

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 late 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, 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 his Administration's Cuba policy in 2017, issuing a national security presidential memorandum that introduced new sanctions, including restrictions on transactions with companies controlled by the Cuban military. By 2019, the Administration had largely abandoned engagement; from 2019 to January 2021, it significantly increased sanctions (see below) to pressure the Cuban government on human rights and for its support of the Venezuelan government of Nicolás Maduro.

The Biden Administration maintains that it is conducting a review of policy toward Cuba; currently, sanctions imposed during the Trump Administration remain in place. During the U.S. election campaign, Biden said he would reverse Trump Administration policies that harmed the Cuban people without advancing democracy and human rights. The White House press secretary said on March 9 that although a Cuba policy shift was not among the President's top priorities, the Administration was "committed to making human rights a core pillar" of policy and "to carefully reviewing policy decisions made in the prior administration, including the decision to designate Cuba as a state sponsor of terrorism." On June 23, the Biden Administration opposed a U.N. General Assembly resolution (approved by vote of 184 to 2, with 3 abstentions) urging the United States to end its embargo on Cuba; the Obama Administration had abstained on the annual resolution in 2016.

Cuban Political and Economic Developments

In April 2018, Vice President Miguel Díaz-Canel succeeded Raúl Castro as president, and in April 2021, Díaz-Canel succeeded Castro as head of the Cuban Communist Party (PCC) at its eighth party congress. The departure of Castro and other older leaders from the PCC's Politburo reflects

the generational change in Cuban leadership that began several years ago. Even if Castro is gone from the political scene, the government's slogan, *Somos continuidad* (We are continuity), signals that political change is unlikely. While in power (2006–2018), 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. Cuba adopted a new constitution in 2019 that introduced some reforms but maintained the state's dominance over the economy and the PCC's predominant political role.

The Cuban economy is being hard-hit by the economic shutdown associated with the Coronavirus Disease 2019 (COVID-19) pandemic; Venezuela's economic crisis, which has reduced Venezuelan financial support; and U.S. economic sanctions. The Cuban government reports the economy contracted 11% in 2020; the Economist Intelligence Unit projects 2.2% growth in 2021. On January 1, 2021, Cuba eliminated its dual currency system, a major and long-debated reform. Economists maintain the currency reform will have high costs initially (especially inflation) but should boost productivity and development in the longer term.

Cuba's public health response to the pandemic initially kept cases and deaths low, but both began to increase in late 2020 and have surged in 2021. As of June 24, 2021, the country reported 1,193 deaths and almost 173,000 cases, according to Johns Hopkins University. Cuba has made progress on two vaccines it has developed; as of June 24, Cuba had fully vaccinated 8.1% of its population and aims to have 70% of the population vaccinated by August.

Cuba has a poor record on human rights, with the government sharply restricting freedoms of expression and other basic rights. As of June 1, 2021, the human rights group Cuban Prisoners Defenders reported 150 political prisoners (including 76 imprisoned for reasons of conscience and 39 under conditional release). Since November 2020, the government's crackdown on the San Isidro Movement, a civil society group opposed to restrictions on artistic expression, has focused international attention on the poor human rights situation.

Key U.S. Sanctions Imposed Since 2017

Restrictions on Transactions with the Cuban Military.

In 2017, the State Department published a list of entities controlled by the Cuban military, intelligence, or security services, with which direct financial transactions would disproportionately benefit those services or personnel at the expense of the Cuban people or private enterprise. The State Department subsequently updated its "Cuba restricted list" several times, most recently in January 2021; the list

includes 231 entities and subentities (ministries, holding companies, hotels, and various companies).

Efforts to Stop Venezuelan Oil Exports to Cuba. In 2019, the Treasury Department imposed sanctions on several shipping companies and vessels that transported Venezuelan oil to Cuba and sanctioned Cuba's state-run oil import-export company.

Lawsuits Related to Confiscated Property. Effective May 2, 2019, then-Secretary of State Mike Pompeo 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 suspended, at six-month intervals, the right to file such lawsuits. To date, 40 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 and one reportedly is approaching settlement.

Restrictions on Travel and Remittances. In 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 2019 and, in 2020, suspended charter flights to cities other than Havana and private charter flights to Havana. In 2020, Treasury prohibited U.S. travelers from staying at over 400 hotels and privately owned residences identified by the State Department as owned or controlled by the Cuban government or by a prohibited government official or PCC Party member (or close relative). In 2019, Treasury capped family remittances to \$1,000 per quarter per Cuban national and eliminated the category of donative remittances. In 2020, Treasury prohibited the processing of remittances through entities on the "Cuba restricted list," which resulted in Western Union ceasing its operations in Cuba; the company had been the main mechanism used for transmitting remittances to Cuba.

Targeted Human Rights Sanctions. In 2019 and 2020, the State Department imposed visa restrictions on three high-ranking Cuban officials (Raúl Castro and the defense and interior ministers) and their immediate family members. Treasury also imposed financial sanctions on the head of GAESA, a military holding company, in 2020, and on the interior ministry and minister in January 2021.

Terrorism Designations. In May 2020, then-Secretary of State Pompeo (pursuant to Section 40A of the Arms Export Control Act) included Cuba in the annual list of countries certified as *not cooperating fully* with U.S. antiterrorism efforts, the first time since 2015. In May 2021, Secretary of State Antony Blinken also included Cuba on the annual list.

On January 11, 2021, Pompeo designated the Cuban government as a state sponsor of international terrorism (the previous such designation was rescinded in 2015), citing Cuba's harboring of several U.S. fugitives and members of

Colombia's National Liberation Army. The sanctions associated with the designation are, in large part, redundant to other U.S. sanctions already in effect. Nevertheless, a terrorism designation requires the Commerce Department to place Cuba on its most restrictive export-licensing list, which could impede transactions related to technology. Some sectors, seeking to avoid any perception of sanctions violations, may become more risk averse in entering into transactions with Cuba.

Injuries of U.S. Embassy Personnel

Between late 2016 and May 2018, 26 U.S. Embassy Havana community members suffered a series of unexplained injuries, including hearing loss and cognitive issues. The State Department maintains the investigation into the injuries has not reached a conclusion regarding the cause or source. In December 2020, the National Academies of Sciences, Engineering, and Medicine released a report concluding the most plausible mechanism for the source of the health symptoms was directed pulsed radio frequency energy. Secretary of State Blinken stated at a June 8, 2021, Senate Appropriations Committee hearing that the National Security Council was leading a government-wide review on the issue. (On June 7, the Senate passed S. 1828, which would provide additional authority to the Central Intelligence Agency and the State Department to provide financial support to those Americans serving abroad who experience traumatic brain injuries.)

117th Congress: Legislative Initiatives on Cuba

Congress will consider the Biden Administration's FY2022 request of \$20 million for Cuba democracy and human rights programming (same as appropriated annually since FY2014) and \$12.973 million for Cuba broadcasting (same as appropriated in FY2021).

In April and May 2021, the Senate approved two Cuba human rights resolutions: S.Res. 37, expressing solidarity with the San Isidro Movement, and S.Res. 81, honoring *Las Damas de Blanco*, a woman-led nonviolent human rights group.

Among bills introduced to date on Cuba, H.R. 198 would permit Cuban nationals to play organized professional baseball in the United States; H.R. 287 and S. 689 would prohibit the rescission of Cuba's designation as a state sponsor of terrorism until Cuba satisfies certain conditions; H.R. 2684 would establish a Cuban family reunification parole program; S. 249 and H.R. 3625 would lift economic sanctions and would call for negotiations with Cuba on property claims and human rights; S. 1694 would lift restrictions on trade; and S. 2138 would reestablish a program to allow the admission into the United States of certain Cuban medical personnel working in third countries.

Also see CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress and Through the Trump Administration*; and CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*.

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