

Cuba & THE U.S.

A New Start?

After a half-century of hostilities, the U.S. and Cuba have renewed diplomatic ties. But they're not quite ready to call each other friends.

BY VERONICA MAJEROL

Can the bitterest of enemies become friends—or at least start speaking again? The U.S. and Cuba are trying to figure out if that's possible.

This summer, the two nations reopened embassies in each other's capitals after more than half a century of frozen relations. News of the renewed diplomatic ties, first announced in December 2014, prompted celebrations on Cuba's streets. Many Cubans waved flags, tooted horns—and began to imagine alternatives to the difficult and isolated lives they've endured for five decades under Cuban dictator Fidel Castro and, more recently, his brother, President Raúl Castro.

"We've been waiting all our lives for this, and it's very welcome," says Carmen Álvarez, 76, of Havana, Cuba's capital. "We're waiting with our arms and our minds wide open."

The hostilities between the U.S. and Cuba—just 90 miles apart—date back to the Cold War. In 1959, Fidel Castro and his band of armed guerrillas overthrew the U.S.-backed government of Fulgencio Batista (see *Timeline*, p. 16).

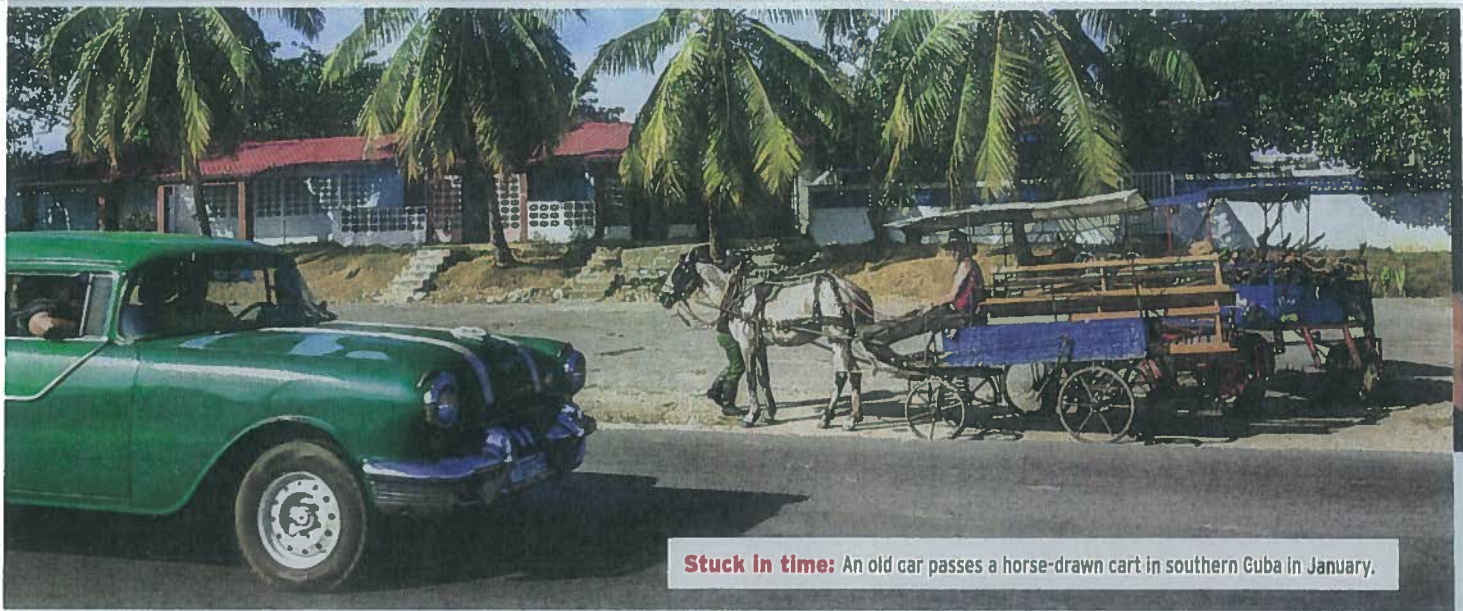


Soon after, Cuba aligned itself with the Communist Soviet Union, and Castro started brutally cracking down on political dissidents. In 1960, he began seizing the assets of U.S. companies, like Exxon and Coca-Cola, without compensation, and in response, the U.S. severed ties and imposed an economic embargo that's still in place today.

The embargo's goal, to oust the Castro regime, hasn't succeeded: Fidel, now 89, held on to power for nearly 50 years before ceding the presidency in 2008 to Raúl, now 84. In that time, 11 U.S. presidents have come and gone; and over the years, the C.I.A. concocted some pretty outrageous—and unsuccessful—plots to get rid of Castro, involving poison pills, a bacteria-infested handkerchief, and even an exploding cigar.

One of President Obama's campaign promises was to bring about a thaw in U.S.-Cuba relations, and almost immediately upon taking office in 2009, he took small steps using his executive powers to do things that didn't require congressional approval. He began allowing Cuban-Americans to visit relatives on the island and to send them remittances—cash and consumer goods that Cubans can't eas-

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Stuck in time: An old car passes a horse-drawn cart in southern Cuba in January.

ily get, like cellphones and TVs. He also started allowing telecommunications companies to do business with Cuba. After those initial actions, progress stalled for five years, until Pope Francis and the Canadian government helped broker a contentious prisoner swap between the U.S. and Cuba. Then, on Dec. 17, 2014, a day Cubans now call D17, Obama shocked the world with a big announcement.

“In the most significant changes in our policy in more than 50 years,” Obama said, “we will end an outdated approach that, for decades, has failed to advance our interests, and instead we will begin to normalize relations between our two countries.”

Selfies & Fashion Shoots

Since then, Obama has announced a slew of new rules that chip away at the embargo (*see box*). He’s eased restrictions on Americans traveling to Cuba and has allowed some types of American businesses to invest there. So far, though, the Cuban government hasn’t responded to all of these changes, so it’s unclear when—or if—they’ll actually take effect.

“It’s a substantive moment,” says John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. But “it’s all about what the U.S. can do. It isn’t about what Cuba can do, or has to do.”

Obama also removed Cuba from the U.S. list of state sponsors of terrorism, making it easier for Cuba’s government to get credit in international financial markets. In light of the changes, Havana has

become a whirl of business conferences, journalists, and celebrities, including Katy Perry and Conan O’Brien. They’re taking selfies, staging fashion shoots, exploring possibilities for trade and investment, or just trying to get a glimpse of a place long off-limits to Americans.

Though many Cubans are also excited, some—especially young Cubans who’ve lived their entire lives under the Castros—are skeptical that the renewed ties with the U.S. will make any difference for them.

“My life won’t change,” says Yunior Rodríguez Soto, 17, of Havana. “They

What Americans Can (and Can’t) Do in Cuba

President Obama’s new rules

have gotten many Americans excited—but also confused. The U.S. economic embargo is still in effect, but American travelers and businesses now have more wiggle room.

TRAVEL: Under Obama’s 2009 rules, hassle-free travel to Cuba was mostly limited to Cuban-Americans with close family on the island. Now Americans in 12 permitted categories—including students, researchers, human rights workers, and artists—may travel to Cuba without a special license from the U.S. government. Americans do, however, need a visa from the Cuban government, and Congress still forbids travel to Cuba just for fun, though many Americans find ways around this.

BUSINESS: Only a few categories of American businesses—food, agricultural, biomedical, and telecommunications companies—are allowed to trade with Cuba. Under the new rules, they’re allowed to open offices and stores in Cuba, and to hire Cuban citizens. Selling building supplies and products to private Cuban

Netflix now offers streaming services in Cuba.

businesses (not government-owned) is now also OK. Think of it this way: If you’re Home Depot, you can sell hammers, nails, and plywood in Cuba, but only to a tiny market—Cubans building private cafés, barbershops, and other businesses. But you can’t sell to individuals doing home repairs.

Many of the rule changes on the American side, however, have not yet been cleared by the Cuban government.



Timeline CUBA & THE U.S.



Battle of San Juan Hill:
Teddy Roosevelt's 'Rough Riders' in 1898



Fidel Castro on his
victory march to Havana

1898

Spanish-American War

During its war with Spain, the U.S. helps Cuba break free from its colonial ruler. Cuba establishes its first independent government in 1902, but the U.S. exerts political and economic influence until 1959.

1933-58

Batista

In 1933, Army Sergeant Fulgencio Batista stages a coup in Cuba. Under his intermittent rule, Cuba is a "playground" for American socialites and celebrities, like Ernest Hemingway and Frank Sinatra.

1959

The Cuban Revolution

Fidel Castro and his band of armed guerrillas overthrow the U.S.-backed Batista government.

1960

U.S. Embargo

Castro begins to nationalize most businesses and seizes the assets of American companies like Exxon and Coca-Cola without compensation. The U.S. imposes an embargo.

1961

Bay of Pigs Invasion

A U.S. plan to help Cuban exiles invade Cuba and overthrow Castro fails. Castro announces he's a Socialist and bolsters ties with the Soviet Union.

won't let it happen," he says, referring to the Cuban government.

Indeed, over the past 50 years, as the rest of the world has entered the 21st century, Cuba has seemingly remained frozen in time. Though the Cuban government has done a good job of providing universal healthcare and education to its citizens, the country's infrastructure and economy have stagnated. Once-grand buildings are crumbling. And the only kind of cars you're likely to see on Cuba's streets are vintage 1950s sedans, many of them American brands—not cool collector's items, but relics of Fidel's ban on car imports when he seized power in 1959.

Milk & Meat Rations

The Internet is highly censored and access is severely limited, with only 4 percent of Cubans living in wired households, according to the United Nations, compared with 87 percent in the U.S. Essentials like meat, milk, and rice are still rationed. Shortages are common, even of fish, despite the fact that Cuba is an island surrounded by bountiful waters.

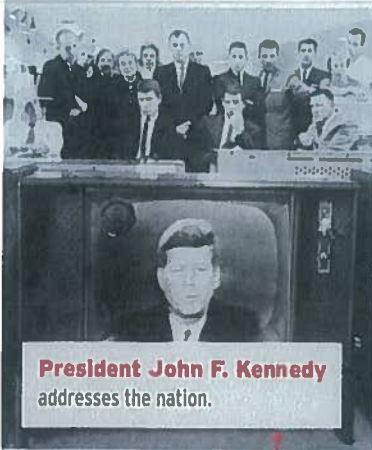
The only path to a better life, some Cubans believe, is escape. Over the years, more than a million Cubans have migrated

to the U.S., many under dangerous conditions. And the number of people looking to get out has risen in recent months. From October 2014 to July 2015, more than 31,000 Cuban migrants crossed the southern border of the U.S., a 40 percent increase from the previous year. The reason, many experts say, is Cubans fear that their special immigration status—the so-called wet foot, dry foot policy, which has long given those who reach American soil a fast track to legal residency in the U.S.—will soon end; they're trying to get into the U.S. before that window closes.

Cuba's economy has been in free fall since 1991, when the Soviet Union, which had provided subsidies to Cuba, dissolved. More recently, economic troubles in Venezuela have forced that country to cut aid. Out of necessity, Raúl Castro has taken small steps to reform Cuba's economy since taking over from his brother in 2008. First, he allowed the few Cubans who could afford them to buy cellphones, computers, and DVD players. Then, in 2010, he loosened restrictions to allow more private businesses like restaurants, which remittances from abroad have



Cellphones are getting more common, but most Cubans can't afford Internet service.



President John F. Kennedy addresses the nation.



1962 Cuban Missile Crisis

The U.S. learns the Soviet Union is building missile bases in Cuba, bringing the two superpowers to the brink of nuclear war. After 13 tense days, the Soviets remove the missiles.

1980 Mariel Boatlift

Domestic unrest prompts Castro to allow anyone to leave; 125,000 Cubans head to Florida before Cuba stops the exodus after six months.

2009 Restrictions Eased

A year after a frail Fidel formally cedes power to his brother Raúl, President Obama allows Cuban-Americans to travel and send money to their homeland. Cuba takes small steps to open its economy.

2013 The Handshake

President Obama and President Raúl Castro shake hands at the funeral of former South African President Nelson Mandela, setting off speculation that Cuba and the U.S. may be renewing ties.

TODAY Renewed Ties

Cuba and the U.S. re-establish diplomatic relations. Obama lifts some of the embargo's restrictions, but major sticking points between the countries remain.

RALPH CRANE/THE LIFE PICTURE COLLECTION/GETTY IMAGES (JFK); BETTMANN/CORBIS (MARIEL BOATLIFT); CHIP SOMODEVILLA/GETTY IMAGES (BARACK OBAMA)

helped fund. (That same year, Fidel admitted to a reporter that “the Cuban model doesn’t even work for us anymore.”)

In 2011, President Castro said Cubans could buy and sell property and hire workers for private businesses for the first time since the revolution. Recently, Cuba’s government has given in to demands for more Internet access, opening 35 Wi-Fi hot spots and charging users about \$2 an hour, but that’s still out of reach for most Cubans, who earn \$20 a month on average.

“[Progress has] been very slow,” says Ted Piccone, a Latin America expert at the Brookings Institution. “It’s a state-run, state-controlled economic and political system,” he adds, and “they are trying to modernize and update their economy without losing political control.”

So far, Castro has made no efforts to improve Cuba’s human rights. The government runs all newspaper, TV, and radio outlets, and tightly controls what Cubans can see online. The only political party allowed is the Cuban Communist Party. And according to the Cuban Commission for Human Rights and National Reconciliation, the regime continues to harass and detain democracy advocates.

Though dictatorships tend to be risky places for investors, many American businesses are eager to tap into Cuba’s market of 11 million potential customers. Airbnb has signed up more than 2,500 homes in Cuba for its home-rental business, and Netflix is offering streaming services for the limited number of homes with Internet. IDT, a New Jersey telecommunications company, recently signed a contract with the Cuban government to provide direct long-distance phone service from the U.S. to the island.

You Owe Me Money

But major sticking points remain for the U.S. and Cuba. For one, President Castro has demanded that the U.S. lift the embargo completely. That’s something Obama favors, but it requires approval from Congress, which is unlikely to happen anytime soon. Republicans, in particular, oppose the idea, echoing the sentiments of the influential Cuban-American community concentrated largely in Florida. Many Cuban-Americans, including Senator and Republican presidential candidate Marco Rubio of Florida, have criticized Obama’s recent moves. They say Cuba must allow political and economic

reforms before the U.S. makes concessions.

The Castro government also wants the U.S. to pay millions of dollars for the damages it says the embargo inflicted on Cuba’s economy. And it wants the U.S. to return Guantánamo Bay, which the U.S. seized in 1898 during the Spanish American War and has occupied ever since, using it currently as a prison for suspected terrorists.

The U.S. has demands too. It wants Cuba to compensate American companies and individuals for the property the Castro government confiscated in the 1960s—claims totaling about \$7 billion—and for Cuba to hold democratic elections and improve human rights.

It may take years for the two nations to work through these differences, according to Piccone of Brookings. But he says the fact that the two nations are talking again bodes well.

“We’re moving past a period of no relations, no dialogue, to a period of engagement and negotiations,” he says. “The horse is out of the barn; it’s going to keep moving.”

With reporting by Victoria Burnett and Azam Ahmed of The New York Times.