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Cuba: U.S. Policy Overview

Since the early 1960s, when the United States imposed a trade embargo on Cuba, the centerpiece of U.S. policy toward Cuba has consisted of economic sanctions aimed at isolating the Cuban government. In December 2014, however, the Obama Administration initiated a major policy shift, moving away from sanctions toward a policy of engagement and the normalization of relations. The policy change included the rescission of Cuba's designation as a state sponsor of international terrorism in May 2015; the restoration of diplomatic relations in July 2015; and steps to increase travel, commerce, and the flow of information to Cuba.

In June 2017, President Trump unveiled his policy on Cuba. The policy leaves most of the Obama-era policy changes in place but rolls back some efforts to normalize relations, including restrictions on people-to-people educational travel to Cuba and on financial transactions with companies controlled by the Cuban military.

As anticipated, Raúl Castro stepped down as president on April 19, 2018, and Cuba's National Assembly of People's Power selected First Vice President Miguel Díaz-Canel to succeed Castro as president. Castro, however, is expected to head the Cuban Communist Party until 2021. The selection of Díaz-Canel, 58 years old, reflects the generational change in Cuban leadership that began several years ago and marks the first time since the 1959 Cuban revolution that a Castro is not in charge of the government. Most observers do not expect major policy changes under Díaz-Canel, but he faces two enormous challenges—reforming the moribund economy and responding to desires for greater freedom. Cuba's political transition to a post-Castro era likely will not affect relations with the United States, at least initially, but in the future it could lessen the antipathy of some opposed to normalizing relations.

Government-to-Government Engagement. With the restoration of relations in 2015, government-to-government engagement increased significantly. U.S. and Cuban officials have held seven Bilateral Commission meetings, the most recent in June 2018, to coordinate efforts to advance engagement.

Officials have negotiated numerous bilateral agreements, including on such issues as environmental cooperation, direct mail, civil aviation, maritime navigation, agriculture, health cooperation, counternarcotics cooperation, federal air marshals, cancer research, seismology, meteorology, wildlife conservation, animal and plant health, oil-spill preparedness and response, law enforcement cooperation, search and rescue, and the delimitation of the U.S.-Cuban maritime boundary in the eastern Gulf of Mexico. Bilateral dialogues have been held on these and other issues, including counterterrorism, U.S. property claims, human

rights, renewable energy and efficiency, trafficking in persons, migration, and cybersecurity.

President Trump issued a national security presidential memorandum (NSPM) on Cuba in June 2017 replacing President Obama's October 2016 presidential policy directive that had laid out objectives for normalization. The new policy emphasizes that engagement should advance the interests of the United States and the Cuban people.

Travel and Commerce. The Obama Administration's policy change of increasing travel, commerce, and the flow of information to and from Cuba required amendments to U.S. regulations administered by the Department of the Treasury, Office of Foreign Assets Control (Cuban Assets Control Regulations [CACR]; 31 C.F.R. Part 515) and the Department of Commerce, Bureau of Industry and Security (Export Administration Regulations [EAR]; 15 C.F.R. Parts 730-774). To implement the policy, the two agencies issued five rounds of amendments to the regulations in 2015-2016.

The amendments eased restrictions on travel (for the existing 12 categories of permissible travel, with travel for tourism remaining prohibited), remittances, trade, telecommunications, and banking and financial services. Authorized travelers can bring back Cuban products as accompanied baggage for personal use, including alcohol and tobacco products. Certain U.S. companies or other entities are authorized to have a physical presence in Cuba, such as an office, retail outlet, or warehouse.

The export of certain commercial goods and services to Cuba's private sector is authorized, including building materials for private residential construction, goods for use by private-sector Cuban entrepreneurs, and agricultural equipment. The export of certain consumer goods sold online or through other means directly to eligible individuals in Cuba for personal use is authorized. Certain goods produced by independent Cuban entrepreneurs are eligible to be imported into the United States.

Certain exports to Cuba are subject to a "general policy of approval" by the Commerce Department, including exports for environmental protection; civil aviation and commercial aircraft safety; telecommunications; U.S. news bureaus; human rights organizations and nongovernmental organizations; and agricultural commodities (such as insecticides, pesticides, and herbicides) that fall outside the scope of those allowed under a license exception. Licenses for certain exports are considered on a case-by-case basis, including exports to state-owned entities providing goods and services for the use and benefit of the Cuban people.

The commercial export of certain consumer communication devices is authorized, as well as the export of items for

telecommunications. A general license authorizes transactions to provide commercial telecommunications services in Cuba or to link third countries and Cuba. U.S. companies may establish joint ventures with entities in Cuba to provide telecommunication and Internet-based services and to enter into licensing agreements.

U.S. financial institutions may open correspondent accounts at Cuban financial institutions to facilitate the processing of authorized transactions. Private financing is authorized for all authorized nonagricultural export trade to Cuba. U.S. banking institutions are permitted to authorize so-called U-turn payments through the U.S. financial system for transactions involving Cuba or Cuban nationals.

In order to implement President Trump's Cuba policy changes, the Treasury and Commerce Departments amended the CACR and EAR in November 2017. The amended regulations require people-to-people travel to be under the auspices of an organization specializing in such travel and prohibit financial transactions with entities controlled by the Cuban military, intelligence, or security services, albeit with several exceptions. The State Department took complementary action by publishing a list of 180 such entities, including 2 ministries, 5 holding companies and 34 of their sub-entities (including the Mariel Special Development Zone), 84 hotels, 2 tourist agencies, 5 marinas, 10 stores in Old Havana, and 38 entities serving the defense and security sectors.

Change in U.S. Immigration Policy. In January 2017, the Obama Administration announced the ending of the so-called wet foot/dry foot policy, under which thousands of undocumented Cuban migrants have entered the United States in recent years. Cuban nationals who attempt to enter the United States illegally and do not qualify for humanitarian relief are now subject to removal.

Continued Human Rights Concerns. Human rights violations in Cuba have remained a fundamental U.S. policy concern for many years. When President Obama announced the Cuba policy shift, he maintained that the United States would continue to speak out on human rights issues but stressed that more could be done through engagement. President Trump's policy also emphasizes human rights, with the President linking any changes to the bilateral relationship to an end to the Cuban government's abuse of dissidents. In recent years, Cuba has shifted to using short-term detentions and harassment to repress dissent, with at least 5,155 such detentions in 2017, according to the Cuban Commission for Human Rights and National Reconciliation. In the first five months of 2018, there were 1,454 short-term detentions, about a 35% drop compared to the same period in 2017.

Injuries of U.S. Embassy Personnel in Havana. According to the Department of State, 26 U.S. Embassy community members suffered a series of unexplained injuries, including hearing loss and cognitive issues (most occurred from November 2016 to August 2017, but two incidents occurred in May 2018.) The State Department maintains that the U.S. investigation has not reached a

definitive conclusion regarding the cause, source, or any kind of technologies that might have been used.

In response, on September 29, the State Department ordered the departure of nonemergency personnel from the U.S. Embassy in order to minimize the risk of their exposure to harm. On October 3, the State Department ordered the departure of 15 diplomats from the Cuban Embassy in Washington, DC. According to then-Secretary of State Rex Tillerson, the action was taken because of Cuba's failure to protect U.S. diplomats in Havana and to ensure equity in the impact on diplomatic operations. Cuba strongly denies responsibility for the injuries. The U.S. decision to downsize personnel at both embassies has affected visa processing and could affect broader bilateral relations.

Congressional Action. In the 115th Congress, debate over Cuba policy is continuing, especially with regard to economic sanctions; several bills would ease or lift sanctions, and several bills would tighten sanctions. For FY2017, Congress appropriated \$20 million in Cuba democracy funding for Cuba and \$28.1 million for U.S. government-sponsored Cuba broadcasting (P.L. 115-31). For FY2018, Congress appropriated \$20 million for democracy programs and \$28.9 million for Cuba broadcasting (P.L. 115-141; explanatory statement to H.R. 1625). The measure did not include policy provisions tightening sanctions or limiting funding for a U.S. diplomatic presence that had been included in several FY2018 House appropriations bills.

For FY2019, the Administration requested \$10 million in Cuba democracy assistance and \$13.7 million for Cuba broadcasting. The House Appropriations Committee's FY2019 State Department and Foreign Operations bill (unnumbered) would provide \$30 million for democracy programs, whereas the Senate committee's version, S. 3108, would provide \$15 million for democracy programs; both bills would provide \$29 million for Cuba broadcasting. Two other FY2019 House appropriations bills, Commerce (H.R. 5952) and Financial Services (H.R. 6258), include provisions that would tighten Cuba sanctions.

In other 2018 action, the Senate approved S.Res. 224 (Durbin), recognizing the sixth anniversary of the death of human rights activist Oswaldo Payá. The Senate-passed version of the 2018 farm bill, H.R. 2, would permit funding for certain U.S. export promotion programs for agricultural products in Cuba. The Senate-passed version of the FY2019 National Defense Authorization Act, H.R. 5515 (§1237), would require a report on security cooperation between Russia and Cuba.

For additional information, see CRS Insight IN10885, *Cuba After the Castros*; CRS Report R44822, *Cuba: U.S. Policy in the 115th Congress*; CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*; and CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*.

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