



# Committee On Finance

Max Baucus, Ranking Member

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For Immediate Release  
Thursday, September 4, 2003

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## STATEMENT OF SENATOR MAX BAUCUS HEARING ON U.S.-CUBA ECONOMIC RELATIONS

Next week, trade ministers from around the world will convene in Cancun as part of the Doha Round of World Trade Organization (WTO) negotiations. This is a very important meeting because it will mark the progress made so far on a range of priority issues, such as agriculture, health, and trade-related aspects of intellectual property rights (TRIPS). The meeting, and the Doha Round, also serve as a reminder of how far we have come in our effort to secure a more peaceful and prosperous world through economic integration.

The global trading system is a work in progress and there are many problems and disputes to resolve. Yet, most trade debates are no longer about whether to integrate countries into a global economy. Instead, debates more often focus on how to integrate the global economy.

For those of us who believe in engagement across international borders, this is a significant accomplishment. Nevertheless, as we reflect on this accomplishment, we must also note a glaring contradiction in U.S. policy. This contradiction is the U.S. embargo of Cuba.

Begun in 1960, the Cuban embargo was originally conceived as a means to win compensation for Americans whose assets in Cuba had been nationalized. Since then, proponents of the embargo have also argued that the embargo is necessary to force Cuban President Fidel Castro out of power and end his abuse of the Cuban people. By either standard, the embargo has been an utter and resounding failure.

Rather than punish Castro and weaken his hold on power, the embargo has had the opposite effect. By insulating the island from U.S. influence, the embargo has given Castro the free rein he needs to assert complete control over his country. Thus, as the rest of the former Soviet bloc re-enters the global community, the Cuban people remain mired in isolation and neglect.

Of course, the embargo hurts not only the Cuban people, but the American people as well. The International Trade Commission has estimated that, in the absence of sanctions, U.S. exports to Cuba could grow to more than \$1 billion. Meat exports from the U.S. could be as much as \$76 million, while wheat exports could be as much as \$52 million. These revenues would be welcome relief to a rural America in economic crisis. But the damage goes beyond agriculture. It hurts other industries as well, such as manufacturing, services, and, of course, tourism.

Common sense suggests a re-evaluation. Wisdom demands reform. As we look ahead toward a better Cuba policy, some will note that Cuba offers a relatively small market. And, in comparison to our larger trading partners, this is true. Yet, Cuba is just as big and offers even greater potential than other countries with whom we are engaged in free trade negotiations. For example, Cuba, a country of more than 11 million people, is larger and closer than Bahrain, a country of only about 700,000. Cuba is also larger and closer than four of the five countries in the Southern African Customs Union.

Yet, the U.S. is now engaged in the arduous and time-consuming process of negotiating a free trade agreement with each of these other countries. In contrast, the U.S. can open economic relations with Cuba with the mere stroke of a pen. No negotiations. No drain on our negotiating resources. Just a single act to end this failed embargo.

The U.S. would see an immediate and genuine economic benefit. Just as importantly, the Cuban people would see an immediate and genuine benefit, as well. Will lifting the embargo cure the economic crisis in rural America? No. But it'll sure help. Will lifting the embargo solve all of the problems of the Cuban people overnight? No. But it's the only way to start.

As we look across our borders into the world, we see a host of problems - whether it's in the Middle East or in our own region. And these problems affect us here in the United States. We neglect our neighbors at our own peril.

President Bush understood the importance of international engagement when he sought a renewal of trade negotiating authority. Last year, upon signing the Trade Act of 2002 into law, the President remarked:

"Free trade is also a proven strategy for building global prosperity and adding to the momentum of political freedom." He added: "Greater freedom across borders eventually leads to greater freedom for citizens within the borders."

I couldn't agree more.

That's why, this past February, I introduced the S.403, "United States - Cuba Trade Act of 2003," which would repeal the trade embargo. It's also why I helped author S.950, the "Freedom to Travel to Cuba Act of 2003", which would repeal the ridiculous travel ban. This bill has already gathered 28 sponsors. I expect the list of co-sponsors to grow because Congress is finally realizing that the time has come to embrace a new approach to Cuba. The old way hasn't worked. It's time for a change. It's time to end the embargo.