

The Montgomery Sentinel

Travel Tales

Running Down to Cuba: Rules, Costs and OFAC

Part 1

by

Llewellyn Toulmin

To Cuba's coast we're bound, me boys,
'Way, me boys, for Cuba!
To Cuba's coast, now don't you make a noise,
For we're running down to Cuba.

Like many Americans, I had wanted to go to Cuba for years. That exotic island, with its bizarre history, violent revolutions, old cars, great music, links to Hemingway, hot beaches and beautiful buildings called out to me. And since it was forbidden by the US government to visit there, that made it even more tempting!

My original plan was to go to Cuba as a journalist. That way I could avoid going with an educational tour, and being stuck with a regimented, set schedule. The US government gives a “general license” for trips to Cuba with the purposes of journalism, academic research, official business, religious affairs, education, humanitarian activities, family meetings, or certain other categories. With such a general license you do not need to register your trip with the Office of Foreign Assets Control (OFAC), part of the US Treasury, which enforces the draconian and still-in-place US Federal regulations that completely prohibit all tourist travel to Cuba.

If you do not meet the criteria for a general license, you cannot go to Cuba. Luckily, there is one big loophole: “people to people travel.”



Under this strange concept, you can go to Cuba if and only if you “maintain a full-time schedule of educational exchange activities intended to enhance contact with the Cuban people,... promote the Cuban people’s independence from Cuban authorities [!], and ...the predominant part of these activities must not be with a prohibited member of the Government of Cuba... or with a prohibited member of the Cuban Communist Party.” (See https://www.treasury.gov/resource-center/sanctions/Programs/Documents/cuba_faqs_new.pdf for the full, latest US Treasury rules.) These bizarre rules were recently stretched to allow a few cruise ships from the US to visit Cuba – but this is all for “people to people travel.” It is NOT (in the wacky world of OFAC) for “tourism,” which is absolutely forbidden!

By the way, don’t believe all the hype you have read in the press about relaxed rules on visiting Cuba, as a result of President Obama’s visit in March 2016. The giant logjam of laws, rules and regulations which uphold the embargo against Cuba are all still in place. The only real change is a slight widening of that “people to people” loophole. (And not even God knows what Trumpipoo will do!)



Air Force One landing in Cuba

As a journalist, I could have just gone to Cuba under my own general license. No problem, right? Wrong. While I would have been OK on the US end, my wife as my editor and photographer might have had a tougher time with the US regulations. And you do not want to mess with those regulations, since OFAC can impose up to ten years in jail, and fines of up to \$250,000 for violations! Then I learned that on the Cuban end, the Cuban authorities, who have prisons, fines and political prisoners of their own, do not like to have journalists wandering around their countryside by themselves. They often take many months to grant journalistic visas -- or even refuse to issue them.

So in the end my wife and I decided to go with a standard, educational “Cuba Introduction Tour” organized by AuthenticCuba.com. This firm, like several other operators, has its own license from OFAC to organize “people to people travel” that complies with the (idiotic?) OFAC rules. Under this approach, you pay all your costs up front to the tour operator, and pay little or nothing to Cubans while in Cuba, and thus you help perpetuate the US embargo.

By the way, although 99.9 percent of Americans have never heard of OFAC, this tiny but obnoxious US agency is well known to every Cuban over the age of four!

Our tour in early 2016 cost \$2162 per person for a week in Cuba, plus \$419 per person for a round-trip flight from Tampa to Havana. (Oddly, flying from Tampa to Havana was cheaper and less hassle in terms of lines and immigration procedures than flying from Miami.) This cost covered all visas, hotel, local transport, guides and most meals. Travel insurance was extra. Similar trips with AuthenticCuba now cost the same \$2162 for most dates in late 2016 and into 2017, with a drop down to \$1894 from May 2017 onwards, in the sweltering summer season. The airfare is now up to \$569, instead of \$419. Many “people to people” operators are now charging 20-40 percent more than just six months ago, due to a

shortage of hotel rooms in Havana. Most tours sell out 3-6 months in advance, due to high demand. As one agent said, "It's like the Oklahoma land rush down there!" (But it is NOT tourism!)

We chose Authentic Cuba.com since they have been doing business in Cuba for many years and because their daily rates seemed to be considerably lower than more famous outfits like RoadScholar.org, which charge about \$625 per person per day including airfare, vs. AuthenticCuba at about \$411. Overall we were pleased with our tour, except for our hotel, El Presidente, which we do not recommend. It was a run-down, Soviet-style hotel with intermittent electricity and grungy corridors.

Next month I will describe the Cuban economy and the embargo, and later I will cover what you can expect to see when you, too, go running down to Cuba.



Statue on the Cuban waterfront

That Wacky Cuban Economy, and that Even Wackier Embargo

Part 2

by

Llewellyn and Susan Toulmin

Cuba's economy is truly bizarre. Experiencing it is like walking through the looking glass. And even though it is supposed to be quite separate from the US economy, in fact because of the US embargo, it is like two rattlesnakes fighting in a bag – all twisted together. Let us be your guide.

In the 1950s, just before Castro took power, Cuba was wealthier per capita than Japan, Italy or South Carolina. After his 1959 revolution, Castro seized \$1.8 billion worth of assets from US firms. In retaliation, the US imposed a massive embargo that still continues.

This embargo is much more comprehensive than most Americans understand. For example, Cuba has the sixth largest nickel reserves in the world, about 5.5 million metric tons, which is 34 times the US reserves. Under the embargo, none of this can be exported to the US. But it can't be exported to our allies, like Japan, either. If one ounce of Cuban nickel ever found its way into a single Toyota, then under the provisions of the US embargo, no Toyotas at all could be sold in the US! As a result of this "secondary boycott," the nickel industry in Cuba is forecast to earn a paltry \$340 million next year, instead of billions.

The embargo is so effective that the Cubans have turned to exporting their people instead. The largest Cuban export is 37,000 Cuban doctors and nurses, who work under contract in 77 foreign countries. By some estimates, these workers bring about \$8 billion back to the country in wages paid by the foreign governments, and about one quarter goes directly to the Cuban government. Thus this program is much



The Revolution is still alive in Cuba

larger than the traditional Cuban exports of sugar (\$392 million), rolled tobacco (\$236 million) and liquor (\$116 million).

Speaking of health care, part of the Cuban myth is that it has one of the best health care systems in the world. It is certainly true that infant mortality in Cuba is slightly better than it is in the US (!), that overall life expectancy is comparable, health care is free and treated as a human right, and that health care is much more pro-active against life-style diseases than in the US.

But, because of the embargo, the country is so poor that hospitals and clinics have almost no supplies. So you must bring your own medications, linens, pillows and even toilet paper; many hospitals are partially closed and have only one or two working bathrooms; even aspirin and Band-aids require a prescription; and any Americans who fall ill are treated in a separate, tourist hospital. Critics argue that the main reason that the infant mortality rate is low is that the Cuban government encourages doctors to terminate any pregnancy where there is any danger of problems. So abortion rates are sky high, but infant mortality stays low.

In most countries, money is money. Not in Cuba. There are two currencies: the Cuban Peso (CUP), which is what government and most private workers are paid in. Then there is the Cuban Convertible Peso (CUC), which is pegged at 1 to 1 with the US dollar, which is what tourists use. One CUC is officially worth 25 CUPs. Naturally, everyone is trying to get hold of CUCs, by working for the tourists, and there is a black market which yields higher than official rates for the CUC.

If you think your boss does not pay you enough, don't move to Cuba. There, partly because of the embargo, the average government worker gets paid only \$20 per month (in CUPs), and the average private sector worker gets about \$30-40. Since 60 percent of the work force is employed by the government (!), the average wage is only about \$28 per month. This amount is supplemented by a small food ration book, and most families own their tiny apartments. But these paltry wages do not cover the cost of living. Hence everyone is trying to access tourist dollars by opening a small restaurant or becoming a classic car taxi driver.



Cuba Libre -- not likely

Wages in Cuba averaged \$180 per month back in 1990, with Soviet support. But when the USSR collapsed in 1991 and pulled out of Cuba, Cuban exports fell 80 percent and average wages fell to just \$20. This began the "special period" of the 1990s, when many Cubans almost starved.

One of our guides said that as a child, she remembered a Christmas in the 1990s, when her parents tried to find some food. They looked all day long, could find nothing, and were about to give up when they met a man carrying a cabbage. They bargained with him, but he did not want to sell. Finally they offered him two weeks wages, and he sold the cabbage. That became the family's only Christmas dish.

Because of the embargo and all the government restrictions on workers, there is lots of economic crime in Cuba (but almost no street crime). For example, one of our guides told us about a neighbor who tried to make a little extra money by buying beef in the countryside and selling it in the city. One night he was stopped by the police for a traffic violation. They searched his car and found a haunch of beef. He was charged with black marketeering and was jailed for four months.



The Land Rover Castro used in the Revolution

While the Cuban government is certainly oppressive, we think you can see that the US embargo on Cuba has had massive, negative effects. It is almost impossible to estimate the impact, but it wouldn't surprise us if the total negative effects totaled over a trillion dollars – all to punish a country that seized \$1.8 billion in US corporate assets almost 60 years ago. Thus we have made the Cubans pay 500 times over for their crimes against US corporations – many of which were insured or fully recovered many decades ago. And clearly almost all of the impact has fallen on the ordinary people of Cuba. Is that right?

Next month we will describe our tour of Cuba, and what you can expect to see when you go.



The eye of Castro still watches Cuba

Rolling Down to Cuba: Sights, Sounds, Smells and Sails

Part 3

by

Llewellyn and Susan Toulmin

In planning our Cuban adventure, at first we resisted an educational tour. But in retrospect this was a great introduction to Cuba's society, culture and economy, which are much more complex than any other Caribbean island. Over eight days our excellent AuthenticCuba.com guides took us to El Morro Castle, Old Town Havana, a huge scale model of Havana, dance studio (with an included salsa lesson), recording studio, nursery school, after-school program for teens, training school for young furniture makers, old coffee plantation, retirement home, organic vegetable farm, eco-community, medical clinic, the bizarre Yoruba museum of the Santeria religion, the huge Bellas Artes national art museum, and the Museum of the Revolution. Whew! In our normal vacation mode we would probably have only seen a few of these informative locations.



A child of Cuba, trapped behind OFAC and the oppressive Cuban government

The highlight of our trip was a visit to Finca Vigia ("Lookout Farm"), Hemingway's famous house on the outskirts of Havana. This is where Ernest "Papa" Hemingway lived from 1938 to 1960, and wrote "The Old Man and the Sea," for which he won the Pulitzer Prize in 1953. The house has a lovely open plan, great view over the city, is filled with Hemingway's hunting trophies, and looks like he just left. He paid only \$12,500 for the house and 15 acres in 1940, after renting it for two years. We were not allowed to enter the main house, only look in through the many windows. At first this was annoying, but then we realized that it was good that the numerous tourists were not jostling inside. We were allowed to climb the tower beside the

house, where Hemingway retreated to write and drink. Also on view was his famous 38-foot fishing boat "Pilar," which Hemingway used to search for German submarines in the Florida Straits during World War II, armed only with grenades, pistols, a Thompson submachine gun, and a bottle of Cuban rum. Luckily, he never saw a submarine.



The desk and hunting trophies of Hemingway

Dr. Marta Nunez, a local economist who has taught at Harvard, gave our tour group a fascinating lecture on Cuban race, gender and politics. She said that 66 percent of Cubans describe themselves as "white" but only about 33 percent actually look white; that LGBT Cubans were discriminated against in the past but now are left alone, at least in urban areas; and that 49 percent of Parliament is made up of women, but that the women had to be forced to serve (!) because most didn't want to work "three shifts" – a professional job, cooking and cleaning at home, and attending Parliamentary sessions. She felt that while it is good that 67 percent of professional jobs are filled by women, this creates problems, because often these women cannot find equivalent male mates with similar education and jobs. So these talented women often stay single. Social engineering ain't easy!

We were shocked to find that because of the US embargo, much of Havana and Cuba is as run down as the Warsaw Pact countries were in 1990. So while Havana's Old Town has been spruced up, many buildings and houses elsewhere look terrible, and need paint, refurbishment and even structural rebuilding.



Much of Cuba is run down

The taste of Cuba is not the taste of France or Spain. Cuban food ranges from pretty good (mostly in small private restaurants) to so-so (mostly in state-owned hotels). If you eat on the local economy, the prices are amazingly low. One night we avoided the Western-level meal prices at our hotel and just wandered around our neighborhood. We found a local pizza parlor in the carport of a small townhouse, and ordered large slices of pizza. The price: 45 US cents each, about ten times cheaper than in the US! The quality was fine, not great, but for that price, we were very happy.

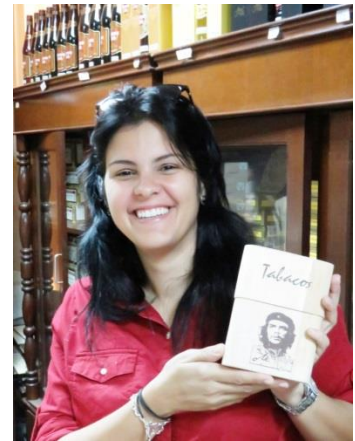
Cuba is one of only two places on Earth that you cannot get Coca-Cola (the other is North Korea). On offer instead is locally-made tuKola and Diet tuKola. These are amazingly good, and

have the distinction of having been developed by the legendary guerilla fighter Che Guevara. Maybe one day tuKola can be imported into the USA.

The music of Cuba is legendary, but we were disappointed in the famous Buena Vista Social Club, which is named after the charming 1999 documentary movie (which we do recommend), and the original Club, which operated in the 1930s and up through 1962, when it and similar clubs were repressed by the Communist revolutionary government. Amazingly, due to the re-writes and suppression of history by the Communists, no one knows when the original Club started or even where it was located! We found the current “Club” to be a large tourist trap -- crowded, loud and with little charm. We left early.

The smell and quality of Cuban cigars is famous around the world. We are not keen on cigars ourselves, but bought some for a relative at a Cuban factory outlet, for about 50 percent of the foreign price. Under President Obama’s new rules, you can bring back unlimited cigars and liquor from Cuba to the US, subject only to normal US duties. Perhaps President Trump will reverse this policy -- so buy those cigars fast.

A few cultural tips while you are in Cuba: drink only bottled water, even in the hotels; don’t take photos of the police; always count your change; don’t blow your nose in public -- rude; and don’t use the word “papaya” -- very rude!



Our excellent guide with a box of Che Guevara cigars

While we flew to Cuba, a more exotic approach is to sail. The easy method is to take a Fathom ship (www.fathom.org) on an 8 day cruise, departing from Miami and stopping at three Cuban ports. These cost from \$2200 to \$3000 per person in 2017 for an outside cabin, and are legal under the US Treasury regulations, since they include “people-to-people” experiences.

Another, even more exotic way is to do some of the sailing yourself. We interviewed the Commodore of Havana’s Hemingway International Yacht Club, and he stated that the Key West Yacht Club is now organizing several major sailing events to Varadero and Havana. So polish up your sailing skills, join that yacht club, and you might get to Cuba for free!

Lew and Susan Toulmin live in Silver Spring, and are planning another trip to Cuba.