payments to Cuba for exports made, even when other foreign currencies were involved.

The economic, commercial and financial blockade has continued to adversely affect the growth of tourism since it has a negative impact on important areas relating to services, operations and logistics. The regulations and provisions issued by the Departments of the Treasury, State and Commerce of the

***Epecially significant were the repercussions on tourism during this period, given the additional restrictions imposed by the US government on travel to Cuba by US citizens.***

United States on 8 November 2017 place further restrictions on trade and commerce and have had a direct impact on numbers of arrivals of US visitors to Cuba.

Just to mention a few examples:

- ❖ During the last quarter of 2017, arrivals of US citizens in Cuba dropped 52 percent, representing the loss of approximately 65,040 visitors.
- ❖ Figures for cancellations made at travel agencies as the result of warnings issued by the Department of State amounted to 240 groups of tourists. In the case of the Havanatur Celimar agency which works directly with the American market, 150 groups of visitors previously announced by various travel agencies and agents in the US were cancelled.
- ❖ From 1 January to 13 March of this year, arrivals of US visitors dropped 43 percent, signifying 51,677 fewer travellers than in the same period in 2017.
- ❖ Online sales for 99 percent of hotels belonging to the Gaviota Hotel Group were adversely affected since Booking.com and Expedia.com, suppliers of these services, cancelled their business relations with Gaviota on 9 November 2017.

The regulations and provisions of November 2017 have also had a negative impact on insurance. The drop in numbers of travellers coming from the United States has had an effect on the sales of the Minimum Travel Guarantee included in the price of air fares.

The blockade has also had repercussions on the communications and informatics sector, including telecommunications. In the period being analyzed, ETECSA continues to be the enterprise most seriously affected. The figure of over \$ 60,143,000 has been recorded.

*During the period covered by this Report, repercussions in the sector of communications and informatics have remained.*

Among examples typifying these adverse effects, we emphasize the following:

- ❖ After measures to intensify the blockade were approved by the current US government, and after the subsequent drop in the number of visitors to Cuba, ETECSA experienced a drop in contracts for Roaming services.
- ❖ Payments to companies providing wide-band services for the international connectivity of the country have been obstructed by banks holding payments back, alleging suspicions that they might be associated with US entities or based in the United States. This has resulted in the noncompliance of payment cycles that were agreed to in contracts with said suppliers.
- ❖ In March of 2017, OFAC levied a fine of \$ 1,190,000,000 on an Asian company which manufactures the equipment most used in our communications systems, because it violated the regulations of the Departments of the Treasury and Commerce, referring to the export of products to “regimes hostile to the United States”. After being sanctioned, this company refused to continue its operations with Cuba because we were on the list of countries sanctioned by the US government.
- ❖ We are also unable to have access to high-performance brands and/or equipment which are leaders in the info-communications market such as land and mobile phones, antennas and informatics systems that are distributed by or have patents belonging to American entities. This forces our companies to purchase them through third parties at the subsequent higher prices and with the difficulty of getting spare parts and installation services.
- ❖ The blockade policy prevents the free access from Cuba to the contents of the network of networks and the right to the freedoms expressed and accepted by authors who publish software with the General Public License (GNU-GPL). This adverse effect is materialized by refusals to give us access to service or the

downloading of information, once the link is recognized as coming from an IP address attached to the Cuban domain of “.cu”.

- ❖ In the Users’ Guide for Microsoft products, as well as in any of the license contacts for their use, there is at least one section expressly indicating: “Export Controls”. Neither the software or the documentation and information or underlying technology can be downloaded, exported or re-exported to Cuba (...). When clients download or use software, they agree to respect previous provisions and declare that they do not work, live in or are a native of any of the indicated countries (...).” This situation can lead to generating expensive and long-winded legal processes both in matters dealing with ownership of the product as well as in the market and its commercialization.

Cuba has systematically developed actions associated with saving, using renewable energies and energy efficiency. Among the objectives covered in the National Plan for Economic and Social Development to 2030, the following is established: “To ensure, in conditions of environmental sustainability, an adequate , trustworthy, diversified and modern supply of energy which substantially increases the percentage of participation by the renewable sources of energy within the matrix of national energy, essentially that of biomass, wind and photovoltaic power”.

We hope that by 2030, 24 percent of the generation of energy will come from renewable energy sources. Nevertheless this objective is running into obstacles because of the negative effects of the blockade on the Cuban economy.

Among the examples showing the harm caused by the blockade in this sector, are the following:

- ❖ The ENERGOIMPORT Business Group reported they have undertaken on several occasions to purchase spare parts to guarantee the maintenance and operation of the Gibara II Wind Farm. After signing a contract with a prestigious company in the sector, it has been impossible to obtain these consumables since

*The Energy and Mines sector has been especially hard hit by the application of the blockade.*

foreign banks do not accept Cuba's letters of credit to make the purchases.

- ❖ Since 2015, the GEOMINSAL Business Group has attempted to purchase an ICP-MS, an instrument necessary for geological research. But no supplier has been willing to offer it given that the equipment's components are "Made in the USA".

Transportation has been yet another sector to be severely affected by the blockade.

The major losses in the period are concentrated in the San Antonio, R.L. Multiple Services Cooperative (CACSA) which suffered from accumulated repercussions amounting to \$ 63,640,000. This is principally attributed to the cancellation of 4 US airlines due to the lack of passengers to fill their flights. Such was the case of Silver, Frontier, Spirit and Alaska airlines, thus cutting down on the number of US flights and visitors.

*From April of 2017 until March of 2018, the transportation sector has had repercussions amounting to \$ 101,550,000*

An example illustrating the harm caused by the blockade's economic sanctions in the transportation sector are the difficulties being experienced by Cubana de Aviación S.A. in buying or leasing aircraft with technical components of practically any technology. As a result of the extra-territorial effect of the sanctions, Cubana de Aviación finds it completely impossible to have access to aircraft produced by companies such as AIRBUS, DASSAULT and BOEING, regardless of which entity owns them, or their nationality or the country in which they are registered and operate.

This situation prevents Cubana de Aviación from carrying out aircraft maintenance in the specialized agencies of practically any country.

Furthermore, the roadblocks imposed by the sanctions on bank transactions place extreme limits on Cubana de Aviación's performance as an airline.

In recent years, the US government introduced exceptions in their sanctions against Cuba which, in a very limited fashion and subject to strict and unpredictable regulatory processes, would permit the eventual possibility of Cuba buying or leasing planes in the US, along with parts and spare parts for civil aviation. This is a rather unviable possibility from the commercial and financial point of view, due to the fact that the body of laws and additional rules of the economic blockade are still in existence.

However all the extra-territorial restrictions remain in force, preventing Cuban civil aviation from doing business with companies from the rest of the world economies, where planes, parts and spare parts are produced and which are so necessary for the development of this activity.

The negative impact of these measures on flight safety is evident as well as on the stability of the airline and its possibilities for survival.

Other repercussions on this sector became obvious in SELECMAR, a company which lost revenues of \$ 13,420,000 in their merchant ship and cruise line activities. Basically this was because of the prohibition on cruise ships from enlisting Cuban sailors in US companies landing in Cuba. MSC Divina and MSC SEASIDE are just two of the companies in this group.

On the other hand, prohibiting US citizens from travelling to Cuba as tourists continues to adversely affect services associated with tourist transportation belonging to the Taxis Cuba and the Empresa de Ómnibus Nacionales business groups.

The area of construction has been hugely hit by the blockade policy against Cuba. 96 percent of the total adverse effects have been produced due to the lack of access to efficient means and technologies on the American market that would permit Cuba to develop home construction in the country.

The overall development of Cuban industry is an essential element for compliance with the National Plan for Economic and Social Development to 2030. But this sector has also had

*From April of 2017 until March of 2018, repercussions on the industrial sector amount to \$ 50,004,400.*

repercussions because of the application of the economic, commercial and financial blockade of the United States.

The following examples are an indication of how this sector has been adversely affected by the blockade policy:

- ❖ The Chemical Industry Business group reported that the LOMISA Company of Spain was unable to provide the spare parts for the LEFI & RHEINHUTTE Centrifuge Pump used the Chlorine Project/Sosa of the Sagua la Grande Electro-Chemical Enterprise. This was because the product's manufacturer, RHEINHUTTE, had refused the offer since Cuba was the final destination.
- ❖ The Cuban recycling industry is unable to have access to much of the technological equipment necessary for the recovery, *The impact on the technological sector of the application of the blockade on Cuba generated damages for \$ 290,600,000.* compacting, shredding, cutting and transport of recyclable garbage because these are all manufactured by US companies.
- ❖ When the Metal Productions Enterprise – COMETAL was unable to have access to the American market to buy 13 elevators and spare parts, it had to buy these on other more distant markets. The total cost for this equipment was \$ 2,207,022. Could it have been purchased in the US, \$ 490,444 would have been saved, allowing them to be able to buy 6 more elevators in the American market, along with the spare parts and accessories for the equipment which, up to the present day, has not been able to be repaired.

#### **4. Repercussions on the External Sector of the Cuban economy**

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##### **4.1 Repercussions on Foreign Commerce:**

*During the period, as a result of the blockade, repercussions on the area of foreign commerce amounted to \$ 3,343,400,000*

The greatest repercussion caused by the blockade in the area of foreign commerce is concentrated in revenues lost for exports of goods and services, amounting to \$ 2,475,900,000.

The blockade continues to cause severe harm to the Cuban economy because of geographically having to relocate commerce; added to that is the necessity of keeping high inventories. For this reason, Cuba lost \$ 867,500,000. Added to this is the increased cost of financing because of being a “risk country” and this is estimated at \$ 54,326,250, representing an increase of \$ 21,192,481 when compared to the previous period. These indicators are influenced by the lack of access to bank or soft loans and therefore Cuban companies are forced to work with commercial loans granted by their same suppliers under less advantageous conditions.

Repercussions due to the use of intermediaries and the subsequently more expensive goods reached \$ 59,825,479, showing an increase of 196 percent in comparison to the previous period.

Up to 1962, Cuba was the natural market for the United States for purchases of tobacco, both as cigars and as leaves for their own tobacco industry. The US as destination for Cuban cigars occupied the top ranking. In the ten years between 1949 and 1958, the US took up 32.6 percent in volume and 34.6 percent in value.

It is estimated that the size of the US Premium tobacco market is approximately 350,000,000 sale units, with this product’s imports reaching the amount of 325,000,000 units in 2017. It is the most important Premium tobacco market in the world since it represents 74 percent of the entire world market, calculated in 470,000,000 units.

The rate at which cigars participate in the markets of countries where the *Habano* is being sold is 70 percent in units and 80 percent in value. Taking into account the current state of the Premium tobacco market and the commercialization strategy of the Habanos SA Company of the TABACUBA Business Group, the same percentage could be attained in the US tobacco market.

In this regard, for the first year of operations in the US market we estimate sales of 50,000,000 units, with a gradual increase so that in a period of 10 or 15 years we would be able to come close to the potential numbers we hope to reach.

If we take into account the average price of Habanos S.A. exports in 2017 (\$ 2.69), we estimate losing \$ 134,500,000 because of the impossibility of placing that product on the US market.

Following the hypothesis that the participation of mechanized tobacco in the US market was equivalent to its participation in the world market (0.8 percent), the possibility would exist of selling at least 100,000,000 additional cigars in the US. At the average price of \$ 145 per thousand, we could earn additional revenues of \$ 14,500,000 for sales of the product in the US market.

Repercussions due to revenues lost because of the blockade are also seen in the realm of fruit exports since the US market would be a natural market for this item.

The *Empresa Comercializadora de Alimentos* (ALIMPORT), as the importing company for products essentially earmarked for the “basic shopping basket” and for consumption by the population, as well as for the acquisition of raw materials for the Cuban foods industry, continues to suffer from the rigor and the negative impact of the policy of the economic, commercial and financial blockade.

Given the impossibility of having the financial resources to maintain in a sustainable manner and to increase purchases in the United States, ALIMPORT needs to import from other markets where it possesses the liquidity coming from its exports or by granted credit lines. This results in making maritime freight costs much more expensive.

The estimated repercussions on ALIMPORT, in the period being analyzed, resulting from purchasing the required products in more distant markets, was some \$ 3,533,271.

The impossibility of access to the US market also limits sales of sugar, coffee and honey.

In 2017, total raw sugar imports of the US were some 4,033,000 metric tons (TM). In 1959, US sugar imports reached the figure of 4,187,915 TM; of these, 3,005,000 were supplied by Cuba, and this represented 72 percent of total imports of that country.

Considering Cuban participation in the US sugar market prior to 1959, as well as the production figures attained by Cuba in 2017 and not considering the export sales or commitments with other destinations, Cuba could have exported 701,798.00 TM to the US market at lower prices. Losses for this item amount to \$ 118,674,041.

In spite of the interest of several US companies to buy Cuban bulk honey, they continue to be refused the permit to make these purchases in Cuba. And so the largest sales Cuba can make are in European markets which have strong tariff barriers.

The US market is one of the five largest importers of roasted and ground coffee in the world. Because of its quality, Cuban coffee could meet a significant part of the American demand for this product, if only the blockade did not impose its prohibitions.

#### **4.2 Repercussions on Finances:**

In the period being analyzed, Cuban financial institutions continue to be submitted to a policy of hostility and persecution by the government of the United States.

The regulations and provisions of the Departments of the Treasury, Commerce and State, approved on 8 November of 2017, prohibit direct financial transactions of persons or companies submitted to the jurisdiction of the United States with 179 Cuban entities and sub-entities.

Said policy has brought the consequences of nullifying bank transfers ordered by Cuban companies on the list of sanctioned entities. Therefore, they cannot make direct financial transactions with any natural or judicial person from the United States. This indirectly affects the operations of Cuban banking institutions, those that are forced to modify their usual banking channels (notably restricted) in order to make and receive

payments, thereby generating difficulties and additional costs in the commercial operations.

Cuba continues to be unable to have access to financing sources from US banks and commercial entities,

something that is common practice in world commerce. In comparison with the previous period, there are now 28 banks taking part in the policy of harassment imposed by the US blockade, and this is detrimental to the normal functioning and operability of the Cuban banking institutions which are forced to work in a climate of permanent uncertainty and adversity in the movement of their financial flows.

Next, some of the main difficulties being faced by Cuban banking institutions in their operations between April of 2017 and March of 2018:

- ❖ The impossibility of using the American dollar in Cuban commercial and financial transactions abroad.

Despite the fact that in March of 2016 former US President Barack Obama authorized the use of the dollar in Cuban commercial operations abroad, transactions done in both directions continue to be adversely affected by the permanence of uncertainty and fears in banking institutions based in said country about what can or cannot be done with Cuba, as well as for the history of million-dollar fines imposed on third country banks.

- ❖ There are still difficulties relating to access to the new technologies of the Society for Worldwide Interbank Financial Telecommunication (SWIFT), due to the fact that the majority of companies facilitating the software and technologies are American.

*Monetary-financial repercussions as a result of the blockade amounted to \$ 538,300,000.*

*Between April of 2017 and March of 2018, repercussions on the Cuban banking system were recorded based on incidents reported in 128 foreign banks.*

In this regard, the receipt of account statements that must be sent by foreign banks to Cuban banking entities by SWIFT is made difficult by the restrictions imposed on Cuba.

- ❖ Cancellation of SWIFT Messenger RMA keys by 20 foreign banks; of these 17 are European, 2 are Latin American and 1 is African. The RMA keys serve as authorizations exchanged with correspondent banks and they permit messages received to be filtered and limited as well as the type of message sent.
- ❖ Requests made to close Cuban accounts by 4 foreign banking entities; of these 3 are European and 1 is Latin American.
- ❖ Embassy accounts and those of Cuban diplomatic officials abroad as well as representatives of Cuban entities, are being closed and they are being refused permission to open accounts, under the consideration that Cuba is a sanctioned country and subject to the regulations of the blockade. As an example we can refer to how several bank branches in a Latin American country refused to allow a Cuban embassy to open an account in that country, denying them their right to keep the diplomatic mission's available money safe. This situation contravenes the most elementary norms of International Law.
- ❖ 14 entities not allowed to transfer funds from or to Cuba and to provide other banking services; of these 6 were Asian, 3 European, 2 Latin American, 1 North American and 2 from Oceania. Examples of what happened:
  - ✓ A foreign businessman with an interest in participating in the International Trade Fair of Havana FIHAV 2017 to start doing business in Cuba, was told by his bank that they couldn't issue a guarantee or a letter to certify that his company's commercial activities were normal and had no debts.
  - ✓ A Cuban embassy in Europe was unable to make partial payment for an annual contribution that Cuba makes to an international

body because the bank where that multilateral institution had its account refused to process the operation.

- ❖ Holding back funds and uncertainty about their destination, making it difficult to depend on financial resources at opportune moments. For example:
  - ✓ 2 foreign entities held back the funds of Cuban institutions. One of them was a payment held back by OFAC and the other by an Asian banking entity.
  - ✓ A Latin American citizen who was a temporary resident in Cuba and was employed by a European institution that paid him in dollars had his salary held back because the correspondent bank of the European banking entity that processed the payment held back his funds, detouring them on to OFAC.
- ❖ Refusal to process and/or notify about matters relating to letter of credit operations to Cuba for 34 foreign banks; of these 24 were Asian Banks, 9 European and 1 Latin American. In most of the cases, this generates external repercussions due to unnecessary delays since the Cuban company has to contact their supplier in order to locate another bank that will process the documentation. For example:
  - ✓ A bank in an Asian country informed that they wouldn't notify a letter of credit issued by a Cuban banking entity, insisting that they wouldn't be contacted again, nor would they use their bank to make any notice. Finally, the bank completely shut down operations in Cuba.
  - ✓ Another bank in Asia informed of its refusal to notify new letters of credit, receiving commercial documents under already issued letters of credit and to receive payments from a Cuban banking entity, referring to the increased risk of their institution because of the prohibitions imposed by Trump's government.

- ✓ A European bank indicated that it wasn't accepting notification of letters of credit from Cuban companies due to the new policy imposed by the current US government on Cuba.
- ❖ Banking operations turned back: 55 entities, of these, 26 were from Europe, 15 from Asia and 11 from Latin America, 2 from North America and 1 from Oceania.
- ❖ Cancellations of banking operations and signed agreements: 3 banks. Of these, 2 were Asian and 1 was European. One Asian bank suspended all its ties with the Cuban bank, informing them that they couldn't go on operating in any way whatsoever.
- ❖ Difficulties with sending and receiving bank documents through messenger agencies. For example, some Latin American and European banking entities have communicated to Cuban Banks that because of the blockade regulations they were unable to send bank documentation via DHL Express delivery since that was an entity which demands its clients sign an "Indemnity and Guarantee of Sanctions Letter" in order to certify that no employee, agent or the company itself is going to be sanctioned or penalized because of the content of the delivery, or that the sender or beneficiary is not included on any sanctions list. They also stated that the terms of said letter would take precedence over the terms and conditions of the general contract or transport; this would affect or delay compliance with the contracts signed for the delivery and the receipt of correspondence.

## **5. The Blockade violates International Law. Extra-territorial Application**

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The extra-territorial nature of the blockade has continued to intensify. In the period being analyzed sanctions on and persecutions of third country citizens, institutions and companies that set up or intend to have economic, commercial and financial relations with Cuba have increased.

The extra-territorial application of the blockade seriously hurts Cuba but it also negatively affects the interests and sovereign rights of third countries thereby constituting a violation of international law, the purposes and principles of the United Nations Charter and the regulations of free trade.

In spite of the common political desire to move forward in the development of economic, commercial and financial relations with third countries on the basis of mutual benefits, as well as the rejection of the application of unilateral and extra-territorial sanctions and the interference of the government of the United States in these ties, we have been able to note the negative and unprecedented impact of the blockade, especially from the second quarter of 2017. This has notably affected commercial and financial relations with these countries.

The passing of the Helms-Burton Act and the extra-territorial nature of the blockade conditioned the passing of “antidote legislation” designed by third countries in order to protect themselves from any possible repercussions caused by application of this policy. Nevertheless, the effect of intimidation played by the blockade against Cuba has prevented the due application of these regulations.

There are numerous recent cases of Cuba’s commercial operations with companies of third countries whose execution has been hindered or prevented by the prohibitions, threats and blackmail of the American government.

### **5.1 Repercussions on the banking and financial sector (some examples):**

- ❖ **On 29 June of 2017**, the Zimbabwe branch of the Stanbic Bank (part of the Standard Bank Group headquartered in South Africa) announced it was closing the accounts of the Cuban Embassy in that country and the end of any transactions related to Cuba, due to instructions of this correspondent banks Deutsche Bank (Germany) and Unicredit Bank (Italy), because of reasons related to the US blockade of Cuba.

- ❖ **On 20 July of 2017**, a branch of the BNP PARIBAS FORTIS S.A. bank in Belgium refused to issue a bank guarantee to certify normal commercial activity and the absence of debts to the Belgium company R.I.P.I. SPRL, since it was going to be used for commercial activities with Cuba.
- ❖ **On 19 September of 2017**, the ING Bank of Holland refused to carry out a transfer of funds coming from a Dutch citizen to an account of the RFA-Cuba Friendship Association for the purpose of being a donation to help in the recovery from Hurricane Irma's passing through Cuba. The bank's argument stated that they were not executing any transactions that would be directly or indirectly related to certain countries such as Cuba, according to the terms in OFAC regulations.
- ❖ **In November of 2017**, OFAC levied a fine of \$ 204,277 on the American Express Company (Amex) for violating the laws of the blockade against Cuba. This sanction was due to the fact that the Belgian company BCC Corporate S.A. (BCCC), a subsidiary of the Alpha Card Group, which has 50 percent ownership by Amex, issued credit cards to clients in Europe that were used to make purchases in Cuba.
- ❖ **On 28 December of 2017**, the ASB Bank of New Zealand froze a transfer in Australian dollars coming from the Cuban Embassy in New Zealand going to a Vietnamese freight company.
- ❖ **On 6 February of 2018**, the American company Stripe cancelled the accounts of all its clients who had ties with Cuba due to the new measures adopted by the US government against Cuba.
- ❖ **On 13 February of 2018**, the ASB Bank of New Zealand refused to make a transfer from a New Zealand citizen to a travel agency because the word "Cuba" was used in the transaction. The bank told the citizen that, among its regulations, was the stopping of all transactions directly or indirectly related with Cuba.
- ❖ **On 13 February of 2018**, the Bank of Qatar (IBQ) refused to make a transfer of funds for a Cuban citizen based in that country for reasons related with the US blockade against Cuba.

- ❖ **On 9 March of 2018**, the Jamaican First Caribbean International Bank, a branch in Jamaica of the Canadian Imperial Bank of Commerce, set up road blocks to the installation of the system of payments using credit and debit cards required by the Embassy of Cuba because they were afraid of being sanctioned for violating the blockade regulations.

## **5.2 Repercussions on Cuban entities (some examples):**

- ❖ **On 11 May of 2017**, the Cuban company TECNOTEX received word from Hyundai Elevators about the impossibility of working directly with TECNOTEX due to the blockade, since said company operates accounts in banks that maintain financial relations with US banks.
- ❖ **On 2 June of 2017**, we learned that the online learning platform Future Learn (belonging to the British public institution Open University) blocked the participation of several members of the Cuban Anesthesiology and Resuscitation Society because Cuba is on the list of countries under US government sanctions.
- ❖ **On 21 July of 2017**, a Belgian branch of the US company Hewlett Packard refused to sell to the Belgian company STUDIOTECH 30 specialized computers because they were going to make up a complete station that would be sold to the Cuban Radio and Television Institute.
- ❖ **On 27 July of 2017**, we learned that a Belgian branch of BNP PARIBAS FORTIS refused to both send a remittance to Cuba and to transfer artists who had taken part in the CUBALAND exhibition because in both cases there was a connection to Cuba.
- ❖ **On 4 January of 2018**, we learned that the South African First National Bank had refused to process a transaction of one of their clients being sent to the offices of HAVANATUR UK LTD, because it had a relation to an entity included on the OFAC List of Sanctions. .
- ❖ **On 12 February of 2018**, we learned about the Bradesco Bank of Brazil preventing the Brazilian company Emporium Cigars from

carrying out operations with the Cuban entities BICSA and Habanos S.A. because of the regulations being imposed by the blockade of Cuba.

- ❖ **On 19 March of 2018**, Multibank of Panama cancelled several transactions in Euros coming from US companies and going to a Cuban company through the Panamanian company CCAS.S.A. Transactions corresponding to payments for over-flight services were cancelled because they had originated in a US bank and were going to Cuba.
- ❖ **On 28 March of 2018**, the German bank Deutsche Postbank, due to blockade regulations, refused to make a transfer in Euros from the German publisher 8MAI, going to Granma International.

### **5.3 Other Extra-Territorial Repercussions (some examples):**

- ❖ **On 18 September of 2017**, the French branch of Forax sent word to the Cuban Mission at UNESCO that it would be cancelling all the mission's fuel cards since the supplier, the British-Dutch company Royal Dutch Shell, was prohibiting fuel supplies to countries which, as in the case of Cuba, were under US sanctions.
- ❖ **On 28 October of 2017**, the Cuban Embassy in Australia reported that the private Australian banks Australia and New Zealand Banking Group (ANZ), Commonwealth, Saint George, Bendigo and Westpac, continued to set up road blocks to any transactions connected to Cuba, in this case the sending of aid in solidarity after the damages caused by Hurricane Irma.
- ❖ **On 28 October of 2017**, we learned that the ANZ Bank indicated to the New Zealand travel agency World Journeys that they should suspend their direct and indirect operations with Cuba, otherwise they would be forced to have their corporation account closed in that bank.
- ❖ **On 27 November of 2017**, the Chilean private banks Banco de Crédito de Inversiones de Chile, Banco Edwards, Banco de Chile, ITAN, BBVA Chile and the government bank Banco Estado refused to

transfer funds to Cuba that had been collected by the Chilean Movement for Solidarity with Cuba for recovery from the damages caused by Hurricane Irma. These institutions argued that Cuba was subject to the regulations of the US blockade and because of that they were not allowed to make such transactions.

- ❖ **On 18 August of 2017**, we learned that a New Zealand branch of the Westpac Bank temporarily stopped a transfer of funds coming from the New Zealand company Havana Coffee Works, to pay for the purchase of coffee in Vanuatu, because the name of the company contained the word “Havana”.
- ❖ **In February of 2018**, at the Sheraton Addis Hotel in Ethiopia, because of indications received at its US headquarters, refused to honor reservations for a Cuban delegation visiting the country using the excuse of the blockade regulations against Cuba.
- ❖ **On 27 April of 2018**, FedEx Express cancelled the account belonging to the Cuban Embassy in Antigua and Barbuda, using the argument that this company and its international subsidiaries are subject to US law, and therefore it is impossible to send anything to governments under OFAC sanctions.
- ❖ **On 21 May of 2018**, we learned about the Argentine online payment company Prisma (TODO PAGO) cancelling its services to the affiliate of HAVANATUR S.A. in Argentina, alleging that this entity is on the OFAC List of Sanctions.

## **6. World Opposition to the Blockade**

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### **6.1 Opposition to the Blockade inside the United States:**

Inside American society the sectors opposing the absurd policy of blockading Cuba continue to grow and diversify, in spite of the interest of the current government to take back the advances made in bilateral relations between December of 2014 and the beginning of 2017.

Groups such as Engage Cuba and CubaNow, whose aim is to encourage bilateral relations and promote the lifting of the blockade, maintained their work in this regard and they diversified their radius of action. They also managed to maintain their scope in several sectors of US society such as agriculture, culture and business and they even worked to obtain support in the executive and legislative branches of government, both at the federal and state levels.

Next some examples of opposition to the blockade in the United States:

- ❖ **On 6 June 2017**, the Michigan State Senate adopted a resolution to request the US Congress to develop and improve commercial relations with Cuba.
- ❖ **On 12 June 2017**, Senators Amy Klobuchar (D-MN), Chris Murphy (D-CT), Dick Durbin (D-IL), Debbie Stabenow (D-MI), Sheldon Whitehouse (D-RI), Elizabeth Warren (D-MA), Al Franken (D-MN), Brian Schatz (D-HI), Michael Bennet (D-CO), Jon Tester (D-MT), Patrick Leahy (D-VT), Rob Wyden (D-OR), Claire McCaskill (D-MO) and Jeanne Shaheen (D-NH) sent an open letter to the then-Secretary of State Rex Tillerson, in which they championed maintaining and expanding economic and political ties with Cuba, including the elimination of the blockade.
- ❖ **On 12 June 2017**, Engage Cuba and MorningConsult publicized the results of a national survey on Cuba where it was learned that most registered Republican voters supported lifting commercial and travel restrictions with Cuba and that most US citizens were in favor of maintaining bilateral relations.
- ❖ **On 20 June 2017**, Congressman Bobby Rush (D-IL) introduced Draft Bill H.R. 2966 in the House of Representatives, to lift the blockade against Cuba and other items.
- ❖ **On 20 June 2017**, Florida Atlantic University (FAU) publicized the results of a survey on Cuba done in the state where it was shown that only 34 percent of Florida residents support Trump's new policy.

- ❖ **On 1 August 2017**, Senator Ron Wyden (D-OR) presented a draft bill for commerce between Cuba and the United States of 2017 (S.1699) for the aim of abolishing the sanctions against Cuba and to establish normal commercial relations between the two countries.
- ❖ **On 1 August 2017**, a bipartisan group of political leaders and businessmen from Kentucky, headed by the Commissioner for Agriculture of the state, Ryan Quarles, and businessman Jonathan Blue, launched the State Council for Engage Cuba in Kentucky. The purpose of this organization is to lift the blockade in order to boost exports of the principal industries in Kentucky such as agriculture and manufacturing.
- ❖ **On 26 September 2017**, the president of Cuba Cultural Travel, Michael Sykes, and lawyer Dani Pérez founded an organization named American Tour Operators in Cuba (ATOC) which brings together over 50 US companies involved in the tourism industry in Cuba.
- ❖ **On 28 October 2017**, the Fourth Encounter of Cubans Residing in the US in Defense of National Sovereignty and Against the Blockade came to a close at Howard University in Washington, where it agreed to promote statements favorable to the normalization of relations with Cuba, the elimination of the blockade and freedom of travel at city councils and in local legislatures.
- ❖ **On 21 February 2018**, during a press conference in Havana along with other US congressmen visiting Cuba, the Democrat Senator from Oregon, Ron Wyden, mentioned the bipartisan support which exists in the US Congress for the lifting of the blockade. He also revealed his concerns about the Trump government's steps backward towards Cold War policies.
- ❖ **On 1 March 2018**, a coalition of 28 travel agencies and companies specializing in educational trips to Cuba demanded the reduction of travel restrictions to Cuba for Americans in a communiqué addressed to President Donald Trump.

## 6.2 Opposition of the International Community to the Blockade:

The growing overwhelming support of the international community for Cuba in its demand for the end of the blockade is notable. In the period covered by this Report, numerous statements in favor of the immediate and unconditional lifting of this policy were made.

The following are noteworthy examples:

- ❖ **On 13 September 2017**, within the framework of the 36<sup>th</sup> Session of the Human Rights Council the negative effects of the economic, commercial and financial blockade imposed by the United States against Cuba were denounced and a call was made for its total elimination. On this occasion, 24 developing countries and the African Group participated in the interactive dialogue with the Special Rapporteur on the negative repercussions of the unilateral coercive measures on the enjoyment of human rights.
- ❖ **On 14 September 2017**, also within the framework of the 36<sup>th</sup> Session of the Human Rights Council the biennial debate on unilateral coercive measures was held. Also, the Non-Aligned Movement, the African Group, the League of Arab States, the Organization of Islamic Cooperation and Cuba, on behalf of a group of countries, participated with another 15 developing countries. The Special Rapporteur on the negative repercussions of unilateral coercive measures on the enjoyment of human rights, the Independent Expert on the promotion of a democratic and equitable international order, a member of the Human Rights Council Advisory Committee, and others participated as panelists.
- ❖ **On 22 September 2017**, the Ministers of Foreign Affairs of the Group of 77 and China in their Ministerial Declaration once again rejected the application of the blockade against Cuba and the imposition of unilateral coercive measures against developing countries. The text was adopted at the 41<sup>st</sup> Ministerial Meeting of the Group held within the framework of the 72<sup>nd</sup> Session of the UN General Assembly in New York.

- ❖ **In September of 2017**, during the general debate at the 72<sup>nd</sup> Session of the UN General Assembly, 37 heads of delegations made statements in favor of lifting the blockade.
- ❖ **On 1 November 2017**, the UN General Assembly approved for the twenty-sixth consecutive time, the resolution entitled **“Necessity of ending the economic, commercial and financial blockade imposed by the United States of America against Cuba”** receiving 191 votes for and only 2 votes against, those of the United States and Israel.
- ❖ **At the debate on the Resolution**, 41 speakers from all the world’s regions participated, requesting the immediate lifting of the blockade. Among these, 7 representatives from regional and sub-regional coordination groups and organizations were outstanding: the Group of 77 and China, the Non-Aligned Movement, the Community of Latin American and Caribbean States, the Caribbean Community, the African Group, the Organization of Islamic Cooperation and the Association of Southeast Asian Nations.

(The following is a chart showing UN Voting on the Resolution against the Blockade from 1992 to 2017.)



YEAR	IN FAVOR	AGAINST	ABSTAIN
1992	59	3	71
1993	88	4	57
1994	101	2	48
1995	117	3	38
1996	137	3	25
1997	143	3	17
1998	157	2	12

1999	155	2	8
2000	167	3	4
2001	167	3	3
2002	173	3	4
2003	179	3	2
2004	179	4	1
2005	182	4	1
2006	183	4	1
2007	184	4	1
2008	185	3	2
2009	187	3	2
2010	187	2	3
2011	186	2	3
2012	188	3	2
2013	188	2	3
2014	188	2	3
2015	191	2	0
2016	191	0	2
2017	191	2	0

- ❖ **On 29 November 2017**, the Latin American Economic System Council (SELA in its Spanish-language abbreviation) met in Ministerial Session in Caracas and approved the Declaration “End of the Economic, Commercial and Financial Blockade of the United States against Cuba”, in which they requested the government of the United States to comply with the provisions of the successive UN General Assembly resolutions, and in this regard, to put an end to the economic, commercial and financial blockade its government maintains against Cuba.
- ❖ The 106<sup>th</sup> edition of the Council of Ministers of African, Caribbean and Pacific Countries, meeting in Brussels, Belgium, on 5 and 6 December 2017, approved a declaration against the blockade imposed on Cuba, in which the condemnation of that US policy is reiterated and concern about the steps backward on bilateral Cuba-USA relations is expressed.

- ❖ **On 30 January 2018**, the 30<sup>th</sup> Summit of Heads of State and Government of the African Union adopted the "Resolution on the lifting of the economic, commercial and financial blockade imposed on Cuba by the United States". The document concludes with the reaffirmation of the solidarity of the 55 member States of the African Union with Cuba.
- ❖ During the 18<sup>th</sup> Ministerial Inter-Summit Meeting of the Non-Aligned Movement, held from 3 to 6 April 2018 in Baku, Republic of Azerbaijan, a number of heads of delegations spoke against the blockade on Cuba and the Final Document which was adopted reiterated strong denunciation of this policy.

In the period being analyzed, the ***CUBA VS BLOQUEO*** website recorded over 200 declarations and denunciations against the blockade by solidarity movements, parliaments and parliamentary groups, eminent scientists, activists, friendship associations and associations of Cubans Residing Abroad, NGOs and local, federal and national government organizations from all over the world, all adding their voices to the unanimous rejection generated by the blockade against Cuba. Next, a few outstanding examples:

- ❖ **On 11 July 2017**, in the context of the Twenty-eighth Edition of the US-Cuba Caravan of Friendship, the Pastors for Peace again challenged the immoral US blockade of Cuba. The members of the Caravan travelled to Cuba without Treasury Department permission running the risk of receiving sanctions and fines, and they demanded not only to maintain the advances achieved in the preceding period but that the prohibition on US citizens of not being able to travel freely to Cuba should be ended.
- ❖ **On 15 September 2017**, the Calvary Baptist Church of Washington DC provided the scenario for a chat about the impact of the blockade policy against Cuba in the health sector. At this event chanting was heard proclaiming "*Cuba sí, bloqueo no*" and "*Viva Cuba*", also as a

demand by US society top put an end to the blockade imposed against the Island.

- ❖ **On 6 October 2017**, Senator Roberto Requião of the Brazilian Democratic Movement Party – PMDB called Donald Trump’s policy towards Cuba irrational nonsense. In his declarations to Prensa Latina, the senator expressed that Trump created an absolutely unreal theory about the supposed noise attacks on the personnel in the US Embassy in Cuba, a theory that is complete nonsense.
- ❖ **On 9 October 2017**, Russian cosmonaut, Hero of the Russian Federation and Deputy to the State Duma of the Federal Assembly, Román Romanenko, issued a declaration in which he urged for the end of the economic, commercial and financial blockade imposed by the United States against Cuba for over half a century. Romanenko remembered the call made by the State Duma in its plenary session, directed to the UN General Assembly, to the parliaments of the UN member states, and to international parliamentary organizations, about the necessity to put an end to this failed policy which is still in place and which is hurting the Cuban people.
- ❖ **On 12 October 2017**, within the framework of the Fourth Encounter of Worker-Youth of the World Union Federation of the Southern Cone that has its headquarters in Argentina and in the presence of over 450 delegates from 8 countries, the World Union Federation adopted a resolution which condemns the unfair economic, commercial and financial blockade.
- ❖ **On 22 October 2017**, Nobel Peace Prize laureate Rigoberta Menchú expressed her support for the end of the blockade that the US maintains over the Island, which is qualified, in her own words, as an act of genocide.
- ❖ **On 1 November 2017**, hours prior to the historic vote against the blockade in the UN General Assembly, the Jamaican Parliament unanimously approved a motion that condemned the obsolete policy which affects to a great extent the people of Cuba. The motion was approved for the ninth consecutive year by the Jamaican legislators

and refers to this policy as “continuing to be the principal obstacle for the social and economic development of Cuba”.

- ❖ **On 3 November 2017**, Nobel Prize in Physics laureate and deputy to the Russian Federation State Duma, Zhorés Alfiórov, issued a declaration addressed to the General Assembly and to the parliaments of the UN member states about the necessity of eliminating the economic, commercial and financial blockade imposed by the United States against Cuba.
- ❖ **On 16 March 2018**, the social and union movements present at the 13<sup>th</sup> World Social Forum of Salvador de Bahía, Brazil, demanded the end of the economic, commercial and financial blockade imposed by the United States against Cuba for over more than five decades.
- ❖ **On 14 April 2018**, President Evo Morales Ayma of the Plurinational State of Bolivia condemned "the unilateral sanctions and threats of invasion carried out by the government of the United States against Venezuela" and he demanded the unconditional lifting of the blockade against Cuba in his speech to the Summit of the Americas.

## **Conclusions**

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From April of 2017 until March of 2018, the economic, commercial and financial blockade imposed by the government of the United States against Cuba has been intensified and applied with strict rigor. This policy continues to be the principal obstacle for the development of the Cuban economy and the full enjoyment of all the human rights of the people of Cuba, constituting a serious challenge for the implementation of Agenda 2030 and its Sustainable Development Goals.

The intensification of the extra-territorial application of the blockade has unleashed the irrational persecution of Cuban commercial and financial transactions, with reprisals against businessmen and banking and

financial entities having ties with Cuba. The ongoing harassment of the business community and the threats and sanctions on foreign investors, demonstrate the disdain of the United States authorities for international law and the attributes of the sovereignty of other countries in the world.

The accumulated damages due to the blockade for the almost six decades of its application total \$ **933,678,000,000** dollars, taking into account the depreciation of the dollar in terms of the price of gold on the international market. At current prices, the blockade has caused damages that can be calculated at over \$ **134,499,800,000**.

In the period being analyzed, the blockade has caused Cuba losses of around \$ **4,321,200,000**.

The regulations and provisions adopted by the Departments of the Treasury, State and Commerce of the United States in November of 2017 to put into practice the policy of intensifying the blockade announced in June of 2017 by President Trump, restricted even further the right of US citizens to travel to Cuba and it imposed additional obstacles on the limited opportunities of the American business sector to engage in trade with Cuba.

The intensification of the financial and banking blockade, eminently extra-territorial in nature, constitutes pressure and unwavering persecution on Cuban financial assets abroad and a growing obstruction for the establishment of normal relations for the Cuban banking system with its foreign counterparts, thereby causing serious repercussions on the country's economy, particularly on the commercial activities of national companies and banks in their associations with international banking.

The blockade violates international law. It is contrary to the purposes and principles of the United Nations Charter. It constitutes a transgression on the right to peace, development and the free determination of sovereign States. In its essence and by its objectives, it is an act of unilateral aggression and it is a permanent threat to the stability of a country. It also violates the constitutional rights of the American people by destroying their freedom to travel to Cuba. Moreover, it transgresses on the

sovereign rights of many other States because of its extra-territorial nature.

The government of the United States must totally eliminate the blockade on Cuba, unilaterally and unconditionally. That would be in keeping with the overwhelming demands of the international community and with the opinion of the great majority of voices, coming from various sectors inside the United States, who ask for an end to this unjust policy.

Cuba and its people trust that they will continue to have the support of the international community in their legitimate claim to put an end to the economic, commercial and financial blockade imposed by the government of the United States of America.