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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 government.

In 2014, the Obama Administration initiated a major policy shift moving away from sanctions toward engagement and the normalization of relations. The policy change included the rescission of Cuba's designation as a state sponsor of international terrorism (May 2015); the restoration of diplomatic relations (July 2015); and efforts to increase travel, commerce, and the flow of information to Cuba by easing restrictions on travel, remittances, trade, telecommunications, and banking and financial services (2015 and 2016, accomplished through amendments to the Cuban Assets Control Regulations, administered by the Treasury Department, and the Export Administration Regulations, administered by the Commerce Department). The restoration of relations led to increased government-to-government engagement, with over 20 bilateral agreements negotiated and numerous bilateral dialogues.

President Trump unveiled a new policy toward Cuba in 2017, introducing new sanctions and rolling back some of the Obama Administration's efforts to normalize relations. By 2019, the Trump Administration had largely abandoned engagement by increasing economic sanctions significantly to pressure the Cuban government on its human rights record and its support for the regime of Nicolás Maduro in Venezuela. It took actions to allow lawsuits against those trafficking in property confiscated by the Cuban government and tightened restrictions on travel to Cuba, including terminating cruise ship travel from the United States and U.S. flights to Cuban cities other than Havana.

Cuban Political Developments. In April 2018, Miguel Díaz-Canel, who was serving as first vice president, succeeded Raúl Castro as president, but Castro continues to head the Cuban Communist Party until 2021. The selection of Díaz-Canel, now 59 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. While in power from 2006 to 2018, Raúl Castro began to implement significant economic policy changes, moving toward a more mixed economy with a stronger private sector, but his government's slow, gradualist approach did not produce major improvements to the economy, which has experienced minimal growth in recent years.

In February 2019, almost 87% of Cubans approved a new constitution in a national referendum. The changes include the addition of an appointed prime minister to oversee government operations; limits on the president's tenure (two five-year terms) and age (60, beginning first term); and market-oriented economic reforms, including the right to private property and the promotion of foreign

investment. However, the new constitution ensures the state sector's dominance over the economy and the predominant role of the Communist Party. In October 2019, Cuba's National Assembly appointed Díaz-Canel as president under the new constitution. In December 2019, Díaz-Canel appointed tourism minister Manuel Marrero Cruz as prime minister, who reportedly will serve as the president's administrative right-hand man in implementing policy.

The Cuban economy has been hard-hit by the reimposition of, and increase in, U.S. sanctions that impede international financial transactions with Cuba and by Venezuela's economic crisis, which has limited Venezuela's support to Cuba. Cuban officials reported that 4.3 million tourists visited Cuba in 2019, down from 4.7 million in 2018; the decline in tourism has hurt private sector businesses. The Economist Intelligence Unit estimates the Cuban economy grew 0.5% in 2019 but will contract 0.7% in 2020.

Trump Administration Sanctions. President Trump issued a national security presidential memorandum in June 2017 that introduced new sanctions. These included the elimination of people-to-people travel for individuals and restrictions on transactions with companies controlled by the Cuban military. The State Department issued a list of "restricted entities" in 2017, which has been updated several times, most recently in November 2019. The list includes 223 entities and subentities, including 2 ministries, 5 holding companies and 49 of their subentities, 109 hotels, 2 tourist agencies, 5 marinas, 10 stores in Old Havana, and 41 entities serving defense and security sectors.

The Administration's strong criticism of Cuba for its support of Venezuela began in November 2018, when then-National Security Adviser John Bolton asserted that Cuba was responsible for enabling the Venezuelan regime's repression. In rhetoric reminiscent of the Cold War, Bolton referred to Cuba, Venezuela, and Nicaragua as the "Troika of Tyranny" in the hemisphere. In 2019, the Trump Administration has imposed a series of sanctions against Cuba for its poor human rights record and its support for the Maduro government in Venezuela. These include

- **Efforts to Stop Venezuelan Oil Exports to Cuba.** Since April 2019, the Treasury Department has imposed sanctions on several shipping companies and vessels that have transported Venezuelan oil to Cuba, including six vessels sanctioned in early December 2019. In July 2019, it imposed sanctions on Cuba's state-run oil import and export company. Cuba and Venezuela signed a preferential oil agreement in 2000 whereby Cuba received some 90,000-100,000 barrels of oil per day (bpd), but Venezuela's economic crisis reduced this to between 40,000-50,000 bpd (about one-third of Cuba's consumption) in early 2019.
- **Lawsuits Related to Confiscated Property.** Effective May 2, 2019, the Administration allowed the right to file

lawsuits against those trafficking in confiscated property in Cuba pursuant to Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114). Lawsuits can be brought by any U.S. national, including those who were not U.S. nationals at the time of the confiscation. To date, some 21 lawsuits have been filed against U.S. and foreign companies, including cruise ship operators, airlines, travel booking companies, and hotels; a federal court dismissed two lawsuits against cruise ship companies in early January 2020. Previous Administrations had suspended, at six-month intervals, the right to file such lawsuits pursuant to the provisions of the law. Secretary Pompeo cited Cuba's repression of its own people and its support for the Maduro regime in Venezuela as reasons for the implementation of Title III. The European Union and Canada criticized the Administration's action, vowing to ban enforcement or recognition of any judgement, allow counterclaims in European and Canadian courts, and potentially seek action in the World Trade Organization.

- **Restrictions on Travel and Remittances.** In June 2019, the Treasury Department eliminated the category of people-to-people educational travel altogether and the Commerce Department generally prohibited cruise ships, private and corporate aircraft, sailboats, and fishing boats from going to Cuba. In September 2019, the Treasury Department capped family remittances to \$1,000 per quarter (previously, such remittances were not limited) and eliminated the category of donative remittances. The Transportation Department suspended commercial flights by U.S. carriers between the United States and Cuban cities other than Havana, effective December 10, 2019; this was extended to charter flight on January 10, 2020. These actions largely affect family travel.
- **Other Trade and Financial Sanctions.** In September 2019, the Treasury Department ended the use of *U-turn transactions*, which allowed banking institutions to process certain funds transfers originating and terminating outside the United States. In October 2019, the Commerce Department restricted Cuba's access to leased commercial aircraft; reimposed a 10% de minimis rule (from 25%) requiring a third country-based company exporting goods to Cuba with more than 10% U.S.-origin content to apply for a license; and imposed licensing requirements for the export of certain donated items to organizations controlled by the Cuban government or Communist Party and items for telecommunications infrastructure.
- **Visa Restrictions.** The State Department imposed visa restrictions on Raúl Castro in September 2019 for gross violations of human rights in Cuba and Venezuela. Further visa restrictions were imposed on Cuba's Interior Minister (November 2019) and Cuba's defense minister (January 2020) for gross violations of human rights in Venezuela. In early February 2020, the Spanish hotel chain Meliá confirmed that the State Department notified its chief executive officer in October 2019 that he would be prohibited from entering the United States within 45 days, pursuant to Title IV of the LIBERTAD Act, related to the trafficking of property confiscated in Cuba from a U.S. national.

Continued Human Rights Concerns. Human rights violations in Cuba have remained a fundamental U.S. policy concern for many years. According to the Havana-based Cuban Center for Human Rights, Cuba held at least 107 political prisoners at the end of October 2019; Amnesty International (AI) has named six of these as prisoners of conscience, including independent journalist Roberto Quiñones, sentenced to one year in prison in August 2019. AI also has called for the release of José Daniel Ferrer, leader of the opposition Patriotic Union of Cuba (UNPACU), who has been held in detention since October 1, 2019. In recent years, Cuba has shifted to using short-term detentions and harassment to repress dissent.

Injuries of U.S. Embassy Personnel in Havana.

According to the State Department, 26 U.S. Embassy community members suffered a series of unexplained injuries, including hearing loss and cognitive issues (most incidents occurred in late 2016 and 2017, but two occurred in May 2018). The State Department maintains that the U.S. investigation has not reached a definitive conclusion regarding the cause or source of the injuries. Cuba strongly denies responsibility for the injuries. In September 2017, the State Department ordered the departure of nonemergency personnel from the U.S. Embassy to minimize the risk of their exposure to harm; embassy staff was reduced by about two-thirds. The staff reduction has affected embassy operations, especially visa processing.

116th Congress Action. The 116th Congress has continued to fund democracy assistance for Cuba and U.S.-government sponsored broadcasting to Cuba. For FY2019, Congress appropriated \$20 million for democracy programs and \$29.1 million for Cuba broadcasting (P.L. 116-6, H.Rept. 116-9). For FY2020, Congress appropriated \$20 million for democracy programs and \$20.973 million for Cuba broadcasting (P.L. 116-94, H.R. 1865, Division G). In addition, Division J of the law includes benefits for U.S. government employees and dependents who were injured while serving in Cuba. The measure also includes several reporting requirements on Cuba set forth in H.Rept. 116-78 and S.Rept. 116-126. Congress will soon begin consideration of the Administration's FY2021 budget request of \$10 million for Cuba democracy programs and \$12.973 million for Cuba broadcasting.

Among other bills introduced, several would ease or lift U.S. sanctions: H.R. 213 (baseball); S. 428 (trade); H.R. 1898/S. 1447 (financing for U.S. agricultural exports); H.R. 2404 (overall embargo); and H.R. 3960/S. 2303 (travel). H.R. 4884 would direct the Administration to reinstate the Cuban Family Reunification Parole Program. Several resolutions would express concerns regarding Cuba's foreign medical missions (S.Res. 14/H.Res. 136); U.S. fugitives from justice in Cuba (H.Res. 92/S.Res. 232); religious and political freedom in Cuba (S.Res. 215); and the release of human rights activist José Daniel Ferrer and other members of UNPACU (S.Res. 454 and H.Res. 774).

Also see CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress*.

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