Reassessing Canada’s Relationship with Cuba in an Era of Change

Lana Wylie

October 2010
AUTHOR BIOGRAPHY

Dr. Lana Wylie, an Associate Professor in Political Science at McMaster University, received her Doctorate in Political Science from University of Massachusetts, Amherst in 2003. She held a Postdoctoral fellowship at the Institution for Social and Policy Studies at Yale University in 2003-2004.

Dr. Wylie’s research focuses on Canadian and American foreign policy, Latin American and Caribbean politics with an emphasis on Cuba, and international relations. Her book, Perceptions of Cuba: Canadian and American Policies in Comparative Perspective (University of Toronto Press, 2010) compares Canadian and American policies toward Cuba. She has recently co-edited two volumes on Canadian foreign policy. They are Canadian Foreign Policy in Critical Perspective (with J. Marshall Beier) (Oxford University Press, 2010); Our Place in the Sun: Canada and Cuba in the Castro Era (with Robert Wright) (University of Toronto Press, 2009). She has also published articles examining American and Canadian relations with the Caribbean. Her article, “Isolate or Engage: Divergent Approaches to Foreign Policy toward Cuba,” was published in Heather Nicol and Michele Zebich-Knos, edited volume, Foreign Policy toward Cuba: Isolate or Engage (Lanham, MD: Lexington Books, 2005). Another article, “Identity and Perception in Foreign Policy: A Comparative Study of Canadian and American Foreign Policy,” was published in Canadian Foreign Policy (2004). Other recent works include “Globalization and Africa’s Experience: Fetching Water from a Broken Cistern” (with Charles Conteh) in Howard Wiarda ed. Globalization: Universal Trends, Regional Implications (University Press of New England, 2007); and “In Search of Prestige: Canadian Foreign Policy and the International Criminal Court” (2009) with the American Review of Canadian Studies. In 2009-10 she received a research grant from the Canadian International Council to study the Canadian-Cuban relationship. Most recently, she was the guest editor of an issue of Canadian Foreign Policy Journal (2010) entitled “The Politics of Canada-Cuba Relations: Emerging Possibilities and Diverse Challenges.”

ACKNOWLEDGEMENTS

I would like to acknowledge the support of the Canadian International Council. I am also grateful for the research support of Calum McNeil and the comments of an anonymous reviewer.

The opinions expressed in this paper are those of the author and do not necessarily reflect the views of the Canadian International Council, its Senate or its Board of Directors.

If you would like to download a copy of this report please visit www.onlinecic.org

If you would like to be added to our mailing list or have questions about our publications please contact: info@onlinecic.org

ISSN 1919-8213 (Online) ISSN 1919-8205 (Print)

© 2010 Canadian International Council
# Table of Contents

Executive Summary ........................................................................................................... 4

Résumé ................................................................................................................................................. 4

Introduction ............................................................................................................................................... 5

Cuba Today ........................................................................................................................................... 5
  Cuba in the Hemisphere ........................................................................................................................... 5
  New Leadership ....................................................................................................................................... 6
  Cuba and the United States ...................................................................................................................... 7

Canada, Cuba, and Latin America ................................................................................................. 9
  The Harper Government’s Approach ..................................................................................................... 10

Policy Opportunities for Canada ...................................................................................................... 11
  Diplomacy and Cuba’s Future .................................................................................................................... 12
  Influence in the Hemisphere .................................................................................................................... 12

Economic Opportunities for Canada ............................................................................................. 13
  Investment and Joint Ventures .................................................................................................................. 13
  Biotechnology ......................................................................................................................................... 17

Conclusion ................................................................................................................................................ 18

References ............................................................................................................................................... 20
EXECUTIVE SUMMARY

This paper presents an overview of Canada’s relationship with Cuba during a critical period flux. It reviews the changes underway in Cuba, examining the juxtaposition of significant domestic and international factors. Raúl Castro’s reforms are transforming Cuba internally while the United States, under the leadership of Barack Obama, is altering Cuba’s international context by exploring the normalization of the relationship. The paper summarizes Canada’s diplomatic and economic relations with the island country, and considers opportunities in the relationship at this pivotal time.

The paper also discusses the importance of Cuba in Canada’s broader goals in the Americas, highlighting Cuba’s favoured position in the region. The health of the Canadian-Cuban economic relationship is a particular focus in the context of Cuba’s current economic crisis, the evolving structure of the Cuban economy, and the US economic embargo. The paper highlights the complications that these factors present for Canadian investors but also considers the rather unique opportunities related to investing on the island. Cuba’s tourist sector is explored in the dual contexts of the continuation or the possible end of the US embargo. The biotechnology and medical sector is highlighted as a particular strength given Cuba’s substantial investment in this sector and in the education of its citizens.

The paper concludes that there are political and economic opportunities for Canada in preserving good relations with the current government in Havana. Moreover, Cuba’s influence in the region is exceptional for a country of its size and as such maintaining a solid relationship with Havana will facilitate Canada’s broader goals in the Americas.

RESUMÉ

Cette étude traite des relations qui unissent le Canada à Cuba dans la période charnière actuelle, et elle recense les changements en cours sur l’île des Antilles à la lumière d’une convergence de facteurs à la fois internes et internationaux. Les réformes engagées par Raúl Castro transforment en effet le pays de l’intérieur tandis que, sous le leadership de Barack Obama, les États-Unis font bouger la position internationale de Cuba en explorant la possibilité de normaliser les relations américano-cubaines. On y fait aussi la synthèse des liens économiques et diplomatiques du Canada avec La Havane tout en envisageant les occasions qui pourraient en découler.


En conclusion, l’auteure avance que Cuba présente de réelles opportunités économiques et politiques qui devraient inciter le Canada à préserver de bonnes relations avec La Havane. D’autant plus que l’influence de Cuba dans la région est exceptionnelle pour un pays de cette dimension, et que le maintien de solides relations favoriserait la poursuite des objectifs canadiens dans l’ensemble des Amériques.
Introduction

Pierre Trudeau greeted the crowd in Havana with “Viva el Primer Ministro Fidel Castro!” during his 1976 state visit to Cuba. This cheer to the people of Havana has become a symbol of the Canadian-Cuban relationship even though the bilateral relationship has experienced difficult periods as well as moments of closeness. Cuba has held a special place in Canadian foreign policy in large part because for more than 50 years Ottawa has maintained diplomatic ties with the Cuban government despite pressure from Washington to take a very different stance toward the island.

Yet as we enter a new decade it is clear that the Department of Foreign Affairs and International Trade needs to carefully consider Canada’s policy toward Cuba. In 2008 Fidel Castro resigned as president of Cuba, almost two years after he had temporarily transferred power to his brother, Raúl Castro. According to a former Cuban diplomat and well-respected scholar, Carlos Alzugaray Treto, “This historic moment for Cubans raises the prospect of inevitable changes and the associated uncertainty.” Indeed, as president of Cuba, Raúl Castro has begun to institute a series of incremental changes that could prove to be highly significant for Cuba and its relations abroad. There is also some potential for further change in US policy toward Cuba under the leadership of President Barack Obama, who has made some admittedly limited policy changes toward the island state, including alterations to the restrictions regarding family visits and remittances.

These changes present both challenges and opportunities for Canadian policy. In order to navigate these shifting waters the Canadian government requires a coherent policy approach that is consistent with Canada’s priorities and role in the world.

Cuba Today

Cuba, a country of 11 million people, ranks 51st out of 182 on the UN Human Development Index, which puts it in the “high” category, well above most countries with similar income levels and even above middle-income countries such as Turkey, Mexico, and Brazil. This placement reflects Cuba’s well-known success in the provision of health care and education to its populace. In contrast to many of its neighbours, Cuba has a life expectancy of 79 years, and its literacy rate of 99.8 percent matches or even exceeds the rates of much wealthier “developed” countries.

Since the collapse of the Soviet Union, Cuba has taken steps toward establishing a mixed economy with centrally planned and limited private sector elements. Cuba’s most significant resources include nickel (the island has the world’s second-largest reserve) and oil (which is largely untapped). Tourism, sugar, biotechnology, and the export of professional and medical services are also important sources of foreign currency.

Cuba in the Hemisphere

Cuba is an important global actor, often playing leading roles in international organizations such as the Non-Aligned Movement and the Group of 77, and more recently as a member of the UN Human Rights Council. Cuba is also a major actor in the Americas. Cuba, along with Venezuela, was a founding member of ALBA, the

1 Alzugaray Treto, “Continuity and Change.”
2 According to the United Nations Development Programme, “Each year since 1990 the Human Development Report has published the human development index (HDI) which looks beyond GDP to a broader definition of well-being. The HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and gross enrolment in education) and having a decent standard of living (measured by purchasing power parity, PPP, income).” “Human Development Report.”
3 The life expectancy statistics are 2008 figures as reported in Unicef, “Cuba: Statistics.” This figure equals the U.S. rate; Unicef, “At a Glance.” For more detailed information, see country profiles published by the World Health Organization: “Cuba” and “United States.” The literacy rate is the 2009 figure as reported in United Nations Development Programme, “Human Development Report.”
Reassessing Canada’s Relationship with Cuba in an Era of Change

Alianza Bolivariana para los Pueblos de Nuestra América, or the Bolivian Alliance for the Americas.4 The ALBA states, committed to eventual integration, have begun introducing a common currency, the Sucre.5

Cuba has also been an economic pillar in the region. Cuba’s GDP grew at an average of 6 percent during the first six years of this century. Although Cuba is currently facing a serious economic crisis due to the global recession and natural disasters, its economic influence in the region is likely to be sustained over the long term.

Cuba’s stature among other states in the region is high, most significantly due to Cuba’s willingness and ability to provide medical services to its neighbours. Medical personnel are sent abroad in large numbers. At any one time there are thousands of Cuban health care workers in other countries. For example, recent calculations indicate that there are approximately 30,000 Cuban medical personnel in Venezuela alone (although estimates vary between 20,000 and 50,000).6 The Cuban state also provides disaster relief worldwide. For instance, when Bolivia was hit by massive flooding in January and February 2007, the Cuban government quickly sent 100 doctors to give aid in the flooded areas. Cuba’s response to the 2010 Haitian earthquake received global recognition.7 Cuba has fostered an international reputation as a state that other Latin American and Caribbean countries can rely on for leadership and assistance. This reputation has become an essential part of Cuba’s strategy to counter the United States.

Cuba’s international reputation is evident in the support it receives in international forums. Although the annual vote in the UN General Assembly against the US embargo has become so routine it has almost lost its significance, it is worth noting that in 2009, 187 countries sided with Cuba, as opposed to two countries that sided with the United States. In June 2009 the Organization of American States voted to lift Cuba’s nearly five-decade-long suspension from the organization. Although the move did not impress Havana, which insists Cuba remains uninterested in taking up its membership, it does indicate changing international opinion.

Cuba’s importance to the world is reflected in the large number of official visits to the island. In 2009, 41 heads of state or government made the trip to Havana. Of these, 18 were from Latin America or the Caribbean.8 This trend continued into 2010, beginning with a visit from St. Lucia’s prime minister, Stephenson King, on January 6. Other leaders, including Brazilian president Luiz Inacio Lula da Silva, who made his third official trip to Cuba in two years, visited Havana in the first half of 2010.

New Leadership

Since Fidel Castro stepped down as president of Cuba in 2008, Raúl Castro has initiated a series of changes on the island that indicate he is willing to consider alternatives to the way Fidel had run the country. For example, early on he announced that university students should “vigorously debate” the successes and failures of the Revolution, and he authorized the unrestricted purchase of cellphones and electronic equipment such as computers and DVD players. He has also begun to implement changes in Cuba’s economic and political structures. He announced plans to reduce the size of the state bureaucracy and lessened the restrictions on economic activity, including removing the limits on wages and allowing the reorganization of the agricultural sector, which has fared very poorly.9

Estimates indicate that Cuba has had to import between 70 and 80 percent of its food while most of its agricultural land remains underutilized or essentially abandoned. In a 2007 speech about reforming Cuban agriculture, Raúl Castro said it is necessary “to question everything we do in order to do it better, to transform

---

4 ALBA’s expanding membership now includes eight states from the Caribbean and Latin America as well as other states with observer status.
5 For more information on Cuba’s involvement with ALBA, see Cuba, Minrex, “ALBA.”
6 For example, “Cuba Won’t Bow to Outside Pressure.”
7 For example, Burnett, “Cuban Doctors Unsung Heroes”; Caribbean Net News, “Cuban Medical Brigade.”
8 Yaffe, “New Dog, Old Tricks.”
9 In August and September 2010 Raúl Castro announced further changes to the Cuban economic structure, including permitting even greater levels of self-employment, instituting a new tax system, and a major reorganization of the state sector.”
Reassessing Canada’s Relationship with Cuba in an Era of Change

ideas and methods that were once appropriate but have now been superseded by life itself.”

Since this announcement the Cuban leadership has implemented numerous reforms in this sector, including efforts to promote greater food production by allotting more land to co-operatives and private farmers. By the end of 2009 the government had allocated approximately 920,000 hectares, equivalent to just over half of the idle land area, to 100,000 people. Although many of these reforms have been slowed by the food and fuel crisis and by hurricanes that have seriously damaged the island’s economy, incremental changes are being implemented. For example, in January 2010 it was reported that the sale of fruit and vegetables at roadside stands had become legal in some Cuban provinces, prompting speculation that this change might be “a precursor for the rest of country.”

Furthermore, in March 2009 Raúl Castro made a number of key changes in personnel at the apex of his government. Most significantly he removed Carlos Lage from his post as vice-president of the Cuban Council of State and Felipe Pérez Roque as foreign minister. Many Cuba watchers predict that the change in the foreign ministry is indicative of a shift toward a less ideologically motivated and more pragmatic approach to foreign affairs. Indeed, in the realm of foreign policy, Raúl Castro has signed the two major international human rights declarations and has indicated he would like to begin a new era of US-Cuban relations. In July 2010 Cuba announced it would release 52 prisoners, the largest mass release in decades, following discussions with a leader of the Catholic church, Cardinal Jaime Ortega.

These and many other similar changes amount to serious internal reorganization, although still within the overall framework of the Revolution. It is likely that this process of change will continue within the next decade as many of the old guard who formed the first generation of Cuba’s revolutionary government fade from the scene. Yet for the foreseeable future Cuba is likely to remain a one-party state with considerable control over its society.

Cuba and the United States

Many Cuba watchers believed that Barack Obama would overturn the embargo early in his administration. His early public remarks indicated he would work toward normalization; in 2004 he declared that “it is time for us to end the embargo.” As a presidential candidate, Obama stated that his administration would “grant Cuban-Americans unrestricted rights to visit family and send remittances to the island.” In the spring of 2009, he followed through on this promise, announcing that Americans with relatives in Cuba could visit Cuba without any restrictions and could also send as much money as they would like to family on the island. It looks as if the next step toward normalization will be the loosening of the restrictions instituted by President George W. Bush on travel to Cuba by religious, cultural, and academic organizations. If the normalization process progresses, it will likely continue to do so in an ad hoc, piecemeal fashion. We will probably see legislation pass that lifts parts of the embargo, while leaving other provisions intact.

In September 2009, American and Cuban officials met in Havana to discuss the resumption of direct mail service between the two countries. In July 2009, Obama reopened the migration talks with the Cuban government that were suspended in 2003. Although the talks on these issues were temporarily postponed because of difficulties, they indicated a greater willingness to engage in dialogue. Indeed, once the United States and Cuba began speaking again, this time about coordination over their responses to the Haitian earthquake, the migration talks were resumed. Both Cuban and American officials were pleased with the June 2010 migration

10 Castro Ruz, “Trabajar con sentido crítico y creador.”
11 For a brief, but comprehensive, review of the history of Cuban agriculture from 1959 to 2008, see Sinclair and Thompson, “Going against the Grain.” For an analysis of the recent changes, see Vidal Alejandro, “Cuban Economic Policy.”
13 Estimates indicate that the damage from the 2008 hurricanes alone totalled US$10 billion.
14 Frank, “Street-legal Vendors.” For more information on the condition and outlook of the Cuban economy, see Vidal Alejandro, “Cuban Economic Policy.”
15 BBC News, “Catholic Church.”
16 Obama, “Barack Obama on the Cuban Embargo.”
17 Obama, “Our Main Goal.”
18 Clark, “U.S., Cuba to Reopen Talks.”
talks, as progress was made on a number of fronts.\textsuperscript{19} Cooperation over Haiti included, among other developments, an American offer to provide supplies to Cuban medical teams working in Haiti and the Cuban decision to open its airspace to American planes engaged in the relief effort. Talks have also occurred about the BP oil spill in the Gulf of Mexico.\textsuperscript{20}

During the last year, people-to-people exchanges have quietly gained momentum. In December 2009, the popular Spanish singer Juanes and the American musical group Kool and the Gang performed in Havana after receiving approval from both the Cuban and the American governments. Earlier that year, in November 2009, a group of American senior citizens legally travelled to Cuba to participate in a series of slo-pitch baseball games against Cuban seniors. More tellingly, also in December 2009, the internationally renowned Cuban musician Carlos Varela flew to the United States. His request for a visa in 2004 was denied by the Bush administration (even though organizers had sold almost 2,000 tickets for a concert in Miami). However, in 2009 he was granted a visa to record an album with Jackson Browne and to speak with legislators in Washington. The visit included a musical performance for an audience consisting of members of the US House of Representatives budget committee. Additionally, he was invited to give a talk hosted by the Center for Democracy in the Americas and American University’s Council on Latin America. Likewise, in June 2010, the folk singer Silvo Rodríguez was allowed to enter the United States to perform at Carnegie Hall, and the Cuban ballerina Alicia Alonso was given a visa so she could attend a performance of the American Ballet Theatre held in her honour.\textsuperscript{21} Rodríguez, like Varela and many other Cuban performers, had been denied visas under former president Bush. Following this pattern, and perhaps also in recognition of the recent release of prisoners on the island, it is probable that Obama’s next step will be to officially loosen the restrictions on Americans travelling to Cuba for cultural, academic, or religious reasons.

In addition to making the policy changes and enabling the cultural exchanges described above, the Obama administration has avoided much of the provocative behaviour characteristic of the previous administration. For example, in July 2009, the US Interest Section in Havana turned off the electronic billboard that had enraged the Cuban government since it was erected in 2006. This large scrolling billboard on the side of the US Interest Section had streamed messages critical of the Cuban government. In response to this provocation in 2006, the Cuban government erected towering black flags that obscured the messages and placed their own propaganda billboards in front of the Interest Section. Both Raúl Castro’s decision to remove the anti-American billboards earlier in 2009 and the Americans’ decision to turn off their billboard helped to further ease the tension between Havana and Washington.

Though the normalization of US-Cuban relations is more possible now than it was under the Bush administration, it is far from certain. The US-Cuban hostility has a long history, and fundamental sources of tension remain. Revolutionary Cuba does and will, for the foreseeable future, continue to be seen as the antithesis of American identity.\textsuperscript{22} The United States still sees itself as having a duty to engineer the restructuring of Cuba’s political and economic systems. Likewise, the belief that Cuba is within the US sphere of influence is unlikely to change and, as such, tension between Washington and Havana over the direction of Cuba’s future is likely to continue.

Along these lines, the Obama administration has reiterated familiar calls for change within Cuba and has stated that progress in the relationship depends on initiatives taken by Havana. The United States remains committed to political and economic change on the island. Secretary of State Hillary Clinton explained, “We’re continuing to explore ways to further democracy in Cuba and provide the Cuban people with more opportunities.”\textsuperscript{23} In the spring of 2010, Clinton called the Cuban government “an intransigent, entrenched
The Cuban government, no stranger to vitriolic rhetoric, did moderate its criticism of the United States during Obama’s first year in office. Yet it was not long before Havana had stepped up its criticism of the new American president. At the end of 2009, Havana had referred to the changes in American policy as “minor,” accused the United States of “undercover subversion,” and arrested an American contractor for illegally distributing communications technology. President Obama was called an “imperial chief” and described as arrogant after the Copenhagen summit. Fidel Castro, once an Obama supporter, criticized President Obama for negotiating American military access to Colombian military bases in December 2009. Fidel Castro wrote, “They are obviously the real intentions of the empire, this time under the friendly smile and African-American face of Barack Obama.”

Thus, the period between 2008 and 2010 has witnessed considerable change within the US-Cuban relationship, most notably a greater willingness to engage in dialogue. This fact alone means that normalization in the next few years remains a distinct possibility. However, normalization is unlikely to happen overnight, and the inconsistent and uneven pattern of relations that has characterized this most recent period will probably continue for the next few years. Ottawa should take advantage of this time to craft a coherent policy toward Havana.

**CANADA, CUBA, AND LATIN AMERICA**

Ottawa has maintained diplomatic ties and, when possible, economic, educational, and cultural connections with the Cuban government. This approach has provoked criticism from the United States. At the height of the Cold War, Canada was one of only two countries in the hemisphere that refused to follow the American dictate to isolate Cuba.

Over the last 50 years, Canadians and Cubans have developed numerous connections. Canadians have been the largest group of tourists in Cuba for many years. In 2009 over 900,000 Canadians travelled to Cuba, accounting for nearly 40 percent of all visitors to the island. The bilateral relationship is further reinforced by extensive academic and business connections.

Ottawa’s approach toward Cuba is often attributed to the influence of economic interests on foreign policy. The lack of American competition in most sectors (though no longer all, as agriculture is now a notable exception) would certainly seem advantageous from the Canadian perspective. By the early 2000s, Canada was one of Cuba’s four largest trading partners, accounting for approximately 7 percent of Cuba’s overall trade.

Canada also has considerable foreign investment in Cuba through joint venture arrangements with Cuban state firms. According to Bruno Hamel, Canada’s senior trade commissioner in Havana, in 2010 there were 15 Canadian joint ventures in Cuba. Only Spain has more joint venture agreements on the island. Canada’s largest

---

24 Quinn, “Castros.”
26 “Obama Responds.”
27 Lacey, “In Cuba, Hopeful Tenor.”
29 For Cuba-Canada trade figures see Cuba, Oficina Nacional de Estadísticas, table 8.4.
30 Email communication between Bruno Hamel, senior trade commissioner, Canadian Embassy, Havana, and Calum McNeil, McMaster University, Hamilton, Ontario, August 17, 2010.
31 Email communication between Hamel and McNeil (see note 30).
investor in Cuba, Sherritt International, began this association in 1991 in the nickel mining industry and has, at times, been more widely invested in areas such as Cuban tourism, transportation, communications, and oil and gas ventures, among other industries.32

Since 1994, Ottawa has provided foreign aid to Cuba with the aim of helping Cuba meet its developmental goals and encouraging Havana to adopt Western democratic norms. Since 1994, the Canadian International Development Agency (CIDA) has allocated $136 million to development projects and initiatives in Cuba, including $9.44 million in 2008.33

Since 1959, the federal government has operated on the view that Canada should treat the revolutionary government as “normal.” Depending on the government of the day, this treatment ranged from the intimacy exhibited in Trudeau’s early dealings with the island to “benign neglect” under Brian Mulroney. Under Jean Chrétien the decision to treat Cuba as “normal” shifted slightly. Rather than simply engage Cuba, as Canada did with other countries, Canada would now constructively engage with Cuba. The distinction reflected the Canadian government’s growing emphasis on fostering human rights and democracy abroad.34 The goal of constructive engagement is to create linkages between Cubans and Canadians and their governments in order to influence the development of a different economic and political model in Cuba, with an emphasis on fostering human rights and representative government.35 However, under former Liberal and Conservative governments, most controversial subjects were discussed privately in an effort to maintain a relationship characterized by dialogue.36

**The Harper Government’s Approach**

In 2007 Prime Minister Stephen Harper indicated that he planned to redirect Canada’s focus from Europe and Asia toward Latin America. In a speech in Santiago, Chile, Harper announced, “Re-engagement in our hemisphere is a critical international priority for our Government. Canada is committed to playing a bigger role in the Americas and to doing so for the long term.”37 The Canadian government moved forward with this goal by negotiating commercial agreements with Peru and Colombia and reaffirming the importance of the Canadian-Chile Free Trade Agreement. The appointment of a minister of state for the Americas was another indication that Harper was trying to give the region a higher priority. Haiti also received considerable Canadian attention and aid funding (second only to the amounts devoted to Afghanistan).38

Despite these diplomatic manoeuvres many argue that Harper has been unable to boost Canada’s stature in the region. According to the analyst Carlo Dade, “Increased development spending in Haiti and the Caribbean will not be seen as a substitute for rigorous diplomatic engagement … Engagement in Haiti and the Caribbean, as important as they are, does not create the perception that Canada is a serious actor amongst the rest of the hemisphere.”39 A recent indication that Canada has been unsuccessful in its re-engagement strategy is that it, along with the United States, was excluded from the newly organized Community of Latin America and Caribbean States.40 This body, which was conceived at a meeting of the region’s leaders at the Rio Group summit in Mexico, in February 2010, was explicitly designed to bar Canadian and American membership.41

---

32 Email communication between Hamel and McNeil (see note 30). Sherritt has since narrowed its interests in Cuba, focusing again on mining and oil: Sherritt International, “Current Investments in Cuba.”
33 Canadian International Development Agency, “Programming Framework.”
34 Wright, “Northern Ice.”
35 Canada, Department of Foreign Affairs and International Trade, “Cuba: Canada-Cuba Relations.”
36 Chrétien’s 1998 visit to Havana is the most well-known exception here.
37 Canada, Office of the Prime Minister, “Prime Minister Harper.”
39 Dade, “Canada at Home.”
40 Weisbrot, “Latin America’s Path.” For the organization’s founding document, see “Latin American and Caribbean Unity Summit Declaration.”
41 See papers by CIC Research Fellow Stephen Randall for in-depth analyses of Canada’s relationship with the Americas: http://www.onlinecic.org/resourcece/issueareas/canadaandtheamericas.
Cuba has been conspicuously absent from Harper’s renewed focus on the Americas. The Harper government has not focused on the Canadian-Cuban relationship and in fact, as we will see below, has at times created considerable additional friction in the bilateral relationship.

Many Cuba watchers predicted that relations between Canada and Cuba would become problematic after the Conservative Party took office.\textsuperscript{42} Certainly, since 2006, the Canadian government has increased the rhetorical emphasis on human rights and democracy vis-à-vis Cuba. Maxime Bernier, Canada’s minister of foreign affairs at the time, gave a nod toward the Bush policy on Cuba in May 2008 when he “congratulated” Cuba on its “independence day,” a date that is not recognized in present-day Cuba. May 20 is instead celebrated among those in the Cuban exile community in the United States, who do not consider the 1959 revolution legitimate. In this press release Bernier also commented on the “plight of political prisoners,” and encouraged “the Cuban people to pursue a process of political and economic reform.”\textsuperscript{43}

In 2009 Prime Minister Harper stated, “Communism has fallen and Cuba hasn’t changed. And that’s in nobody’s interests.”\textsuperscript{44} Likewise in 2009, Minister of State for the Americas Peter Kent ratcheted up the rhetoric, referring to Cuba as a “dictatorship, any way you package it.”\textsuperscript{45} In advance of his planned May 2009 visit to Havana, Kent announced that he would “stress again our encouragement of the release of political prisoners and the opening of institutions to democratic practices.”\textsuperscript{46} This rhetoric, more characteristic of statements emanating from Washington than of Ottawa’s posture, was met with a chilly silence in Havana. The Cuban state then brusquely “postponed” Kent’s visit to the island. In response, Ottawa delayed issuing a visa for Cuba’s minister for trade and investment.

However, public criticism was noticeably absent during Peter Kent’s rescheduled visit to Havana in November 2009. He met with a number of senior members of the Cuban government: Deputy Minister for Foreign Affairs Dagoberto Rodríguez, Foreign Affairs Minister Bruno Rodríguez, and Trade and Foreign Investment Minister Rodrigo Malmierca Díaz. Kent also met with civil society groups, academics, and Canadians doing business in Cuba. According to Cuban sources he did not voice public criticism of the government. Yet in June 2010, Canada denied Dagoberto Rodríguez a visa to visit Canada, causing members of Parliament to question whether this represented an official policy change toward Cuba.\textsuperscript{47} This decision was criticized as an unnecessary insult to Cuba. Despite these diplomatic volleys, overall relations have continued, with regular meetings and other lower-level diplomatic encounters proceeding as normal.

**Policy Opportunities for Canada**

Canada’s history of engagement with Cuba has meant that Canadians have long-term, well-established relationships with power brokers and average Cubans alike. These relationships give Canadians an advantage, whether normalization of US-Cuban relations develops in the short term or in the long term. In order to make the most of these linkages, the Canadian government should endeavour to strengthen the existing connections by increasing ministerial visits and other high-level connections. As well, it should further promote people-to-people connections by encouraging Canadians in the business, academic, sports, and cultural communities to engage with their Cuban counterparts.

\textsuperscript{42} In 2006 there was speculation that “Canada’s historically friendly relationship with Cuba could see signs of stress as the Conservative government continues its pro-democracy foreign policy and the Communist country fosters closer links to countries like Iran and Venezuela.” Berthiaume, “Cuba Saga.”
\textsuperscript{43} Blanchfield, “Canada Supports Cuban Reforms.”
\textsuperscript{44} Blanchfield, “Cuba Must Embrace Democracy.”
\textsuperscript{45} Blanchfield, “New Minister Sees a Future.”
\textsuperscript{46} Blanchfield, “Minister to Make Rare High-level Visit.”
\textsuperscript{47} Canada, Senate, “Temporary Visas.”
Diplomacy and Cuba’s Future

Many see President Obama’s recent alterations to US policy toward Cuba as an opportunity for real change in this long-standing bilateral cold war. Some see an opportunity for Canada to play an important role in dissipating the tension between Washington and Havana. Although the Cubans have been clear that they would negotiate only directly with the Americans, Canada does have important access to and influence with high-level officials in both countries. As such, Canada has the potential to serve as a catalyst in the resolution of this long-term dispute.

For many years, Canadian policy has been based on the assumption that Canada can make a difference in Cuba via discussions about human rights or democracy. If the goal of constructive engagement is to promote changes in Cuba’s internal policy on human rights and democracy, it is clear that this policy has been unsuccessful. The Cuban government does not model its standards of human rights and democratic norms on those of Canada, the United States, or any other Western country, regardless of the international pressure applied. President Raúl Castro voiced this in July 2008: “I reiterate that we will never make a decision—not even the smallest one!—on the basis of pressure or blackmail, no matter what its origin, from a powerful country or a continent.” As much as it is unlikely that “constructive” engagement has done much to alter Cuba’s internal political structures, it is even more obvious that the approach favoured by Washington—attempting to overtly pressure the Cuban state to follow a different path—has met with failure.

The Cuban leadership has long argued that because it is on a war footing with the United States, internal dissent must be controlled. Since dissidents are seen as traitors, the American policy of publicly supporting and financing members of the dissident movement has given credence to Havana’s accusations and inadvertently worsened the plight of those advocating for change. Overt attempts to influence Cuba’s internal political structure or laws will have, if anything, a negative effect. No country, Canada included, will be able to force Cuba toward Western-style democracy.

Influence in the Hemisphere

For many decades Ottawa has endeavoured to promote Canada as a “good international citizen” and has successfully used Canada's image to garner international influence. It is imperative that Canada’s actions abroad are as consistent as possible with this image if Ottawa wants to enhance Canada’s influence in the hemisphere.

Like Canada, Cuba also uses its international reputation to its advantage. Cuba has a history of leadership among nations of the global South. For instance, Cuba was elected to lead the Non-Aligned Movement (NAM) from 1979 to 1983. Although the end of the Cold War caused Cuba to pull back from some of its international activities, it wasn’t long before the country began once more to assume leadership roles. It was chosen to lead the NAM again from 2006 to 2009. Cuba’s election in 2006 to the UN Human Rights Council and subsequent re-election in 2009 and the fact that its neighbours are more vocal in supporting Havana in international forums are evidence that Cuba’s strategy to improve its standing in the region via the provision of much-needed medical assistance is paying off. The Canadian government’s new focus on improving Canada’s relationship with the countries of the Americas will only be enhanced by maintaining a positive relationship with Havana. Adopting a more interventionist policy toward Cuba might endanger the foundation of Canada’s international influence and further thwart Ottawa’s renewed engagement in the Americas.

48 A former British ambassador to Cuba told me that among the Western diplomatic community in Havana, the Canadians had the best access to Cuban officials during the 1980s and 1990s. He said Fidel Castro rarely made an appearance at significant ceremonies or special events at the British embassy, most often turning down invitations; however, he would regularly show up at minor events held at the Canadian embassy. It is important to note that Canada’s influence in Havana was strongest under the government of Pierre Trudeau. Although Canada remains influential, Canadian officials do not possess nearly the same level of influence as they did in the last quarter of the 20th century.

49 As quoted in Alzugaray Treto, “Continuity and Change.”

50 See Wylie, “In Search of Prestige.”

51 See United Nations, General Assembly, “Election: Human Rights Council.” It is interesting to note that Cuba’s election to the UNHRC in 2006 was supported by 135 states while Canada’s election to the same body garnered five fewer votes. See United Nations, General Assembly, “General Assembly Elects 47 Members.”
The current government should build on the mutual respect that is characteristic of the bulk of Canadian-Cuban interactions and that has served Canada well historically. The Canadian-Cuban relationship has received much praise in Havana and is held up as a model to be emulated in Latin America. Commenting on Canada's relationship with Cuba in May 2008, Cuba's first deputy foreign minister, Bruno Rodríguez Parrilla, said, “If Canada could build their pattern of relations with the Latin American and Caribbean countries in the same styles, experiences, benchmarks as Canada does it with Cuba, in my view, [that] would be excellent.”

**Economic Opportunities for Canada**

The future of Canadian-Cuban economic relations remains uncertain. Cuba's top two trading partners are Venezuela and China, although Canada remains one of Cuba's key partners. In 2009 Canada exported $317.8 million to Cuba and imported $500.4 million from the island, making Canada Cuba's fourth-largest trading partner.

The health of the global economy and Cuba's ability to weather the current recession are obvious factors that will help determine the shape of the economic relationship in the next few years. Cuba's economy has felt the full effect of the international economic downturn, which came on the heels of a devastating hurricane season that already had Cuba struggling with billions in necessary repairs. As a result, Cuba is currently in the midst of the worst economic crisis since the end of the Soviet Union brought the Cuban economy to its knees. Cuba's trade deficit reportedly hit near $11.4 billion in 2008, an increase of approximately 60 percent. Cubans have had to cope with widespread rationing of electricity and food shortages and have been told that further economic reorganization is on hold until the economy improves. Yet economists predict that economic recovery is possible, especially if Cuba is able to expand its exports. Given that Cuba has improved its export earnings in key sectors such as medical services and minerals since the end of the Cold War, it is likely Havana will be able to build earnings in these sectors as this particular global crisis comes to an end.

**Investment and Joint Ventures**

Since the collapse of the Soviet Union, Cuba has focused on generating foreign investment. In 1991 Cuba allowed foreign firms to participate in joint venture arrangements with Cuban firms. Through joint ventures, foreign companies are allowed to hold 50 percent ownership in Cuban enterprises. The Cuban government reported in December 2009 that there were 258 joint venture and investment agreements operating in Cuba.

Canadian companies have been among the investors that responded to this opening in Cuba. Some Canadian companies see Cuba as a key opportunity since the American embargo prevents competition from their business rivals in the United States. Yet many Canadian companies are hesitant about investing in Cuba because of the special difficulties related to Cuba's economic system and the complications that arise from the tension between Havana and Washington.

The structure of the Cuban economy poses unique problems for foreign investors. The centrally planned economy is complicated by a dual monetary system: most domestic exchanges for average Cubans take place within the peso economy, but foreigners, including foreign investors, must operate in a separate system with a different currency, the Cuban convertible peso (CUC), that is pegged to US dollars. The existence of a large informal economy that operates mainly beyond state control further complicates the situation. However, Raúl Castro has taken steps to address some of the issues with the Cuban economy. For example, in early 2010, he...
appeared to be acting on his earlier announcement that the government would slowly phase out the two-tier currency system as more stores and restaurants began to conduct business in the peso system.\textsuperscript{56}

The business culture in Cuba presents additional impediments. Since Cubans have operated largely outside the capitalist system for decades, they are sometimes unfamiliar with common business practices and norms. This presents a challenge for the Cubans who are now attempting to do business with foreign companies and often creates headaches for the companies involved in negotiations with the Cubans.

Other complications are directly related to Cuba’s approach to foreign investors. Although there are laws governing foreign investment projects, every investment inquiry is dealt with individually, which has led to inconsistent applications of the law.\textsuperscript{57} Thus it is often difficult to predict if a project will acquire initial approval and, even if approval is given, whether the decision will be reversed at a later date. A number of foreign firms claim that approved projects have been stalled or cancelled without warning. For example, a Canadian company, Cuban Canadian Resorts International, had an agreement to develop luxury beachfront condominiums in Cuba that was approved by the Executive Committee of the Council of Ministers and signed by Vice-President Carlos Lage in 1998. The company also had Cuba’s minister of tourism, the minister of finance, and the minister of foreign investments onside.\textsuperscript{58} Despite this level of approval, in 2000 the Cuban government declared that it would not allow foreign ownership of condominium projects; this put an abrupt end to the project, which had been well under way.

Further complications arise from the fact that the Cuban government retains control over the hiring decisions, wage rates, and other labour matters on all joint venture projects. When the Cuban economy encounters difficulty, these hurdles are likely to be intensified, creating even more headaches for foreign investors. For instance, recent economic troubles in Cuba have created additional problems for foreign investors, as some report having trouble transferring profits out of the country or even having their funds in Cuba frozen.\textsuperscript{59}

As well as dealing with the unique challenges related to the Cuban economy and investment policies, foreign investors must contend with obstructions emanating from Washington. The United States has imposed an embargo against Cuba since the early days of the Revolution and as such has tried to discourage other countries from doing business with the embargoed state. However, in the 1990s, this dissuasion became more explicit. The Cuban Democracy Act of 1992 forbade subsidiaries of US companies in other countries from trading with Cuba. The Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996, known as the Helms-Burton Act, further complicates foreign business ventures in Cuba. Helms-Burton targets companies accused of “trafficking” in property that was formerly owned by US citizens (including the property of Cubans who have since acquired American citizenship).

In particular, titles III and IV of the act target companies doing business in present-day Cuba. Title III allows Americans whose property was expropriated to sue foreigners who currently use or benefit from the expropriated property. Fortunately for investors, every president since 1996, including Obama, has waived title III every six months, effectively nullifying the most egregious part of the act. Title IV denies entry into the United States of “traffickers” of this property and their immediate family members. This includes corporate officers, controlling shareholders, or other key officials of companies that conduct business affecting expropriated property in Cuba.

In 1996, in response to Helms-Burton, the Canadian government enacted amendments to Canada’s Foreign Extraterritorial Measures Act (FEMA) in an effort to reduce uncertainties faced by Canadian businesses conducting trade with Cuba. FEMA forbids Canadian companies and Canadian-based subsidiaries of American corporations from complying with Helms-Burton.\textsuperscript{60} Yet FEMA has never been implemented in response to Helms-

\textsuperscript{56} Frank, “In Cuba, Peso Makes a Comeback.”
\textsuperscript{57} See Ritter, “Canadian-Cuban Economic Relations.”
\textsuperscript{58} Cuban Canadian Resorts International, “Canadian/Cuban Company.”
\textsuperscript{59} Lockhart, “Report on Investments.”
\textsuperscript{60} Canada, Department of Foreign Affairs and International Trade, “Canada Amends Order.”
Burton. Recently this fact has become a problem for some Canadians vacationing in Cuba, since they can no longer use MasterCards issued by credit unions and caisses populaires. In 2007, when a subsidiary of the Bank of America purchased the Saskatchewan company, CU Electronic Transaction Services (CUETS), that issues these cards, CUETS began to comply with US law, thus making the MasterCards invalid in Cuba.61

American legislation has targeted Canada’s largest investor on the island, Sherritt International. The United States has barred the company’s senior management and their families from entering the United States. Although Helms-Burton contains other provisions that have the potential to more seriously harm foreign companies, so far Canadian companies have not suffered those more grave repercussions. However, businesses remain cautious about investing on the island.

On the other hand, for those companies that are willing to face these risks, Cuba offers a unique opportunity because US laws also prevent Americans from investing in Cuba. Leisure Canada, a Vancouver-based development company that is focused on developing resort properties in Cuba, has explicitly tried to take advantage of Cuba’s unique investment environment. Leisure Canada’s CEO, Walter Berukoff, told CNN, “In this type of development there isn’t very much competition here in the Caribbean. In Cuba there is no competition for this type of development ... This is the last opportunity that I know of in the Western world where someone could come like myself and see this paradise and say, I could develop it.”62 According to CNN, the American corporation Radisson Hotels has discussed plans with the Cuban state to develop hotels on the island when the embargo is lifted. A Radisson representative said that companies like Leisure Canada are ahead of the game, but “fortunately there is a great deal more opportunity lying on that island.” In this same story CNN referred to Cuba as a “developer’s dream.” The CNN reporter explained, “In Cuba there isn’t any competition ... [Berukoff’s] closest and biggest competitors can’t touch him.”63

The evolution of the US embargo will be highly significant for Canadian-Cuban trade. Since 2002, when Cuba was first permitted to purchase food on a cash-sale basis from the United States, Canadian exports, especially in the agricultural sector, have faced more competition. In 2000 Cuba imported $408 million from Canada and nothing from the United States. In 2002 the United States permitted the sale of agricultural products to Cuba, and Canadian exports fell to $325 million. By 2005 Canada ranked fifth in exports to Cuba, behind Venezuela, China, Spain, and the United States. In 2009 Canadian exports to Cuba totalled $317.8 million, compared with the US total of $729 million.64 Thus, even with the Trading with the Enemy Act still intact, the United States sells significantly more to Cuba than does Canada. From a Cuban perspective it makes economic sense to purchase from the United States, given that American products can often be bought and transported to Cuba at less cost.65 In this case, the Cubans will put economic interest ahead of the loyalty they might feel toward their Canadian business partners.66

Nevertheless, normalization of the US-Cuban relationship will not necessarily have a devastating impact on Canadian trade with the island. Undoubtedly the Cuban economy will strengthen considerably once the major parts of the embargo are withdrawn, leading to greater purchasing power. The influx of US visitors after the lifting of the travel ban will mean that the demand for many products, including agricultural goods, will rise considerably. Given that Canada has a long-term economic history with the island, Cubans and Canadians are comfortable doing business with each other. In those industries in which Canadian companies remain competitive, it is probable that Cubans will continue to do business with their Canadian counterparts. As Canada has already established a strong and competitive presence in a number of sectors it has a distinct advantage. For instance,
Canadians are likely to remain competitive in the capital equipment market and as such should continue to supply Cuba with equipment related to the mineral, papermaking, transportation, telecommunications, and electrical generation industries.\textsuperscript{67} Canada does very well in many of these industries in other Latin American and Caribbean markets, which means Canadian companies are already competitive with respect to their American rivals.\textsuperscript{68} Thus, under an improved economy, Cuba will have the wherewithal to make more substantial purchases in these categories, which will improve Canada’s exports. However, Canadian companies should be prepared to demonstrate their continued competitiveness and enthusiastically reinforce their existing business connections. Canadian policy-makers should actively engage in trade promotion with an eye toward recognizing the key areas of opportunity and enabling Canadian participation and bilateral linkages in these sectors.

Normalization in US-Cuban relations is unlikely to destabilize the investment relationship, as most Canadian companies in joint venture arrangements are quite prepared for US-Cuban normalization. It is improbable that a viable company would not have taken this eventuality into consideration prior to investing on the island. New investors will have to compete with American financiers for projects in Cuba, but given that the opportunities in the Cuban economy will likely balloon following normalization, there should be many investment opportunities for Canadians.

Canada needs to realize that Cuba represents a promising partner in some key areas. In 1987 the Cuban state-owned firm Cubanacán was created to entice foreign partners in the tourism industry. Cuba would like Canadian investment in the tourism sector. For example, when interviewed for \textit{Ottawa Life} magazine, representatives from the Cuban embassy in Ottawa pushed this sector. Ambassador Teresita de Jesús Vicente Sotolongo told the magazine, “Cuba is open to investment and joint venture partnerships in tourism, particularly in the golfing sector, and in the redevelopment of heritage areas to be reconstructed into hotel and tourism ventures.”\textsuperscript{69}

Investing in Cuban tourism is attractive given the current lack of American competition. Further, the boom in tourism or the option to attract American financing if the embargo ends makes Cuban tourism an attractive investment opportunity in either scenario.\textsuperscript{70} Leisure Canada, with its plans to build three resorts on the island, maintains that Cuba is a great investment opportunity for developers in the tourist sector because Cuba “has diverse geographic regions, all with tourism appeal, including beach areas, mountains, tropical rain forests and arid flat lands.” It predicts, “Cuba is positioned to become the future economic powerhouse of the Caribbean.”\textsuperscript{71}

Leisure Canada has certainly considered the ramifications of the normalization of the US-Cuban relationship in its plans. According to the company’s press release about its Havana property, “The Monte Barreto project is being designed and built to attract the existing and future North American market.” Furthermore, Leisure Canada explains, “the hotel development is being built to meet South Florida Building Code standards, thereby ensuring that the project will be attractive to major North American hotel brands in the future.”\textsuperscript{72} Leisure Canada has spent considerable time (according to CNN, it took Berukoff three years) and effort to ensure that the properties it will develop are not on land that is claimed by previous residents of Cuba.

Leisure Canada realizes risks remain. It is aware that other companies have encountered problems in joint venture arrangements on the island. Yet it believes the risks are worth it. Walter Berukoff explained, “The people that follow will probably have an easier road of it but I don’t think they will make as much money ... The bigger the risk ... the bigger the profit.” He noted, “I have never had the Cubans ever change the rules on me halfway through.”\textsuperscript{73} However, it is worth noting that Leisure Canada has not yet broken ground on its projects in Cuba, even though the company has been interested in developing properties in Cuba for well over a decade.

\textsuperscript{67} Ritter, “Canadian-Cuban Economic Relations.”
\textsuperscript{68} Spadoni and Sagebien, “Oh Canada.”
\textsuperscript{69} “Cuba-Canada Relations.”
\textsuperscript{70} For statistics about Cuban tourism, see Cuba, Oficina Nacional de Estadísticas, “Turismo en Cifras.”
\textsuperscript{71} Leisure Canada, “Cuba.”
\textsuperscript{72} Leisure Canada, “Leisure Canada Inc. Launches.”
\textsuperscript{73} Leisure Canada, “Company Video.”
Tourism is an obvious route to greater cooperation, but Canadians should also look in less expected places for their potential investment returns. Cuba has a highly educated and innovative population with considerable experience and advanced training in high tech industries. It thus offers relatively unique opportunities in the region.

**Biotechnology**

In particular, the biotechnology sector has the capability to be a major earner. Biotechnology and related medical services are the two most promising areas of the Cuban economy, and by some economic analyses this sector is forecast to take over tourism as the country’s prime source of foreign exchange. According to some estimates, even by 2003, the health and medical research sector was bringing in approximately US$250 million, ranking in the top 10 areas of Cuban exports. Of the $250 million, health tourism raised US$40 million, and biotechnology, more than US$150 million. By 2007, Cuban biotechnology and medical products were Cuba’s second-highest export earner, with an estimated income of $350 million produced from the sale of these products abroad. Furthermore, worldwide medical tourism is estimated to grow to billions of dollars within the next couple of years, and Cuba is well positioned to be a global leader in this field and, as such, to claim much of that potential revenue.

The biotechnology sector benefits from an exceptionally well-educated population and a concerted effort by the state to support the industry even in times of great difficulty. Cuba is best known for its innovative vaccine research; it produces vaccines for everything from flu to lung cancer. Furthermore, Cuban scientists are conducting promising research in other areas of biotechnology and medical sciences. A conservative estimate indicates that Cuban scientific institutes have at least 100 products in their drug pipeline. Biotech and pharmaceutical companies from many countries have invested in this sector through joint venture agreements. For example, Beckpharma, a British pharmaceutical company, is collaborating with Cuban research institutes to engineer drugs that Beckpharma will make available worldwide.

American policy-makers have felt pressured to make an exception to the embargo in this area because of the ability of the Cubans to advance medical treatments for many diseases. Indeed, given the advances in Cuban research, exceptions have already been made to the embargo in the area of biotechnology. In 2004 the California company CancerVax received approval to develop three Cuban cancer drugs. Although CancerVax was required to pay Cuba in medicine or food, it was a historic deal since this was the first deal approved to develop drugs between a US biotech company and Cuba. If Cuban biotechnology continues to produce successful medical treatments and pharmaceuticals, the pressure on American policy-makers to normalize relations will likely become even more intense.

Cuba’s biotech sector could be a greater source of knowledge and innovation for Canadian researchers. In fact, some academic connections have developed into partnerships. Researchers from the University of Ottawa and the University of Havana worked together on a vaccine for flu and meningitis, which was jointly patented by the universities in 1999. The opportunity for Canadian and Cuban scientists to come together without restrictions led to this successful collaboration. Certainly Canadian scientists, in comparison to their American counterparts, are well situated to engage in partnerships for the benefit of both communities.

One Canadian company has begun to realize the potential in Cuban science. In 1995, an Ontario company, YM Biosciences, collaborated with the Center of Molecular Immunology (CIM) in Havana to commercialize cancer vaccines being developed by CIM. This collaboration has developed the therapeutic antibody to an agent that promotes tumour growth.

74 For more information, see Wylie, “Ambassador MD.”
75 Riera, “Cuba Continuing to Develop.”
76 See Wylie, “Ambassador MD.”
78 Elias, “CancerVax.” In fact, CancerVax received approval with relative ease. The CancerVax lawyers, H.P. Goldfield and Richard A. Popkin, stressed that opposition to the deal was minimal. Goldfield explained, “At the worst, some officials in Congress did not support us but they did not in any way try to oppose the license.” Pollack, “U.S. Permits.” Both Democrats and Republicans had supported the deal due to the medical benefits.
Yet companies like YM Biosciences recognize that Cuban ventures carry additional risks, most significantly because of opposition from the United States. David Allen, chief executive of the company, explains, “Developing a product that originates in Cuba is definitely a greater challenge than developing a product that originates elsewhere.” Working with Cuban partners makes it difficult to market drugs in the United States and greatly complicates the already tricky process of gaining approval from the American Food and Drug Administration. Although there are serious drawbacks to these projects, companies can overcome the hurdles. For example, the partnership between YM Biosciences and Cuba’s CIM was able to expand in 2004 to include the American corporation CancerVax. YM Biosciences was further encouraged by early signals from the Obama administration. In an April 2009 update for its investors, the company reported that “the enlightened approach demonstrably being adopted toward Cuba matters, consistent with the stated position of senior members of the current US administration (including President Obama), holds out the prospect for positive consequences for our drug which will benefit both our stakeholders and cancer patients in the US.”

In any case, YM Biosciences’ collaboration with CIM has been a very successful venture for this small Canadian firm. Allen says, “Out of all our relationships, the Cuba venture has definitely become priority No. 1.” Even with the embargo in place, the benefits of collaboration appear to be worth the potential headaches.

Biotechnology and tourism are only two of the many possible places for Canadian investment dollars in Cuba. For example, the recent discovery of offshore deepwater oil and gas reserves in Cuba has more investors thinking about Cuba’s potential in this sector. Already Cuba boasts considerable domestic oil production, and Canada is the largest source of foreign investment in this sector. According to Sherritt International, it accounts for two-thirds of Cuba’s domestic production and believes there is room for continued growth in oil and gas in Cuba.

Conclusion

Cuba is at a critical crossroads. How Canada responds to these challenges will have important implications for Cuba, for the bilateral relationship and for Canada’s relations in the Americas. This paper has argued that Ottawa needs to position Canada as a state that conducts its relations with Cuba much as it does with other states. Ottawa should endeavour to avoid the diplomatic missteps that have marred recent relations under Prime Minister Harper. Instead, the federal government should use its history of working with the Cubans to assist Cuba to adjust to its new realities, strengthen the bilateral relationship, and improve Canada’s position in the region.

In comparison with previous eras, normalization in the US-Cuba relationship is certainly more likely, yet nothing is certain. During 2009 and early 2010, the relationship between Havana and Washington vacillated between antagonism and détente. As such, Canada has to prepare for two possibilities: both the resumption of normal relations between the United States and Cuba, and the possibility that the warming trend under way will come to an impasse and large parts of the embargo will remain in place. In any case, change is likely to unfold slowly, as American legislators work to remove some restrictions while leaving others in place to be addressed in future legislation.

Canada can play an important role as Cuba faces new challenges in this era of change. Providing Cuba with support as it struggles with internal reorganization and crafts a new relationship with the United States will serve both Cuban and Canadian interests. Yet in providing this support Canada should strive to avoid paternalism, recognizing that Canadians do not have all the answers for Cuba.

79 Zehr, “Biotech Builds on Cuban Innovation.”
80 YM Biosciences, “Update for Investors.”
81 Lipschultz and Rojas, “The Next Biotech Corridor: Cuba?”
82 The BP oil spill has led to some questions about the future of Cuba’s oil exploration. However, despite some delays in drilling, most agreements are continuing to move forward. See for example, Stanley, “Will Cuba Soon Be an Oil Play?”
83 Sherritt International, “Oil and Gas—Cuba.”
There are political and economic opportunities for Canada in maintaining good relations with the current government. As a key actor and a well-respected leader in the region, Cuba has influence in the Americas. Maintaining a solid relationship with Havana will facilitate Canada’s broader goals in the Americas. Likewise, Ottawa must consider that American policy is likely to shift toward greater normalization. In maintaining good relations with Cuba, perhaps Canadian policy on Cuba will, for the first time in half a century, manage to be acceptable to both Havana and Washington. Anything Canadians can do to bring the US-Cuban tension to an end will help Cubans who have been struggling under the embargo as well as remove the last vestige of the Cold War in the hemisphere.

In the 20th century Ottawa endeavoured to promote Canada as a mediator, as a state that works for international peace and stability. Although Canada’s record in this regard is mixed at best, it is clear that international respect gained from this role has helped Canada achieve many of its international goals and has certainly helped Canada’s national interests. That said, it is unlikely that either party will invite Canadian mediation. However, there is still an opportunity to play a role in bringing this conflict to an end, because Canadian officials have the ear of officials from both states. It is important to maintain the trust of both sides and avoid anything that might hint at paternalism.

The maintenance of Canadian engagement with Cuba and proactive trade promotion will allow Canadian companies to benefit, whether normalization happens in the near future or in the long term. Reinforcing existing connections and finding new ways to engage with the island nation are the keys to keeping Canada in a strong position in Cuba and in building our relationships with the other countries of the Americas.
REFERENCES


_____. “Minister to Make Rare High-level Visit to Cuba.” *National Post*, April 26, 2009.


_____.

“In Search of Prestige: Canadian Foreign Policy and the International Criminal Court.”
American Review of Canadian Studies 39, no. 2 (June 2009): 112-130.

_____.

Perceptions of Cuba: Canadian and American Policies in Comparative Perspective. Toronto:
University of Toronto Press, 2010.


The Canadian International Council (CIC) is a non-partisan, nationwide council established to strengthen Canada’s role in international affairs. With local branches nationwide, the CIC seeks to advance research, discussion and debate on international issues by supporting a Canadian foreign policy network that crosses academic disciplines, policy areas and economic sectors.

The CIC features a privately funded fellowship program and a network of issue-specific Working Groups. The goal of the CIC Working Groups is to identify major issues and challenges in their respective areas of study and to suggest and outline the best possible solutions to Canada’s strategic foreign policy position on those issues. The CIC aims to generate rigorous foreign policy research and advice.

**CIC Board of Directors**

**Chair**
Jim Balsillie, Co-CEO, Research In Motion

**Co-vice Chairs**
Bill Graham, Chancellor of Trinity College and Chair, Atlantic Council of Canada
Perrin Beatty, President and CEO, Canadian Chamber of Commerce

**Directors**
David Bercuson, Director, Centre for Military and Strategic Studies, University of Calgary
Scott Burk, President, Wealhouse Capital Management
Raymond Chrétien, Strategic Advisor, Fasken Martineau
André Desmarais, President and Co-CEO, Power Corporation of Canada
Edward Goldenberg, Partner, Bennett Jones LLP
Nicholas Hirst, President, CIC-Winnipeg Branch
Jennifer Jeffs, President, CIC
Tom Jenkins, Executive Chairman and CSO, Open Text Corporation
Keith Martin, Past-President, CIC-Toronto Branch
Indira Samarasekera, President, University of Alberta
Janice Stein, Director, Munk Centre for International Studies
Jodi White, Distinguished Senior Fellow, Norman Paterson School of International Affairs and Arthur Kroeger College of Public Affairs, Carleton University

45 Willcocks Street, Box 210
Toronto Ontario M5S 1C7
TEL: 416-977-9000, 1-800-668-2442
FAX: 416-946-7319

If you would like to download a copy of this report please visit www.onlinecic.org