Controversy Follows Expulsion of Cuban Delegation from Mexico City Hotel

LADB Staff
Controversy Follows Expulsion of Cuban Delegation from Mexico City Hotel

by LADB Staff  
Category/Department: Mexico  
Published: 2006-02-15

The Hotel Sheraton Maria Isabel in Mexico City set off an international controversy after expelling 16 Cuban officials from its premises in early February. The hotel said it made the decision at the instruction of its parent company, US-based Starwood Hotels. The parent company was following the directive of the US Treasury Department's Office of Foreign Assets Control (OFAC) in accordance with the US embargo against Cuba.

Under the Helms-Burton Law, US companies are prohibited from supplying services to Cuban individuals or companies. The Cuban officials, most of whom were representing the country's industry and energy sectors, had been scheduled to participate in a three-day meeting with counterparts from private US companies Valero Energy Corp. and ExxonMobil, as well as the Louisiana Department of Economic Development and the Port of Corpus Christi, Texas.

Cuba, which is seeking foreign investors to help develop its deep-sea oil-exploration capabilities, recently forged agreements with energy companies from China, India, and Norway.

The meeting in Mexico was intended primarily to gauge the interest of US companies in participating in the Cuban oil sector, said Kirby Jones, founder of the Washington-based nonprofit US-Cuba Trade Association (USCTA). "It's outrageous that I, as an American citizen, can't go and talk to someone on Mexican soil," said Jones, a former World Bank official. Bush administration officials defended the decision of Starwood Hotels to expel the Cubans. "The hotel acted in accordance with US sanctions," said a spokesperson for the Treasury Department.

Mexico City, federal governments lodge protests

The Maria Isabel's decision brought protests from various entities of the Mexican government, which accused the US of again violating Mexican sovereignty through the Helms-Burton Law. The US law governing the US embargo against Cuba has been a thorn in the side of US-Mexico relations. In 1996, the Mexican Senate unanimously approved legislation establishing stiff fines for Mexican companies that submit to "extraterritorial sanctions" imposed by a foreign government (see SourceMex, 1996-09-25).

Reactions to the hotel's decision were varied, with President Vicente Fox's administration taking a somewhat cautious approach. Foreign Relations Secretary Luis Ernesto Derbez and Interior Secretary Carlos Abascal Carranza both issued statements criticizing the US action as a violation of Mexican sovereignty. Derbez said he planned to tell US Secretary of State Condoleezza Rice during a meeting in mid-February that Mexico does not accept the application of US laws in Mexico.

Some members of Congress, however, are pushing for Derbez to lodge a more energetic protest to the US move, such as sending the Bush government an official diplomatic note. "[The Fox
government's position] is unacceptable," said Sen. Dulce Maria Sauri Riancho, a member of the former governing Partido Revolucionario Institucional (PRI). "This government should be worried about the use of another country's laws on our own soil." Sen. Cesar Raul Ojeda Zubieta, the floor leader for the center-left Partido de la Revolucion Democratica (PRD) in the upper house, offered a similar position. "This incident requires an energetic response from the Mexican government," said Ojeda.

Derbez has declined to follow through with the suggested action, claiming it is not necessary. "A diplomatic note is not needed," Derbez responded, noting Mexico has made it clear it will not allow US firms to refuse business with Cuba in Mexico. "The application of [US] laws on our soil is not being accepted by Mexico, nor will it," he said. Fox government criticized for timid response

Prior to that comment, a spokesperson for the Secretaria de Relaciones Exteriores (SRE) had said the controversy regarding the expulsion of the Cubans was a "matter between private parties," which elicited strong criticism from both the left and the right.

"The Foreign Relations Secretariat, headed by Luis Ernesto Derbez, was wrong in washing its hands of the matter and declaring that this was a matter between private parties," said conservative-leaning syndicated columnist Sergio Sarmiento. "This case was another example in which a foreign government attempted to apply its own laws in our country. That is unacceptable for any nation that values its sovereignty."

Sarmiento went on to praise the administration of Mexico City's PRD Mayor Alejandro Encinas. "Encinas made it clear that it was not a matter between private parties nor an issue relevant only to the federal consumer protection office (Procuraduria Federal de Proteccion al Consumidor, PROFECO)," said Sarmiento. "This was a more delicate matter because the provider of service put into practice legislation from another country to discriminate and deny a service."

Even Abascal contradicted the SRE, saying he disagreed that the matter was one between private parties. "The federal government's response was lukewarm, in which it deliberately hid behind the premise of governmental prudence," said PRD Sen. Jesus Ortega, who has taken leave from his post in the Senate to manage the presidential campaign of his party's candidate, Andres Manuel Lopez Obrador.

Precinct leader criticized for overreaction

Mexico City Mayor Encinas promised a full investigation into the matter, but before he could launch an investigation, other city entities took their own actions. Virginia Jaramillo, the leader of the Cuauhtemoc precinct where the Maria Isabel is located, threatened to shut down the hotel for violating city codes, including unauthorized construction and failing to obtain proper licenses for some of its nightclubs. The hotel immediately sought and won an injunction from a Mexico City court, preventing the closure of its premises.

The newspaper El Economista reported that a final decision on the case could take as long as six months. Some critics accused Jaramillo of acting too rashly and of making this decision without first consulting with Encinas, who was out of the country at the time. "Jaramillo's lack of political savvy could cause political damage to the Mexico City government, the PRD, and even the candidacy of..."
Andres Manuel Lopez Obrador," said Raul Fraga, a columnist for the Mexico City daily political newspaper La Crisis.

Opposition members in the Mexico City legislature (Asamblea Legislativa del Distrito Federal, ALDF) immediately accused Jaramillo of "selective" enforcement of codes. "We would only have to make a simple sweep through the Zona Rosa to enforce 100 more closures," said Mauricio Lopez of the PRI, referring to the popular entertainment district in the Mexican capital.

Jaramillo defended her actions, however, suggesting that it was the "patriotic duty" of Mexicans to retaliate against the US in any way it could. In a column in the Mexico City daily business newspaper El Financiero, syndicated columnist Carlos Ramirez said the rashness in which the decision was made ran counter to Lopez Obrador's recent efforts to dispel the view that he is anti-business. "The concerns about a lack of legal protection for business were magnified with Jaramillo's authoritarian decision to announce the closure of the hotel."

Lopez Obrador did not make any comment regarding Jaramillo's actions but echoed statements by others condemning the hotel's decision to heed the dictates of the US Treasury. "Foreign laws cannot be applied in our country," the PRD presidential candidate said on his morning television show.

The four other presidential candidates, Felipe Calderon of the governing Partido Accion Nacional (PAN), Roberto Madrazo of the PRI, Roberto Campa Ciprian of the Partido Nueva Alianza (PANAL), and Patricia Mercado of the Partido Alternativa Socialdemocrata y Campesina (PASC), also condemned the incident and demanded a full investigation.

The opposition candidates, however, also took the opportunity to attack the Fox administration's "erratic" foreign policy, while Calderon focused his criticism on Jaramillo's action, which he said would "cause terrible damage" to Mexico's image in the international business community.

Hotel may have violated anti-discrimination laws

Other federal entities said the Maria Isabel would be held accountable for violating various anti-discrimination and tourism laws. Gilberto Rincon Gallardo, director of the federal anti-discrimination council (Consejo Nacional para Prevenir la Discriminacion, CONAPRED), said his agency would investigate whether the hotel broke any laws under the federal consumer law (Ley Federal de Proteccion al Consumidor), the federal tourism law (Ley Federal de Turismo), and various Mexico City laws governing business. Rincon said he is conducting the investigation with an eye to Article 1 of the Mexican Constitution, which specifies that "any discrimination on the basis of national origin is prohibited."

Tourism Secretary Rodolfo Elizondo Torres said his ministry is also investigating the circumstances behind the expulsion of the 16 Cuban nationals from the hotel. "I have instructed my deputy secretary for tourism operations to verify whether any tourism laws were violated, independent of the investigations being conducted by the Mexico City government and the SRE," said Elizondo. "If there were any violations, we would apply all appropriate fines."
In Cuba, the Communist Party's official newspaper Granma directed the bulk of its criticism at the US government. "The tentacles of the blockade and the United States' criminal economic war against Cuba tend to extend themselves to every corner of the planet, including to the detriment of the sovereignty and laws of other states," the newspaper said in an editorial.

The Cuban daily newspaper Juventud Rebelde criticized both the US and Mexican governments, calling the Fox government's reaction "weak." This was partially a reflection of the rocky relationships between Cuba and Mexico since 2000, when Fox took office. Each country has accused the other of meddling in its political affairs (see SourceMex, 2002-04-24, 2004-05-12, and 2004-07-21).

US, Cuban delegations meet anyway

The US and Cuban delegations led by Jones and Raul Perez del Prado, Cuba's vice minister of basic industries decided to proceed with their meetings at an unspecified location after the incident. Jones questioned the motives of US President George W. Bush's administration in choosing this particular occasion to enforce the Helms-Burton Law. He noted that previous meetings in Mexico between US companies and Cuban officials had been extremely successful, resulting in contracts to sell US food products to Cuba.

Jones said an oil-drilling agreement would be very beneficial to both sides. "[The Cubans] are sensing a lost opportunity in their own backyard, less than 100 miles from the Florida coast," said Jones. Other members of the US private sector were also angered at the US Treasury Department's decision to pressure the hotel to expel the Cuban delegation. "This is one of the rare moments that really brings out the ugliness of the Helms-Burton law that puts American business in a tight position," said Al Zapanta, president of the 2,000-member US-Mexico Chamber of Commerce. "You have to go into the international marketplace and you have to operate within the laws of the host country."

In a letter to US Treasury Secretary John Snow, William Reinsch of the National Foreign Trade Council criticized the OFAC for contributing to a deterioration of relations between the US and Mexico. "Given the wholly negative backlash from the extraterritorial application of US sanctions, I hope that OFAC will refrain from applying such measures in the future," Reinsch said. "It's hard to see how forcing Cubans to move from one luxury Mexico City hotel to another has any value other than petty harassment," said the Los Angeles Times in a Feb. 15 editorial. "As usual, it's American business, not the Castro regime, that suffers." (Sources: Spanish news service EFE, 02/05/06, 02/06/06; The New York Times, 02/04/06, 02/07/06; Agencia de noticias Proceso, 02/06-09/06; Reuters, 02/07/06, 02/09/06; Associated Press, 02/05/06, 02/07/06, 02/09/06, 02/13/06; La Jornada, 02/06-10/06, 02/13/06; La Crisis, 02/07-09/06, 02/13/06; El Financiero, 02/08-10/06, 02/13/06; Agence France-Press, 02/13/06; Reforma, 02/05-12/06, 02/14/06; The Herald-Mexico City, 02/06-10/06, 02/13/06, 02/15/06; El Universal, 02/06-10/06, 02/13-15/06; La Cronica de Hoy, 02/06/06, 02/08/06, 02/09/06, 02/10/06, 02/13-15/06; Los Angeles Times, 12/15/06)

-- End --