

Canada and Cuba: Booming Partners

*Despite U.S. Obstacles,
Trade, Diplomacy Flourish*

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TORONTO—Havana is getting a new air terminal, thanks to Canada. Alberta-based Genoil is exploring some potentially rich oil sites, thanks to Cuba. A Canadian pharmaceutical company is hoping to market Cuban products throughout the developed world. Canadian mining companies are excavating Cuban soil, and a Canadian hotel chain is operating several resorts owned by the Cuban government.

Along Bloor Street here, the beach-scene billboards are already up and luring Canadians southward to an island that has become a winter refuge for tens of thousands.

Forget the U.S. trade embargo. Forget the Helms-Burton Act and its threat of retaliation against companies that work too closely with Fidel Castro's government. Forget the Bay of Pigs and the missile crisis and all the slights and insults and injuries that have kept the United States and Communist Cuba at odds since Castro took power in 1959.

Canadians know a good deal when they see one, and what they have discovered in the 1990s is that Cuba can mean far more than great cigars and a cheap beach trip. Even Communists, it seems, have a price, and over the last few years Canada has marched into the void left by the collapse of the Soviet Union and the decades-old U.S. trade embargo.

Trade between the two countries is expanding quickly: Canada is now Cuba's largest trading partner. There are increasingly strong diplomatic ties, renewed Canadian foreign aid helping the island's development, and a steady stream of tourists encouraged by the arrival of management companies that put Labatt's beer on the table and hang a maple leaf flag at the front door.

The Canadian government does voice complaints about human rights in Cuba, and says that in the long run Canada wants to see the same democratic reforms there that the United States is seeking through economic and political pressure. But in the meantime, Canadians are not going to let that muddy the waters. Indeed, they

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contend that the best path to understanding and change is through continued relations.

"Canadian foreign policy towards Cuba is normal foreign policy—no different than for France or Spain or Jamaica," said John Kirk, a Latin American studies professor at Halifax's Dalhousie University. "We don't agree with their democratic interpretation. But we believe—as does the entire world—that the way you express concern is through engagement.

"It has been win-win. The Canadian business interests are making a fortune because there is no U.S. competition. They would love U.S. policy to continue. . . . And it has been good for Cuba because it has meant all sorts of income."

Particularly since the collapse of the Soviet Union in 1991 left the island without its main economic prop, Canadians say, the Castro government has become more willing to

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strike deals that would seem, on their face, to mock communist ideology.

"Let's get real about this place," said David Allan, chairman of Toronto-based York Medical Inc., which has been licensed by Cuba to market some of the island's human and animal pharmaceutical products in Canada and Europe.

The Cuban government realized, he said, that it needed a developed-world partner to walk its products through the strict regulatory procedures of countries like Canada or those of the European Union. The required testing is already underway for some drugs, and Allan said he plans to raise capital for the venture

through a public stock offering.

"Cuba has a very sophisticated biotechnology and pharmaceutical industry," he said. "They are anxious to convert any products that they can convert for international marketing."

Cuba has long been a sort of foil for Canada to prove its political and foreign policy independence from the United States. During the 1962 missile crisis, Canadian Prime Minister John Diefenbaker initially opposed President John F. Kennedy's request that Canada's troops be put on alert.

ruthlessness early this year when it downed two civilian aircraft. It was that incident that led to passage of the Helms-Burton Act, which denies U.S. travel rights to companies and individuals that benefit from property expropriated by Castro's government and in some cases imposes court sanctions on them.

The law, its supporters say, is an attempt to strengthen an embargo that is weakened by every Canadian investment.

"Canada and some of our European allies have effectively replaced the Soviet Union as the subsidizer of Castro's regime," said Marc Thiessen, spokesman for Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.), who authored the anti-Castro law with Rep. Dan Burton (R-Ind.). "A lot of Canadian companies put their morals on the shelf and are jumping at the opportunity. . . . Every dollar they transship is a dollar that prolongs the suffering of the Cuban people."

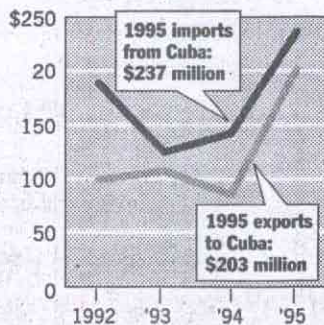
So far, the most prominent company cited under the law is Canadian. Sherritt International Corp. executives have been barred from the Unit-

SEEKING A SPOT IN THE SUN

CANADIAN-CUBAN TRADE GROWING

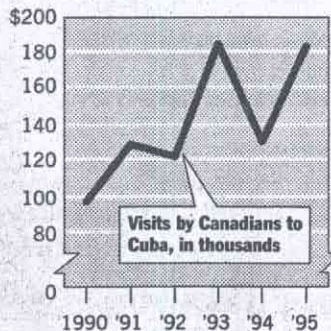
While U.S. sanctions against Cuba remain in effect, Canada has become Cuba's largest trading partner, and more and more Canadians seek out Cuba as a moderately priced vacation spot in the sun.

Canada's external trade with
Cuba has grown . . .



SOURCE: Canadian Department of Foreign Affairs

. . . and so has tourism.



SOURCE: Statistics Canada

THE WASHINGTON POST

In the mid-1970s, Prime Minister Pierre Elliott Trudeau visited the island seeking to build trade ties. By last year, the countries were doing about a half-billion dollars in business with each other. That figure, while minuscule compared to the \$262 billion in trade between Canada and the United States last year, promises to grow substantially in coming years, and does not include the millions spent in Cuba by Canadian tourists.

That is a real vexation for Castro-haters in the United States, who argue that Canada and other countries that deal with Cuba are sustaining a government that not only restricts democratic rights but showed its

ed States because they are mining a nickel deposit that was owned by an American business before the Castro government nationalized it.

The Canadians have heard these arguments before, and counter that their foreign policy toward Cuba does not ignore human rights, it just approaches their defense differently. They will take action if circumstances warrant: Foreign aid was suspended to Cuba in the 1970s, for example, to protest its support of African guerrilla movements. But they also want to improve ties when possible: Foreign aid was resumed in 1993. Since then, Canada has given more than \$2 million in grants to private organizations working on the island and recently provided loan guarantees to back a Canadian company's construction of a new air terminal in Havana.

The Canadian firm Genoil will start test-drilling two geologic formations in the country early next year, and the estimated oil reserves could provide Cuba with substantial earnings. Genoil's president and CEO, Robert Maxwell, said initial studies show the Cuban sites could produce as much as a billion barrels of oil over two to

three decades. The company, Maxwell said, has been given permission by Cuba to sell the oil on the world market and will share the profits.

And then there is Mary O'Connell, a former motel owner from Brampton, Ontario, who is among the Canadian tourists who visit Cuba each

year—more than 120,000 in 1995. "I can walk the streets at midnight in Varadero and not worry about it," O'Connell said.

That, according to Canadian business officials, is also by design. Trudeau's visit in the 1970s put Cuba on Canadians' vacation itineraries, and Cuba is working hard to stay there. Under a three-year-old deal with the Castro government, for example, Canada-based Delta Hotels and Resorts manages six properties in Cuba. Company officials say they have been given substantial leeway to manage them in a way that will appeal to developed-world tourists.

"It was just a business decision on Cuba's part that to continue to grow the business, they needed to be competitive," and improve the facilities and services available, said Scott Allison, Delta's marketing vice president.

Canadians have responded, and now charter companies like Air Transat fill up to 30 planes a week during the winter, carrying tourists to an island that is cheap, safe, Communist and—unlike Florida—doesn't have all those Americans jostling for space.

"That," said Diane Pothan, the company's director of sales, "is always one of the selling points."