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6-7-1996

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## Recommended Citation

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## **U.S. Allies Strongly Oppose Cuban Sanctions Under Helms-Burton Act**

*by LADB Staff*

*Category/Department: Cuba*

*Published: 1996-06-07*

The Helms-Burton Act, the latest punitive measure by the US against the Cuban government, has been widely condemned by US allies in Europe as well as by most Latin American countries. The latest protest came in a strongly worded statement issued at the meeting in Panama of the 34-member Organization of American States (OAS). Despite objections, however, the US has begun sending warning letters to private foreign companies that they face US sanctions as a result of their Cuba operations.

While almost all US allies take the position that engaging with Cuban President Fidel Castro on the business front gives him a greater stake in allowing democratic opening on the island, the US home to about one million mostly anti-Castro Cuban-Americans has refused to engage in dialogue with Castro and is now stepping up efforts to impose its position on other countries. A year ago, when Republicans in the US Congress were proposing tough new sanctions against Cuba, US President Bill Clinton was solidly opposed because of the objections from key allies and from many within the Clinton administration. Now, with the legislation signed into law, the initial fears about a backlash from friendly nations has been borne out.

The Helms-Burton Act was passed and signed by Clinton in March. It sailed through Congress in the aftermath of Cuba's downing of two small private planes on Feb. 24 piloted by Miami-based Cuban-Americans who Havana said had entered its airspace illegally (see NotiSur, 03/01/96 and 03/15/96). The measure authorizes sanctions against foreign companies doing business in Cuba that utilize property once owned by US citizens but nationalized by Cuba's government after the 1959 revolution. Sanctions include denying visas to company officers, major shareholders, and their family members. Another provision would allow US citizens to sue such firms in US courts for damages. A co-sponsor of the legislation, Senate Foreign Relations Committee chair Jesse Helms (R-NC), called the legislation a "slap in the face to a tyrant," and urged Clinton to enforce the sanctions "to the hilt."

The Clinton administration, however, hoped to apply the law without ruffling the feathers of close US allies. "In general, we're seeking to maximize pressure on the Castro regime, and we want to minimize the impact on our allies and on our trading partners," State Department spokesperson Nicholas Burns said. "I think those governments ought to have some sympathy for the US and the American people as we deal with the last dinosaur, anachronistic, authoritarian regime in our hemisphere, Cuba." To signal the onset of implementation, at the end of May the US State Department sent letters to Canadian mining and energy firm Sherritt International Corp., Italian telecommunications concern STET, and Mexican conglomerate Grupo Domos. Sherritt has investments in nickel mining and Domos and STET are involved in revamping Cuban telecommunications. Together, the three companies command a sizeable share of total investment in Cuba (see NotiSur, 04/04/96).

Grupo Domos acknowledged that it had received a letter warning about possible sanctions. However, the company said it was not in violation of the Helms-Burton Act because it does not own property confiscated from US citizens. Mexico's Foreign Ministry said it had "protested energetically" against the letter. It called the warning "an unjustified attempt" to impose US laws on Mexico. Mexican companies have been pressuring the government to take concrete action against the Helms-Burton Act, after the Mexican company Cementos Mexicanos (Cemex) announced that it would stop doing business in Cuba. Because CEMEX decided to withdraw from a cement-plant operation on the island, the company did not receive a State Department warning letter. Cemex owns a cement distribution plant in Texas, and could be vulnerable to potential lawsuits in US courts. However, industry sources suggested that Cemex also hoped to encourage US trade officials to remove anti-dumping tariffs currently in force against imports of Mexican cement.

Toronto-based Sherritt, which operates joint ventures in nickel mining, refining, and energy projects, will continue to conduct its business in Cuba as it has, despite intensifying US pressure for more than a year. "The pressure has been out there for a long time and it's not going to go away," Sherritt vice president Patrice Merrin Best said, adding that Sherritt was working closely with the Canadian government on the issue. "The Americans still have to develop guidelines to implement the legislation," said Elizabeth Blackburn, spokeswoman for Canadian Trade Minister Art Eggleton. "We don't like to speak about retaliation at this point in time." Blackburn added that the Canadian government was prepared to take the issue to the executive body of the North American Free Trade Agreement (NAFTA) if it cannot be resolved in consultations with Washington.

In fact, NAFTA partners Mexico and Canada are leading the opposition to Washington's attempts to curb trade with Cuba. "Sadly, this goes far beyond NAFTA," said Mexican senator and former foreign minister Fernando Solana. "This violates the sovereign space of Mexico and has very direct effects on Mexican companies and citizens, which the Mexican state is obligated to defend." The Mexican Foreign Ministry says that Mexico and Canada might enact "mirror" laws to counter the extraterritorial effects of the Helms-Burton Act. "We're trying to write a law that will act as a shield against foreign laws, such as Helms-Burton, that infringe on our national security," said Sen. Jose Murat, a leading legislator of the governing Partido Revolucionario Institucional (PRI).

According to Foreign Ministry officials, the proposed "Helms-Burton antidote bill" would prohibit Mexican companies from providing information to US courts about their operations, reject the validity of any foreign court decision in Mexican territory, and impose sanctions on Mexican private and government-owned companies that abide by foreign court decisions or comply with the Helms-Burton law. The legislation would be modeled after a 1992 Canadian law passed in response to the Cuban Democracy Act, or Torricelli law, which prohibited foreign subsidiaries of US firms from trading with Cuba. The Canadian law calls for penalties on Canadian-based companies, including subsidiaries of US corporations, that follow instructions from a foreign government not to trade with Cuba. The Canadian Parliament is currently discussing strengthening the 1992 law to allow Canadians penalized by the Helms-Burton law to sue in Canadian courts to recover their losses, but no bill has been introduced. Objections to Helm-Burton were almost universal in Latin America.

In late May, delegates to a Rio Group meeting in Cochabamba, Bolivia, set up a special commission to study collective action against the US legislation. However, the strongest reaction to the measure

came from the normally pro-US OAS. In what observers called unprecedented defiance of Washington, the OAS ordered an investigation of the legality of the law and rejected Washington's attempt to control the business relations of Latin American countries with Cuba. The OAS resolution denouncing the Helms-Burton Act was approved by 23 of the 34 members. Ten others did not vote and only the US voted against it. During the OAS meeting, Caribbean nations also said the law was not the best way to bring democracy to the island. "Democracy cannot come to a country with outside pressure," said St. Kitts and Nevis Foreign Minister Denzil Douglas of the 14-member Caribbean Community (CARICOM). "Democracy will come to Cuba over time."

Many OAS delegates rejected the US view that the Helms-Burton law was purely a domestic affair. "Clearly this legislation has extraterritorial effects so we had to discuss it," said Costa Rican Foreign Minister Fernando Naranjo. In addition to the multilateral condemnations, most Latin American countries individually expressed their disagreement with the US measure, including Uruguay, Peru, Chile, Colombia, Argentina, and Guatemala. US Deputy Secretary of State Strobe Talbott defended the law as a necessary tool for tightening the long-standing embargo against Cuba.

Despite differences that may have surfaced, he said, all countries in the Western Hemisphere "shared hope for a peaceful transition to a sustained, genuine democracy in Cuba." In a much stronger response, US ambassador to the OAS Harriett Babbitt said Washington "rejects the blatant interventionist nature of this document." In Havana, Cuba welcomed the OAS vote. A Cuban Foreign Ministry spokesperson said the vote was a surprise and added that the unanimity Latin America had achieved was striking. "This shows it is not just a law against Cuba but against the world," he said. "The world is now starting to react against the wishes of imperialism....The US is beginning to see the limits of imperial power." "Washington had to eat humble pie and Havana was handed a nice diplomatic victory on a silver plate," one South American OAS diplomat said.

In Europe, the reaction has also been opposition to US attempts to impose its foreign and trade policies on others. On May 24, the European Commission and Parliament harshly criticized the US moves to tighten sanctions on Cuba and pending US legislation which would extend such measures to Iran and Libya. The European Parliament approved a resolution that "condemns the Helms-Burton Act and all the unilateral measures adopted by the US against world free trade." Added European Commissioner Karel Van Miert, "We want to send an unambiguous message to US authorities and in particular to the US Congress that we object to any legislation of an extraterritorial character. We will not hesitate to take all the necessary steps to protect our interests." British Minister of State Sir Nicholas Bonsor said the United Kingdom would push for the removal of the law, which he called a "profoundly bad law." "Its effect, rather than its intent, is causing great damage...and not only between the US and its allies," Bonsor said. "By pushing Cuba into a very defensive position it gives Castro the opportunity to be more repressive, just at a time when Cuba seemed to be freeing-up somewhat."

The European Union raised the issued at the recent World Trade Organization (WTO) meeting in Geneva. EU officials remained unsatisfied after talks with the US in early June, but said they would hold another meeting before deciding whether to request direct WTO arbitration in the affair. The EU says it sympathizes with US criticism of Cuba's domestic human rights record. "But we feel it is bizarre that they should attack their enemies by shooting at their friends first," one EU official said. And on June 7, sources in the Spanish Foreign Ministry said the EU may adopt "sanction-like

measures" against the US if it enforces Helms-Burton. The sources did not exclude Spain's adoption of sanctions on its own, which would indicate another turn in Spain's policy towards Cuba. Spain was seen as coming closer to the US since Jose Maria Aznar's Conservative government took over a month ago. After a meeting with US Vice President Al Gore, Aznar announced a freeze of Spain's official aid to Cuba.

Nevertheless, the private Spanish hotel group Sol Melia, the largest Spanish investor in Cuba and a possible target under new US legislation, said it would leave the US if forced to choose between operating there or in Cuba. "We decided to opt for Cuba and we are continuing to opt for Cuba," director for Cuban operations Gabriel Canoves said. "We are professionals and where there is business, you develop it in a businesslike way."

The international opposition is compounded by growing irritation in the US business community, which is missing out on Cuba's nearby market of 11 million consumers. "US companies are feeling that they never wanted Helms-Burton and they would like to return to the Cuban market," said John Kavulich, who leads the US-Cuba Trade and Economic Council, the largest nonpartisan US business group focusing on Cuba. "The international reaction to the Helms-Burton law remains a clear and increasing matter of concern to the US business community, because it is hearing from the international community that US companies are the ones that may be targeted for retaliation."

Meanwhile, advocates of the measures say the US is finally playing hardball with nations that have ignored US embargoes over the years and "perpetuated dictatorships" by providing them with cash and technology. Using the threat of US import restrictions, Washington is trying to compel other nations to adopt its priorities. "It's a potent weapon," said Marc Thiessen, spokesman for the Senate Foreign Relations Committee. "This is something we as the strongest economy in the world can afford to do. The thought of losing access to the US market sends shivers down their spines."

But critics say such legislation embroils the US in needless arguments with its allies, hobbles its own industry, and makes a mockery of US calls to expand free trade throughout the world. They also say the measure is the result of the presidential campaign in the US, and that Clinton is allowing a tiny percentile of the electorate the Cuban exile community to dictate foreign policy. (Sources: New York Times, 05/29/96; Associated Press, 05/08/96, 05/09/96, 05/30/96; Inter Press Service, 05/28/96, 05/30/96; United Press International, 05/30/96, 05/31/96; Notimex, 06/01/96; Miami Herald, 06/03/96; Reuter 05/23/96, 05/24/96, 05/28/96, 05/30/96, 06/01/96, 06/03-05/96; Agence France-Presse, 06/03-05/96; Deutsche Press Agentur, 06/05/96)

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