

Myths And Facts About The U.S. Embargo On Medicine And Medical Supplies

A report prepared by Oxfam America and the Washington Office on Latin America

BASIC FACTS:

The Cuban health care system functioned effectively up through the 1980s. Life expectancy increased, infant mortality declined, and access to medical care expanded. Cuba began to resemble the developed nations in health care figures. While the U.S. embargo prevented Cuba from buying medicines and medical supplies directly from the United States, many U.S. products were available from foreign subsidiaries. Cuba may have paid higher prices, and heavier shipping costs, but it was able to do so.

The Cuban health care system has been weakened in the last seven years, as the end of Soviet bloc aid and preferential trade terms damaged the economy overall. The economy contracted some 40%, and there was simply less money to spend on a health care system, or on anything else. And because the weakened Cuban economy generated less income from foreign exports, there was less hard currency available to import foreign goods. This made it more difficult to purchase those medicines and medical equipment that had traditionally come from abroad, and contributed to shortages in the Cuban health care system.

In the context of the weakened Cuban economy, the U.S. embargo exacerbated the problems in the health care system. The embargo forced Cuba to use more of its now much more limited resources on medical imports, both because equipment and drugs from foreign subsidiaries of U.S. firms or from non-U.S. sources tend to be higher priced and because shipping costs are greater.

The new restrictions imposed by the Cuban Democracy Act of 1992 (CDA) have further exacerbated the problems in Cuba's medical system. The CDA prohibits foreign subsidiaries of U.S. corporations from selling to Cuba, thus further limiting Cuba's access to medicine and equipment, and raising prices. In addition, the CDA forbids ships that dock in Cuban ports from docking in U.S. ports for six months. This drastically restricts shipping, and increases shipping costs some 30%.

The Cuban government has prioritized health care spending in the last five years. The proportional share of the national budget that goes to health care has increased from 5.8% in 1989 to 7.6% in 1995, while proportional spending on defense and government administration has dropped substantially. As a result, general public health indicators continue to be good (long life expectancy, low infant mortality). But that is not enough to cushion Cuba's health care system from the effects of the economic crisis, as exacerbated by the embargo and the CDA. There are shortages and delays throughout the medical system and troubling signs of public health problems, including increases in mortality from infectious diseases, and higher numbers of low birth weight babies.

It will take time, and a broader economic recovery, to restore the Cuban health care system to its 1980s level. That is Cuba's responsibility. The United States did not cause the health care crisis in Cuba, but the United States should cease measures that exacerbate that crisis. Restrictions on the sale of medicines and medical equipment, and restrictions on shipping medicines and medical equipment should end immediately.

MYTHS AND FACTS:

MYTH 1: The U.S. embargo on medicine doesn't really hurt the Cuban health care system, because nothing in the U.S. law prohibits Cuba from purchasing medicine and medical supplies from other countries.

FACT 1.1: Some medicines and medical supplies are only available from the United States or from foreign subsidiaries of U.S. companies. Cuba cannot get them from other countries. For example:

- Cuba cannot purchase spare parts for its U.S. built X-ray machines;
- Cuba cannot purchase replacements parts for its public water supply pumps and pipes, which were built in the United States;
- A spare part used in the manufacture of prenatal vitamin supplements is only legally available from U.S. or subsidiary suppliers; the production of prenatal vitamins has been sharply reduced;
- Prostaglandin, the drug of choice for inducing labor, is only available from Upjohn, a U.S. pharmaceutical company. Substitute drugs that Cuban gynecologists are forced to use carry higher risks for mother and child;
- The Kodak X-ray film recommended by the World Health Organization for use in breast cancer screening is not available to Cuba because it is manufactured in the U.S.;
- 25 U. S. manufactured neonatal respirators, used for premature babies, were donated to Cuba. As they age and malfunction, spare parts are not available to repair them.

FACT 1.2: U.S. owned companies increasingly dominate the world market in medicines and medical equipment, and this increasingly restricts Cuba's access to medicines and medical equipment.

U.S. corporate buy-outs and mergers of international pharmaceutical companies are increasing, and this brings foreign firms under the terms of the U.S. embargo. For example:

- A key chemical used for early diagnosis of entopic pregnancies is not legally available to the Cuban doctors because the manufacturer was recently purchased by a U.S. company, and is now banned from selling to Cuba;
- In 1995, Pharmacia, a Swedish company which since 1970 has had multimillion dollar sales to Cuba of protein purifying equipment, chemotherapy drugs, and growth hormones, merged with Upjohn, a major U.S. pharmaceutical company, and within three months of the merger closed its office in Havana and ended sales there

United States pharmaceutical companies dominate the world market:

- 50% of all new world-class drugs developed between 1972 and 1992 are manufactured or patented in the U.S. and are therefore unavailable to Cuba.

FACT 1.3: U.S. actions make it more expensive for Cuba to buy from third countries.

U.S. law generates long delays and higher costs to ship from third countries. The greater expense is substantial - it is estimated that Cuba has to spend around 30% more in increased shipping costs to import

from countries other than the U.S. A recent study by the American Association of World Health found that by 1993, Cuba was paying 43% over pre-CDA shipping rates.

- These inflated expenses force Cuba to spend more of its limited budget on shipping rather than purchasing medicine for the Cuban population.
- Wheat purchased from E.U. countries costs \$25-\$28/ton (includes shipping); if purchased from the U.S., it would cost \$13/ton.

FACT 1.4: U.S. actions make it more difficult for Cuba to buy from third countries.

A scare factor exists that dissuades third countries from trading with Cuba for fear of U.S. reprisal; there are cases where foreign companies have refused to sell to Cuba.

U.S. provisions discourage third country shippers from delivering supplies to Cuba by barring ships from loading and unloading cargo in U.S. ports for 180 days after delivering cargo to Cuba.

U.S. law prohibits third country manufacturers from reexporting to Cuba any goods made up of 20% U.S. manufactured components.

Third country exports of goods containing as little as 10% U.S. manufactured components must receive a license from the U.S. Treasury.

MYTH 2: Even with the embargo, Cuba can buy medicines and medical supplies from the United States -- U.S. companies can receive licenses to export with verification mechanisms.

FACT 2: The complexity and confusion of the licensing process has resulted in only eight licenses granted to U.S. subsidiaries between 1992 - 1995; in fact, no U.S. parent company has received a license since the passage of the CDA in 1992 because:

- The procedure is difficult, discouraging, and cumbersome, few companies apply. In fact, the stated policy of both the Treasury and the Commerce Department is that "applications for validated licenses will generally be denied";
- Licenses must be obtained on a contract-by-contract basis, a laborious and time-consuming process;
- Those who have applications approved must carry out an "on-site verification" process which is difficult, complex, potentially costly and threatens harsh penalties; therefore, most companies do not wish to do so. Neither Treasury nor Commerce has issued regulations explaining what sort of verification is required, or how it is to be carried out.

MYTH 3: Cuban exiles, U.S. based humanitarian organizations and international aid agencies send money, medicine and medical supplies to Cuba that make up for the ban on medicine and medical supplies.

FACT 3.1: Donations are not a substitute for trade.

The level of donations received currently pales in comparison to import needs. According to the U.S. Treasury Department, 82 licenses were approved for U.S. sales and donations of food and medicine to Cuba between October 1992 and May 1995 at a value of 63 million dollars. Yet in 1990 alone, prior to the passage of the CDA, Cuba imported well over \$400 million in food and medicines from U.S. subsidiaries.

Donations are an inconsistent and inadequate source of medical goods, rarely matching needs in terms of specific drugs, medical equipment or replacement parts.

Contributions only reach a part of the Cuban population, benefiting those with relatives in the U.S. or ties to charitable organizations.

The health of a population cannot be sustained by donations. Medical research and development is needed to maintain and expand an adequate health care system and industry.

FACT 3.2: U.S. law imposes restrictions that limit humanitarian assistance to Cuba.

Restrictions placed on charitable donations from the U.S. are similar to those imposed on commercial trade and have the same discouraging impact: a cumbersome licensing process and restrictions around shipping and end-use certification requirements result in delays and higher costs that limit contributions.

Travel license requirements and the absence of direct flights to Cuba result in delays and higher costs for both personal travel and donations. For example, the Cuban Council of Churches has experienced up to three-month delays in U.S. donations re-routed through Canada. Catholic Relief Services has reported that indirect shipping currently quadruples its shipping costs.

Donations from third country sources and international aid agencies are also limited by delays and increased costs imposed by U.S. law. The CDA requirement that ships docked in Cuba cannot stop in U.S. ports for 180 days applies to international donations and international donors must apply for a license from U.S. government agencies if the material they are sending contains over 10% U.S. origin components.

FACT 3.3: Even Cuban Americans who have a special license to permit family visits and donations have been affected by the need to obtain travel licenses on a case-by-case basis and by the absence of direct flights.

MYTH 4: Widespread suffering imposed by Castro is a larger concern than inadequate medicine and medical supplies resulting from the embargo.

FACT 4: The embargo on medicine and medical supplies does nothing to weaken Castro's power.

The humanitarian impact of U.S. policy is used to justify social control measures that the Cuban government deems as necessary in a "war-time" situation.

The ban further portrays the U.S. as an enemy that is hurting the Cuban people, thus arousing more nationalistic, anti-American sentiment in Cuba.

MYTH 5: Inadequacies in the Cuban healthcare system stem from the Cuban government's failure to prioritize healthcare by diverting its resources to other areas.

FACT 5: Cuba has prioritized access to doctors.

According to UNICEF, the Cuban healthcare system provides medical services free-of-charge to 98 percent of the population, surpassing health care coverage in both the United States and the rest of Latin America. Health services are widely available to the population, without regard to economic status, politics, race or religion. Over 95 percent of the public is attended by local family practitioners, each serving approximately 150 families in their neighborhoods.

Cuba has one of the highest doctor/patient ratios in the world: by 1996, there were 60,129 physicians in Cuba, half of these specialists, for a ratio of one physician for every 183 inhabitants. Problems in the Cuban healthcare system are not an inaccessibility to physicians but the unavailability of medicine and medical supplies as result of economic shortages and the embargo.

FACT 5.1: Despite the economic crisis of the 1990s, Cuba has continued to prioritize healthcare.

The health budget has increased its share of the national budget. Cuban healthcare spending was at 905 million pesos in 1989 but grew to 1.2 billion by 1996. This is the opposite of defense spending: in 1989, 1.3 billion pesos were spent on defense. In 1995 this amount had decreased to 602 million.

In fact, according to the Pan American Health Organization (PAHO), Cuba spends a greater percent of its GDP on health care than any other government in Latin America. In comparison to 7 percent spent by Cuba, Bolivia spends .6 percent, Costa Rica spends 1.27 percent; Dominican Republic spends 1.12 percent; and Brazil spends 0.64 percent.

MYTH 6: While depriving the healthcare system used by the vast majority of Cuban of adequate funding, the Cuban government has developed a closed, parallel healthcare system for the Communist Party elite, foreign 'health tourists', and others of the privileged few who can pay for medical services in hard currency.

FACT 6: Foreign patient medical services represent only a small proportion of Cuba's universal healthcare system.

A very limited number of hospital beds are set aside for foreign patients (the Cuban Ministry of Public Health* and individual hospitals in Cuba state that only 400-500 of Cuba's 66,263 hospital beds are used by foreigners). Only two medical centers in the country are dedicated to treating foreign patients: the Cira Garcia International Clinic (with 41 beds) and the Center for Retinitis Pigmentosa (with 90 beds). There is no deficit of hospital beds in the country and no Cuban is denied hospitalization in favor of a foreign patient. The vast majority of revenue generated by foreign patient medical services is reinvested in the Cuban healthcare system. In a recent interview, the Vice-Minister for Economic Affairs reported that 98.5 percent of gross income from foreign patient care stays within the health system. The hospital providing the service typically retains 60 percent of the funds and the remaining 40 percent goes into the national health budget. Hospitals use their profits to upgrade the entire facility, used overwhelmingly by Cuban patients. The portion of funds contributed to the national health care budget is used exclusively for purchase of medications, ambulances, equipment and supplies for medical services to the population. Hard currency earned from treating and selling medications to foreign patients is used to purchase medicines for Cuban patients who receive them free in hospitals and at subsidized prices in pharmacies.

MYTH 7: The Cuban government diverts profits from medical exports to support and subsidize Cuba's biomedical research programs at the expense of primary care facilities.

FACT 7: Cuba's biomedical research primarily benefits Cubans by producing vaccines domestically that Cuba would otherwise be unable to import.

For example, the hepatitis-b recombinant vaccine, developed through genetic engineering, has made it possible for Cubans to be immunized against this strain of hepatitis, reducing the otherwise prohibitive cost of importing the vaccine from international manufacturers. Another example is that of recombinant streptokinase - the life-saving "clot-buster" administered to heart attack victims - which is available in hospital emergency rooms, due to biomedical research. If imported, this product would cost over \$150 per dose.

**Most of the Ministry of Public Health statistics are also contained in PAHO records. PAHO regularly sends in teams to Cuba (as it does to other countries) to look at health statistics and check them against their own methodologies. Cuba fully cooperates with this process and has come up very positive in these verifications, according to PAHO itself.*

Information drawn from "A Role of the U.S.A in the shortage of food and medicine in Cuba" (Kirkpatrick, Anthony: Lancet 1996; 348-1489-91), "The Cuba Democracy Act of 1992, Catholic Relief Services, Mark Rasenick, M.D., "Exchange of Medical Supplies, Information and Personnel with Cuba" (American Public Health Association Resolution 9310), "Bread and Water" (Clear, Marty: University of South Florida Magazine: Spring 1997, p. 18), "The Politics of Suffering: The Impact of the US Embargo on the Health of the Cuban People" (Diane Kuntz: American Public Health Association), "Health in Cuba and the US Embargo" (World Federation of Public Health Associations Resolution #94-3, May 2, 1994), "Denial of Food and Medicine: The Impact of the US Embargo on Health and Nutrition in Cuba" (American Association for World Health: 1997), "Cuba: US Economic Sanctions" (Rennack, Dianne E. and Sullivan, Mark: Congressional Research Service Report #95-248-F, November 1996), "Cuba: Issues for Congress" (Sullivan, Mark: Congressional Research Service Issue Brief #94005, January 1997), "Cuba: What you need to know about the US embargo: An overview of the Cuban Assets Control Regulations Title 31 Part 515 of the US Code of Federal Regulations" (US Department of the Treasury Office of Foreign Assets Control), "Cuba: Travel Restrictions" (US Department of the Treasury Office of Foreign Assets Control), "Embargo? What embargo? Trading with Cuba increasingly bolder," (Tamayo, Juan O: Miami Herald, 5/11/97, pp. 1A and 13A)

October 1997