



## 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 2014, the Obama Administration initiated a policy shift away from sanctions and toward engagement and the normalization of relations. Changes included the rescission of Cuba's designation as a state sponsor of international terrorism (May 2015); the restoration of diplomatic relations (July 2015); and an easing of restrictions on travel, remittances, trade, telecommunications, and banking and financial services (2015 and 2016), accomplished through amendments to the Cuban Assets Control Regulations (CACR), 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 and numerous dialogues.

President Trump unveiled a new policy toward Cuba in 2017, introducing new sanctions and rolling back efforts to normalize relations. By 2019, the Administration had largely abandoned engagement and had increased sanctions to pressure the Cuban government on human rights and for its support of the Venezuelan government of Nicolás Maduro. In 2020, the Administration has ratcheted up restrictions on travel and remittances. In October, it announced new sanctions on remittances, effective November 26, which resulted in Western Union announcing it would stop forwarding remittances to Cuba on November 22 (see below).

**Cuban Political and Economic Developments.** In April 2018, Miguel Díaz-Canel, who was serving as first vice president, succeeded Raúl Castro as president. Castro continues to head the Cuban Communist Party until 2021. The selection of Díaz-Canel, now 60 years old, reflected 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 economic improvements.

In 2019, Cuba adopted a new constitution with such changes as 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 foreign investment promotion. The new constitution also ensured the state's dominance over the economy and the Communist Party's predominant role.

The Cuban economy is being hard-hit by Venezuela's economic crisis, which has reduced Venezuela's support for

Cuba; increased U.S. economic sanctions, which have hurt Cuba's nascent private sector; and the economic decline associated with the Coronavirus Disease 2019 (COVID-19) pandemic. The Economist Intelligence Unit forecast an 8.3% economic contraction in 2020.

Cuba's public health response to the pandemic appears to have been effective. As of November 20, 2020, the country reported 131 deaths, with a mortality rate of 1.16 per 100,000 people (among the lowest rates in the hemisphere), according to Johns Hopkins University. Cuba has provided international assistance for pandemic response by sending over 3,700 medical professionals to almost 40 countries.

**Trump Administration Sanctions.** President Trump issued a national security presidential memorandum in June 2017 that introduced new sanctions, including 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 September 2020. The "Cuba restricted list" includes 230 entities and subentities, including 2 ministries, 5 holding companies and 54 of their subentities, 111 hotels, 2 tourist agencies, 5 marinas, 10 stores in Old Havana, and 41 entities serving defense and security sectors.

Since 2019, the Administration has imposed increasingly strong sanctions. In addition to those noted below, it has increased efforts to highlight allegations of coercive labor practices in Cuba's foreign medical missions, a major foreign exchange earner for Cuba. In May 2020, the State Department (pursuant to Section 40A of the Arms Export Control Act) added Cuba to its annual list of countries certified as *not cooperating fully* with U.S. antiterrorism efforts for the first time since 2015.

- **Efforts to Stop Venezuelan Oil Exports to Cuba.** Since April 2019, the Treasury Department has imposed sanctions on several shipping companies and vessels that transported Venezuelan oil to Cuba. In July 2019, it sanctioned Cuba's state-run oil import/export company.
- **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. Previous Administrations had suspended, at six-month intervals, the right to file such lawsuits. The European Union and Canada criticized the Trump Administration's action, vowing to ban enforcement or recognition of any judgement and allow counterclaims. To date, 29 lawsuits have been filed against U.S. and foreign companies, including cruise ship operators, airlines, travel booking companies, and hotels; several lawsuits have been dismissed.

- **Restrictions on Travel and Remittances.** On travel, in June 2019, the Treasury Department eliminated people-to-people educational travel and the Commerce Department generally prohibited cruise ships, private and corporate aircraft, sailboats, and fishing boats from going to Cuba. The Transportation Department suspended commercial flights to cities other than Havana in December 2019; charter flights to cities other than Havana in January 2020; and private charter flights to Havana in October 2020. In September 2020, the Treasury Department prohibited U.S. travelers from staying at properties identified by the State Department as owned or controlled by the Cuban government; the ban includes over 400 hotels and privately owned residences for rent (*casas particulares*) if they are controlled by a prohibited government official or Communist Party member (or close relative).

On remittances, in September 2019, the Treasury Department capped family remittances (not previously limited) to \$1,000 per quarter per Cuban national and eliminated the category of donative remittances. In June and September 2020, the State Department added to its “Cuba restricted list” two Cuban companies that facilitate the processing of remittances. On October 27, 2020, the Treasury Department prohibited, effective November 26, the processing of remittances through any entities on the “Cuba restricted list.” This resulted in Western Union—the major financial services company used for transmitting remittances to Cuba, with more than 400 offices on the island—announcing on November 13 that November 22 would be the last day to send money to Cuba until a solution could be found to keep its services open.

- **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 human rights violations.

**Continued Human Rights Concerns.** Human rights violations in Cuba have been a fundamental U.S. policy concern for many years. As of October 1, 2020, the human rights group Cuban Prisoners Defenders listed 138 political prisoners, with 76 imprisoned for reasons of conscience; Amnesty International designated six of these as prisoners

of conscience in 2019. After six months of detention, José Daniel Ferrer, leader of the opposition Patriotic Union of Cuba, was released in April 2020 to house arrest.

#### **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 between late 2016 and May 2018. The State Department maintains that the investigation has not reached a conclusion regarding the cause or source of the injuries, for which Cuba strongly denies responsibility. 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.

**116<sup>th</sup> Congress Action.** The 116<sup>th</sup> Congress has continued to fund Cuba democracy assistance and U.S.-government sponsored broadcasting to Cuba: \$20 million for democracy programs and \$29.1 million for broadcasting in FY2019 (P.L. 116-6) and \$20 million for democracy programs and \$20.973 million for broadcasting in FY2020 (P.L. 116-94, Division G). P.L. 116-94 (Division J) included benefits for U.S. government employees and dependents injured while stationed in Cuba. For FY2021, the Administration requested \$10 million for democracy programs and \$12.973 million for broadcasting. Both the House-passed version of the FY2021 foreign aid appropriations bill, Division A of H.R. 7608 (H.Rept. 116-444), approved July 24, 2020, and the Senate Appropriations Committee’s draft bill and explanatory statement would provide \$20 million for democracy programs and fully fund the broadcasting request. In other legislative action, the Senate approved S.Res. 454 in June 2020, calling for the release of democracy activist José Daniel Ferrer (a similar resolution, H.Res. 774, was introduced in the House).

Among other bills, several would ease or lift U.S. sanctions: H.R. 213 (baseball); S. 428 (trade); H.R. 1898/S. 1447 (U.S. agricultural exports); H.R. 2404 (overall embargo); and H.R. 3960/S. 2303 (travel). H.R. 4884 would reinstate the Cuban Family Reunification Program. S. 3977 would require the State Department to report on countries with Cuban medical missions. S. 4635 would require an annual report on Cuba’s medical missions and reinstate the Cuban Medical Professional Parole program.

Several resolutions would address the following: the release of Cuban political prisoner Silverio Portal Contreras (H.Res. 1172); Cuba’s medical missions (S.Res. 14/H.Res. 136); U.S. fugitives from justice in Cuba (H.Res. 92/S.Res. 232); Cuban religious/political freedom (S.Res. 215); *Las Damas de Blanco* human rights group (S.Res. 531); and the 35<sup>th</sup> anniversary of Cuba broadcasting (H.Res. 971/S.Res. 637). Also see CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*, and CRS Report R45657, *Cuba: U.S. Policy in the 116<sup>th</sup> Congress*.

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