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Cuba: Issues for the 114th Congress

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Summary

Cuba remains a one-party communist state with a poor record on human rights. The country's political succession in 2006 from the long-ruling Fidel Castro to his brother Raúl was characterized by a remarkable degree of stability. In 2013, Raúl began his second and final five-year term, which is scheduled to end in February 2018, when he would be 86 years old. Castro has implemented a number of market-oriented economic policy changes over the past several years. A 2011 party congress laid out numerous economic goals that, if implemented, could significantly alter Cuba's state-dominated economic model; another party congress is expected in April 2016 that would likely focus on progress in implementing the 2011 guidelines and future economic measures. Few observers, however, expect the government to ease its tight control over the political system. While the government has released most long-term political prisoners, short-term detentions and harassment have increased significantly over the past several years, reflecting a change of tactics in repressing dissent.

U.S. Policy

Congress has played an active role in shaping policy toward Cuba, including the enactment of legislation strengthening and at times easing various U.S. economic sanctions. U.S. policy over the years has consisted largely of isolating Cuba through economic sanctions, while a second policy component has consisted of support measures for the Cuban people, including U.S. government-sponsored broadcasting and support for human rights and democracy projects. For most of the Obama Administration's first six years, it continued this similar dual-track approach of isolating Cuba but reaching out to the Cuban people. The Administration continued to call for the release of U.S. government subcontractor Alan Gross, imprisoned in Cuba in 2009, whose detention was an impediment to more constructive relations. Just after the adjournment of the 113th Congress in December 2014, President Obama announced major developments in U.S.-Cuban relations that included Cuba's release of Alan Gross on humanitarian grounds and, separately, the release of a U.S. intelligence asset in Cuba exchanged for three Cuban intelligence agents imprisoned in the United States.

With these releases, President Obama then announced a major shift in U.S. policy toward Cuba, moving away from a sanctions-based policy toward one of engagement and a normalization of relations. This policy change included talks to restore diplomatic relations (relations were reestablished on July 20, 2015); a review of Cuba's designation by the Department of State as a state sponsor of international terrorism (Cuba's designation was subsequently rescinded by Secretary of State Kerry on May 29, 2015, 45 days after the President had submitted a report to Congress justifying the rescission); and an increase in travel, commerce, and the flow of information to Cuba. In order to implement this third step, the Treasury and Commerce Departments eased the embargo regulations in January and September 2015 in such areas as travel, remittances, trade, telecommunications, and financial services. The overall embargo, however, remains in place, and can only be lifted with congressional action or if certain conditions in Cuba are met, including that a democratically elected government is in place. The President maintained that the United States would continue to raise concerns about democracy and human rights in Cuba, but emphasized that the United States could do more through engagement than isolation.

Legislative Activity

The Obama Administration's shift in Cuba policy has spurred strong interest in Congress. Some Members lauded the initiative as in the best interest of the United States and a better way to support change in Cuba, while others criticized the President for not obtaining more concessions

from Cuba to advance human rights and protect U.S. interests. Already in the 114th Congress, several hearings have been held, and numerous legislative initiatives have been introduced.

Numerous bills would lift or ease sanctions: H.R. 274, H.R. 403, and H.R. 735 (overall embargo and other economic restrictions); H.R. 634, H.R. 664, and S. 299 (travel restrictions); H.R. 635 (agricultural and medical exports and travel); S. 491 and S. 1543/H.R. 3238 (certain embargo restrictions); S. 1049 (financing of agricultural sales); S. 1389/H.R. 3055 (telecommunications); H.R. 3306 (energy resources and technologies); and H.R. 3687 (agricultural exports and investment). The Senate version of the FY2016 Financial Services appropriations bill, S. 1910, has three Cuba provisions that would ease sanctions on Cuba related to financing for U.S. agricultural exports, travel, and shipping.

In contrast, to date five FY2016 House appropriations bills—House-passed H.R. 2577, Transportation, Housing and Urban Development; House-passed H.R. 2578, Commerce, Justice, and Science; H.R. 2772, State Department and Foreign Operations; H.R. 2995, Financial and General Government; and H.R. 3128, Homeland Security—have Cuba provisions that would block some of the Administration’s Cuba policy changes (related to travel, trade, and increased funding for the U.S. diplomatic mission in Havana) and would introduce new economic sanctions on Cuba. In addition, S. 1388 and H.R. 2466 would require a plan for resolving U.S. property claims before the President could ease restrictions on travel and trade; S. 1489 and H.R. 2937 would prohibit financial transactions with the Cuban military and interior ministries, associated entities, and senior members.

Among other measures: S. 1356, the FY2016 defense authorization bill presented to the President November 17, 2015, would prohibit FY2016 funding for closure of the U.S. Naval Station at Guantanamo Bay, Cuba (see related provisions in H.R. 2029 and H.R. 654); H.R. 2772 and S. 1725 have contrasting provisions to fund Cuba democracy programs and broadcasting to Cuba in FY2016; H.R. 570 would cease Radio and TV Martí broadcasting; H.R. 738 would allow Cuban nationals to play professional baseball in the United States; S.Res. 26 would commend Pope Francis for working to improve U.S.-Cuban relations; H.Res. 181 would call for the extradition of U.S. fugitives from justice in Cuba; H.R. 1782 would express the sense of Congress that U.S.-Cuban relations should not change until the Cuban government ceases human rights violations; S. 1705, the FY2016 intelligence authorization bill, has provisions regarding U.S. diplomatic facilities in Cuba; S. 1999 would authorize certain oil spill prevention and response measures related to Cuba; and H.R. 3818 would repeal the Cuban Adjustment Act. Identical bills S. 757/H.R. 1627 would modify a 1998 trademark sanction, while H.R. 274, H.R. 403, H.R. 635, and H.R. 735 each have a provision that would repeal the sanction.

For more on the legislation, see “Legislative Initiatives in the 114th Congress” below.

Contents

Recent Developments in 2015.....	1
Introduction	2
Cuba’s Political and Economic Environment.....	4
Brief Historical Background	4
Political Conditions.....	5
Human Rights	7
Economic Conditions.....	11
Cuba’s Foreign Relations	15
U.S. Policy Toward Cuba	19
Background on U.S.-Cuban Relations	19
Obama Administration Policy	21
President Obama Unveils a New Policy Approach Toward Cuba	22
Reestablishment of Diplomatic Relations.....	23
Review of Cuba’s Designation as a State Sponsor of International Terrorism	24
Increase in Travel, Commerce, and the Flow of Information	25
Embargo Remains in Place	26
Additional Engagement	27
Debate on the Direction of U.S. Policy.....	27
Selected Issues in U.S.-Cuban Relations.....	29
Restrictions on Travel and Remittances	29
U.S. Exports and Sanctions.....	32
State Sponsor of Terrorism Designation	36
Trademark Sanction	41
U.S. Funding to Support Democracy and Human Rights	42
Oversight of U.S. Democracy Assistance to Cuba.....	44
Radio and TV Martí	45
Migration Issues.....	47
Anti-Drug Cooperation	52
U.S. Property Claims.....	53
Outlook.....	55
Legislative Initiatives in the 114 th Congress.....	55
Legislative Action	55
Additional Bills and Resolutions.....	60

Figures

Figure 1. Provincial Map of Cuba	3
Figure 2. Cuba: Real GDP Growth (percent), 2005-2014	13
Figure 3. U.S. Exports to Cuba, 2001-2014	33
Figure 4. Maritime Interdictions of Cubans by the U.S. Coast Guard, FY2002-FY2015.....	49

Appendixes

Appendix. Earlier Developments in 2015 65

Contacts

Author Contact Information 68

Recent Developments in 2015

On November 24, 2015, Central America foreign ministers, along with representatives from Cuba, Colombia, Ecuador, and Mexico, met in El Salvador in an attempt to resolve the migration crisis of Cubans attempting to transit the region on their way to the United States, but the meeting ended without a resolution. (See “Migration Issues” below.)

On November 24, 2015, the United States and Cuba signed a joint statement setting forth a framework for environmental cooperation in a variety of areas. (See “Additional Engagement” below.)

On November 15, 2015, Nicaragua closed its border to Cubans in Costa Rica attempting to transit Nicaragua on the way to the United States, focusing attention on the large increase in the number of Cuban entering the United States via the southwest border with Mexico. (See “Migration Issues” below.)

On November 10, 2015, U.S. and Cuban officials held a second bilateral commission meeting in Washington, DC, to coordinate efforts to advance the normalization process.

On November 6, 2015, the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere held a field hearing in Miami on “Deplorable Human Rights Violations in Cuba and Venezuela.” (Testimony available at <http://foreignaffairs.house.gov/hearing/subcommittee-hearing-deplorable-human-rights-violations-cuba-and-venezuela>; also see “Human Rights” below.)

On November 2, 2015, the Cuban Commission for Human Rights and National Reconciliation issued a report maintaining that there were at least 8,899 short-term detentions for political reasons in the first 10 months of 2015, with 1,093 alone in October. (See “Human Rights” below.)

On October 27, 2015, the U.N. General Assembly (for the 24th consecutive year) approved a resolution calling for the United States to lift its embargo on Cuba. The resolution was approved by a vote of 191-2, with Israel joining the United States voting against the measure. (See “Cuba’s Foreign Relations” below.)

From September 19-22, 2015, Pope Francis traveled to Cuba. The visit appeared largely to be pastoral, aimed at reinvigorating the Catholic Church in Cuba, but it also highlighted the increasing role of the Church in Cuban society in recent years. (See CRS Insight IN10369, *Pope Francis in Cuba*.)

On September 18, 2015, the Treasury and Commerce Departments announced further amendments, respectively, to the Cuban Assets Control Regulations and the Export Administration Regulations. The amended regulations further ease U.S. sanctions on Cuba related to travel, telecommunications and Internet-based services, business operations in Cuba, and remittances. (See “Increase in Travel, Commerce, and the Flow of Information” below.)

On September 11, 2015, U.S. and Cuban officials held the first bilateral commission meeting in Cuba to discuss a timeline for engagement in a variety of areas. (See “Additional Engagement.”)

On September 9, 2015, the House Committee on Foreign Affairs, Subcommittee on Terrorism, Nonproliferation, and Trade held a hearing on “Agricultural Trade with Cuba.” (Testimony available at <http://foreignaffairs.house.gov/hearing/subcommitte-hearing-agricultural-trade-cuba>. Also see “U.S. Exports and Sanctions” below.)

For developments earlier in 2015, see the **Appendix** at the end of this report.

Introduction

Political and economic developments in Cuba and U.S. policy toward the island nation, located just 90 miles from the United States, have been significant congressional concerns for many years. Especially since the end of the Cold War, Congress has played an active role in shaping U.S. policy toward Cuba, first with the enactment of the Cuban Democracy Act (CDA) of 1992 (P.L. 102-484, Title XVII) and then with the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114). Both measures strengthened U.S. economic sanctions on Cuba that had first been imposed in the early 1960s but also provided roadmaps for a normalization of relations dependent upon significant political and economic changes in Cuba. A decade ago, Congress partially modified its sanctions-based policy toward Cuba when it enacted the Trade Sanctions Reform and Export Enhancement Act of 2000 or TSRA (P.L. 106-387, Title IX) allowing for U.S. agricultural exports to Cuba.

Over the past decade, much of the debate in Congress over U.S. policy has focused on U.S. sanctions, especially over U.S. restrictions on travel to Cuba. The George W. Bush Administration initially liberalized U.S. family travel to Cuba in 2003, but subsequently tightened restrictions on family and other categories of travel in 2004 because of Cuba's crackdown on political dissidents. In 2009, Congress took legislative action in an appropriations measure (P.L. 111-8) to ease restrictions on family travel and travel for the marketing of agricultural exports, marking the first congressional action easing Cuba sanctions in almost a decade. The Obama Administration took further action in April 2009 by lifting all restrictions on family travel and on cash remittances by family members to their relatives in Cuba. In January 2011, the Administration announced the further easing of restrictions on educational and religious travel to Cuba and on non-family remittances, and it also expanded eligible airports in the United States authorized to serve licensed charter flights to and from Cuba. In December 2014, just after the adjournment of the 113th Congress, President Obama announced a major shift in U.S. policy toward Cuba, moving away from a sanctions-based policy aimed at isolating Cuba to a policy of engagement and a normalization of relations.

This report is divided into three major sections analyzing Cuba's political and economic environment, U.S. policy, and selected issues in U.S.-Cuban relations. While legislative initiatives are noted throughout the report, a final section of the report provides a listing of bills and resolutions introduced in the 114th Congress. For more on Cuba from CRS, see:

- CRS In Focus IF10045, *Cuba: President Obama's New Policy Approach*;
- CRS Insight IN10369, *Pope Francis in Cuba*;
- CRS Insight IN10312, *Reestablishment of Diplomatic Relations with Cuba*;
- CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*, by Dianne E. Rennack and Mark P. Sullivan;
- CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*;
- CRS Report R44119, *U.S. Agricultural Trade with Cuba: Current Limitations and Future Prospects*, by Mark A. McMinimy;
- CRS Report R44137, *Naval Station Guantanamo Bay: History and Legal Issues Regarding Its Lease Agreements*, by Jennifer K. Elsea and Daniel H. Else;
- CRS Legal Sidebar WSLG1405, *Can Creditors Enforce Terrorism Judgments Against Cuba?*, by Jennifer K. Elsea; and
- CRS Insight IN10204, *U.S. Policy on Cuban Migration*, by Andorra Bruno and Ruth Ellen Wasem.

Figure 1. Provincial Map of Cuba



Source: CRS.

Notes: This map shows 15 provinces and the special municipality of Isla de la Juventud. See a current interactive provincial map of Cuba, showing municipalities and other information, from *Juventud Rebelde (Cuba)*, available at <http://www.juventudrebelde.cu/multimedia/graficos/nueva-division-politico-administrativa/>.

Cuba's Political and Economic Environment

Brief Historical Background¹

Cuba became an independent nation in 1902. From its discovery by Columbus in 1492 until the Spanish-American War in 1898, Cuba was a Spanish colony. In the 19th century, the country became a major sugar producer, with slaves from Africa arriving in increasing numbers to work the sugar plantations. The drive for independence from Spain grew stronger in the second half of the 19th century, but it only came about after the United States entered the conflict when the USS *Maine* sank in Havana Harbor after an explosion of undetermined origin. In the aftermath of the Spanish-American War, the United States ruled Cuba for four years until Cuba was granted its independence in 1902. Nevertheless, the United States still retained the right to intervene in Cuba to preserve Cuban independence and maintain stability in accordance with the Platt Amendment² that became part of the Cuban Constitution of 1901. The United States subsequently intervened militarily three times between 1906 and 1921 to restore order, but in 1934, the Platt Amendment was repealed.

Cuba's political system as an independent nation was often dominated by authoritarian figures. Gerardo Machado (1925-1933), who served two terms as president, became increasingly dictatorial until he was ousted by the military. A short-lived reformist government gave way to a series of governments that were dominated behind the scenes by military leader Fulgencio Batista until he was elected president in 1940. Batista was voted out of office in 1944 and was followed by two successive presidents in a democratic era that ultimately became characterized by corruption and increasing political violence. Batista seized power in a bloodless coup in 1952, and his rule progressed into a brutal dictatorship. This fueled popular unrest and set the stage for Fidel Castro's rise to power.

Castro led an unsuccessful attack on military barracks in Santiago, Cuba, on July 26, 1953. He was jailed, but subsequently freed and went into exile in Mexico, where he formed the 26th of July Movement. Castro returned to Cuba in 1956 with the goal of overthrowing the Batista dictatorship. His revolutionary movement was based in the Sierra Maestra mountains in eastern

¹ Portions of this background are drawn from U.S. Department of State, "Background Note: Cuba," April 28, 2011. For further background, see Rex A. Hudson, ed., *Cuba, A Country Study*, Federal Research Division, Library of Congress (Washington, DC: U.S. Government Publishing Office [GPO], 2002); "Country Profile: Cuba," Federal Research Division, Library of Congress, September 2006, available at <http://lcweb2.loc.gov/frd/cs/profiles/Cuba.pdf>; Leslie Bethell, ed., *Cuba, A Short History* (Cambridge, UK: Cambridge University Press, 1993); and Hugh Thomas, *Cuba: The Pursuit of Freedom* (New York: Harper & Row, Publishers, 1971).

² U.S. Senator Orville Platt introduced an amendment to an army appropriation bill that was approved by both houses and enacted into law in 1901.

Cuba at a Glance

Population: 11.38 million (2014)

Area: 109,884 sq. km, slightly smaller than Pennsylvania

GDP: \$77.15 billion (2013, current U.S. \$)

Per Capita Income: \$5,890 (2011, current U.S. \$)

Key Trading Partners: Exports (2013): Venezuela, 43%; Canada, 8.8%; the Netherlands, 8.7%; China, 6.5%.

Imports (2013): Venezuela, 33%; China, 10.4%, Spain, 8.3%; Brazil, 4.2%; Mexico, 3.5%.

Life Expectancy: 79 years (2013)

Literacy (adult): 99.8% (2012)

Legislature: National Assembly of Peoples Power, 612 members

Sources: *World Bank; National Office of Statistics and Information (ONEI), Republic of Cuba; U.N. Development Programme*

Cuba and joined with other resistance groups seeking Batista's ouster. Batista ultimately fled the country on January 1, 1959, leading to more than 45 years of rule under Fidel Castro until he stepped down from power provisionally in July 2006 because of poor health.

While Castro had promised a return to democratic constitutional rule when he first took power, he instead moved to consolidate his rule, repress dissent, and imprison or execute thousands of opponents. Under the new revolutionary government, Castro's supporters gradually displaced members of less radical groups. Castro moved toward close relations with the Soviet Union while relations with the United States deteriorated rapidly as the Cuban government expropriated U.S. properties. In April 1961, Castro declared that the Cuban revolution was socialist, and in December 1961, he proclaimed himself to be a Marxist-Leninist. Over the next 30 years, Cuba was a close ally of the Soviet Union and depended on it for significant assistance until the dissolution of the Soviet Union in 1991.

From 1959 until 1976, Castro ruled by decree. In 1976, however, the Cuban government enacted a new Constitution setting forth the Cuban Communist Party (PCC) as the leading force in state and society, with power centered in a Political Bureau headed by Fidel Castro. Cuba's Constitution also outlined national, provincial, and local governmental structures. Since then, legislative authority has been vested in a National Assembly of People's Power that meets twice annually for brief periods. When the Assembly is not in session, a Council of State, elected by the Assembly, acts on its behalf. According to Cuba's Constitution, the president of the Council of State is the country's head of state and government. Executive power in Cuba is vested in a Council of Ministers, also headed by the country's head of state and government, that is, the president of the Council of State.

Fidel Castro served as head of state and government through his position as president of the Council of State from 1976 until February 2008. While he had provisionally stepped down from power in July 2006 because of poor health, Fidel still officially retained his position as head of state and government. National Assembly elections were held in January 2008, and Fidel Castro was once again among the candidates elected to the 614-member legislative body. (As in the past, voters were offered a single slate of candidates.) On February 24, 2008, the new Assembly was scheduled to select from among its ranks the members of the Council of State and its president. Many observers had speculated that because of his poor health, Fidel would choose not to be reelected as president of the Council of State, which would confirm his official departure from heading the Cuban government. Statements from Castro himself in December 2007 hinted at his potential retirement. That proved true on February 19, 2008, when Fidel announced that he would not accept the position as president of the Council of State, essentially confirming his departure as titular head of the Cuban government.

Political Conditions

After Fidel stepped down from power, Cuba's political succession from Fidel to Raúl Castro was characterized by considerable stability. After two and a half years of provisionally serving as president, Raúl Castro officially became Cuba's president in February 2008, when Cuba's legislature selected him as president of the 31-member Council of State.³ While Raúl Castro began implementing economic reforms in 2008, there has been no change to his government's

³ For more on Cuba's political succession, see CRS Report RS22742, *Cuba's Political Succession: From Fidel to Raúl Castro*. For background discussion of potential Cuban political scenarios envisioned in the aftermath of Fidel Castro's stepping down from power in 2006, see CRS Report RL33622, *Cuba's Future Political Scenarios and U.S. Policy Approaches*.

tight control over the political system, and few observers expect such changes to occur with the government backed up by a strong security apparatus.

The Cuban Communist Party (PCC) held its sixth congress in April 2011. While the party concentrated on making changes to Cuba's economic model, some political changes also occurred. As expected, Raúl became first secretary of the PCC, officially replacing his brother Fidel. The party's Political Bureau or Politburo was reduced from 23 to 15 members, with 3 new members. The party's Central Committee also was reduced from 125 to 115 members, with about 80 of those being new members of the committee. Most significantly, Raúl Castro proposed two five-year term limits for top positions in the party and in the government, calling for systematic rejuvenation, a change that was confirmed by a January 2012 national PCC conference. Also at the 2012 conference, the PCC approved a resolution by which its Central Committee would be allowed to replace up to 20% of its 115 members within its five-year mandate.⁴

In February 2013, Cuba held elections for over 600 members of the National Assembly of People's Power, the national legislature, as well as over 1,600 provincial government representatives, both for five-year terms. Under Cuba's one-party system, the overwhelming majority of officials elected are PCC members. Critics maintain that elections in Cuba are a sham and entirely controlled by the PCC. The new National Assembly selected Raúl Castro for a second five-year term as president of the Council of State (Cuba's head of government). In conformity with the new two-term limit for top officials, Castro indicated that this would be his last term, which means that he would serve until February 2018, when he would be 86 years old.

Most significantly, a much younger official, Miguel Díaz-Canel Bermúdez (currently age 55), was selected to serve as first vice president of the Council of State, replacing 82-year José Ramón Machado, part of the older generation of so-called *históricos* of the 1959 Cuban revolution. The position of first vice president is significant because, according to the Cuban Constitution, the person holding the office is the official successor to the president. Prior to his appointment, Díaz-Canel—an engineer by training—was serving as one of the Council of State's six other vice presidents. His appointment as the official constitutional successor to Castro represents a move toward bringing about generational change in Cuba's political system. Díaz-Canel became a member of the Politburo in 2003 and also held top PCC positions in the provinces of Villa Clara and Holguín. He became education minister in 2009 until he was tapped to be a vice president of the Council of State. Díaz-Canel has been described in media reports as an experienced manager with good relations with the military and as someone that worked his way up through the party.⁵

Some Cuba watchers maintain that Díaz-Canel is still very much in the shadow of Raúl, and has not yet taken on a prominent role, and contend that the Cuban military is perhaps the most important institution to watch as the transition to a post-Castro government unfolds.⁶ Under Raúl, who served as defense minister from the beginning of the Cuban revolution until 2008, the Cuban military has played an increasing role in government, with several military officers and confidants of Raúl serving as ministers.

⁴ Juan O. Tamayo, "Cuban Communists OK Term Limits for Party and Government Officials," *Miami Herald*, January 29, 2012, and "Cuba's Communists Meet to Update Party, Not Much Buzz on Street," *Miami Herald*, January 28, 2012; Patricia Grogg, "Cuba: Party Aims for Efficient, Inclusive Socialism," Inter Press Service, February 1, 2012.

⁵ Damien Cave and Victoria Burnett, "As Castro Era Drifts to Close, a New Face Steps in at No. 2," *New York Times*, February 28, 2013; Marc Frank, "Castro Successor Lacks Charisma But Is Experienced Manager," Reuters, February 26, 2013.

⁶ Tracy Wilkinson, "New Face Waits in Cuba," *Los Angeles Times*, February 7, 2015.

Speaking on the 60th anniversary of the start of the Cuban revolution on July 26, 2013, President Castro asserted that a generational transfer of power had already begun, stating that “there is a slow and orderly transfer of the leadership of the revolution to the new generations.”⁷ In October 2015, however, Castro stayed with the historical leadership when, after the resignation of 76-year-old Minister of the Interior (MININT) General Abelardo Colomé Ibarra because of health reasons, he replaced Colomé with 77-year-old MININT First Vice Minister General Carlos Fernández Gondín. In September 2015, the Council of State had given Fernández the honorific title of Hero of the Republic because of his role fighting in Angola.

Many observers are looking to the PCC’s seventh party congress, expected to be held in April 2016 (although some observers have suggested that the date could be postponed), for the announcement of additional leadership changes. The party congress is also expected to discuss a new electoral law and potentially even constitutional changes, although few observers expect any easing of Cuba’s tightly controlled political system. Economic topics will likely dominate the agenda, focusing on progress toward implementing the economic guidelines adopted at the last party congress in 2011 and discussion of additional economic changes such as currency unification.⁸ The next party congress will likely be the last presided over by Raúl Castro before his retirement as president in February 2018. While the 2018 leadership transition is expected to be smooth, there is also greater likelihood for a growth in factionalism within the system without Castro at the helm.

Human Rights

The Cuban government has a poor record on human rights, with the government sharply restricting freedoms of expression, association, assembly, movement, and other basic rights since the early years of the Cuban revolution. The government has continued to harass members of human rights and other dissident organizations. These include the Ladies in White (*Damas de Blanco*), currently led by Berta Soler, formed in 2003 by the female relatives of the so-called “group of 75” dissidents arrested that year; and the Patriotic Union of Cuba (UNPACU), led by José Daniel Ferrer García, established in 2011 by several dissident groups with the goal of fighting peacefully for civil liberties and human rights. Two Cuban political prisoners conducting hunger strikes have died in recent years, Orlando Zapata Tamayo in February 2010 and Wilman Villar Mendoza in January 2012. Tamayo died after an 85-day hunger strike that he had initiated to protest inhumane conditions in Cuba’s prisons. Villar Mendoza died following a 50-day hunger strike after he was convicted of “contempt” of authority and sentenced to four years in prison.

While the human rights situation in Cuba remains poor, the country has made some advances in recent years. In 2008, Cuba lifted a ban on Cubans staying in hotels that previously had been restricted to foreign tourists in a policy that had been pejoratively referred to as “tourist apartheid.” In recent years, as the government has enacted limited economic reforms, it has been much more open to debate on economic issues. In January 2013, Cuba took the significant step of eliminating its long-standing policy of requiring an exit permit and letter of invitation for Cubans to travel abroad. The change has allowed prominent dissidents and human rights activists to travel abroad and return to Cuba, although those Cubans subject to ongoing legal proceedings, including political prisoners who have been released on parole, have faced restrictions on traveling abroad.⁹

⁷ Marc Frank, “Cuba’s Raúl Castro Promises Succession Has Started,” Reuters, July 26, 2013.

⁸ Domingo Amuchastegui, “What’s Missing in U.S. Easing, the Invisible Party Congress, and Cuba’s Reach in Colombia,” *Cuba Standard Monthly*, November 2015.

⁹ U.S. Department of State, “Cuban Compliance with the Migration Accords (April 2015 to October 2015),” report to (continued...)

Political Prisoners. The Cuban government has released a number of political prisoners in recent years. With the intercession of the Cuban Catholic Church, the Cuban government released some 125 political prisoners in 2010 and 2011, including the remaining members of the “group of 75” that were still in prison. In the aftermath of the December 2014 shift in U.S. policy toward Cuba, the Cuban government released another 53 political prisoners.¹⁰

Among the 53 released were five jailed dissidents whom Amnesty International (AI) had named as prisoners of conscience in 2013¹¹ as well as several other dissidents whose cases AI was following. Two of the five prisoners of conscience, Emilio Planas Robert and Iván Fernández Depestre, had been imprisoned since September 2012 and July 2013, respectively, and had been convicted of “dangerousness” (a preemptive measure defined as the special proclivity of a person to commit crimes). The other three “prisoners of conscience,” brothers Alexeis, Django, and Vianco Vargas Martín, were members of UNPACU. They were detained in late 2012 and convicted in June 2014 after a summary trial in which they were charged with “public disorder.”¹² Three other dissidents whose cases were followed by AI were released from prison on December 9, 2014—Ladies in White member Sonia Garro Alfonso; her husband, Ramón Alejandro Muñoz González; and a neighbor, Eugenio Hernández. They had been held since March 2012.¹³

In 2015, the Cuban government has released two additional political prisoners named as prisoners of conscience by Amnesty International. Ciro Alexis Casonova Pérez, who had been placed under house arrest in June 2014 after demonstrating in the streets, was convicted in December 2014 of public disorder and sentenced to one year in prison. In April 2015, AI declared Casonova Pérez a prisoner of conscience, and he was ultimately released in June 2015.¹⁴

More recently, Danilo Maldonado Machado (known as El Sexto), a graffiti artist, was unconditionally released from prison on October 20, 2015, after almost 10 months in prison. Although he was never formally charged, Maldonado reportedly was accused of “aggravated contempt” for painting the names Fidel and Raúl on two pigs that he intended to release in Havana’s Central Park as part of an art show. Maldonado, who had attended Miami Dade College in 2014 on a scholarship program, went on a hunger strike on September 8, 2015, and only ended it on October 1, after a government official had promised that he would be released within 15 days. AI declared Maldonado a prisoner of conscience in late September, and issued a strong criticism of the Cuban government when the Cuban government failed to release him by October 15 as promised. Maldonado resumed his hunger strike on October 16, and ultimately was released from prison on October 20. Upon his release, AI issued a statement maintaining that “this long awaited positive move must open the door for much needed political reform in Cuba, where people are routinely harassed, arrested and thrown in jail on spurious charges for speaking their

(...continued)

Congress, November 3, 2015.

¹⁰ The list of 53 prisoners reportedly had been drawn up by the Obama Administration and included those jailed for having peacefully exercised their rights of freedom of expression and assembly. David Adams, Matt Spetalnick, and Lesley Wroughton, “How Prisoners Names Were Drawn Up in U.S.-Cuba Secret Talks,” Reuters News, January 12, 2015.

¹¹ AI defines prisoners of conscience as those jailed because of their political, religious, or other conscientiously held beliefs, ethnic origin, sex, color, language, national or social origin, economic status, birth, sexual orientation, or other status, provided they have neither used nor advocated violence.

¹² AI, “Prisoners of Conscience Released in Cuba,” January 9, 2015.

¹³ AI, “Government Critics Under House Arrest,” December 15, 2014.

¹⁴ AI, “Political Dissident Must Be Released,” April 2, 2015; “El Régimen Excarcela al Opositor Ciro Alexis Casanova Pérez,” *Diario de Cuba*, June 11, 2015.

minds.”¹⁵ With Maldonado’s release, AI currently does not have any other declared prisoners of conscience in Cuba.

Going beyond AI’s narrow definition of prisoners of conscience, the Cuban government has held a larger number of political prisoners, generally defined as a person imprisoned for his or her political activities. In June 2015, the Havana-based Cuban Commission on Human Rights and National Reconciliation (CCDHRN) estimated that the Cuban government held 60 political prisoners, not including 11 individuals who had been released on parole but are prevented from leaving the country. According to the CCDHRN’s report, the political prisoners include those convicted on such charges as hijacking, terrorism, sabotage, other acts of violence, and espionage, but also include almost two dozen opposition activists, a number of whom are members of UNPACU.¹⁶

Short-term Detentions. Short-term detentions for political reasons have increased significantly over the past several years, a reflection of the government’s change of tactics in repressing dissent away from long-term imprisonment. The CCDHRN reports that there were at least 2,074 such detentions in 2010, 4,123 in 2011, 6,602 in 2012, and 6,424 in 2013. For 2014, the group reported that there were 8,899 such detentions, almost 39% higher than the previous year. During the first 10 months of 2015, there were at least 6,239 short-term detentions, with 882 detentions in September (surrounding the visit of Pope Francis), and 1,093 in October.¹⁷

Three UNPACU activists who were arrested during the Pope’s visit—Zaqueo Baéz Guerrero, Ismael Bonet Rene, and María Josefa Acón Sardiñas (also a member of the Ladies in White)—have not been released. The three, who had crossed a security line in Havana in an attempt to reach Pope Francis, reportedly face between three and eight years in prison on charges of contempt, resistance, violence or intimidation against a state official, and public disorder.¹⁸

More than 300 human rights activists reportedly were temporarily detained nationwide on October 11, 2015, in a crackdown against a dissident campaign dubbed *Todos Marchamos* (We’re All Marching) carried out by the Forum for Rights and Freedoms, which brings together a number of human rights and dissident groups. The campaign supports the peaceful weekly Sunday marches of the Ladies in White, and calls for the release of all political prisoners and respect for human rights. Most of the detentions reportedly were in Havana and in the province of Santiago in eastern Cuba, and many of those detained were UNPACU members.¹⁹

Bloggers and Civil Society Groups. Over the past several years, numerous independent Cuban blogs have been established that are often critical of the Cuban government. Cuban blogger Yoani Sánchez has received considerable international attention since 2007 for her website, *Generación Y*, which includes commentary critical of the Cuban government. In May 2014, Sánchez launched

¹⁵ AI, “Cuba: Prisoner of Conscience on Hunger Strike,” September 29, 2015; “Cuba: Authorities Fail to Release Artist as Promised,” October 16, 2015; “Cuban Prisoner of Conscience Released,” October 21, 2015; “Cuba: Release of Graffiti Artist Must Herald New Approach to Dissent,” October 20, 2015.

¹⁶ Comisión Cubana de Derechos Humanos y Reconciliación Nacional (CCDHRN), “Lista Parcial de Condenados o Procesados por Motivos Políticos o Mediante Procedimientos Políticamente Condicionados,” June 19, 2015; and Daniel Trotta, “Human Rights Group Says Cuba Has 60 Political Prisoners,” Reuters News, June 19, 2015.

¹⁷ CCDHRN, “Cuba: Algunos Actos de Represión Política en el Mes de Octubre de 2015,” November 2, 2015.

¹⁸ AI, “The Unlikely Chance of a Serious Human Rights Debate in Cuba,” October 19, 2015.

¹⁹ UNPACU, “Listado de Más de 300 Activistas de Derechos Humanos Detenidos en Cuba Ayer Domingo,” October 12, 2015.

an independent digital newspaper in Cuba, *14 y medio*, available on the Internet, distributed through a variety of methods in Cuba, including CDs, USB flash drives, and DVDs.²⁰

The Catholic Church, which, as noted above, played a prominent role in the release of political prisoners in 2010 and 2011, has been active in broadening the debate on social and economic issues through its publications *Palabra Nueva* (New Word) and *Espacio Laical* (Space for Laity).²¹ (In June 2014, the two editors of *Espacio Laical*, Roberto Veiga and Lenier Gonzalez, resigned from their positions, maintaining that they had been pressured from inside the Church from those who did not want the Church to be involved in politics, but they announced soon after the launch of an online forum known as *Cuba Posible*.²²) The Church has also played an increasing role in providing social services, including soup kitchens, services for the elderly and other vulnerable groups, after-school programs, job training, and even college coursework.

Estado de SATS, a forum founded in 2010 by human rights activist Antonio Rodiles, has had the goal of encouraging open debate on cultural, social, and political issues.²³ The group has hosted numerous events and human rights activities over the years, but has also been the target of government harassment. In November 2012, Rodiles was arrested and held for 19 days on charges with “resisting authority,” but he was released after Amnesty International issued an urgent appeal on his case. In early July 2015, Rodiles was severely beaten for attempting to participate in the weekly protest march of the Ladies in White.²⁴

Trafficking in Persons. The State Department released its *2015 Trafficking in Persons (TIP) Report* on July 27, 2015, and for the first time since the report has been issued, Cuba was upgraded from Tier 3 to Tier 2 Watchlist status. Tier 3 status refers to countries whose governments do not fully comply with the minimum standards for combatting trafficking and are not making significant efforts to do so. In contrast, Tier 2 Watchlist status refers to countries whose governments do not fully comply with the minimum standards but are making significant efforts yet still have some specific problems (an increasing number of victims or failure to provide evidence of increasing anti-trafficking efforts) or whose governments have made commitments to take additional anti-trafficking steps over the next year.

The State Department maintained that Cuba was upgraded because of its progress in addressing and prosecuting sex trafficking, including the provision of services to sex trafficking victims, and its continued efforts to address sex tourism and the demand for commercial sex. The State Department also recognized commitments that the Cuban government has made to reform its laws to become compliant with the U.N. Palermo protocol (the 2000 United Nations Trafficking in Persons Protocol) and its willingness to welcome the United Nations Special Rapporteur on trafficking in persons to Cuba.²⁵ In its 2014 TIP report, the State Department noted that for the

²⁰ Sánchez’s website, which has links to numerous other independent blogs and websites, is available at <http://generacionyen.wordpress.com/>, and her online digital newspaper is available at <http://www.14ymedio.com/>.

²¹ See <http://www.palabranueva.net/newPage/index.php> and <http://www.espaciolaical.org/>.

²² Marc Frank, “Cuba’s Catholic Church May Restrict Rare Forum for Open Debate,” Reuters, June 16, 2014; Daniel Trotta and Rosa Tania Valdés, “Cuban Editors, Pressured to Leave Magazine, Announce New Venture,” Reuters, July 1, 2014. The Cuba Posible website is available at <http://cubapossible.net/>.

²³ See the group’s website at <http://www.estadodesats.com/>.

²⁴ Nora Games Torres, “Cuban Dissidents Report Being Attacked by Government Security Forces,” *Miami Herald*, July 6, 2015.

²⁵ U.S. Department of State, Under Secretary of State for Civilian Security, Democracy, and Human Rights Sarah Sewall on the 2015 Trafficking in Persons Report, Special Briefing, July 27, 2015; U.S. Department of State, 2015 Trafficking in Persons Report, July 27, 2015, Cuba section available at <http://www.state.gov/j/tip/rls/tiprpt/countries/2015/243423.htm>.

first time Cuba reported concrete action against sex trafficking and that the Cuban government maintained that it would be amending its criminal code to ensure conformity with the 2000 United Nations Trafficking in Persons Protocol. (For additional background, see CRS Report RL33200, *Trafficking in Persons in Latin America and the Caribbean*, by Clare Ribando Seelke.)

Human Rights Reporting on Cuba

Amnesty International (AI), Cuba, <https://www.amnesty.org/en/countries/americas/cuba/>.

Cuban Commission on Human Rights and National Reconciliation (Comisión Cubana de Derechos Humanos y Reconciliación Nacional, CCDHRN), the independent Havana-based human rights organization produces a monthly report on short-term detentions for political reasons.

CCDHRN, "Cuba: Algunos Actos de Represión Política en el Mes de Octubre de 2015," November 2, 2015, available at http://www.14ymedio.com/nacional/Informe-CCDHRN-October_CYMFIL20151102_0001.pdf

CCDHRN, "Lista Parcial de Condenados o Procesados por Motivos Políticos o Mediante Procedimientos Políticamente Condicionados," June 19, 2015.

14ymedio.com, independent digital newspaper, based in Havana available at <http://www.14ymedio.com/>.

Human Rights Watch (HRW), <http://www.hrw.org/en/americas/cuba>.

HRW's 2015 World Report maintains that "the Cuban government continues to repress individuals and groups who criticize the government or call for basic human rights," available at http://www.hrw.org/sites/default/files/reports/wr2015_web.pdf (pp. 181-186).

Inter-American Commission on Human Rights, Annual Report 2014, May 7, 2015, Chapter IV has a section on Cuba, available at <http://www.oas.org/en/iachr/docs/annual/2014/docs-en/Annual2014-chap4Cuba.pdf>.

U.S. Department of State, Country Report on Human Rights Practices for 2014, June 25, 2015, available at <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2014&dliid=236680>.

Economic Conditions

Cuba's economy is largely state-controlled, with the government owning most means of production and employing a majority of the workforce. Key sectors of the economy that generate foreign exchange include the export of professional services (largely medical personnel to Venezuela); tourism, which has grown significantly since the mid-1990s, with 3 million tourists visiting Cuba in 2014; nickel mining, with the Canadian mining company Sherritt International involved in a joint investment project; and a biotechnology and pharmaceutical sector that supplies the domestic healthcare system and has fostered a significant export industry. Remittances from relatives living abroad, especially from the United States, have also become an important source of hard currency, amounting to some \$2 billion annually. The once-dominant sugar industry has declined significantly over the past 20 years; in 1990, Cuba produced 8.4 million tons of sugar, while in 2015 it produced 1.9 million tons.²⁶

Cuba is highly dependent on Venezuela for its oil needs. In 2000, the two countries signed a preferential oil agreement that provides Cuba with some 100,000 barrels of oil per day, about two-thirds of its consumption. Cuba's goal of becoming a net oil exporter with the development of its offshore deepwater oil reserves was set back significantly in 2012, when the drilling of three exploratory oil wells was unsuccessful. The setback in Cuba's offshore oil development combined with political and economic difficulties in Venezuela have raised concerns among Cuban officials about the security of the support received from Venezuela. Cuba is increasingly

²⁶ Information and statistics were drawn from several sources: U.S. Department of State, "U.S. Relations with Cuba," July 21, 2015; Oficina Nacional de Estadísticas e Información, "Anuario Estadístico de Cuba, 2014, Turismo" Edición 2015; Marc Frank, "Cuba Produces Best Sugar Harvest in 11 Years," Reuters, May 29, 2015.

focusing on the need to diversify its trading partners and to seek alternative energy suppliers in the case of a cutback or cutoff of Venezuelan oil.²⁷

Over the years, Cuba has expressed pride for the nation's accomplishments in health and education. According to the United Nations Development Program's 2014 Human Development Report, Cuba is ranked 44 out of 187 countries worldwide and is characterized as having "very high human development," with life expectancy in Cuba in 2013 at 79.3 years and adult literacy estimated at almost 100%.

In terms of economic growth, Cuba experienced severe economic deterioration from 1989 to 1993, with an estimated decline in gross domestic product ranging from 35% to 50% when the Soviet Union collapsed and Russian financial assistance to Cuba practically ended. Since then, however, there has been considerable improvement. From 1994 to 2000, as Cuba moved forward with some limited market-oriented economic reforms, economic growth averaged 3.7% annually. Economic growth was especially strong in the 2004-2007 period, registering an impressive 11% and 12%, respectively, in 2005 and 2006 (see **Figure 2**). The economy benefitted from the growth of the tourism, nickel, and oil sectors and support from Venezuela and China in terms of investment commitments and credit lines. However, the economy was hard hit by several hurricanes and storms in 2008 and the global financial crisis in 2009, with the government having to implement austerity measures. As a result, economic growth slowed significantly.

Growth improved modestly from 2010-2014, averaging 2.4% annually during the period, although growth was just 1.3% in 2014 because of Cuba's challenges in shifting from a centrally planned to a more decentralized economy. Stronger growth reportedly returned in 2015, according to Cuban officials, and the Economist Intelligence Unit (EIU) projects the economy growing 4.4% for the year.²⁸ Looking ahead, the EIU forecasts growth rates averaging over 5% in the 2016-2020 period but notes that the withdrawal of support from Venezuela could jeopardize these forecasts.²⁹ Some economists maintain that Cuba needs a growth rate of at least 5% to 7% in order to develop the economy and create new jobs—increasing internal savings and attracting foreign investment reportedly are keys to achieving such growth rates.³⁰

The government of Raúl Castro has implemented a number of economic policy changes, but there has been some disappointment that more far-reaching reforms have not been forthcoming. As noted above, the government employs a majority of the labor force, almost 80%, but it has been allowing more private sector activities. In 2010, the government opened up a wide range of activities for self-employment and small businesses. There are now almost 200 categories of work allowed, and the number of self-employed has risen from some 156,000 at the end of 2010 to some 500,000 at the end of 2014 out of a workforce of over 5 million.³¹

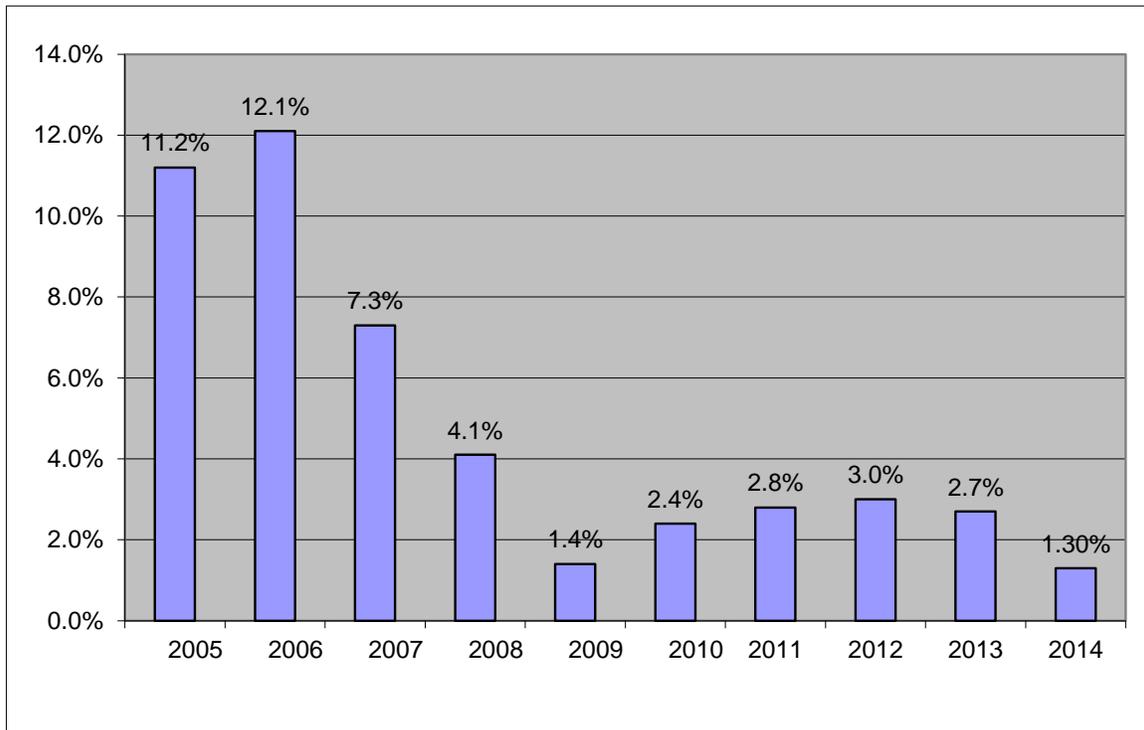
²⁷ For example, see "Cuba, Economy, Seeking New Partners," *Latin American Caribbean & Central America Report*, May 2013.

²⁸ Daniel Trotta and Marc Frank, "Economy Growing 4 Pct. Aided by Detente with U.S.," Reuters, June 22, 2015.

²⁹ "Cuba Country Report," Economist Intelligence Unit (EIU), November 2015.

³⁰ Marc Frank, "Factbox—Key Political Risks to Watch in Cuba," Reuters News, May 13, 2013.

³¹ Andrea Rodriguez and Anne Marie Garcia, "2 Years into Cuba's Free Market Experiment, Small Entrepreneurs Struggle to Stay Afloat," Associated Press, December 27, 2013; U.S. Department of State, "President Obama's New Cuba Policy Looks Forward, Not Back," U.S. Secretary of State John Kerry, Secretary of Commerce Penny Pritzker, and Treasury Secretary Jacob J. Lew, op-ed, *Miami Herald*, December 20, 2014.

Figure 2. Cuba: Real GDP Growth (percent), 2005-2014

Source: Economist Intelligence Unit, Country Data Tool, 2015.

Analysts contend, however, that the government needs to do more to support the development of the private sector, including an expansion of authorized activities to include more white-collar occupations and state support for credit to support small businesses. A major challenge for the development of the private sector is the lack of money in circulation. Most Cubans do not make enough money to support the development of small businesses; those private sector activities catering to tourists and foreign diplomats have fared better than those serving the Cuban market.

Among Cuba's significant economic challenges are low wages (whereby workers cannot satisfy basic human needs) and the related problem of how to unify Cuba's two official currencies circulating in the country.³² Most people are paid in Cuban pesos (CUPs), and the minimum monthly wage in Cuba is about 225 pesos (about U.S. \$9),³³ but for increasing amounts of consumer goods, convertible pesos (CUCs) are used. (For personal transactions, the exchange rate for the two currencies is CUP24/CUC1.) Cubans with access to foreign remittances or who work in jobs that give them access to convertible pesos are far better off than those Cubans who do not have such access.

In October 2013, the Cuban government announced that it would move toward ending its dual-currency system and move toward monetary unification, but it appears that the unification has been postponed, according to the EIU.³⁴ In March 2014, the government had provided insight about how monetary unification would move forward when it published instructions for when the

³² For more on Cuba's currency problem, see "Replacing Cuba's Dual Currency System: What Are the Issues That Really Matter?" *Latin American Economy & Business*, July 2013.

³³ U.S. Department of State, "Country Reports on Human Rights Practices for 2014, Cuba," June 25, 2015.

³⁴ "Cuba Country Report," EIU, November 2015.

CUC is removed from circulation; no date was provided, but it was referred to as “day zero.” Currency reform is ultimately expected to lead to productivity gains and improve the business climate, but an adjustment would create winners and losers.³⁵

A significant reform effort under Raúl Castro has focused on the agricultural sector, a vital issue because Cuba imports some 60% of its food needs. In an effort to boost food production, the government has turned over idle land to farmers and given farmers more control over how to use their land and what supplies to buy. Despite these and other efforts, overall food production has been significantly below targets.

In March 2014, Cuba approved a new foreign investment law with the goal of attracting needed foreign capital to the country. The law cuts taxes on profits by half, to 15%, and exempts companies from paying taxes for the first eight years of operation. Employment or labor taxes are also eliminated, although companies still must hire labor through state-run companies, with agreed-upon wages. A fast-track procedure for small projects reportedly will streamline the approval process, and the government has agreed to improve the transparency and time of the approval process for larger investments.³⁶ It remains to be seen to what extent the new law will attract investment. Over the past several years, Cuba has closed a number of joint ventures with foreign companies and has arrested several executives of foreign companies reportedly for corrupt practices. According to some observers, investors will want evidence, not just legislation, that the government is prepared to allow foreign investors to make a profit in Cuba.³⁷

In October 2014, the Cuban government issued a list of some 246 projects in which it was seeking some \$8.7 billion in investment in such sectors as energy, tourism, agriculture, and industry.³⁸ Cuban Minister of Foreign Trade and Investment Rodrigo Malmierca reportedly maintained in November 2015 that 40 of these projects were in “advanced negotiations” and that Cuba has signed 36 foreign investment projects since the 2014 investment law was approved, but did not indicate the value of these projects. In early November 2015, Malmierca announced a list of 326 projects in which it is seeking \$8.2 billion in foreign investment, including new opportunities in healthcare, tourism, transportation, construction, agriculture, and renewable energy.³⁹

A number of Cuba’s economists are pressing for the government to enact more far-reaching reforms and embrace competition for key parts of the economy and state-run enterprises. They criticize the government’s continued reliance on central planning and its monopoly in foreign trade.⁴⁰

³⁵ “Cuba: Exchange Rate Unification Approaching,” *Latin America Regional Report: Caribbean & Central America*, March 2014.

³⁶ “Cuba Approves New Foreign Investment Law,” *Latin American Regional Report: Caribbean & Central America*, April 2014; “What’s Changed in Cuba’s New Foreign Investment Law,” Reuters News, March 29, 2014.

³⁷ Marc Frank, “Cuba Plans Big Tax Breaks to Lure Foreign Investors,” Reuters News, March 26, 2014; and Daniel Trotta, “Cuba’s Past Raises Skepticism About New Foreign Investment Law,” Reuters News, March 31, 2014.

³⁸ “Cuba Seeks \$8.7 Bn in Foreign Investment,” EFE News Service, November 4, 2014.

³⁹ “Cuba Seeks \$8.2 Billion in Foreign Investment for 326 Projects,” Reuters News, November 3, 2015.

⁴⁰ Marc Frank, “As Cuban Economy Stagnates, Economists Press for Deeper Reforms,” Reuters News, October 24, 2014.

For Additional Reading on the Cuban Economy

Association for the Study of the Cuban Economy, annual proceedings, available at <http://www.ascecuba.org/publications/annual-proceedings/>.

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Richard E. Feinberg and Ted Piccone, eds., *Cuba's Economic Change in Comparative Perspective*, November 2014, available at <http://www.brookings.edu/research/papers/2014/11/cuba-economic-change-comparative-perspective>;

Ted Piccone and Harold Trinkunas, *The Cuba-Venezuela Alliance: The Beginning of the End?* June 2014, available at <http://www.brookings.edu/research/papers/2014/06/16-cuba-venezuela-alliance-piccone-trinkunas>;

Philip Peters, *Cuba's New Real Estate Market*, February 2014, available at <http://www.brookings.edu/research/reports/2014/02/21-cuba-real-estate-market-peters>; and

Richard Feinberg, *Soft Landing in Cuba? Emerging Entrepreneurs and Middle Classes*, November 2013, available at <http://www.brookings.edu/research/reports/2013/11/cuba-entrepreneurs-middle-classes-feinberg>.

The Cuban Economy, La Economía Cubana, website maintained by Arch Ritter, from Carlton University, Ottawa, Canada, available at <http://thecubaneconomy.com/>.

Revista Temas (Havana), links to the Cuban journal's articles on economy and politics, in Spanish available at <http://temas.cult.cu/>

Oficina Nacional de Estadísticas e Información, República de Cuba (Cuba's National Office of Statistics and Information), available at <http://www.one.cu/>.

Cuba's Foreign Relations

During the Cold War, Cuba had extensive relations with and support from the Soviet Union, with billions of dollars in annual subsidies to sustain the Cuban economy. This subsidy system helped fund an activist foreign policy and support for guerrilla movements and revolutionary governments abroad in Latin America and Africa. With an end to the Cold War, the dissolution of the Soviet Union, and the loss of Soviet financial support, Cuba was forced to abandon its revolutionary activities abroad. As its economy reeled from the loss of Soviet support, Cuba was forced to open up its economy and economic relations with countries worldwide. In 2013, Cuba's leading trading partners in terms of Cuban exports were Venezuela (almost 43%), Canada, the Netherlands, and China, while the leading sources of Cuba's imports were Venezuela (almost 33%), China, Spain, Brazil, Mexico, Italy, Canada, and the United States (2.7%).⁴¹

Russia. Relations with Russia, which had diminished significantly in the aftermath of the Cold War, have been strengthened somewhat over the past several years. In 2008, then-Russian President Dmitry Medvedev visited Havana, while Raúl Castro visited Russia in 2009 and again in 2012. Current Russian President Vladimir Putin visited Cuba in July 2014 on his way to attend the BRICS⁴² summit in Brazil. Just before arriving in Cuba, Putin signed into law an agreement writing off 90% of Cuba's \$32 billion Soviet-era debt, with some \$3.5 billion to be paid back by Cuba over a 10-year period that would fund Russian investment projects in Cuba.⁴³ In the aftermath of Putin's trip, there were press reports alleging that Russia would reopen its signals

⁴¹ Statistics drawn from Oficina Nacional de Estadística e Información, República de Cuba, Anuario Estadístico de Cuba 2013, Sector Externo, available at http://www.one.cu/aec2013/esp/08_tabla_cuadro.htm.

⁴² The BRICS is an association of five major emerging economies: Brazil, Russia, India, China, and South Africa.

⁴³ That agreement had been discussed in a 2013 visit by now Prime Minister Medvedev to Cuba, and had been announced in December 2013. Anna Andrianova and Bill Faries, "Russia Forgives \$32B of Debt, Wants to Do Business in Cuba," Bloomberg News, July 13, 2014; Marc Frank, "Russia Signs Deal to Forgive \$29 Billion of Cuba's Soviet-Era Debt—Diplomats," Reuters, December 9, 2013; "Castro Declares He Had a Good Visit with Russia's Medvedev," Agence France Presse, February 23, 2013.

intelligence facility at Lourdes, Cuba, which had closed in 2002, but President Putin denied reports that his government would reopen the facility.⁴⁴

While trade relations between Russia and Cuba are not significant, two Russian energy companies have been involved in oil exploration in Cuba, and a third announced its involvement in 2014. Gazprom had been in a partnership with the Malaysian state oil company, Petronas, that conducted unsuccessful deepwater oil drilling off of Cuba's western coast in 2012. The Russian oil company Zarubezhneft began drilling in Cuba's shallow coastal waters east of Havana in December 2012, but stopped work in April 2013 because of disappointing results. During President Putin's July 2014 visit to Cuba, Russian energy companies Rosneft and Zarubezhneft signed an agreement with Cuba's state oil company CubaPetroleo (Cupet) for the development of an offshore exploration block, and Rosneft agreed to cooperate with Cuba in studying ways to optimize existing production at mature fields.⁴⁵ Some energy analysts are skeptical about the prospects for the offshore project given the unsuccessful attempts by foreign oil companies drilling wells in Cuba's deepwaters.

In January 2015, as U.S.-Cuba normalization talks were beginning in Havana, a Russian intelligence ship docked in Havana. U.S. officials downplayed the arrival of the ship, maintaining that it was legal and not out of the ordinary.⁴⁶ Russian officials publicly welcomed the improvement in U.S.-Cuban relations, although the change in U.S. policy could be viewed as a potential setback for Russian overtures in the region.

China. Relations with China have also strengthened in recent years. During the Cold War, the two countries did not have close relations because of Sino-Soviet tensions, but bilateral relations have grown close in recent years, with Chinese trade and investment in Cuba increasing. Chinese President Hu Jintao visited Cuba in 2004 and again in 2008, while Chinese Vice President Xi Jinping visited Cuba in June 2011 and again in July 2014, this time as China's president, after attending the BRICS summit in Brazil. Raúl Castro had also visited China in 2012 on a four-day visit, in which the two countries reportedly signed cooperation agreements focusing on trade and investment issues. During Xi Jinping's 2014 visit, the two countries reportedly signed 29 trade, debt, credit, and other agreements. While in Cuba, the Chinese president said that "China and Cuba being socialist countries, we are closely united by the same missions, ideals, and struggles."⁴⁷

European Union. The European Union (EU) and Cuba have held five rounds of talks—two in 2014 and three in 2015, the most recent in September—on a framework agreement for a Political Dialogue and Cooperation Agreement covering political, trade, and development issues.⁴⁸ The two sides have made significant progress, reportedly completing talks on trade and economic cooperation. In March 2015, the EU's High Representative for Foreign Affairs and Security Policy, Federica Mogherini, visited Cuba and indicated that the EU wanted to reach an agreement by the end of the year.⁴⁹ In 1996, the EU adopted a Common Position on Cuba, stating that the objective of EU relations with Cuba includes encouraging "a process of transition to pluralist democracy and respect for human rights and fundamental freedoms." The position also stipulated

⁴⁴ "Putin Denies Russia to Reopen Soviet-era Spy Post in Cuba," Reuters News, July 17, 2014.

⁴⁵ "Russia Cements Energy Ties with Latin America," *Oil Daily*, July 15, 2014.

⁴⁶ "Russian Spy Ship Arrives in Havana Ahead of U.S.-Cuba Talks," Radio Free Europe Documents and Publications, January 21, 2015.

⁴⁷ Marc Frank, "Chinese President Ends Regional Tour in Cradle of Cuban Revolution," Reuters News, July 23, 2014.

⁴⁸ European Union, External Action, "EU Relations with Cuba" available at http://eeas.europa.eu/cuba/index_en.htm

⁴⁹ "Cuba and EU Speed Up Negotiations to Reach Agreement by 2015-End," EFE News Service, March 25, 2015.

that full EU economic cooperation with Cuba would depend upon improvements in human rights and political freedom.⁵⁰

Venezuela and Other Latin American Countries. For some 15 years, Venezuela has been a significant source of support for Cuba. Dating back to 2000 under populist President Hugo Chávez, Venezuela began providing subsidized oil (some 100,000 barrels per day) and investment. For its part, Cuba has sent thousands of medical personnel to Venezuela. In the aftermath of Chávez's death in March 2013, the close Venezuelan presidential election in April 2013 won by Nicolás Maduro of the ruling Socialist party, and Venezuela's mounting economic challenges since mid-2014 because of the rapid decline in oil prices, Cuban officials are reportedly concerned about the future of Venezuelan support.

With El Salvador's restoration of relations with Cuba in June 2009, all Latin American nations now have official diplomatic relations with Cuba. Cuba has increasingly become more engaged in Latin America beyond the already close relations with Venezuela. Cuba is a member of the Bolivarian Alliance for the Americas (ALBA), a Venezuelan-led integration and cooperation scheme founded in 2004. In August 2013, Cuba began deploying thousands of doctors to Brazil in a program aimed at providing doctors to rural areas of Brazil, with Cuba earning some \$225 million a year for supplying the medical personnel.⁵¹ Brazil also has been a major investor in the development of the port of Mariel west of Havana. Since 2012, Cuba has hosted peace talks between the Colombian government and the Revolutionary Armed Forces of Colombia.⁵² In early November 2015, Raúl Castro visited Mexico on a trip designed to warm relations and increase economic linkages.

Community of Latin American and Caribbean States (CELAC). Cuba became a full member of the Rio Group of Latin American and Caribbean nations in November 2008, and a member of the succeeding CELAC that was officially established in December 2011 to boost regional cooperation, but without the participation of the United States or Canada. In January 2013, Raúl Castro assumed the presidency of the organization for one year, and Cuba hosted the group's second summit in January 2014 in Havana, attended by leaders from across the hemisphere as well as United Nations Secretary General Ban Ki-moon. The Secretary General reportedly raised human rights issues with Cuban officials, including the subject of Cuba's ratification of U.N. human rights accords and "arbitrary detentions" by the Cuban government.⁵³

Summits of the Americas. Cuba had expressed interest in attending the sixth Summit of the Americas in April 2012 in Cartagena, Colombia, but ultimately was not invited to attend. The United States and Canada expressed opposition to Cuba's participation. Previous summits were limited to the hemisphere's 34 democratically elected leaders, and the Organization of American States (OAS) (in which Cuba does not participate) has played a key role in summit implementation and follow-up activities. Several Latin American nations vowed not to attend the seventh Summit of the Americas to be held in Panama on April 10-11, 2015, unless Cuba was allowed to participate, and as a result, Panama announced in August 2014 that it would invite Cuba to attend. Cuba's participation was a looming challenge for the Obama Administration, but

⁵⁰ European Union, Official Journal of the European Commission, "Common Position of 2 December 1996, defined by the Council on the Basis of Article J.2 of the Treaty on European Union, on Cuba," (96/697/CFSP), December 2, 1996.

⁵¹ Anthony Boadle, "Cuban Doctors Tend to Brazil's Poor, Giving Rouseff a Boost," Reuters News, December 1, 2013.

⁵² For background on the talks, see CRS Insight IN10372, *Colombian Peace Talks Breakthrough: A Possible End-Game?*, by June S. Beittel.

⁵³ "UN Chief Pushes Cuba on 'Arbitrary Detentions,'" Agence France Presse, January 28, 2014.

in December 2014, when President Obama announced a new policy approach toward Cuba, he said that the United States was prepared to have Cuba participate in the summit. Cuba ultimately participated in the summit in Panama, with a historic sidelines meeting between President Obama and President Raúl Castro. (For more on the summit, see CRS Report R43952, *Seventh Summit of the Americas: In Brief*, by Peter J. Meyer.)

OAS. Cuba was excluded from participation in the OAS in 1962 because of its identification with Marxism-Leninism, but in 2009, the OAS overturned the 1962 resolution in a move that could eventually lead to Cuba's reentry into the regional organization in accordance with the practices, purposes, and principles of the OAS. While the Cuban government welcomed the OAS vote to overturn the 1962 resolution, it asserted that it would not return to the OAS.⁵⁴

International Organizations. Cuba is an active participant in international forums, including the United Nations and the controversial United Nations Human Rights Council. Since 1991, the U.N. General Assembly has approved a resolution each year criticizing the U.S. economic embargo and urging the United States to lift it. The most recent vote calling for the United States to lift the embargo occurred on October 27, 2015, with 191 votes in favor and 2 (Israel and the United States) against.⁵⁵ Leading up to the vote, there had been speculation that the United States would abstain.

Cuba also has received support over the years from the United Nations Development Programme (UNDP) and the United Nations Educational, Scientific, and Cultural Organization (UNESCO), both of which have offices in Havana. The U.N. has played a significant role in providing relief and recovery from Hurricane Sandy that struck in October 2012. Among other international organizations, Cuba was a founding member of the World Trade Organization, but it is not a member of the International Monetary Fund, the World Bank, or the Inter-American Development Bank.

Compliance with U.N. Sanctions on North Korea. In July 2013, the discovery of a weapons shipment aboard a North Korean ship that had left Cuba on its way back to North Korea raised questions about the nature of Cuban-North Korean relations and about Cuba's compliance with U.N. sanctions against North Korea. Panama had detained the North Korean ship as it prepared to enter the Panama Canal due to suspicion that the ship was carrying illicit narcotics; instead, the ship was found to be carrying military weapons. The U.N. Security Council's Panel of Experts for North Korea visited Panama in August 2013 and issued a report on the incident in March 2014. The Panel of Experts concluded that both the shipment and the transaction between Cuba and North Korea were violations of U.N. sanctions banning weapons transfers to North Korea.⁵⁶ In July 2014, the U.N. Security Council imposed sanctions on the operator of the North Korean ship,

⁵⁴ For further background, see section on "Cuba and the OAS" in archived CRS Report R40193, *Cuba: Issues for the 111th Congress*, by Mark P. Sullivan; also see CRS Report R42639, *Organization of American States: Background and Issues for Congress*, by Peter J. Meyer.

⁵⁵ U.N. General Assembly, 70th Session, Resolution No. A/RES/70/5, "Necessity of Ending the Economic, Commercial and Financial Embargo Imposed by the United States of America Against Cuba," October 27, 2015, available at <http://research.un.org/en/docs/ga/quick/regular/70>

⁵⁶ United Nations Security Council, notes by the President of the Security Council, report of the panel of experts established pursuant to resolution 1874 (2009), S/1014/147, March 6, 2014, available at http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2014/147. The panel found that the "hidden cargo ... amounted to six trailers associated with surface-to-air missile systems and 25 shipping containers loaded with two disassembled MiG-21 aircraft, 15 engines for MiG-21 aircraft, components for surface-to-air missile systems, ammunition and miscellaneous arms-related material." According to the report, the "extraordinary and extensive efforts to conceal the cargo of arms and related material ... and the contingency instructions ... found onboard the vessel for preparing a false declaration for entering the Panama Canal ... point to a clear and conscious intention to circumvent the resolutions."

and the company is now subject to an international asset freeze.⁵⁷ U.S. Ambassador to the United Nations Samantha Power described the North Korean ship incident as a “cynical, outrageous and illegal attempt by Cuba and North Korea to circumvent United Nations sanctions.”⁵⁸

U.S. Policy Toward Cuba

Background on U.S.-Cuban Relations⁵⁹

In the early 1960s, U.S.-Cuban relations deteriorated sharply when Fidel Castro began to build a repressive communist dictatorship and moved his country toward close relations with the Soviet Union. The often tense and hostile nature of the U.S.-Cuban relationship is illustrated by such events and actions as U.S. covert operations to overthrow the Castro government culminating in the ill-fated April 1961 Bay of Pigs invasion; the October 1962 missile crisis in which the United States confronted the Soviet Union over its attempt to place offensive nuclear missiles in Cuba; Cuban support for guerrilla insurgencies and military support for revolutionary governments in Africa and the Western Hemisphere; the 1980 exodus of around 125,000 Cubans to the United States in the so-called Mariel boatlift; the 1994 exodus of more than 30,000 Cubans who were interdicted and housed at U.S. facilities in Guantanamo and Panama; and the 1996 shutdown by Cuban fighter jets of two U.S. civilian planes operated by the Cuban-American group Brothers to the Rescue, which resulted in the deaths of four U.S. crew members.

Beginning in the early 1960s, U.S. policy toward Cuba consisted largely of isolating the island nation through comprehensive economic sanctions, including an embargo on trade and financial transactions. President Kennedy proclaimed an embargo on trade between the United States and Cuba in February 1962,⁶⁰ citing Section 620(a) of the Foreign Assistance Act of 1961 (FAA), which authorizes the President “to establish and maintain a total embargo upon all trade between the United States and Cuba.”⁶¹ At the same time, the Department of the Treasury issued the Cuban Import Regulations to deny the importation into the United States of all goods imported from or through Cuba.⁶² The authority for the embargo was later expanded in March 1962 to include the Trading with the Enemy Act (TWEA).⁶³

In July 1963, the Department of the Treasury revoked the Cuban Import Regulations and replaced them with the more comprehensive Cuban Assets Control Regulations (CACR)—31 C.F.R. Part 515—under the authority of TWEA and Section 620(a) of the FAA.⁶⁴ The CACR, which include a prohibition on most financial transactions with Cuba and a freeze of Cuban government assets in the United States, remain the main body of Cuba embargo regulations and have been amended

⁵⁷ U.N. Security Council, “Security Council Committee Designates Entity Subject to Measures Imposed by Resolution 1718 (2006),” press release, July 28, 2014.

⁵⁸ Michelle Nichols, “U.N. Blacklists Operator of North Korean Ship Seized in Panama,” Reuters, July 29, 2014.

⁵⁹ For additional background, see archived CRS Report RL30386, *Cuba-U.S. Relations: Chronology of Key Events 1959-1999*, by Mark P. Sullivan.

⁶⁰ *27 Federal Register* 1085, February 7, 1962 (Proclamation 3447, Embargo on All Trade with Cuba, February 3, 1962).

⁶¹ In October 1960 under the Eisenhower Administration, exports to Cuba were strictly controlled under the authority of the Export Control Act of 1949 in response to the expropriation of U.S. properties. This in effect amounted to an embargo on exports of all products with the exception of certain foods, medicines, and medical supplies.

⁶² *27 Federal Register* 1116, February 7, 1962.

⁶³ *27 Federal Register* 2765-2766, March 24, 1962.

⁶⁴ *28 Federal Register* 6974-6985, July 9, 1963.

many times over the years to reflect changes in policy. They are administered by the Department of the Treasury's Office of Foreign Assets Control (OFAC) and prohibit financial transactions as well as trade transactions with Cuba. The CACR also require that all exports to Cuba be licensed by the Department of Commerce, Bureau of Industry and Security, under the provisions of the Export Administration Act of 1979, as amended.⁶⁵ The Export Administration Regulations (EAR) are found at 15 C.F.R. Sections 730-774.⁶⁶

Congress subsequently strengthened sanctions on Cuba with enactment of the Cuban Democracy Act (CDA) of 1992 (P.L. 102-484, Title XVII), the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114), and the Trade Sanctions Reform and Export Enhancement Act of 2000 or TSRA (P.L. 106-387, Title IX).

- Among its provisions, the CDA prohibits U.S. foreign subsidiaries from engaging in trade with Cuba and prohibits entry into the United States for any sea-borne vessel to load or unload freight if it has been involved in trade with Cuba within the previous 180 days, except pursuant to a Treasury Department license.
- The LIBERTAD Act, enacted in the aftermath of Cuba's shooting down of two U.S. civilian planes in February 1996, combines a variety of measures to increase pressure on Cuba and provides for a plan to assist Cuba once it begins the transition to democracy. Most significantly, the law codified the Cuban embargo, including all restrictions under the CACR. This provision is noteworthy because of its long-lasting effect on U.S. policy options toward Cuba. The executive branch is prevented from lifting the economic embargo without congressional concurrence until certain democratic conditions set forth in the law are met, although the President retains broad authority to amend the regulations therein. Another significant sanction in Title III of the law holds any person or government that traffics in U.S. property confiscated by the Cuban government liable for monetary damages in U.S. federal court. Acting under provisions of the law, however, Presidents Clinton, Bush, and Obama have suspended the implementation of Title III at six-month intervals.
- While TSRA authorizes U.S. commercial exports to Cuba, it also includes prohibitions on U.S. assistance and financing and requires "payment of cash in advance" or third-country financing for the exports. The act also prohibits tourist travel to Cuba.

In addition to these acts, Congress enacted numerous other provisions of law over the years that impose sanctions on Cuba, including restrictions on trade, foreign aid, and support from international financial institutions. The government of Cuba also was designated by the State Department as a state sponsor of international terrorism in 1982 under Section 6(j) of the Export Administration Act and other laws because of its alleged ties to international terrorism.⁶⁷ (For additional information, see CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*, by Dianne E. Rennack and Mark P. Sullivan.)

⁶⁵ 31 C.F.R. §515.533.

⁶⁶ See especially 15 C.F.R. §746.2 on Cuba, which refers to other parts of the EAR.

⁶⁷ Cuba's designation on the state sponsor of terrorism list has allowed U.S. nationals injured by an act of international terrorism to file lawsuits against Cuba in the United States for damages. For more information, see CRS Legal Sidebar WSLG254, *Can Victims of Terrorism in the United States Sue Foreign Governments?*, by Jennifer K. Elsea; and CRS Legal Sidebar WSLG1405, *Can Creditors Enforce Terrorism Judgments Against Cuba?*, by Jennifer K. Elsea.

In addition to sanctions, another component of U.S. policy has consisted of support measures for the Cuban people. This includes U.S. private humanitarian donations, medical exports to Cuba under the terms of the CDA, U.S. government support for democracy-building efforts, and U.S.-sponsored radio and television broadcasting to Cuba. The enactment of TSRA by the 106th Congress also led to the United States becoming one of Cuba's largest suppliers of agricultural products. Authorization for purposeful travel to Cuba and cash remittances to Cuba have constituted important means to support the Cuban people, although there has been significant congressional debate over these issues for many years.

Despite the poor state of U.S.-Cuban relations, there have been several examples of bilateral cooperation over the years in areas of shared national interest. Three areas that stand out are alien migrant interdiction (with migration accords negotiated in 1994 and 1995), counternarcotics cooperation (with increased cooperation dating back to 1999), and cooperation on oil spill preparedness and prevention (since 2011).

Obama Administration Policy

During its first six years, the Obama Administration continued the dual-track policy approach toward Cuba that has been in place for many years. It maintained U.S. economic sanctions and continued measures to support the Cuban people, such as U.S. government-sponsored radio and television broadcasting and funding for democracy and human rights projects.

At the same time, however, the Obama Administration initiated a significant shift in policy toward Cuba beginning in 2009. As part of the policy of reaching out to the Cuban people, President Obama fulfilled a campaign pledge by lifting all restrictions on family travel and remittances. At the April 2009 Summit of the Americas, President Obama announced that “the United States seeks a new beginning with Cuba.” While recognizing that it would take time to “overcome decades of mistrust,” the President said “there are critical steps we can take toward a new day.” He stated that he was prepared to have his Administration “engage with the Cuban government on a wide range of issues—from drugs, migration, and economic issues, to human rights, free speech, and democratic reform.”⁶⁸ In the aftermath of the Summit in 2009, there was some momentum toward improved relations: in July, the two countries restarted semi-annual migration talks that had been suspended by the United States five years earlier; in September, the two countries held talks on resuming direct mail service.

Alan Gross Case

U.S.-Cuban relations took a turn for the worse in December 2009 when Alan Gross, an American subcontractor working on Cuba democracy projects funded by the U.S. Agency for International Development (USAID), was arrested in Havana. Gross was providing Internet communications equipment to Cuba's Jewish community. He was convicted in March 2011 on charges of acting “against the independence and territorial integrity of the state,” and sentenced to 15 years in prison. U.S. officials and some Members of Congress repeatedly raised the issue with the Cuban government and asked for his release. In the aftermath of Gross's conviction, the United States and Cuba continued to cooperate on issues of shared national interest, such as antidrug efforts and migration interdiction, but improvement of relations in other areas became stymied. Securing his release remained a top U.S. priority until he was ultimately released by the Cuban government on December 17, 2014.

The Obama Administration introduced new measures in 2011 to further reach out to the Cuban people through increased purposeful travel (including people-to-people educational travel) and an easing of restrictions on non-family remittances. Beginning in mid-2013, there was also renewed

⁶⁸ White House, “Remarks by the President at the Summit of the Americas Opening Ceremony,” April 17, 2009.

engagement with Cuba on several fronts, including direct mail service talks, resumed migration talks (that had not taken place for 18 months), and air and maritime search and rescue.

In remarks made in November 2013 on policy toward Cuba, President Obama maintained that “we have to be creative ... we have to be thoughtful ... and we have to continue to update our policies.” He contended that “the notion that the same policies that we put in place in 1961 would somehow still be as effective as they are today in the age of the Internet and Google and world travel doesn’t make sense.”⁶⁹

Throughout the Obama Administration’s first six years, human rights violations in Cuba remained a fundamental concern. President Obama and the State Department continued to issue statements expressing concern about violations as they occurred, including the death of hunger strikers in 2010 and 2012 and targeted repression against dissidents and human rights activists. As noted above, securing the release of Alan Gross from prison in Cuba also remained a top U.S. priority. The State Department maintained that it was using every appropriate channel to press for his release, including the Vatican.

President Obama Unveils a New Policy Approach Toward Cuba

On December 17, 2014, just after the adjournment of the 113th Congress, President Obama announced major developments in U.S.-Cuban relations and unveiled a new policy approach toward Cuba. First, he announced that the Cuban government had released Alan Gross on humanitarian grounds after five years of imprisonment. The President also announced that, in a separate action, the Cuban government released “one of the most important intelligence assets that the United States has ever had in Cuba” in exchange for three Cuban intelligence agents who had been imprisoned in the United States since 1998. Media reports identified the U.S. intelligence asset as Rolando Sarraff Trujillo, a cryptographer in Cuba’s Directorate of Intelligence, who reportedly provided information that helped the FBI dismantle three Cuban spy networks in the United States.⁷⁰

Most significantly, in the aftermath of having secured the release of Gross and the U.S. intelligence asset, President Obama announced a major shift in U.S. policy toward Cuba, moving away from a sanctions-based policy aimed at isolating Cuba to a policy of engagement. The President said that his Administration

will end an outdated approach that, for decades, has failed to advance our interests, and instead we will begin to normalize relations between our two countries. Through these changes, we intend to create more opportunities for the American and Cuban people, and begin a new chapter among the nations of the Americas.

The President maintained that the United States would continue to raise concerns about democracy and human rights in Cuba but stated that “we can do more to support the Cuban people and promote our values through engagement.” According to the President, “After all, these 50 years have shown that isolation has not worked. It’s time for a new approach.”⁷¹

⁶⁹ White House, Office of the Press Secretary, “Remarks by the President at a DSCC Fundraising Reception,” Miami, Florida, November 8, 2013, available at <http://www.whitehouse.gov/the-press-office/2013/11/08/remarks-president-dscc-fundraising-reception-0>.

⁷⁰ Adam Goldman and Missy Ryan, “Spy Helped Unmask 3 Cuban Spy Networks, U.S. Officials Say,” *Washington Post*, December 18, 2014.

⁷¹ White House, “Statement by the President on Cuba Policy Changes,” December 17, 2014.

The President outlined three major steps to move toward normalization: (1) the reestablishment of diplomatic relations with Cuba; (2) a review of Cuba's designation by the Department of State as a state sponsor of international terrorism; and (3) an increase in travel, commerce, and the flow of information to and from Cuba.

When President Obama announced his Cuba policy change, he also indicated that his Administration was prepared to have Cuba participate in the Summit of the Americas to be held April 10-11, 2015, in Panama. The White House emphasized that human rights and democracy would be key themes of the summit and asserted that Cuban civil society must be allowed to participate with civil society from other countries. Cuba's potential participation in the summit had been a policy challenge for the Administration since it had opposed Cuba's participation in the 2012 Summit of the Americas in Colombia.

Cuba ultimately participated in the summit in Panama, with President Obama and Cuban President Raúl Castro holding a historic bilateral meeting in Panama on April 11. President Obama stated that "there are still going to be deep and significant differences between our two governments," with the United States continuing to raise concerns around democracy and human rights and Cuba raising concerns about U.S. policy. He maintained, however, that "what we have both concluded is that we can disagree with the spirit of respect and civility, and that over time it is possible for us to turn the page and develop a new relationship in our two countries." Several Cuban dissidents attended and participated in the Civil Society and Social Actors Forum, although there were problems with a reported attack on anti-Castro protestors by Cuban government supporters just ahead of the summit and efforts by Cuban government supporters to disrupt an event in which Cuban dissidents were scheduled to speak.⁷²

Reestablishment of Diplomatic Relations

As U.S.-Cuban relations deteriorated in the early 1960s, relations were severed by the Eisenhower Administration in January 1961 in response to the Cuban government's demand to decrease the number of U.S. Embassy staff within 48 hours. In 1977, under the Carter Administration, both countries established Interests Sections in each other's capitals.

Four rounds of talks were held on reestablishing relations, with the U.S. delegation headed by Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson and the Cuban delegation led by Josefina Vidal, director of the North American division of Cuba's Ministry of Foreign Relations. The first round took place on January 22, 2015, in Havana, a day after previously scheduled semi-annual migration talks, and focused on the required steps for the reestablishment of relations, the opening of embassies, and expectations on how the U.S. Embassy in Havana would operate.⁷³ Subsequent rounds took place on February 27 in Washington, DC; March 16 in Havana; and May 21-22, 2015, in Washington, DC. Issues discussed included staffing numbers, lifting in-country travel restrictions on diplomats, unimpeded shipments for the diplomatic post, and access to the post by Cubans.⁷⁴ In other

⁷² "U.S. Trouble by Reported Attacks on Protesters in Panama," Reuters News, April 9, 2015; and Nick Miroff and Karen DeYoung, "In Havana, Old Habits Die Hard," *Washington Post*, April 12, 2015.

⁷³ U.S. Department of State, Roberta Jacobson, Assistant Secretary, Bureau of Western Hemisphere Affairs, "Talks to Re-establish Diplomatic Relations," January 22, 2015.

⁷⁴ According to the State Department, the U.S. Interests Section in Havana has a cap of 51 direct U.S. hires, a cap previously jointly agreed by the United States and Cuba. The U.S. Interests Section in Havana also employs almost 400 foreign nationals. U.S. Department of State and Broadcasting Board of Governors, *Office of Inspector General, Inspection of U.S. Interests Section Havana, Cuba*, May 2014; U.S. Department of State, "Press Availability with Assistant Secretary of State for Western Hemisphere Affairs," February 27, 2015.

developments, a U.S. government delegation visited Havana March 24-26, 2015, focusing on the development of telecommunications and Internet connections between the United States and Cuba. On March 31, U.S. and Cuban delegations met in Washington, DC, to discuss how they would proceed on a future human rights dialogue.

Ultimately, on July 1, 2015, President Obama announced that the United States and Cuba agreed to reestablish diplomatic relations, effective July 20, and to reopen embassies in their respective capitals on the same day. The President maintained that “this is a historic step forward in our efforts to normalize relations with the Cuban government and people.”⁷⁵ On the same day, Secretary of State Kerry notified Congress, pursuant to section 7015(a) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2015 (Division J, P.L. 113-235), of the plan to redesignate the U.S. Interests Section in Havana as an embassy. That provision of law required congressional notification 15 days in advance before closing or opening a mission or post. On July 20, the U.S. and Cuban Interest Sections in Washington, DC, and Havana, respectively, were converted to embassies. Cuba held a flag-raising ceremony on that day at its embassy attended by Cuban Foreign Minister Bruno Rodriguez. Secretary of State John Kerry visited Havana on August 14, 2015, for a flag-raising ceremony at the U.S. Embassy. This marked the first visit of a U.S. Secretary of State to Cuba since 1945.

In its FY2016 budget request, the State Department asked for just over \$6 million for the Western Hemisphere Affairs Bureau (WHA) to support expanded operations in Havana, including increased engagement with Cuban civil society, and new demands on staff likely to result from an increase in visitors to Cuba. The House Appropriations Committee’s FY2016 State Department and Foreign Operations appropriations bill, H.R. 2772, has a provision in section 7045(c)(3) that would prohibit funds for the establishment or operation of a U.S. diplomatic presence in Cuba beyond that which was in existence prior to December 17, 2014, until the President determines and reports to Congress that the requirements and factors specified in the LIBERTAD Act (related to democratic conditions in Cuba) have been met. The Senate Appropriations Committee-approved version of the bill does not include such a provision. The Administration has opposed the provision as interfering with its ability to make the best decisions consistent with U.S. national security.⁷⁶ (See “Legislative Initiatives in the 114th Congress” below.)

At least two U.S. Senators have said they would put a hold on any nominee for U.S. Ambassador to Cuba, effectively blocking the Senate from voting on a nominee. The absence of a U.S. ambassador at a U.S. Embassy, however, is not an unusual occurrence, with the senior ranking State Department official assuming the title of Chargé d’Affaires ad interim with responsibility for the day-to-day functioning of the diplomatic post. The State Department has indicated that the current Chief of the U.S. Interests Section in Havana, Jeffrey DeLaurentis, will serve in that position.⁷⁷

Review of Cuba’s Designation as a State Sponsor of International Terrorism

Cuba had been on the list since 1982 pursuant to Section 6(j) of the Export Administration Act (EAA) of 1979 (P.L. 96-72; 50 U.S.C. Appendix 2405(j)) and other laws because of its alleged

⁷⁵ White House, “Statement by the President on the Re-Establishment of Diplomatic Relations with Cuba,” July 1, 2015.

⁷⁶ White House, Office of Management and Budget, “Letter to the Chair and Ranking Member of the House Appropriations Committee with Respect to the FY2016 State, Foreign Operations, and Related Programs Appropriations Bill,” June 10, 2015.

⁷⁷ U.S. Department of State, “Re-Establishment of Diplomatic Relations with Cuba,” Fact Sheet, July 6, 2015.

ties to international terrorism and support for terrorist groups in Latin America. On December 17, 2014, President Obama directed Secretary of State Kerry to review Cuba's designation "guided by the facts and the law." The President stated that "at a time when we are focused on threats from al Qaeda to ISIL, a nation that meets our conditions and renounces the use of terrorism should not face this sanction."

On April 9, 2015, during a trip to Jamaica ahead of the Summit of the Americas in Panama, President Obama said that the State Department had completed its review and he would soon be making his decision. That occurred on April 14, when the President transmitted to Congress a report justifying the rescission of Cuba's designation as a state sponsor of terrorism. No resolutions of disapproval were introduced in Congress to block the rescission, which took place on May 29, 2015, 45 days after the submission of the report to Congress. (For additional information, see "State Sponsor of Terrorism Designation" below.)

Increase in Travel, Commerce, and the Flow of Information

The White House announced a number of policy changes to implement this third step. The changes build upon previous steps that President Obama took in 2009, when he lifted all restrictions on family travel and remittances to family members in Cuba, and in 2011, when he took action to increase purposeful travel to Cuba, such as people-to-people educational trips.

Just as in 2009 and 2011, the President's new initiative required changes to U.S. embargo regulations administered by the Department of the Treasury, Office of Foreign Assets Control (CACR; 31 C.F.R. Part 515) and the Department of Commerce, Bureau of Industry and Security (EAR; 15 C.F.R. Parts 730-774). Such changes fall within the scope of the President's discretionary licensing authority to make changes to the embargo regulations.

The two agencies issued amendments to the CACR and the EAR that went into effect on January 16, 2015, and September 21, 2015.⁷⁸ The regulations included changes in the following areas:

- **Travel and Remittances.** The amended Treasury regulations authorize a general license for the existing 12 categories of authorized travel in the CACR, meaning that travelers who fall under these categories do not have to apply to the Department of the Treasury for permission. Travel agents and air and vessel carriers are also able to provide services for travel to Cuba under a general license. Authorized travelers will also be permitted to use U.S. credit and debit cards as U.S. financial institutions offer these services. Donative remittances to Cuban nationals are authorized without limit; initially the cap was increased from \$500 to \$2,000 per quarter in January, and then it was removed altogether in September. The regulations also authorize without limit remittances for certain activities related to humanitarian projects, the promotion of civil society, and the development of private businesses. (For more details, see "Restrictions on Travel and Remittances" below.)
- **Trade and Telecommunications.** The Commerce regulations expand commercial exports to Cuba of certain goods and services to empower Cuba's nascent private sector, including authorization for certain building materials for private residential construction, goods for use by private sector Cuban entrepreneurs, and agricultural equipment for small farmers. The Treasury

⁷⁸ 80 *Federal Register* 2286-2302, January 16, 2015; and 80 *Federal Register* 56898-56904 and 56915-56926, September 21, 2015.

regulations also revise the definition of “payment of cash in advance” required by TSRA for authorized trade with Cuba to specify that it means “cash before transfer of title” for payment. Certain goods and services produced by independent Cuban entrepreneurs (as determined by the State Department) are eligible to be imported into the United States.⁷⁹

The Commerce regulations permit the commercial export of certain consumer communication devices, related software, applications, hardware, and services, and items for the establishment and update of communications-related systems; previously such exports were limited to donations. They also permit the export of items for telecommunications, including access to the Internet, use of Internet services, infrastructure creation, and upgrades. An expanded Treasury Department general license authorizes transactions to provide commercial telecommunications services in Cuba or 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 related to, and to market, such services. An updated general license allows for U.S. persons to make payments to a telecommunications operator located in Cuba for services provided to Cuban individuals.

- **Financial Services.** The Treasury regulations permit U.S. financial institutions to open correspondent accounts at Cuban financial institutions to facilitate the processing of authorized transactions, including payment for U.S. exports and for travel services.
- **Physical Presence.** Companies or entities in the following categories are authorized to have a physical presence in Cuba, such as an office, retail outlet, or warehouse: news bureaus; exporters of authorized goods to Cuba; entities providing mail or parcel transmission services; telecommunication or Internet-based service providers; entities organizing or conducting certain educational activities; religious organizations; and carrier and travel service providers. U.S. exports to establish, operate, or support such a physical presence are authorized under a license exception.

Embargo Remains in Place

When the President unveiled his policy changes, he acknowledged that he does not have the authority to lift the embargo because it was codified into law (Section 102(h) of the LIBERTAD Act). However, the President maintained that he looks forward to engaging Congress in a debate about lifting the embargo. As noted above, the LIBERTAD Act ties the lifting of the embargo to conditions in Cuba (including that a democratically elected government is in place). Lifting the overall economic embargo at this time would require amending or repealing the LIBERTAD Act as well as other statutes that have provisions impeding normal economic relations with Cuba, such as the Foreign Assistance Act of 1961, the Cuban Democracy Act of 1992, and the Trade Sanctions Reform and Export Enhancement Act of 2000. For example, as noted above, TSRA denies U.S. exporters access to U.S. government support or U.S. private commercial financing or credit, requires that all transactions be conducted in cash in advance or with financing from third countries, and prohibits tourist travel to Cuba.

⁷⁹ On February 13, 2015, the State Department issued a list of eligible goods and services produced by independent Cuban entrepreneurs that may be imported. See <http://www.state.gov/e/eb/tfs/spi/cuba/515582/237471.htm>.

Additional Engagement

In addition to Secretary Kerry's travel to Cuba in August 2015 noted above, numerous U.S. officials have visited Cuba since the change in U.S. policy, including Commerce Secretary Penny Pritzker October 6-7, 2015, and Agriculture Secretary Tom Vilsack November 11-14, 2015. U.S. and Cuban officials have also held two Bilateral Commission meetings, the most recent on November 10, 2015, to coordinate efforts to advance the normalization process. These meetings have included a review of progress on regulatory issues, telecommunication, U.S. property claims, environmental protection and cooperation, human trafficking, human rights, migration, law enforcement, civil aviation, and direct mail.⁸⁰

An inaugural Law Enforcement Dialogue took place on November 9, 2015, in Washington, DC, focusing on such areas of cooperation as counterterrorism, counternarcotics, transnational crime, cyber-crime, secure travel and trade, and fugitives.⁸¹

In the environmental arena, the United States and Cuba signed an environmental memorandum on November 19, for the protection of fish and coral resources.⁸² On November 24, 2015, both countries signed a joint statement on environmental cooperation designed to facilitate and guide cooperation on a range of issues, including coastal and marine protection, the protection of biodiversity, climate change, disaster risk reduction, and marine pollution.

Debate on the Direction of U.S. Policy

Over the years, although U.S. policymakers have agreed on the overall objectives of U.S. policy toward Cuba—to help bring democracy and respect for human rights to the island—there have been several schools of thought about how to achieve those objectives. Some have advocated a policy of keeping maximum pressure on the Cuban government until reforms are enacted, while continuing efforts to support the Cuban people. Others argue for an approach, sometimes referred to as constructive engagement, that would lift some U.S. sanctions that they believe are hurting the Cuban people and move toward engaging Cuba in dialogue. Still others call for a swift normalization of U.S.-Cuban relations by lifting the U.S. embargo. Legislative initiatives introduced over the past decade have reflected these three policy approaches.

Dating back to 2000, there have been efforts in Congress to ease U.S. sanctions, with one or both houses at times approving amendments to appropriations measures that would have eased U.S. sanctions on Cuba. Until 2009, these provisions were stripped out of final enacted measures, in part because of presidential veto threats. In 2009, Congress took action to ease some restrictions on travel to Cuba, marking the first time that Congress has eased Cuba sanctions since the approval of the Trade Sanctions Reform and Export Enhancement Act of 2000. In light of Fidel Castro's departure as head of government and the gradual economic changes being made by Raúl Castro, some observers had called for a reexamination of U.S. policy toward Cuba. In this new context, two broad policy approaches were advanced to contend with change in Cuba: an approach that called for maintaining the U.S. dual-track policy of isolating the Cuban government

⁸⁰ U.S. Department of State, media note, "United States and Cuba Hold Inaugural Bilateral Commission in Havana," September 11, 2015, and "United States and Cuba Hold Second Bilateral Commission Meeting in Washington, D.C.," November 10, 2015.

⁸¹ U.S. Department of State, "United States and Cuba Hold Law Enforcement Dialogue in Washington, D.C.," November 9, 2015.

⁸² "U.S., Cuba Reach Historic Agreement on Sea Life," *Chicago Tribune*, November 19, 2015.

while providing support to the Cuban people and an approach aimed at influencing the attitudes of the Cuban government and Cuban society through increased contact and engagement.

The Obama Administration's December 2014 change of U.S. policy from one of isolation to one of engagement and moving toward the normalization of relations has highlighted divisions in Congress over Cuba policy. Some Members of Congress lauded the Administration's actions as in the best interests of the United States and a better way to support change in Cuba, while other Members strongly criticized the President for not obtaining concessions from Cuba to advance human rights. Some Members have vowed to oppose the Administration's efforts toward normalization, while others have, as in the past, introduced legislation to normalize relations with Cuba by lifting the embargo in its entirety or in part easing some aspects of it.

In general, those who advocate easing U.S. sanctions on Cuba make several policy arguments. They assert that if the United States moderated its policy toward Cuba—through increased travel, trade, and dialogue—then the seeds of reform would be planted, which would stimulate forces for peaceful change on the island. They stress the importance to the United States of avoiding violent change in Cuba, with the prospect of a mass exodus to the United States. They argue that since the demise of Cuba's communist government does not appear imminent, even without Fidel Castro at the helm, the United States should espouse a more pragmatic approach in trying to bring about change in Cuba. Supporters of changing policy also point to broad international support for lifting the U.S. embargo, to the missed opportunities for U.S. businesses because of the unilateral nature of the embargo, and to the increased suffering of the Cuban people because of the embargo. Proponents of change also argue that the United States should be consistent in its policies with the world's few remaining communist governments, including China and Vietnam.

On the other side, opponents of lifting U.S. sanctions maintain that the two-track policy of isolating Cuba, but reaching out to the Cuban people through measures of support, is the best means for realizing political change in Cuba. They point out that the Cuban Liberty and Democratic Solidarity Act of 1996 sets forth the steps that Cuba needs to take in order for the United States to normalize relations. They argue that softening U.S. policy without concrete Cuban reforms would boost the Castro government, politically and economically, and facilitate the survival of the communist regime. Opponents of softening U.S. policy argue that the United States should stay the course in its commitment to democracy and human rights in Cuba and that sustained sanctions can work. Opponents of loosening U.S. sanctions further argue that Cuba's failed economic policies, not the U.S. embargo, are the causes of Cuba's difficult living conditions.

Public opinion polls show a majority of Americans support normalizing relations with Cuba, although the number is more closely split among Cuban Americans in Miami-Dade County in Florida. A February 2014 poll by the Atlantic Council found that 56% of respondents nationwide supported normalizing or engaging more directly in Cuba and that 63% of respondents in Florida supported such a change.⁸³ Since the early 1990s, Florida International University (FIU) has conducted polling in the Cuban-American community in Miami-Dade County regarding U.S. policy toward Cuba. FIU's 2014 poll, issued in June 2014, showed a slight majority of Cuban Americans in Miami-Dade County, 52%, opposed the embargo, although that dropped to 51% among registered voters. The FIU poll also showed that a large majority of Cuban Americans in

⁸³ Atlantic Council, Adrienne Arsht Latin American Center, *U.S.-Cuba, A New Public Survey Supports Policy Change*, February 11, 2014, available at <http://www.atlanticcouncil.org/publications/reports/us-cuba-a-new-public-survey-supports-policy-change>.

Miami Dade, 69%, supported the lifting of travel restrictions for all Americans to travel to Cuba.⁸⁴

In the aftermath of President Obama's announcement in December 2014 to reestablish diplomatic relations and move toward normalization, opinion polls showed strong support. For example, an NBC News/*Wall Street Journal* poll from January 2015 showed 60% approval for reestablishing diplomatic relations, and a Pew Research Center poll from January 2015 showed 63% in favor of reestablishing diplomatic relations and 66% in favor ending the embargo on Cuba. More recently, another Pew Research Center poll from July 2015 showed 73% support for reestablishing relations and 72% for lifting the embargo.⁸⁵ A survey of Cuban Americans conducted in December 2014 showed that 48% opposed the decision to begin normalizing relations with Cuba, while 44% supported it.⁸⁶ A poll from March 2015 of Cuban Americans nationwide showed increased support for the Cuba policy shift, with 51% maintaining that they supported efforts toward normalization.⁸⁷

Selected Issues in U.S.-Cuban Relations

For many years, Congress has played an active role in U.S. policy toward Cuba through the enactment of legislative initiatives and oversight on the numerous issues that comprise policy toward Cuba. These include U.S. economic sanctions on Cuba, such as restrictions on travel, remittances, and agricultural and medical exports; terrorism issues, including Cuba's designation as a state sponsor of international terrorism; human rights issues, including funding and oversight of U.S.-government sponsored democracy and human rights projects; funding and oversight for U.S.-government sponsored broadcasting to Cuba (Radio and TV Martí); migration issues; bilateral anti-drug cooperation; and U.S. claims for property confiscated by the Cuban government.

Restrictions on Travel and Remittances⁸⁸

Restrictions on travel to Cuba have been a key and often contentious component of U.S. efforts to isolate the communist government of Fidel Castro for much of the past 50+ years. Over time there have been numerous changes to the restrictions and for five years, from 1977 until 1982, there were no restrictions on travel. Restrictions on travel and remittances to Cuba are part of the CACR, the overall embargo regulations administered by the Department of the Treasury's Office of Foreign Assets Control. Under the George W. Bush Administration, enforcement of U.S. restrictions on Cuba travel increased, and restrictions on travel and on private remittances to Cuba were tightened.

⁸⁴ Florida International University, Cuban Research Institute, 2014 FIU Cuba Poll, *How Cuban Americans in Miami View U.S. Policies Toward Cuba*, June 17, 2014, available at <https://cri.fiu.edu/news/2014/cuban-americans-favor-more-nuanced-policy/2014-fiu-cuba-poll.pdf>.

⁸⁵ As reported by PollingReport.com, available at <http://www.pollingreport.com/cuba.htm>. Also see Pew Research Center, "Growing Public Support for U.S. Ties with Cuba – And an End to the Trade Embargo," July 21, 2015.

⁸⁶ Scott Clement, "Poll: Support Increases for Lifting Cuba Embargo, Travel Restrictions," *Washington Post*, December 23, 2014.

⁸⁷ Mimi Whitefield, "Poll of Cuban-Americans Shows Support for New Cuba Policies Growing," *Miami Herald*, April 1, 2015.

⁸⁸ For more information, see CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*.

Under the Obama Administration, Congress took legislative action in March 2009 easing restrictions on family travel and on travel related to U.S. agricultural and medical sales to Cuba (P.L. 111-8, Sections 620 and 621 of Division D). In April 2009, the Obama Administration went further when the President announced that he was lifting *all* restrictions on family travel as well as restrictions on cash remittances to family members in Cuba. In January 2011, the Obama Administration made a series of changes further easing restrictions on travel and remittances to Cuba. The measures (1) increased purposeful travel to Cuba related to religious, educational, and journalistic activities, including people-to-people travel exchanges; (2) allowed any U.S. person to send remittances to non-family members in Cuba (up to \$500 per quarter) and made it easier for religious institutions to send remittances for religious activities; and (3) allowed U.S. international airports to become eligible to provide services to licensed charter flights to and from Cuba. In most respects, these new measures were similar to policies that were undertaken by the Clinton Administration in 1999 but subsequently curtailed by the Bush Administration in 2003 and 2004.

As noted above, just after the adjournment of the 113th Congress, President Obama announced major changes in U.S. policy toward Cuba on December 17, 2014. These changes included the provision for general licenses for the 12 existing categories of travel to Cuba set forth in the CACR: (1) family visits; (2) official business of the U.S. government, foreign governments, and certain intergovernmental organizations; (3) journalistic activity; (4) professional research and professional meetings; (5) educational activities; (6) religious activities; (7) public performances, clinics, workshops, athletic and other competitions, and exhibitions; (8) support for the Cuban people; (9) humanitarian projects (now including microfinancing projects); (10) activities of private foundations or research or educational institutes; (11) exportation, importation, or transmission of information or information materials; and (12) certain export transactions that may be considered for authorization under existing regulations and guidelines.

Despite the easing of travel restrictions, travel to Cuba solely for tourist activities remains prohibited. Section 910(b) of TSRA prohibits travel-related transaction for tourist activities, which are defined as any activity not expressly authorized in the 12 categories of travel in the CACR (31 C.F.R. 515.560).

Before the policy change, travelers under several of these categories had to apply for a specific license from the Department of the Treasury before traveling. Under the new regulations, both travel agents and airlines are able to provide services for travel to Cuba without the need to obtain a specific license. In early May 2015, the Department the Treasury reportedly issued licenses to several companies to operate ferry/cruise services between the United States and Cuba; the proposed services still require additional U.S. and Cuban permits.⁸⁹ U.S. credit and debit cards are permitted for use by authorized travelers to Cuba, but the State Department advises U.S. travelers to check with their financial institution to determine whether the institution has established the necessary mechanisms for its issued credit and debit cards to be used in Cuba.⁹⁰ Authorized travelers will no longer have a per diem limit for expenditures, as in the past, and can bring back up to \$400 worth of goods from Cuba, with no more than \$100 worth of tobacco products and alcohol combined.

⁸⁹ Victoria Burnett, "U.S. Licenses Ferry Service to Operate Cuba Route," *New York Times*, May 6, 2015; José de Cordoba, "U.S. Permits Ferry Service to Havana," *Wall Street Journal*, May 6, 2015.

⁹⁰ U.S. Department of State, Bureau of Consular Affairs, U.S. Passports & International Travel, "Country Information, Cuba," updated October 16, 2015, available at <http://travel.state.gov/content/passports/en/country/cuba.html>.

Cuban officials have said that they expect an agreement by the end of 2015 that would permit regularly-scheduled air flights as opposed to the current charter flights that operate between the two countries.⁹¹ U.S. and Cuban officials have held several rounds of talks this year.

The Obama Administration's change in policy also lifted the cap on the amount of remittances that can be sent by any U.S. person to non-family members in Cuba, so-called donative remittances. Initially the cap was increased from \$500 to \$2,000 per quarter in January 2015, and then it was removed altogether in September 2015. Authorized travelers may carry an unlimited amount of remittances to Cuba (initially the cap was increased from \$3,000 to \$10,000, and then removed). Remittances to individuals and independent nongovernmental organizations (NGOs) in Cuba are authorized without limit for humanitarian projects; activities of recognized human rights organizations, independent organizations designed to promote a rapid peaceful transition to democracy, and of individuals and NGOs that promote independent activity to strengthen civil society; and the development of private businesses, including small farms.

Major arguments made for lifting the Cuba travel ban altogether are that it abridges the rights of ordinary Americans to travel; it hinders efforts to influence conditions in Cuba and may be aiding Castro by helping restrict the flow of information; and Americans can travel to other countries with communist or authoritarian governments. Major arguments in opposition to lifting the Cuba travel ban are that more American travel would support Castro's rule by providing his government with potentially millions of dollars in hard currency; that there are legal provisions allowing travel to Cuba for humanitarian purposes that are used by thousands of Americans each year; and that the President should be free to restrict travel for foreign policy reasons. With regard to remittances, supporters of the Obama Administration's recent action argue that it can help support civil society and the country's nascent private sector. Those opposed contend that the Cuban regime benefits from increased remittances by the money it accrues from taxes on private sector activity as well as fees for the exchange of U.S. dollars.

Legislative Activity. Several legislative initiatives introduced in the 114th Congress would lift remaining restrictions on travel and remittances. Three bills would lift the overall embargo, H.R. 274 (Rush), H.R. 403 (Rangel), and H.R. 735 (Serrano) including restrictions on travel and remittances. One bill, H.R. 635 (Rangel), would facilitate the export of U.S. agricultural and medical exports to Cuba and also lift travel restrictions. Three bills would focus solely on prohibiting restrictions on travel to Cuba: H.R. 634 (Rangel), H.R. 664 (Sanford), and S. 299 (Flake). The Senate Appropriations Committee-approved version of the FY2016 Financial Services appropriation bill, S. 1910, has a provision that would lift restrictions on travel to Cuba.

In contrast, House-passed H.R. 2577, the FY2016 House Transportation, Housing and Urban Development appropriation bill, has two Cuba provisions that would affect the Administration's efforts to increase travel to and from Cuba by impeding the establishment of regularly scheduled air service and passenger ferry service. The House Appropriations Committee-approved FY2016 Financial Services appropriations bill, H.R. 2995, has a broader provision that would prevent people-to-people educational travel. Two other introduced bills, S. 1388 and H.R. 2466, would require the President to submit a plan for resolving all outstanding claims relating to property confiscated by the government of Cuba before taking action to ease restrictions on travel to or trade with Cuba. (For more details, see "Legislative Initiatives in the 114th Congress" below.)

⁹¹ Matt Spetalnick, "Pact for U.S.-Cuba Flights Seen by Year-End: Cuban Official," Reuters News, November 10, 2015.

U.S. Exports and Sanctions⁹²

U.S. commercial medical exports to Cuba have been authorized since the early 1990s pursuant to the Cuban Democracy Act of 1992 or CDA (P.L. 102-484, Title XVII), and commercial agricultural exports have been authorized since 2001 pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000 or TSRA (P.L. 106-387, Title IX), but with numerous restrictions and licensing requirements. The CDA has an onsite verification requirement for medical exports to Cuba that the exported item is to be used for which it was intended and only for the use and benefit of the Cuban people. TSRA allows for one-year export licenses for selling agricultural commodities to Cuba, although no U.S. government assistance, foreign assistance, export assistance, credits, or credit guarantees are available to finance such exports. TSRA also denies exporters access to U.S. private commercial financing or credit; all transactions must be conducted in cash in advance or with financing from third countries.

Cuba purchased over \$5 billion in U.S. products from 2001 to 2014, largely agricultural products, and for most years since 2002, the United States has been Cuba's largest supplier of agricultural products. U.S. exports to Cuba rose from about \$7 million in 2001 to \$404 million in 2004 and to a high of \$712 million in 2008, far higher than in previous years, in part because of the rise in food prices and because of Cuba's increased food needs in the aftermath of several hurricanes and tropical storms that severely damaged the country's agricultural sector. U.S. exports to Cuba declined considerably from 2009 through 2011, amounting to \$363 million in 2010 and 2011, while in 2012, they rose to \$464 million, a 28% increase (see **Figure 3**).⁹³ Part of the increase in 2012 can be attributed to an increase in Cuba's import needs because of damage to the agricultural sector in eastern Cuba caused by Hurricane Sandy in October.

U.S. exports to Cuba resumed falling in 2013 and 2014, to \$359 million and \$299 million, respectively, and have continued to drop in 2015. In the first nine months of 2015, U.S. exports to Cuba amounted to almost \$155 million, about 36% lower than the same period in 2014. Looking at the composition of U.S. exports to Cuba from 2012 to 2014, the leading products were poultry, corn, soybean oilcake, and soybeans, although corn exports declined considerably in this period. According to press reports, Cuba reportedly had suspended U.S. poultry imports in August and September 2015 because of concerns about the outbreak of bird flu in the United States, but resumed purchases in October 2015.⁹⁴ From January through September 2015, U.S. poultry exports to Cuba were down 45% from the same period in 2014.

Among the reasons for the overall decline in U.S. exports to Cuba in recent years, analysts cite Cuba's shortage of hard currency; credits and other arrangements offered by other governments to purchase their countries' products; and Cuba's perception that its efforts to motivate U.S. companies, organizations, local and state officials, and Members of Congress to push for change in U.S. sanctions policy toward Cuba have been ineffective.⁹⁵ Some agricultural experts are skeptical as to whether the Obama Administration's recent changes in policy will lead to a significant increase in U.S. agricultural exports to Cuba, pointing out that other countries will still

⁹² For more, see CRS Report R44119, *U.S. Agricultural Trade with Cuba: Current Limitations and Future Prospects*, by Mark A. McMinimy.

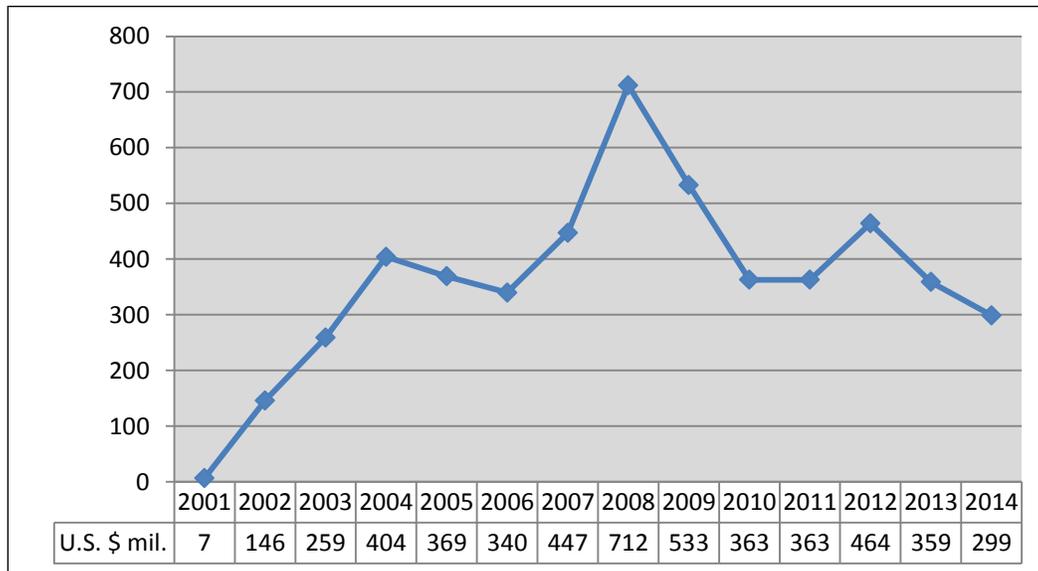
⁹³ The U.S. trade statistics cited in this report are from the Department of Commerce, as presented by Global Trade Atlas.

⁹⁴ Marc Frank, "Cuba Resumes U.S. Chicken Imports after Bird Flu Halt – Traders," Reuters News, October 7, 2015.

⁹⁵ Juan Tamayo, "Big Drop in U.S. Agricultural Sales to Cuba," *Miami Herald*, July 29, 2010; Marc Frank, "U.S. Food Sales to Cuba Continued Decline in 2011," Reuters News, February 22, 2012; U.S.-Cuba Trade and Economic Council, Inc. "Economic Eye on Cuba," November 2015.

be able to offer better terms to Cuba than the United States because of restrictions on financing and credit.⁹⁶

Figure 3. U.S. Exports to Cuba, 2001-2014
(U.S. \$ millions)



Source: Created by CRS using information from the Global Trade Atlas, which uses data from the Department of Commerce.

President Obama’s policy changes, as set forth in regulatory changes made to the CACR and EAR, included several measures designed to facilitate commercial exports to Cuba.

- U.S. financial institutions are permitted to open correspondent accounts at Cuban financial institutions to facilitate the processing of authorized transactions.
- The definition of the term “cash in advance” for payment for U.S. exports to Cuba was revised to specify that it means “cash before transfer of title.” In 2005, the Department of the Treasury’s Office of Foreign Assets Control had clarified that “payment of cash in advance” meant that the payment for the goods had to be received prior to the shipment of the goods from the port at which they were loaded in the United States. For FY2010 and FY2011, Congress had temporarily overturned OFAC’s clarification of the term in omnibus appropriations legislation (Division C, Section 619 of P.L. 111-117, and continued by reference in Division B, Section 1101 of P.L. 112-10). The recent change means that payment can once again occur before an export shipment is offloaded in Cuba, rather than before the shipment leaves a U.S. port.
- Commercial exports to Cuba of certain goods and services to empower Cuba’s nascent private sector are authorized, including for certain building materials for

⁹⁶ University of Florida, Institute of Food and Agricultural Sciences, “Hot Topic Webinar—The Cuban Factor: Agricultural Trade with Cuba,” presented by William Messina, Jr., February 4, 2015, available at <http://www.pieccenter.com/2015/01/28/hot-topic-webinar-the-cuban-factor-agricultural-trade-with-cuba/>.

- private residential construction, goods for use by private sector Cuban entrepreneurs, and agricultural equipment for small farmers.
- The commercial export of certain consumer communication devices, related software, applications, hardware, and services, and items for the establishment and update of communications-related systems is authorized; previously such exports were limited to donations. The export of items for telecommunications, including access to the Internet, use of Internet services, infrastructure creation, and upgrades, is also authorized.
 - Companies exporting authorized goods to Cuba are authorized to have a physical presence in Cuba, such as an office, retail outlet, or warehouse.

USDA Reports. In a June 2015 report, the U.S. Department of Agriculture’s (USDA) Foreign Agricultural Service noted that “the U.S. share of the Cuban market has slipped dramatically, from a high of 42% in FY2009 to only 16% in FY2014.”⁹⁷ The report contends that the recent decline in U.S. market share in Cuba “is largely attributable to a decrease in bulk commodity exports from the United States in light of favorable credit terms offered by key competitors.” It maintains that the United States has lost market share to those countries able to provide export credits to Cuba. The report concludes that lifting U.S. restrictions on travel and capital flow to Cuba, and the ability for USDA to conduct market development and credit guarantee programs in Cuba, would help the United States recapture its market share in Cuba. Another USDA report published in June 2015 by its Economic Research Service maintained that a more normal economic relationship between the United States and Cuba would allow “U.S. agricultural exports to develop commercial ties in Cuba that approximate their business relationship in other parts of the world” (such as the Dominican Republic) and could “feature a much larger level of U.S. agricultural exports to Cuba.” According to the report, increased U.S. exports could include such commodities as milk, wheat, rice, and dried beans, and intermediate and consumer-oriented commodities.⁹⁸

USITC Reports. The U.S. International Trade Commission (USITC) produced a study in 2007 analyzing the effects of both U.S. government financing restrictions for agricultural exports to Cuba and U.S. travel restrictions on the level of U.S. agricultural sales to Cuba.⁹⁹ At the time of the study, the U.S. share of various Cuban agricultural imports was estimated to range from 0% to 99% depending on the commodity. If U.S. financing restrictions were lifted, the study estimated that the U.S. share of Cuban agricultural, fish, and forest products imports would rise to between one-half and two-thirds. According to the study, if travel restrictions for all U.S. citizens were lifted, the influx of U.S. tourists would be significant in the short term and would boost demand for imported agricultural products, particularly high-end products for the tourist sector. If both financing and travel restrictions were lifted, the study found that the largest gains in U.S. exports to Cuba would be for fresh fruits and vegetables, milk powder, processed foods, wheat, and dry beans.

⁹⁷ U.S. Department of Agriculture (USDA), Foreign Agricultural Service, International Agricultural Trade Report, “U.S. Agricultural Exports to Cuba Have Substantial Room for Growth,” June 22, 2015, available at <http://www.fas.usda.gov/data/us-agricultural-exports-cuba-have-substantial-room-growth>.

⁹⁸ USDA, Economic Research Service, “U.S.-Cuba Agricultural Trade: Past, Present, and Possible Future,” June 2015, available at <http://www.ers.usda.gov/media/1856299/aes87.pdf>.

⁹⁹ USITC, *U.S. Agricultural Sales to Cuba: Certain Economic Effects of U.S. Restrictions*, USITC Publication 3932, July 2007, available at <http://www.usitc.gov/publications/332/pub3932.pdf>.

In 2009, the USITC issued a working paper that updated the agency's 2007 study on U.S. agricultural sales to Cuba. The update concluded that if U.S. restrictions on financing and travel had been lifted in 2008, U.S. agricultural exports to Cuba would have increased between \$216 million and \$478 million, and the U.S. share of Cuba's agricultural imports would have increased from 38% to between 49% and 64%.¹⁰⁰ Among the U.S. agricultural products that would have benefited the most were wheat, rice, beef, pork, processed foods, and fish products.

In response to a request by the Senate Finance Committee in December 2014, the USITC began another investigation examining the effects of U.S. restrictions on trade and travel to Cuba on the export of U.S. goods and services, including digitally traded goods and services. The report is to include an estimate of the export of such U.S. goods and services to Cuba in the event that U.S. restrictions are lifted.¹⁰¹ USITC held a public hearing on June 2, 2015, that featured private sector and academic witnesses as well as a Member of Congress.¹⁰²

The report originally was to be completed by September 2015, but is now scheduled to be completed in March 2016. In August 2015, the committee asked that study be expanded to include analysis of existing Cuban non-tariff measures, institutional and infrastructural factors, and other Cuban barriers; the extent to which these barriers would affect the export of goods and services to Cuba; and the aggregate effects of Cuban tariff and non-tariff measures on the ability of foreign firms to conduct business in and with Cuba.

Legislative Activity. Several legislative initiatives introduced in the 114th Congress would lift or ease restrictions on exports to Cuba.

- Three bills—H.R. 274 (Rush), H.R. 403 (Rangel), and H.R. 735 (Serrano)—would lift the overall embargo, including restrictions on exports to Cuba in the CDA and TSRA.
- H.R. 635 (Rangel), among its various provisions, has the goal of facilitating the export of U.S. agricultural and medical exports to Cuba by permanently redefining the term “payment of cash in advance” to mean that payment is received before the transfer of title and release and control of the commodity to the purchaser; authorizing direct transfers between Cuban and U.S. financial institutions for products exported under the terms of TSRA; establishing an export promotion program for U.S. agricultural exports to Cuba; prohibiting restriction on travel to Cuba; and repealing the onsite verification requirement for medical exports to Cuba under the CDA.
- S. 491 (Klobuchar) would remove various provisions of law restricting trade and other relations with Cuba, including certain restrictions in the CDA, the LIBERTAD Act, and TSRA.
- S. 1049 (Heitkamp) would amend TSRA to allow for the financing of agricultural commodities to Cuba.

¹⁰⁰ USITC, *U.S. Agricultural Sales to Cuba: Certain Economic Effects of U.S. Restrictions, An Update*, Office of Industries Working Paper, by Jonathan R. Coleman, No. ID-22, June 2009, available at <http://www.usitc.gov/publications/332/ID-22.pdf>.

¹⁰¹ USITC, “USITC to Study Economic Effects of U.S. Restrictions on Trade and Travel to Cuba,” New Release 15-011, January 30, 2015.

¹⁰² USITC, “Overview of Cuban Imports of Goods and Services and Effects of U.S. Restrictions, Available Testimony from Recent Hearings,” June 2, 2015, available at http://www.usitc.gov/press_room/spotlight/overview_cuban_imports_goods_and_services_and.htm.

- S. 1543 (Moran)/H.R. 3238 (Emmer) would repeal or amend various provisions of law restricting trade and other relations with Cuba, including certain restrictions in the CDA, the LIBERTAD Act, and TSRA. The bills would repeal restrictions on private financing for Cuba in TSRA but continue to prohibit U.S. government foreign assistance or financial assistance, loans, loan guarantee, extension of credit, or other financing for export to Cuba, albeit with presidential waiver authority for national security or humanitarian reasons. Under the initiative, the federal government would be prohibited from expending any funds to promote trade with or develop markets in Cuba, although certain federal commodity promotion programs would be allowed.
- S. 1910 (Boozman), the FY2016 Financial Services appropriations bill, has three provisions that could affect U.S. exports to Cuba. Section 638 would repeal the prohibition on financing agricultural sales to Cuba in TSRA, including the requirement that payment for such products shall be only by payment of cash in advance or financing by third country financial institutions. Section 641 would lift restrictions on travel to Cuba. Section 642 would repeal a provision in the CDA that prohibits a vessel that enters a Cuban port to engage in trade from loading or unloading any freight in the United States within 180 days after departing Cuba, except pursuant to a Treasury Department license.
- H.R. 3306 (Rush), would authorize the export of energy resources, technologies, and related services to Cuba.
- H.R. 3687 (Crawford), would permit U.S. government assistance for U.S. agricultural exports to Cuba as long as the recipient of the assistance is not controlled by the Cuban government; authorize the financing of sales of agricultural commodities; and authorize investment for the development of an agricultural business in Cuba as long as it is not controlled by the Cuban government or does not traffic in property of U.S. nationals confiscated by the Cuban government.

In contrast, House-passed H.R. 2578, the FY2016 Commerce, Justice, and Science appropriations bill, has a provision that would attempt to prevent additional categories of exports to Cuba authorized as part of the Administration's policy change on Cuba. A provision in the bill would prohibit Commerce Department funds from being used to facilitate, permit, license, or promote exports to Cuba's Ministry of the Revolutionary Armed Forces (MINFAR), the Ministry of the Interior (MININT), any subsidiaries of these two ministries, and any officers of these ministries or their immediate family members. It would not affect the export of agricultural commodities, medicines, or medical goods permitted under TSRA. Two other introduced bills, S. 1388 and H.R. 2466, would require the President to submit a plan for resolving all outstanding claims relating to property confiscated by the government of Cuba before taking action to ease restrictions on travel to or trade with Cuba. (See "Legislative Initiatives in the 114th Congress" below.)

State Sponsor of Terrorism Designation¹⁰³

As noted above, in December 2014, President Obama called for the Secretary of State to review Cuba's designation as a state sponsor of terrorism. As set forth in the three terrorist-list provisions

¹⁰³ For further background, see CRS Report R43835, *State Sponsors of Acts of International Terrorism—Legislative Parameters: In Brief*, by Dianne E. Rennack.

of law—Section 6(j) of the Export Administration Act (EAA) of 1979 (P.L. 96-72; 50 U.S.C. Appendix 2405(j)); Section 620A of the Foreign Assistance Act (FAA) of 1961 (22 U.S.C. 2371); and Section 40 of the Arms Export Control Act (AECA) (22 U.S.C. 2780)—a country’s retention on the state sponsors of terrorism list may be rescinded by the President in two ways. The first option is for the President to submit a report to Congress certifying that there has been a fundamental change in the leadership and policies of the government and that the government is not supporting acts of international terrorism and is providing assurances that it will not support such acts in the future. The second option is for the President to submit a report to Congress, at least 45 days in advance, justifying the rescission and certifying that the government has not provided any support for international terrorism during the preceding six months and has provided assurances that it will not support such acts in the future. President Obama utilized the second option when submitting his report to Congress on April 14, 2015.

According to the terrorist-list laws, the rescission would take effect 45 days after the report is submitted to Congress. Of the three terrorist-list statutes, only the AECA has an explicit provision allowing Congress to block, via the enactment of a joint resolution, a removal of a country on the list. The law sets forth an expedited procedure process for the joint resolution, which would have to be approved within the 45-day period. Such a measure would be subject to presidential veto and require a two-thirds vote in each body to override the veto. No resolutions of disapproval were introduced in Congress within the 45-day period, and, accordingly, Secretary of State Kerry rescinded Cuba’s designation as a state sponsor of terrorism on May 29, 2015.¹⁰⁴

Notably, on May 11, 2015, Secretary of State Kerry also dropped Cuba from the annual determination, pursuant to Section 40A of the Arms Export Control Act and due by May 15 of each year, identifying countries that are not fully cooperating with United States antiterrorism efforts. Cuba had been designated annually since that annual determination was established in 1997. Countries currently designated as not cooperating fully on antiterrorism efforts are Eritrea, North Korea, Iran, Syria, and Venezuela.¹⁰⁵

Cuba was added to the State Department’s list of states sponsoring international terrorism in 1982 pursuant to Section 6(j) of the EAA because of its alleged ties to international terrorism and support for terrorist groups in Latin America, and it remained on the list pursuant to the EAA, the AECA, and the FAA.¹⁰⁶ A range of sanctions are imposed on countries on the terrorism list, including requirements for validated exports licenses (with presumption of denial) for dual-use goods or technology controlled by the Department of Commerce for national security of foreign policy reasons (EAA); a ban on arms-related exports and sales (AECA); and prohibitions on most foreign aid, food aid, or Export-Import Bank or Peace Corps programs (FAA).¹⁰⁷ Despite Cuba’s removal from the terrorism list, the extensive array of economic sanctions imposed on Cuba

¹⁰⁴ Subsequently, on July 22, 2015, the Department of Commerce, Bureau of Industry and Security, amended the Export Administration Regulations to reflect the rescission of Cuba’s designation as a state sponsor of terrorism. See 80 *Federal Register* 43314-43320, July 22, 2015.

¹⁰⁵ *Federal Register*, “Determination and Certification Under Section 40A of the Arms Export Control Act,” May 27, 2015, p. 30319.

¹⁰⁶ Restrictions on terrorism states, defined in the FAA and the AECA, also apply to Cuba. As enacted in 1986, Section 40 of the AECA, made any government of a country subject to Section 6(j) of the EAA also subject to the sanctions stated in Section 40 of the AECA.

¹⁰⁷ Being on the state sponsor of terrorism list also allows U.S. nationals injured by an act of international terrorism to file lawsuits for damages against the designated country in the United States. For more information, see CRS Legal Sidebar WSLG254, *Can Victims of Terrorism in the United States Sue Foreign Governments?*, by Jennifer K. Elsea; and CRS Legal Sidebar WSLG1405, *Can Creditors Enforce Terrorism Judgments Against Cuba?*, by Jennifer K. Elsea.

imposed pursuant to other provisions of law, including an embargo on most trade and financial transactions, remain in place.¹⁰⁸

Cuba had a long history of supporting revolutionary movements and governments in Latin America and Africa, but in 1992, Fidel Castro said that his country's support for insurgents abroad was a thing of the past. Cuba's change in policy was in large part due to the breakup of the Soviet Union, which resulted in the loss of billions of dollars in annual subsidies to Cuba and led to substantial Cuban economic decline.

Administration's Justification for Removing Cuba from the Terrorism List

In the April 14, 2015, report to Congress, President Obama, following the process set forth in the three terrorist-list provisions of law cited above, certified that the Cuban government "has not provided any support for international terrorism during the preceding 6-month period" and "has provided assurances that it will not support acts of international terrorism in the future."

The memorandum of justification accompanying the report maintained that Cuba has taken steps in recent years to fully distance itself from international terrorism and to strengthen its counterterrorism laws. The justification noted that Cuba is a party to 15 international instruments related to countering terrorism and has deposited its instrument of ratification or accession to three additional instruments that have not yet entered into force.

The justification stated that in 2013, Cuba committed to work with the multilateral Financial Action Task Force (FATF) to address its anti-money laundering/counterterrorism finance (AML/CTF) deficiencies. Since 2012, Cuba has been a member of the Financial Action Task Force of Latin America (GAFILAT, formerly known as the Financial Action Task Force of South America), a regional group associated with the FATF. As a member, Cuba committed to adopting and implementing the 40 recommendations of the FATF pertaining to AML/CTF standards. In early 2014, Cuba adopted legislation providing for the freezing of assets linked to money laundering or terrorist financing. In October 2014, the FATF welcomed Cuba's progress in improving its regulatory regime to combat money laundering and terrorist financing and addressing strategic deficiencies that the FATF had identified. As a result, the FATF noted that Cuba was no longer subject to the FATF's monitoring and compliance process, but that the country would continue to work with GAFILAT to strengthen its regulatory regime.¹⁰⁹

The justification cited various instances in which Cuba has condemned terrorist attacks around the world, including the April 2013 Boston Marathon bombing and the more recent Charlie Hebdo terrorist attack in Paris. It noted that in 2010, the Cuban government provided information to the U.S. government reiterating its commitment to its international obligations regarding both counterterrorism and nonproliferation, noting instances of information sharing with the United States regarding planned terrorist attacks, and providing assurances that Cuban territory would not be used to organize, finance, or carry out terrorist acts.

Most significantly, the justification stated that direct engagement with Cuba permitted the United States to secure additional assurances, delivered April 3, 2015, of Cuba's commitment to renounce international terrorism. According to the justification:

In the assurances, Cuba reiterated its commitment to cooperate in combating terrorism, rejected and condemned all terrorist acts, methods, and practices in all their forms and

¹⁰⁸ For a listing of the various economic restrictions on Cuba, see CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*, by Dianne E. Rennack and Mark P. Sullivan.

¹⁰⁹ Financial Action Task Force, "Improving Global AML/CFT Compliance: On-going Process," October 24, 2014.

manifestations, and condemned any action intended to encourage, support, finance, or cover up any terrorist acts. The Government of Cuba further committed to never supporting any act of international terrorism, and never allowing its territory to be used to organize, finance, or execute terrorist act against any other country, including the United States.

Members of Foreign Terrorist Organizations in Cuba. For a number of years in its annual *Country Reports on Terrorism*, the State Department has discussed Cuba's provision of safe haven for members of the Basque Fatherland and Liberty (ETA) and the Revolutionary Armed Forces of Colombia (FARC), both U.S.-designated foreign terrorist organizations (FTOs).

In the April 2015 justification, the Administration maintained that there was no credible evidence that Cuba has, within the preceding six months, provided specific material support, services, or resources, to members of the FARC or members of the National Liberation Army (ELN), another Colombian FTO, outside of facilitating the peace process between those organizations and the government of Colombia. The Cuban government has been supporting and hosting peace negotiations between the FARC and the Colombian government since 2012.¹¹⁰ According to the justification, the Colombian government formally noted to the United States that it believes the Cuban government has played a constructive process in the peace talks, and that it has no evidence that Cuba has provided any political or military support in recent years to the FARC or ELN that has assisted in the planning or execution of terrorist activity in Colombia.

With regard to ETA, the Administration maintained in the justification that the Cuban government continues to allow approximately two dozen members of ETA to remain in the country, with most of those entering Cuba following an agreement with the government of Spain. The Administration maintained that Spain has requested the extradition of two ETA members from Cuba, and that a bilateral process is underway for the two countries to resolve the matter. Press reports have identified the two ETA members as José Ángel Urriaga and José Ignacio Etxarte.¹¹¹ It maintained that the Spanish government has conveyed to the United States that it is satisfied with this process and that it has no objection to the rescission of Cuba's designation as a state sponsor of terrorism.

For all three FTOs—the FARC, ELN, and ETA—the Cuban government maintained in its April 2015 assurances to the U.S. government that it would never permit these groups to use Cuban territory to engage in activities against any country.

U.S. Fugitives from Justice. Another issue that has been mentioned for many years in the State Department's annual terrorism report is Cuba's harboring of fugitives wanted in the United States. The 2013 terrorism report (issued in April 2014) maintained that Cuba provided such support as housing, food ration books, and medical care for these individuals.¹¹² This was reiterated in the Administration's April 2015 justification to Congress.

U.S. fugitives from justice in Cuba include convicted murderers and numerous hijackers, most of whom entered Cuba in the 1970s and early 1980s.¹¹³ For example, Joanne Chesimard, also known as Assata Shakur, was added to the FBI's Most Wanted Terrorist list in May 2013. Chesimard was part of militant group known as the Black Liberation Army. In 1977, she was convicted for the 1973 murder of a New Jersey State Police officer and sentenced to life in prison. Chesimard escaped from prison in 1979 and, according to the FBI, lived underground before fleeing to Cuba

¹¹⁰ For background on the peace process, see CRS Report R42982, *Peace Talks in Colombia*, by June S. Beittel.

¹¹¹ "Cuba y Madrid Negocian Extradición de Dos Etxarras, Dice EEUU," AP Spanish Worldstream, April 16, 2015.

¹¹² U.S. Department of State, *Country Reports on Terrorism 2013*, April 2014.

¹¹³ U.S. Department of State, *Country Reports on Terrorism 2007*, April 30, 2008.

in 1984.¹¹⁴ Another fugitive, William “Guillermo” Morales, who was a member of the Puerto Rican militant group known as the Armed Forces of National Liberation (FALN), reportedly has been in Cuba since 1988 after being imprisoned in Mexico for several years. In 1978, both of his hands were maimed by a bomb he was making. He was convicted in New York on weapons charges in 1979 and sentenced to 10 years in prison and 5 years’ probation, but escaped from prison the same year.¹¹⁵ In addition to Chesimard and other fugitives from the past, a number of U.S. fugitives from justice wanted for Medicare and other types of insurance fraud reportedly have fled to Cuba in recent years.¹¹⁶

While the United States and Cuba have an extradition treaty in place dating to 1905, in practice the treaty has not been utilized. Instead, for more than a decade, Cuba has returned wanted fugitives to the United States on a case-by-case basis. For example, in 2011, U.S. Marshals picked up a husband and wife in Cuba who were wanted for a 2010 murder in New Jersey,¹¹⁷ while in April 2013, Cuba returned a Florida couple who had allegedly kidnapped their own children (who had been in the custody of the mother’s parents) and fled to Havana.¹¹⁸ However, Cuba has generally refused to render to U.S. justice any fugitive judged by Cuba to be “political,” such as Chesimard, who they believe could not receive a fair trial in the United States. Moreover, Cuba in the past has responded to U.S. extradition requests by stating that approval would be contingent upon the United States returning wanted Cuban criminals from the United States. These include the return of Luis Posada Carriles, whom Cuba accused of plotting the 1976 bombing of a Cuban jet that killed 73 people.¹¹⁹

The Administration’s April 2015 justification for removing Cuba from the terrorism list maintains that Cuba has agreed to enter into a law enforcement dialogue with the United States that will include discussions with the goal of resolving outstanding fugitive cases. It asserted that “the strong U.S. interest in the return of these fugitives will be best served by entering into this dialogue with Cuba.”

Pro/Con Arguments. Those supporting the Administration’s decision to remove Cuba from the state sponsor of terrorism list maintain that retention on the list was anachronistic and a holdover from the Cold War. They argue that domestic political considerations kept Cuba on the terrorism list for many years, and that Cuba’s presence on the list has diverted U.S. attention from struggles against serious terrorist threats. Some supporting the Administration’s decision contend that it reinforces the President’s broader Cuba policy shift of moving from isolation to engagement, and could result in increased engagement with Cuba on counterterrorism issues and the long-standing issue of U.S. fugitives from justice in Cuba. Some also maintain that Cuba’s removal from the list

¹¹⁴ FBI, Most Wanted Terrorists, Joanne Deborah Chesimard, poster, at http://www.fbi.gov/wanted/wanted_terrorists/joanne-deborah-chesimard/view.

¹¹⁵ James Anderson, “Living in Exile, Maimed Guerrilla Maintains Low-Key Profile in Cuba,” *Fort Worth Star-Telegram*, January 16, 2000; Vanessa Bauza, “FBI’s Fugitive Is Cuba’s Political Refugee,” *South Florida Sun-Sentinel*, May 26, 2002; Mary Jordan, “Fugitives Sought by U.S. Find a Protector in Cuba,” *Washington Post*, September 2, 2002, FBI, Wanted by the FBI, William “Guillermo” Morales, poster, at <http://www.fbi.gov/wanted/dt/william-guillermo-morales/view>.

¹¹⁶ For example, see the U.S. Attorney’s Office, Southern District of Florida, “Thirty-Three Defendants Charged in Staged Automobile Accident Scheme,” press release, May 16, 2013; “Experts: Florida Couple May Not Be Welcome in Cuba,” *Naples Daily News*, April 9, 2013; and Jay Weaver, “FBI Struggling to Catch Dozens of Fraud Fugitives Hiding in Cuba,” *Miami Herald*, July 16, 2011.

¹¹⁷ George Mast, “Murder Suspects Caught in Cuba,” *Courier-Post* (New Jersey), September 30, 2011.

¹¹⁸ Paul Haven and Peter Orsi, “Cuba Says It Will Give U.S. Florida Couple Who Allegedly Kidnapped Children,” Associated Press, April 9, 2013.

¹¹⁹ For more background on Posada, see CRS Report RS21049, *Latin America: Terrorism Issues*.

will make it easier for the United States to work with other hemispheric nations on counterterrorism issues.

Those who oppose removing Cuba from the terrorism list argue that there is enough evidence that Cuba continues to support terrorism. They point to the government's hosting of members of foreign terrorist organizations such as ETA and the FARC and U.S. fugitives from justice. In particular, some Members contend that Cuba should not come off the terrorist list as long it continues to harbor U.S. fugitives convicted of violent acts in the United States. They also point to Cuba's involvement in an attempted weapons transfer to North Korea in July 2013 in contravention of U.N. sanctions as evidence (see "Cuba's Foreign Relations" above). Some maintain that the Administration rushed to complete its review of Cuba's designation as a state sponsor of terrorism without consulting Congress.

Legislative Activity. In the 114th Congress, before the rescission of Cuba's designation as a state sponsor of terrorism, H.R. 274 (Rush) had a provision that would have immediately rescinded any determination of the Secretary of State that Cuba has repeatedly provided support for acts of international terrorism. On the issue of U.S. fugitives from justice in Cuba, H.Res. 181 would call for the immediate extradition or rendering to the United States of convicted felon William Morales and all other fugitives from justice who are receiving safe harbor in Cuba in order to escape prosecution or confinement for criminal offenses committed in the United States. No resolutions of disapproval were introduced to block the Administration's rescission of Cuba's designation as a state sponsor of terrorism.

Trademark Sanction¹²⁰

For more than 15 years, the United States has imposed a trademark sanction specifically related to Cuba. A provision in the FY1999 omnibus appropriations measure (§211 of Division A, Title II, P.L. 105-277, signed into law October 21, 1998) prevents the United States from accepting payment for trademark registrations and renewals from Cuban nationals that were used in connection with a business or assets in Cuba that were confiscated, unless the original owner of the trademark has consented. The provision prohibits U.S. courts from recognizing such trademarks without the consent of the original owner. The measure was enacted because of a dispute between the French spirits company, Pernod Ricard, and the Bermuda-based Bacardi Ltd. Pernod Ricard entered into a joint venture in 1993 with the Cuban government to produce and export Havana Club rum. Bacardi maintains that it holds the right to the Havana Club name because in 1995 it entered into an agreement for the Havana Club trademark with the Arechabala family, who had originally produced the rum until its assets and property were confiscated by the Cuban government in 1960. Although Pernod Ricard cannot market Havana Club in the United States because of the trade embargo, it wants to protect its future distribution rights should the embargo be lifted.

The European Union initiated World Trade Organization (WTO) dispute settlement proceedings in June 2000, maintaining that the U.S. law violates the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). In January 2002, the WTO ultimately found that the trademark sanction violated WTO provisions on national treatment and most-favored-nation obligations in the TRIPS Agreement.¹²¹ On March 28, 2002, the United States agreed that it would come into

¹²⁰ For background information, see archived CRS Report RS21764, *Restricting Trademark Rights of Cubans: WTO Decision and Congressional Response*, by Margaret Mikyung Lee.

¹²¹ For background, see archived CRS Report RL32014, *WTO Dispute Settlement: Status of U.S. Compliance in Pending Cases*, by Jeanne J. Grimmett.

compliance with the WTO ruling through legislative action by January 3, 2003.¹²² That deadline was extended several times since no legislative action had been taken to bring Section 211 into compliance with the WTO ruling. On July 1, 2005, however, in an EU-U.S. bilateral agreement, the EU agreed that it would not request authorization to retaliate at that time, but reserved the right to do so at a future date, and the United States agreed not to block a future EU request.¹²³ In June 2013, EU officials reportedly raised the issue of U.S. compliance at a WTO Dispute Settlement Body meeting, maintaining that there has been enough time for the United States to settle the issue, while U.S. officials maintained that relevant bills were before the U.S. Congress.¹²⁴

On August 3, 2006, the U.S. Patent and Trademark Office announced that Cuba's Havana Club trademark registration was "cancelled/expired," a week after the Department of the Treasury's Office of Foreign Assets Control denied a Cuban government company the license that it needed to renew the registration of the trademark.¹²⁵ On March 29, 2011, the U.S. Court of Appeals of the District of Columbia upheld the decision to deny the renewal of the trademark.¹²⁶

Legislative Activity. In Congress, two different approaches have been advocated for a number of years to bring Section 211 into compliance with the WTO ruling. Some want a narrow fix in which Section 211 would be amended so that it applies to all persons claiming rights in trademarks confiscated by Cuba, whatever their nationality, instead of being limited to designated nationals, meaning Cuban nationals. Advocates of this approach argue that it would treat all holders of U.S. trademarks equally. Others want Section 211 repealed altogether. They argue that the law endangers over 5,000 trademarks of over 500 U.S. companies registered in Cuba.¹²⁷ In the 114th Congress, identical bills S. 757 (Nelson) and H.R. 1627 (Issa) would apply the narrow fix so that the trademark sanction applies to all nationals, while several broader bills have been introduced with provisions that would repeal Section 211: H.R. 274 (Rush); H.R. 403 (Rangel); H.R. 635 (Rangel); and H.R. 735 (Serrano).

U.S. Funding to Support Democracy and Human Rights

Since 1996, the United States has provided assistance—through the U.S. Agency for International Development (USAID), the State Department, and the National Endowment for Democracy (NED)—to increase the flow of information on democracy, human rights, and free enterprise to Cuba.

USAID and State Department efforts are largely funded through Economic Support Funds (ESF) in the annual foreign operations appropriations bill. From FY1996 to FY2015, Congress

¹²² "U.S., EU Agree on Deadline for Complying with Section 211 WTO Finding," *Inside U.S. Trade*, April 12, 2002.

¹²³ World Trade Organization (WTO), "United States—Section 211 Omnibus Appropriations Act of 1998, Understanding Between the European Communities and the United States," WT/DC176/16, July 1, 2005; WTO, Dispute Settlement Body, "Minutes of Meeting, Held in the Centre William Rappard on 20 July 2005," WT/DSB/M/194, August 26, 2005; and "Japan, EU Suspend WTO Retaliation Against U.S. in Two Cases," *Inside U.S. Trade*, July 15, 2005.

¹²⁴ "EU, Cuba Spar with U.S. over 'Havana Club' Rum," Agence France Presse, June 25, 2013.

¹²⁵ "PTO Cancels Cuban 'Havana Club' Mark; Bacardi Set to Sell Rum Under Same Mark," *International Trade Daily*, August 10, 2006.

¹²⁶ "Pernod Ricard: Havana Club International Encouraged by Dissenting Opinion of Judge Silberman Will Seek Rehearing by Full Court of Appeals," *Business Wire*, March 29, 2011.

¹²⁷ "USA-Engage Joins Cuba Fight," *Cuba Trader*, April 1, 2002; the House Committee on the Judiciary held a March 3, 2010, hearing on the "Domestic and International Trademark Implications of HAVANA CLUB and Section 211 of the Omnibus Appropriations Act of 2009," which featured proponents of both legislative approaches.

appropriated some \$284 million in funding for Cuba democracy efforts.¹²⁸ In recent years, this included \$45.3 million for FY2008 and \$20 million in each fiscal year from FY2009 through FY2012, \$19.3 million in FY2013, and \$20 million in each of FY2014 and FY2015.

The Administration's request for FY2016 is \$20 million. According to the request, assistance will support fundamental freedoms and respect for human rights, help victims of political repression and their families, and strengthen independent Cuban civil society and freedom of expression. The House Appropriations Committee's FY2016 State Department and Foreign Operations appropriations bill, H.R. 2772, would provide \$30 million to promote democracy and civil society in Cuba and would provide that no funds could be obligated for business promotion, economic reform, entrepreneurship, or any other assistance that is not democracy-building as expressly authorized in the LIBERTAD Act. The report to the bill (H.Rept. 114-154) would provide that not less than \$8 million would be for NED and that the remaining assistance would be administered by the State Department and USAID. The Senate Appropriations Committee version of the bill, S. 1725, would provide \$15 million in ESF for Cuba democracy programs, and \$5 million in ESF (notwithstanding any other provision of law) for programs to support private Cuban entrepreneurs, except that no such assistance may be provided for the Cuban government. In addition, the report to the Senate bill stated that the committee expects a portion of the bill's funding to promote Internet freedom should be used for Cuba.

Generally, as provided in appropriations measures, ESF has to be obligated within two fiscal years. In recent years, the obligation has been notified to Congress (as required in appropriations legislation) just a few months before the end of the two years (e.g., the obligation of FY2013 assistance was notified in July 2014). USAID in the past received the majority of this funding, but the State Department began receiving a portion in FY2004 and in recent years has been allocated more funding than USAID. The State Department generally has transferred a portion of the Cuba assistance that it administers to NED. For FY2014, Congress stipulated that not less than \$7.5 million shall be provided directly to NED while not more than \$10 million shall be administered by the State Department; Congress also stipulated that no ESF appropriated under the act may be obligated by USAID for any new programs or activities in Cuba (P.L. 113-76).

USAID's Cuba program has supported a variety of U.S.-based nongovernmental organizations with the goals of promoting a rapid, peaceful transition to democracy, helping develop civil society, and building solidarity with Cuba's human rights activists. USAID maintains on its website that current USAID program partners are Grupo de Apoyo a la Democracia, \$3 million (2012-2015); and the International Republican Institute, \$3 million (2012-2015). (See USAID's Cuba program website at <http://www.usaid.gov/where-we-work/latin-american-and-caribbean/cuba>.)

NED is not a U.S. government agency but an independent nongovernmental organization that receives U.S. government funding. Its Cuba program is funded by the organization's regular appropriations by Congress as well as by funding from the State Department. Until FY2008, NED's democratization assistance for Cuba had been funded largely through the annual Commerce, Justice, and State (CJS) appropriations measure, but is now funded through the State Department, Foreign Operations and Related Agencies appropriations measure. According to information provided by NED on its website, its Cuba funding in recent years has been as

¹²⁸ The U.S. Government Accountability Office (GAO) reports that Congress appropriated \$205 million for Cuba democracy programs from FY1996 through FY2011. See U.S. GAO, *Cuba Democracy Assistance, USAID's Program Is Improved, But State Could Better Monitor Its Implementing Partners*, GAO-13-285, January 2013.

follows: \$1.65 million in FY2011; \$2.6 million in FY2012; \$3.4 million in FY2013; and \$3 million in FY2014.¹²⁹

Oversight of U.S. Democracy Assistance to Cuba

The U.S. Government Accountability Office (GAO) has issued several reports since 2006 examining USAID and State Department democracy programs for Cuba. In 2006, GAO issued a report examining programs from 1996 through 2005 and concluded that the U.S. program had significant problems and needed better management and oversight. According to GAO, internal controls, for both the awarding of Cuba program grants and the oversight of grantees, “do not provide adequate assurance that the funds are being used properly and that grantees are in compliance with applicable law and regulations.”¹³⁰ Investigative news reports on the program maintained that high shipping costs and lax oversight had diminished its effectiveness.¹³¹

GAO issued a second report in 2008 examining USAID’s Cuba democracy program.¹³² The report lauded the steps that USAID had taken since 2006 to address problems with its Cuba program and improve oversight of the assistance. These included awarding all grants competitively since 2006, hiring more staff for the program office since January 2008, and contracting for financial services in April 2008 to enhance oversight of grantees. The GAO report also noted that USAID had worked to strengthen program oversight through pre-award and follow-up reviews, improving grantee internal controls and implementation plans, and providing guidance and monitoring about permitted types of assistance and cost sharing. The 2008 GAO report also maintained, however, that USAID had not staffed the Cuba program to the level needed for effective grant oversight. GAO recommended that USAID (1) ensure that its Cuba program office is staffed at the level that is needed to fully implement planned monitoring activities and (2) periodically assess the Cuba program’s overall efforts to address and reduce grantee risks, especially regarding internal controls, procurement practices, expenditures, and compliance with laws and regulations.

More recently, in January 2013, GAO issued its third report on Cuba democracy programs.¹³³ The report concluded that USAID had improved its performance and financial monitoring of implementing partners’ use of program funds, but found that the State Department’s financial monitoring had gaps. Both agencies were reported to be taking steps to improve financial monitoring. GAO recommended that the Secretary of State take two actions to strengthen the agency’s ability to monitor the use of Cuba democracy program funds: use a risk-based approach for program audits that considers specific indicators for program partners and obtain sufficient information to approve implementing partners’ use of subpartners.

In April 2014, an Associated Press investigative report alleged that USAID, as part of its democracy promotion efforts for Cuba, had established a “Cuban Twitter” known as ZunZuneo, a communications network designed as a “covert” program “to undermine” Cuba’s communist

¹²⁹ See information about NED’s 2014 projects in Cuba, available at <http://www.ned.org/region/latin-america-and-caribbean/cuba-2014/>.

¹³⁰ U.S. Government Accountability Office (GAO), *U.S. Democracy Assistance for Cuba Needs Better Management and Oversight*, GAO-07-147, November 2006.

¹³¹ Oscar Corral, “Federal Program to Help Democracy in Cuba Falls Short of Mark,” *Miami Herald*, November 14, 2006, and “Is U.S. Aid Reaching Castro Foes?” *Miami Herald*, November 15, 2006.

¹³² U.S. GAO, *Foreign Assistance: Continued Efforts Needed to Strengthen USAID’s Oversight of U.S. Democracy Assistance for Cuba*, GAO-09-165, November 2008.

¹³³ U.S. GAO, *Cuba Democracy Assistance, USAID’s Program Is Improved, But State Could Better Monitor Its Implementing Partners*, GAO-13-285, January 2013.

government built with “secret shell companies” and financed through foreign banks. According to the press report, the project, which was used by thousands of Cubans, lasted more than two years until it ended in 2012.¹³⁴ USAID, which strongly contested the report, issued a statement and facts about the ZunZuneo program. It maintained that program was not “covert,” but rather that, just as in other places where it is not always welcome, the agency maintained a “discreet profile” on the project to minimize risk to staff and partners and work safely.¹³⁵ Some Members of Congress strongly criticized USAID for not providing sufficient information to Congress about the program when funding was appropriated, while other Members strongly defended the agency and the program.

In August 2014, the Associated Press reported on another U.S.-funded democracy program for Cuba in which a USAID contractor sent about a dozen youth from several Latin American countries (Costa Rica, Peru, and Venezuela) in 2010 and 2011 to Cuba to participate in civic programs, including an HIV-prevention workshop, with the alleged goal to “identify potential social-change actors” in Cuba. The AP report alleged that “the assignment was to recruit young Cubans to anti-government activism under the guise of civic programs.”¹³⁶ USAID responded in a statement maintaining that the AP report “made sensational claims against aid workers for supporting civil society programs and striving to give voice to these democratic aspirations.”¹³⁷

Radio and TV Martí

U.S.-government-sponsored radio and television broadcasting to Cuba—Radio and TV Martí—began in 1985 and 1990, respectively. According to the *Broadcasting Board of Governors (BBG) FY2016 Congressional Budget Request*, Radio and TV Martí “inform and engage the people of Cuba by providing a reliable and credible source of news and information.” The BBG’s Office of Cuba Broadcasting uses “a mix of media, including shortwave, medium wave, direct-to-home satellite, Internet, flash drives, and DVDs to help reach audiences in Cuba.”¹³⁸

Until October 1999, U.S.-government-funded international broadcasting programs had been a primary function of the United States Information Agency (USIA). When USIA was abolished and its functions were merged into the Department of State at the beginning of FY2000, the BBG became an independent agency that included such entities as the Voice of America (VOA), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia, and the Office of Cuba Broadcasting (OCB), which manages Radio and TV Martí. OCB is headquartered in Miami, FL. Legislation in the 104th Congress (P.L. 104-134) required the relocation of OCB from Washington, DC, to South Florida. The move began in 1996 and was completed in 1998. (For more information, see CRS Report R43521, *U.S. International Broadcasting: Background and Issues for Reform*, by Matthew C. Weed.)

¹³⁴ Desmond Butler, Jack Gillum, and Alberto Arce, “U.S. Secretly Created ‘Cuban Twitter’ to Stir Unrest,” Associated Press, April 3, 2014.

¹³⁵ USAID, “Statement in Reference to the Associated Press Article on ‘Cuba Twitter’ on April 3, 2014,” press statement, April 3, 2014; “Eight Facts About ZunZuneo,” April 7, 2014, available at <http://blog.usaid.gov/2014/04/eight-facts-about-zunzuneo/>.

¹³⁶ Desmond Butler, Jack Gillum, Alberto Arce, and Andrea Rodriguez, “The Big Story, U.S. Sent Latin Youth Undercover in Anti-Cuba Ploy,” Associated Press, August 4, 2014.

¹³⁷ USAID, “Statement from USAID Spokesperson Matt Herrick on Cuba Civil Society Story,” August 4, 2014.

¹³⁸ See the full text of the Broadcasting Board of Governors FY2016 budget request, available at http://www.bbg.gov/wp-content/media/2015/03/FY2016Budget_CBJ_Final_WebVersion.pdf.

According to the BBG, the OCB uses multiple web domains and anti-censorship tools such as web-based proxies to reach Internet users in Cuba. Since 2011, the OCB has used SMS messaging to communicate with audiences in Cuba, allowing OCB to “push” information to mobile phone users in Cuba in a manner that is difficult to filter. The OCB’s website, martinoticias.com, began streaming Radio and TV Martí programming 24 hours a day in 2013. OCB also maintains an interactive social engagement strategy that utilizes a YouTube channel, Facebook, Twitter, and Google+.

From FY1984 through FY2015, Congress appropriated about \$797 million for broadcasting to Cuba. In recent years, funding amounted to \$28 million in FY2012, \$26 million in FY2013, and almost \$27 million in FY2014. The FY2015 request was for \$23 million, and Congress ultimately appropriated \$27 million in the FY2015 omnibus appropriations measure (P.L. 113-235).

For FY2016, the BBG is requesting \$30.3 million for Cuba broadcasting, almost \$3.2 million over the amount appropriated in FY2015. This would include funds for the OCB and the Voice of America (VOA) Latin America Division to begin the process of establishing a new de-federalized Spanish language international media operation that would merge the two entities. Under the plan, the process would be completed in early FY2017, and the new de-federalized organization would be fully operational by mid FY-2017 and receive a BBG Grant. The report to the House Appropriations Committee’s FY2016 State Department and Foreign Operations bill, H.R. 2772 (H.Rept. 114-154), recommends \$28.130 million for Cuba broadcasting, almost \$2.2 million less than the request and \$1 million more than that provided in FY2015. Section 7045(c) of H.R. 2772 would prohibit implementation of the proposed restructuring and merger of OCB and VOA’s Latin America Division unless specifically authorized by a subsequent act of Congress. The report to the Senate Appropriations version of the bill, S. 1725 (S.Rept. 114-79), recommends \$27.130 million for OCB and also does not support or include authority for the merger of OCB and VOA’s Latin American Division.

Both Radio and TV Martí have at times been the focus of controversies, including questions about adherence to broadcast standards. There have been various attempts over the years to cut funding for the programs, especially for TV Martí, which has not had much of an audience because of Cuban jamming efforts. From 1990 through 2008, there were numerous government studies and audits of the OCB, including investigations by the GAO, by a 1994 congressionally established Advisory Panel on Radio and TV Martí, by the State Department Office Inspector General (OIG), and by the combined State Department/BBG Office Inspector General.¹³⁹

In 2009, GAO issued a report asserting that the best available research suggests that Radio and TV Martí’s audience is small, and cited telephone surveys since 2003 showing that less than 2%

¹³⁹ See the following reports and audits from 1990 through 2008: U.S. General Accounting Office (GAO), *Broadcasts to Cuba, TV Marti Surveys Are Flawed*, GAO/NSIAD-90-252, August 1990; U.S. GAO, *TV Marti, Costs and Compliance with Broadcast Standards and International Agreements*, GAO/NSIAD-92-199, May 1992; U.S. GAO, letter to Hon. Howard L. Berman and Hon. John F. Kerry regarding Radio Marti broadcast standards, GAO/NSIAD-93-126R, February 17, 1993; Advisory Panel on Radio and TV Marti, *Report of the Advisory Panel on Radio and TV Marti*, three volumes, March 1994; U.S. GAO, *Radio Marti, Program Review Processes Need Strengthening*, GAO/NSIAD-94-265, September 1994; U.S. GAO, *U.S. Information Agency, Issues Related to Reinvention Planning in the Office of Cuba Broadcasting*, GAO/NSIAD-96-110, May 1996; U.S. Department of State, Office of the Inspector General, *Review of Policies and Procedures for Ensuring that Radio Marti Broadcasts Adhere to Applicable Requirements*, 99-IB-010, June 1999; U.S. Department of State and the Broadcasting Board of Governors, Office of Inspector General, *Review of the Effectiveness and Implementation of Office of Cuba Broadcasting’s New Program Initiatives*, Report No. IBO-A-03-01, January 2003, and *Report of Inspection, Office of Cuba Broadcasting*, Report No. ISP-IB 07-35, June 2007; and U.S. GAO, *Broadcasting to Cuba, Weaknesses in Contracting Practices Reduced Visibility into Selected Award Decisions*, GAO-08-764, July 2008.

of respondents reported tuning in to Radio or TV Martí during the past week. With regard to TV Martí viewership, according to the report, all of the IBB's telephone surveys since 2003 show that less than 1% of respondents said that they had watched TV Martí during the past week. According to the GAO report, the IBB surveys show that there was no increase in reported TV Martí viewership following the beginning of AeroMartí and DirecTV satellite broadcasting in 2006. The GAO report also cited concerns with adherence to relevant domestic laws and international standards, including the domestic dissemination of OCB programming, inappropriate advertisements during OCB programming, and TV Martí's interference with Cuban broadcasts.¹⁴⁰

In 2010, the Senate Foreign Relations Committee majority issued a staff report that concluded that Radio and TV Martí "continue to fail in their efforts to influence Cuban society, politics, and policy." The report cited problems with adherence to broadcast standards, audience size, and Cuban government jamming. Among its recommendations, the report called for the IBB to move the Office of Cuba Broadcasting back to Washington, DC, and integrate it fully into the Voice of America.¹⁴¹

In 2011, GAO issued a report examining the extent to which the BBG's strategic plan for broadcasting required by the conference report to the FY2010 Consolidated Appropriations measure (H.Rept. 111-366 to H.R. 3288/P.L. 111-117) met the requirements established in the legislation. GAO found that BBG's strategic plan lacked key information and only partially addressed issues raised by Congress, including on estimated audience size and an analysis of other options for disseminating news and information to Cuba. The report stated that the BBG can develop and provide more information to Congress, including an analysis of the cost savings opportunities of sharing resources between Radio and TV Martí and the Voice of America's Latin America Division.¹⁴²

Migration Issues¹⁴³

Cuba and the United States reached two migration accords in 1994 and 1995 designed to stem the mass exodus of Cubans attempting to reach the United States by boat. On the minds of U.S. policymakers was the 1980 Mariel boatlift, in which 125,000 Cubans fled to the United States with the approval of Cuban officials. In response to Fidel Castro's threat to unleash another Mariel, U.S. officials reiterated U.S. resolve not to allow another exodus. Amid escalating numbers of fleeing Cubans, on August 19, 1994, President Clinton abruptly changed U.S. migration policy, under which Cubans attempting to flee their homeland were allowed into the United States, and announced that the U.S. Coast Guard and Navy would take Cubans rescued at sea to the U.S. naval base at Guantanamo Bay, Cuba. Despite the change in policy, Cubans continued fleeing in large numbers.

¹⁴⁰ U.S. GAO, *Broadcasting to Cuba, Actions Are Needed to Improve Strategy and Operations*, GAO-09-127, January 2009.

¹⁴¹ U.S. Congress, Senate Committee on Foreign Relations, *Cuba: Immediate Action Is Needed to Ensure the Survivability of Radio and TV Martí*, committee print, 111th Cong., 2nd sess., April 29, 2010, S.Pr. 111-46 (Washington: GPO, 2010).

¹⁴² U.S. Government Accountability Office, *Broadcasting Board of Governors Should Provide Additional Information to Congress Regarding Broadcasting to Cuba*, December 13, 2011, available at <http://www.gao.gov/assets/590/586869.pdf>.

¹⁴³ Also see CRS Insight IN10204, *U.S. Policy on Cuban Migration*, by Andorra Bruno and Ruth Ellen Wasem; and CRS Report R40566, *Cuban Migration to the United States: Policy and Trends*, by Ruth Ellen Wasem.

As a result, in early September 1994, Cuba and the United States began talks that culminated in a September 9, 1994, bilateral agreement to stem the flow of Cubans fleeing to the United States by boat. In the agreement, the United States and Cuba agreed to facilitate safe, legal, and orderly Cuban migration to the United States, consistent with a 1984 migration agreement. The United States agreed to ensure that total legal Cuban migration to the United States would be a minimum of 20,000 each year, not including immediate relatives of U.S. citizens.

In May 1995, the United States reached another accord with Cuba under which the United States would parole the more than 30,000 Cubans housed at Guantanamo into the United States, but would intercept future Cuban migrants attempting to enter the United States by sea and would return them to Cuba. The two countries would cooperate jointly in the effort. Both countries also pledged to ensure that no action would be taken against those migrants returned to Cuba as a consequence of their attempt to immigrate illegally. On January 31, 1996, the Department of Defense announced that the last of some 32,000 Cubans intercepted at sea and housed at Guantanamo had left the U.S. Naval Station, most having been paroled into the United States.

Maritime Interdictions. Since the 1995 migration accord, the U.S. Coast Guard has interdicted thousands of Cubans at sea and returned them to their country. Those Cubans who reach shore are allowed to apply for permanent resident status in one year, pursuant to the Cuban Adjustment Act of 1966 (CAA, P.L. 89-732). In short, most interdictions, even in U.S. coastal waters, result in a return to Cuba, while those Cubans who touch shore are allowed to stay in the United States. This so-called “wet foot/dry foot” policy has been criticized by some as encouraging Cubans to risk their lives in order to make it to the United States and as encouraging alien smuggling. Others maintain that U.S. policy should welcome those migrants fleeing communist Cuba whether or not they are able to make it to land.

The number of Cubans interdicted at sea by the U.S. Coast Guard rose from 666 in FY2002 to 2,868 in FY2007. In the three subsequent years, maritime interdictions declined significantly to 422 by FY2010 (see **Figure 4**). Major reasons for the decline were reported to include the U.S. economic downturn, more efficient coastal patrolling, and more aggressive prosecution of migrant smugglers by both the United States and Cuba.¹⁴⁴

From FY2011 through FY2015, however, the number of Cubans interdicted by the Coast Guard increased each year, from 985 in FY2011 to 2,924 in FY2015. In October 2015, the first fiscal month of FY2016, 433 Cuban were indicted at sea, more than any month in FY2015.¹⁴⁵ Speculation on the reasons for the increase in interdictions in recent years has included Cuba’s poor economic and political situation; the Coast Guard’s more efficient methods of interdiction; and the easing of the economic situation in the United States, making it easier for the payment of fees to migrant smugglers.¹⁴⁶ The U.S. State Department reports that timely and clear communication between the U.S. Coast Guard and the Cuban Border Guard (TGF) has been a factor in increasing the rate of migrant interdiction, with the TGF providing more operationally relevant information than in the past. In the aftermath of the announcement of an improvement in

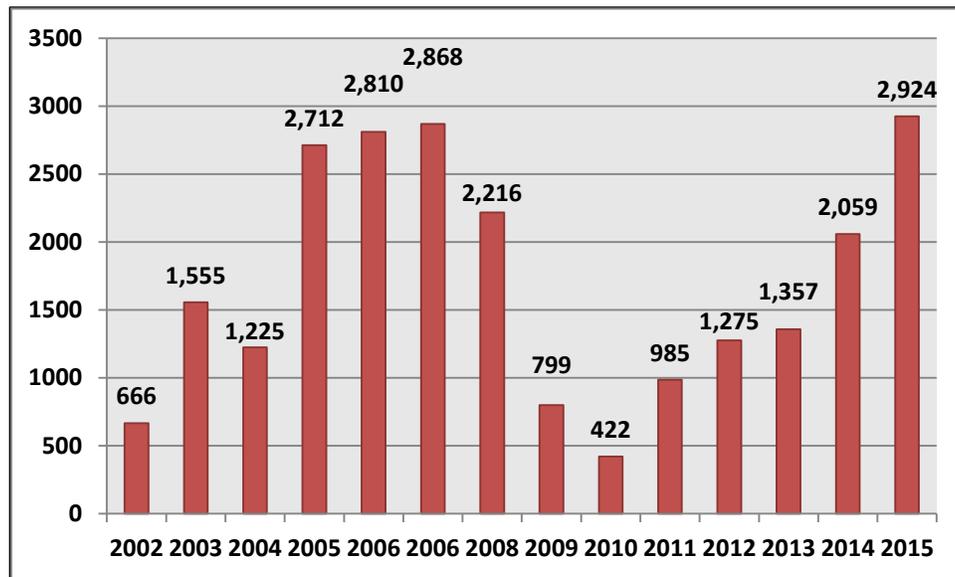
¹⁴⁴ Alfonso Chardy and Juan Tamayo, “Exodus of Cubans Slowing,” *Miami Herald*, October 6, 2010. U.S. Department of State, “Cuban Compliance with the Migration Accords (April 2012 to October 2012),” report to Congress, October 22, 2012.

¹⁴⁵ U.S. Coast Guard, Alien Migrant Interdiction, Coast Guard Office of Law Enforcement, “Total Interdictions, Fiscal Year 1982 to Present,” May 31, 2015; Mike Clary, “Intercepted Cubans on the Rise Coast Guard Steps Up Plane and Boat Patrols,” *South Florida Sun-Sentinel*, November 4, 2015.

¹⁴⁶ Alfonso Chardy and Juan O. Tamayo, “Illegal Cuban Migration, After Years of Decline, Is Up Again,” *Miami Herald*, *Miami Herald*, October 8, 2011; Alfonso Chardy and Juan O. Tamayo, “Number of Cubans Trying to Enter U.S. Increases,” *Miami Herald*, June 17, 2012.

U.S.-Cuban relations in December 2014, there was a spike in the flow of maritime migrants, but the increase had subsided by late January 2015. According to the Department of State, the U.S. Coast Guard responded to the increase by increasing patrols, continuing timely repatriations of migrants interdicted at sea, and implementing a media campaign to dispel rumors about an alleged change in U.S. migration policy.¹⁴⁷

Figure 4. Maritime Interdictions of Cubans by the U.S. Coast Guard, FY2002-FY2015



Source: Created by CRS using information provided by the United States Coast Guard, Alien Migrant Interdiction, “Total Interdictions—Fiscal Year 1982 to Present,” as of May 31, 2015, available at <http://www.uscg.mil/hq/cg5/cg531/AMIO/FlowStats/FY.asp>.

Numbers for all of FY2015, however, show a 40% increase in migrant interdictions over those in FY2014. The rise appears to be driven by concerns among Cubans that the favorable treatment granted to Cuban immigrants will end. Despite the U.S. Coast Guard’s maritime interdiction program, several thousand unauthorized Cubans reach the United States each year by boat.

Land Arrivals. More significantly, according to the State Department, Cubans continue to favor land-based entry at U.S. ports of entry, especially from Mexico. Over the past several years, the number of Cubans entering by land has increased significantly, with a majority entering through the southwest border. In FY2012, some 11,383 Cubans entered by land border ports of entry, but the flow has increased each year since, with 17,660 entering in FY2013, over 24,000 in FY2014, and almost 39,000 in FY2015.¹⁴⁸ Between FY2014 and FY2015, the number of Cubans entering by land ports of entry increased by almost 60%.

Many Cubans first fly to Ecuador, which does not require Cubans to have a visa, and then make their way overland and by boat through Central America and Mexico to the United States. The trip reportedly costs between \$5,000 and \$15,000, but Cubans take this route because it is safer

¹⁴⁷ U.S. Department of State, “Cuban Compliance with the Migration Accords,” reports to Congress, May 7, 2014, November 6, 2014, April 30, 2015, and November 3, 2015.

¹⁴⁸ Ibid.

than attempting to travel by boat directly from Cuba to the United States.¹⁴⁹ Some reportedly depend on traffickers, but others reportedly utilize cell phones and social media to guide them.¹⁵⁰ While this trafficking route is not new for Cubans, the Cuban government's relaxation of its exit rules for its citizens in 2013 (discussed below) and concerns that the United States might change its liberal immigration policy for Cubans have prompted a large increase in the number of Cubans making the overland journey.

Since mid-November 2015, Costa Rica and Nicaragua have been at odds over the Cuban migrants. On November 10, 2015, Costa Rica broke up an alien smuggling ring involved in taking unauthorized Cubans through Costa Rica to the Nicaragua border.¹⁵¹ Costa Rica initially announced that it would not allow Cubans without visas to enter the country from Panama, but then changed its policy by providing Cubans with temporary visas to transit through Nicaragua. But on November 15, Nicaragua closed its border with Costa Rica to the Cubans headed to the United States, resulting in a swelling number of Cubans stranded in Costa Rica—as of November 24, press reports maintained there were some 3,000 Cuban migrants in the country waiting to transit Nicaragua.¹⁵² Costa Rica has called for a humanitarian corridor for the Cuban migrants to cross safely, a proposal reportedly endorsed by Catholic Central American bishops, while Nicaragua has accused Costa Rica of “unleashing an invasion of illegal Cuban migrants” on Nicaragua. The Cuban government criticized U.S. immigration policy for “stimulating irregular emigration from Cuba toward the United States.”¹⁵³

Foreign ministers from Central American countries, along with representatives from Cuba, Colombia, Ecuador, and Mexico, met in El Salvador on November 24, 2015, in an attempt to resolve the migration crisis. The meeting ended without a resolution, with El Salvador's foreign minister maintaining that countries would continue to look for a solution on a “bilateral basis,” with each deciding whether or not to allow Cubans to pass through their country.¹⁵⁴ Nicaragua echoed Cuba's position placing blame on the wave of migration on the United States for its policy that attracts Cuban migrants.¹⁵⁵

Migration Talks. Semi-annual bilateral talks are held on the implementation of the 1994/1995 migration accords, alternating between Havana and Washington, DC. The most recent talks occurred on January 21, 2015, in Havana, a day before talks were held on the process of restoring diplomatic relations. The head of the U.S. delegation, Alex Lee, Deputy Assistant Secretary of State for Western Hemisphere Affairs, maintained that both countries restated their commitment under the migration accords to ensure that migration remains safe, legal, and orderly. He noted that the talks also included an exchange of ideas on other aspects of safe migration, such as the return of Cuban excludable aliens, the Cuban Family Reunification Parole Program, and the monitoring of repatriated Cuban nationals.¹⁵⁶ The head of the Cuban delegation, Josefina Vidal, director of the North American division of Cuba's Ministry of Foreign Relations, noted increasing

¹⁴⁹ Zach Dyer, “As U.S.-Cuba Ties Warm, Cuban Migrants Take Overland Route North,” *Christian Science Monitor*, November 18, 2015.

¹⁵⁰ Michael Weissenstein, “Social Media Helps Drive Historic Cuban Exodus to U.S.,” *Miami Herald*, November 24, 2015.

¹⁵¹ “Costa Rica Busts Migrant-Trafficking Ring,” Agence France Presse, November 10, 2015.

¹⁵² “More than 3,000 Cuban Migrants Stranded in Costa Rica,” DPA International Service, November 24, 2015.

¹⁵³ Daniel Trotta, “Cuba Blames U.S. for Migrant Crisis in Central America,” Reuters News, November 17, 2015.

¹⁵⁴ Victoria Burnett, “An Impasse Over Migration Strands Cubans in Costa Rica,” *New York Times*, November 25, 2015.

¹⁵⁵ “Emergency Meeting on Cuban Migrant Crisis Ends in Frustration,” *Latin News Daily*, November 25, 2015.

¹⁵⁶ U.S. Department of State, “Migration Talks with Cuba,” January 22, 2015.

cooperation and communication between both countries to confront illegal migration, alien smuggling, and immigration fraud. She also reiterated Cuba's position that the U.S. "wet foot/dry foot policy" and the CAA continue to encourage illegal immigration and alien smuggling and expressed opposition to the U.S. policy of trying to attract Cuban medical professionals in third countries to "abandon their missions."¹⁵⁷ U.S. officials have stated that there would be no changes to current immigration policy toward Cuba.¹⁵⁸

Cuban Travel Policy Changes. In January 2013, the Cuban government changed its long-standing policy of requiring an exit permit and a letter of invitation from abroad for Cubans to travel abroad. Cubans are now able to travel abroad with just an updated passport and a visa issued by the country of destination, if required. Under the change in policy, Cubans can travel abroad for up to two years without forgoing their rights as Cuban citizens. The practice of requiring an exit permit had been extremely unpopular in Cuba, and the government had been considering doing away with the practice for some time. According to the Department of State, the Cuban government still requires some individuals, such as high-level government officials, doctors, lawyers, and technicians, to obtain permission to travel.¹⁵⁹ In addition, some dissidents out on parole or facing court action reportedly have not been permitted to travel aboard, although many prominent dissidents have traveled abroad and returned to Cuba.

Effective August 1, 2013, the State Department made nonimmigrant B-2 visas issued to Cubans for family visits, tourism, medical treatment, or other personal travel valid for five years with multiple entries. Previously these visas had been restricted to single entry for six months, and an extensive visa interview backlog had developed at the U.S. Interests Section in Havana. State Department officials maintain that the change increases people-to-people ties and removes procedural and financial burdens on Cuban travelers.¹⁶⁰

Legislative Activity. In light of Cuba's new travel policy initiated in 2013 making it easier for Cubans to travel aboard and the Administration's efforts to normalize relations with Cuba, some analysts have raised questions as to whether the United States should review its policy toward Cuban migrants as set forth in the CAA.¹⁶¹ Some argue that the normalization of relations will make a special immigration policy for Cubans difficult to sustain.¹⁶² Some critics of current policy also argue that the law is being abused by some recent Cuban immigrants receiving U.S. benefits who travel back and forth between Cuba and the United States regularly.¹⁶³

¹⁵⁷ República de Cuba, Ministerio de Relaciones Exteriores, "Declaración de la Jefa de la Delegación de Cuba a Ronda Migratoria con Estados Unidos," January 21, 2015.

¹⁵⁸ "An Open Letter Concerning Illegal Migration into the United States," Department of Homeland Security documents, January 21, 2015; "U.S., Cuba Agree to Disagree About Migration," EFE News Service, January 21, 2015.

¹⁵⁹ U.S. Department of State, "Cuban Compliance with the Migration Accords (April 2015 to October 2015)," report to Congress, November 3, 2015.

¹⁶⁰ Mimi Whitfield, "U.S. Begins New Multiple-Entry Visa Program for Cuban Visitors," *Miami Herald*, August 1, 2013; Marc Frank, "Cubans Welcome New U.S. Visa Policy, Government Largely Silent," Reuters News, August 2, 2013; and U.S. Department of State, United States Interest Section, Havana, Cuba, "Important Notice: Increase in B-2 Visa Validity," available at http://havana.usint.gov/visa_appointment_information.html.

¹⁶¹ David Adams and Tom Brown, "Cuban Perks Under Scrutiny in U.S. Immigration Reform," Reuters News, February 8, 2013; Stephen Johnson "Recommendations for the New Administration: Interests, Policies, and Challenges in the Americas," Center for Strategic and International Studies, November 21, 2012; and Philip Peters, "Migration Policy Reform: Cuba Gets Started, U.S. Should Follow," Lexington Institute, December 2012.

¹⁶² Marc R. Rosenblum and Faye Hipsman, "Normalization of Relations with Cuba May Portend Changes to U.S. Immigration Policy," Migration Policy Institute, January 13, 2015.

¹⁶³ Lizette Alvarez, "Law Favoring Cuban Arrivals Is Challenged," *New York Times*, February 2, 2015. Also see a series of investigative reports by the *Florida SunSentinel*: Sally Kestin, Megan O'Matz, and John Maines, with Trace (continued...)

One initiative in the 114th Congress, H.R. 3818 (Gosnar), would repeal the Cuban Adjustment Act. The bill would also prohibit any funding to implement, administer, enforce, or carry out the Cuban Family Reunification Parole Program established in 2007. That program allows certain eligible U.S. citizens and lawful permanent residents to apply for parole for their family members in Cuba.¹⁶⁴

Anti-Drug Cooperation

Cuba is not a major producer or consumer of illicit drugs, but its extensive shoreline and geographic location make it susceptible to narcotics smuggling operations. Drugs that enter the Cuban market are largely the result of onshore wash-ups from smuggling by high-speed boats moving drugs from Jamaica to the Bahamas, Haiti, and the United States or by small aircraft from clandestine airfields in Jamaica. For a number of years, Cuban officials have expressed concerns over the use of their waters and airspace for drug transit and about increased domestic drug use. The Cuban government has taken a number of measures to deal with the drug problem, including legislation to stiffen penalties for traffickers, increased training for counternarcotics personnel, and cooperation with a number of countries on anti-drug efforts. Since 1999, Cuba's Operation Hatchet has focused on maritime and air interdiction and the recovery of narcotics washed up on Cuban shores. Since 2003, Cuba has aggressively pursued an internal enforcement and investigation program against its incipient drug market with an effective nationwide drug prevention and awareness campaign.

According to the State Department's 2015 *International Narcotics Control Strategy Report (INCSR)*, issued March 18, 2015, Cuba has a number of anti-drug-related agreements in place with other countries, including 36 bilateral agreements for counterdrug cooperation and 27 policing cooperation agreements. As reported in the *INCSR*, Cuba reported interdicting 1.5 metric tons of illegal narcotics in 2013, with the overwhelming majority consisting of wash-ups.¹⁶⁵

Over the years, there have been varying levels of U.S.-Cuban cooperation on anti-drug efforts. In 1996, Cuban authorities cooperated with the United States in the seizure of 6.6 tons of cocaine aboard the Miami-bound *Limerick*, a Honduran-flag ship. Cuba turned over the cocaine to the United States and cooperated fully in the investigation and subsequent prosecution of two defendants in the case in the United States. Cooperation has increased since 1999, when U.S. and Cuban officials met in Havana to discuss ways of improving anti-drug cooperation. Cuba accepted an upgrading of the communications link between the Cuban Border Guard and the U.S. Coast Guard as well as the stationing of a U.S. Coast Guard Drug Interdiction Specialist (DIS) at the U.S. Interests Section in Havana. The Coast Guard official was posted to the U.S. Interests Section in September 2000, and since that time, coordination has increased.

(...continued)

Eaton in Cuba, "U.S. Welfare Flows to Cuba," October 1, 2015; Megan O'Matz, Sally Kestin, and John Maines, "Cuban Retire to Florida – With Help from U.S. Taxpayers," October 1, 2015; and Megan O'Matz and Sally Kestin, "Florida Politicians Protect Special Status for Cubans," October 1, 2015, all available at <http://www.sun-sentinel.com/us-cuba-welfare-benefits/sfl-us-cuba-welfare-benefits-part-1-htmlstory.html>.

¹⁶⁴ U.S. Department of Homeland Security, U.S. Citizenship and Immigration Services, The Cuban Family Reunification and Family Parole (CFRP) Program, available at <http://www.uscis.gov/humanitarian/humanitarian-parole/cuban-family-reunification-parole-cfrp-program>.

¹⁶⁵ U.S. Department of State, *International Narcotics Control Strategy Report (INCSR)*, Volume I: Drug and Chemical Control, March 2015, section on Cuba, available at <http://www.state.gov/j/inl/rls/nrcrpt/2015/vol1/238961.htm>.

According to the 2015 *INCSR*, Cuban authorities and the U.S. Coast Guard share tactical information related to vessels transiting through Cuban territorial seas suspected of trafficking. It noted that the Cuban Border Guard (TGF) provides timely and detailed notifications of maritime smuggling incidents to the United States. Such cooperation has led to multiple interdictions. The State Department also asserted in the *INCSR* that “Cuba has demonstrated an increased willingness to apprehend and turnover U.S. fugitives and to assist in U.S. judicial proceedings by providing documentation, witnesses, and background for cases in U.S. state and federal courts.”

Cuba maintains that it wants to cooperate with the United States to combat drug trafficking and, on various occasions, has called for a bilateral anti-drug cooperation agreement with the United States.¹⁶⁶ In the 2011 *INCSR* (issued in March 2011), the State Department acknowledged that Cuba had presented the U.S. government with a draft bilateral accord for counternarcotics cooperation that is still under review. According to the State Department, “Structured appropriately, such an accord could advance the counternarcotics efforts undertaken by both countries.” This was reiterated in the *INCSR* reports for 2012 through 2014.

In the 2015 *INCSR*, the State Department maintained that the United States and Cuba held technical discussions on counternarcotics in April 2014 and shared information on trends and enforcement procedures. Looking ahead, the State Department contended that “enhanced communication and cooperation between the United States, international partners, and Cuba, particularly in terms of real-time information-sharing, would likely lead to increased interdictions and disruptions of illegal drug trafficking.”

U.S. Property Claims

An issue in the process of normalizing relations is Cuba’s compensation for the expropriation of thousands of properties of U.S. companies and citizens in Cuba. The Foreign Claim Settlement Commission (FCSC), an independent agency within the Department of Justice, has certified 5,913 claims for expropriated U.S. properties in Cuba valued at \$1.9 billion in two different claim programs; with accrued interest, the value of the properties would be some \$8 billion. In 1972, the FCSC certified 5,911 claims of U.S. citizens and companies that had their property confiscated by the Cuban government through April 1967, with 30 U.S. companies accounting for almost 60% of the claims.¹⁶⁷ In 2006, the FCSC certified two additional claims in a second claims program covering property confiscated after April 1967. Many of the companies that originally filed claims have been bought and sold numerous times. There are a variety of potential alternatives for restitution/compensation schemes to resolve the outstanding claims, but resolving the issue would likely entail considerable negotiation and cooperation between the two governments.¹⁶⁸

While Cuba has maintained that it would negotiate compensation for the U.S. claims, it does not recognize the FCSC valuation of the claims or accrued interest. Instead, Cuba has emphasized

¹⁶⁶ On March 12, 2002, Cuba’s Ministry of Foreign Affairs and the Cuban Interests Section in Washington delivered three diplomatic notes to the U.S. Interests Section in Havana and the State Department in Washington proposing agreements on drug interdiction, terrorism, and migration issues. See “Statement from the Ministry of Foreign Affairs: Prominent Drug Trafficker Arrested in Our Country,” Information Office, Cuban Interests Section, March 17, 2002; “Cuba Offers to Sign Anti-Drug Pact,” *Miami Herald*, April 8, 2006.

¹⁶⁷ “A Road Map for Restructuring Future U.S. Relations with Cuba,” policy paper, Atlantic Council, June 1995, Appendix D.

¹⁶⁸ Matías F. Travieso-Díaz, “Alternative Recommendations for Dealing with Expropriated U.S. Property in Post-Castro Cuba,” in *Cuba in Transition, Volume 12*, Association for the Study of the Cuban Economy, 2002.

using declared taxable value as an appraisal basis for expropriated U.S. properties, which would amount to almost \$1 billion, instead of the \$1.9 billion certified by the FCSC.¹⁶⁹ Moreover, Cuba has generally maintained that any negotiation should consider losses that Cuba has accrued from U.S. economic sanctions. In July 2014, Cuba estimated cumulative damages of the U.S. embargo at \$121 billion in current prices.¹⁷⁰

Several provisions in U.S. law specifically address the issue of compensation for properties expropriated by the Cuban government.¹⁷¹ Section 620(a)(2) of the Foreign Assistance Act of 1961 prohibits foreign assistance, a sugar quota authorizing the importation of Cuban sugar into the United States, or any other benefit under U.S. law until the President determines that the Cuban government has taken appropriate steps to return properties expropriated by the Cuban government to U.S. citizens and entities not less than 50% owned by U.S. citizens, or to provide equitable compensation for the properties. The provision, however, authorizes the President to waive its restrictions if he deems it necessary in the interest of the United States.

The LIBERTAD Act (P.L. 104-114) includes the property claims issue as one of the many factors that the President needs to consider in determining when a transition government is in power in Cuba and when a democratically elected government is in power. These determinations are linked, respectively, to the suspension and termination of the economic embargo on Cuba. For a transition government, as set forth in Section 205(b)(2) of the law, the President shall take into account the extent to which the government has made public commitments and is making demonstrable progress in taking steps to return to U.S. citizens (and entities that are 50% or more beneficially owned by U.S. citizens) property taken by the Cuban government on or after January 1, 1959, or to provide equitable compensation for such property. A democratically elected government, as set forth in Section 206 of the law, is one that, among other conditions, has made demonstrable progress in returning such property or providing full compensation for such property in accordance with international law standards and practice.

Section 103 of the LIBERTAD Act also prohibits a U.S. person or entity from financing any transaction that involves confiscated property in Cuba where the claim is owned by a U.S. national. The sanction may be suspended once the President makes a determination that a transition government is in power, and shall be terminated when the President makes a determination that a democratically elected government is in power.

On June 18, 2015, the House Western Hemisphere Subcommittee of the Committee on Foreign Affairs held a hearing on the property claims issue featuring former FCSC officials and U.S. claimants.¹⁷²

¹⁶⁹ Timothy Ashby, "U.S. Certified Claims Against Cuba: Legal Reality and Likely Settlement Mechanisms," *Inter-American Law Review*, March 2009.

¹⁷⁰ Michelle Nichols, "Cuba's Castro Slams U.S. Trade Embargo at United Nations," Reuters News, September 26, 2015; Republic of Cuba, Ministry of Foreign Relations, "On Resolution 69/5 of the United Nations General Assembly entitled 'Necessity of ending the economic, commercial and financial blockade imposed by the United States of American against Cuba,'" June 2015.

¹⁷¹ Other non-Cuba specific provisions of law relating to the expropriation of properties of U.S. citizens include Section 620(e) of the Foreign Assistance Act of 1961, which requires the President to suspend assistance to the government of any country that has expropriated property owned by U.S. citizens; and Section 12 of the International Development Association Act and Section 21 of the Inter-American Development Bank Act that require the President to instruct U.S. executive directors to oppose loans to any state that has nationalized, expropriated, or seized property owned by a U.S. citizen. For additional information, see CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*, by Dianne E. Rennack and Mark P. Sullivan.

¹⁷² Testimony from the hearing is available at [http://foreignaffairs.house.gov/hearing/subcommittee-hearing-future-\(continued...\)](http://foreignaffairs.house.gov/hearing/subcommittee-hearing-future-(continued...))

Outlook

Although any change to the government's one-party communist political system appears unlikely, Cuba is moving toward a post-Castro era. Raúl Castro has said that he would step down from power once his term of office is over in February 2018. Moreover, generational change in Cuba's governmental institutions has already begun. Under Raúl and beyond, the Cuban government is likely to continue its gradual economic policy changes, moving toward a more mixed economy with a stronger private sector, although it is uncertain whether the pace of reform will produce major improvements to the Cuban economy. The Cuban Communist Party's seventh congress, expected to be held in April 2016, will likely include an examination of the country's progress in implementing economic changes to date and additional forthcoming economic changes. The congress will also likely be the last presided over by Raúl Castro before his retirement as president in 2018.

The Obama Administration's shift in U.S. policy toward Cuba is opening up engagement with the Cuban government in a variety of areas. Economic linkages with Cuba will likely increase because of the policy changes, although to what extent is uncertain given that the overall embargo and numerous other sanctions against Cuba remain in place. The human rights situation in Cuba will remain a key U.S. concern. With diverse opinions in Congress over the Administration's policy shift, debate over many aspects of U.S. relations with Cuba is continuing in the 114th Congress, especially on U.S. economic sanctions on Cuba.

Legislative Initiatives in the 114th Congress

Legislative Action

H.R. 1735 (Thornberry), National Defense Authorization Act for Fiscal Year 2016. Introduced April 13, 2015; reported by House Committee on Armed Services, H.Rept. 114-102, May 5, 2015. House passed (269-151) May 15, 2015. Senate passed (71-25), with an amendment, June 18, 2015. Conference report (H.Rept. 114-270) filed September 29, 2015. House agreed (270-156) to conference October 1, 2015; Senate agreed (70-27) October 7, 2015. President vetoed measure October 22, 2015.

Section 1036 of the final enrolled bill would prohibit any FY2016 funding for the Department of Defense to be used to: (1) close or abandon the U.S. Naval Station at Guantanamo Bay, Cuba; (2) relinquish control of Guantanamo Bay to the Republic of Cuba; or (3) to implement a material modification to the Treaty Between the United States of America and Cuba signed at Washington, DC, on May 29, 1934, that constructively closes the U.S. Naval Station. Section 1036 would also require a report within 180 days from the Secretary of Defense assessing the military implications of United States Naval Station Guantanamo Bay, Cuba.

For final action, see S. 1356 below.

H.R. 2029 (Dent), Military Construction and Veteran Affairs and Related Agencies Appropriations Act, 2016. Introduced and reported (H.Rept. 114-92) by the House Appropriations Committee April 24, 2015. House passed (255-163) April 30, 2015. Senate Committee on

(...continued)

property-rights-cuba.

Appropriations reported (S.Rept. 114-57) its version of the bill May 21, 2015. Senate passed (93-0) November 10, 2015.

During April 29 House floor consideration, the House approved H.Amdt. 129 by voice vote, which would prohibit the use of funds to carry out the closure or transfer of the U.S. Naval Station at Guantanamo Bay, Cuba. The language became Section 515 of the House bill. The Senate version of the bill does not have a similar provision.

H.R. 2577 (Diaz-Balart). Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2016. Introduced and reported (H.Rept. 114-129) by the House Committee on Appropriations May 27, 2015. House passed (216-210) June 9, 2015. Reported by the Senate Committee on Appropriations June 25, 2015 (S.Rept. 114-75).

As approved by the House, Section 193 would provide that no funds in the bill could be used to facilitate scheduled flights to Cuba if they land or pass through property confiscated by the Cuban government. The amendment appears aimed at preventing the introduction of new regular scheduled air carrier service to Cuba, but it would not affect air charter service between the United States and Cuba. Section 414 would prevent funds in the bill from being used by the Federal Maritime Administration or the Administrator of the Maritime Administration to issue a license or certificate for a commercial vessel that docked or anchored within the previous 180 days within 7 miles of a port or property that was confiscated by the Cuban government. The provision appears aimed at impeding licensing for the establishment of passenger ferry/cruise service to Cuba. During June 4, 2015, House floor consideration, the House rejected H.Amdt. 404 (Lee) by a vote of 176-247, which would have prohibited the implementation or enforcement of the Cuba provisions. The Administration's statement of policy on the bill said that the Administration strongly objects to the two Cuba provisions "that would restrict flights and cruise ships from going to Cuba and would place unnecessary restrictions on options for educational, religious, or other permitted travel to Cuba."¹⁷³ The Senate version of the bill does not have Cuba sanctions provisions.

H.R. 2578 (Culberson). Commerce, Justice, Science and Related Agencies Appropriations Act, 2016. Introduced and reported (H.Rept. 114-130) by the House Committee on Appropriations May 27, 2015. House passed (242-183) June 3, 2015. Reported by the Senate Committee on Appropriations June 16, 2015 (S.Rept. 114-66).

As approved by the House, Section 540 would prohibit Commerce Department funds from being used to facilitate, permit, license, or promote exports to Cuba's Ministry of the Revolutionary Armed Forces (MINFAR), the Ministry of the Interior (MININT), any subsidiaries of these two ministries, and any officers of these ministries or their immediate family members. The provision would affect additional categories of exports to Cuba authorized as part of the Administration's policy change on Cuba. It would not affect the export of agricultural commodities, medicines, or medical goods permitted under TSRA. During June 3, 2015, House floor consideration, the House rejected H.Amdt. 308 (Farr), by a vote of 153-273, which would have struck Section 540 from the bill. The Administration's statement of policy on the bill said that the bill includes highly objectionable provisions, including nongermane foreign policy restrictions related to Cuba that prohibit funding "to facilitate, permit, license, or promote exports to the Cuban military or intelligence service."¹⁷⁴ The Senate version of the bill does not contain Cuba sanctions provisions.

¹⁷³ White House, Office of Management and Budget, Statement of Administration Policy on H.R. 2577, June 1, 2015.

¹⁷⁴ White House, Office of Management and Budget, Statement of Administration Policy on H.R. 2578, June 1, 2015.

H.R. 2772 (Granger)/S. 1725 (Graham). Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016. H.R. 2772 introduced and reported (H.Rept. 114-154) by the House Committee on Appropriations June 15, 2015. S. 1725 introduced and reported (S.Rept. 114-79) by the Senate Appropriations Committee July 9, 2015. Before consideration of the bill by the full House Appropriations Committee, the Administration wrote a letter to the chair and ranking Member of the committee on June 10, expressing serious concerns about the legislation. Among its concerns, the Administration maintained that the bill “includes provisions that would restrict Administration activities relating to Cuba, including the establishment or operation of a U.S. diplomatic presence in Cuba beyond what was in existence on December 17, 2014, interfering with the Executive Branch’s ability to make the best decisions consistent with our national security.”¹⁷⁵

Among the Cuba provisions in the bill:

- Section 7007 of both the House and Senate versions would continue to prohibit direct funding for the government of Cuba.
- Section 7015(f) of both the House and Senate versions would continue to require that foreign aid assistance for Cuba not be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.
- Section 7031(c) of the House bill would not allow for a waiver for restrictions against eligibility for entrance into the United States with respect to officials of the Cuban government and their immediate family members from Cuba (including members of the Cuban military and high-level officials of the Cuban Communist Party) whom the Secretary of State has credible information have been involved in significant corruption, including corruption related to the extraction of natural resources or a gross violation of human rights. The report to the House bill would direct the Secretary of State, for the purposes of implementing Section 7031(c) and applying Presidential Proclamation 7750,¹⁷⁶ to consider the confiscation of properties belonging to American companies by corrupt Cuban officials as having serious adverse effects on international activity of U.S. businesses and on the national interests of the United States. The Senate bill does not have a similar provision.
- Section 7045(c)(1) of the House bill would provide \$30 million to promote democracy and civil society in Cuba, \$10 million above the Administration’s request, and would provide that no funds could be obligated for business promotion, economic reform, entrepreneurship, or any other assistance that is not democracy-building as expressly authorized in the LIBERTAD Act. The report to the House bill would provide that not less than \$8 million of the \$30 million shall be for the National Endowment for Democracy; that remaining funds should be administered by the State Department’s Bureau of Democracy, Human Rights and Labor (DRL), Bureau of Western Hemisphere Affairs (WHA), and USAID; and that grants exceeding \$1 million shall be awarded only to organizations with

¹⁷⁵ White House, Office of Management and Budget, “Letter to the Chair and Ranking Member of the House Appropriations Committee with Respect to the FY2016 State, Foreign Operations, and Related Programs Appropriations Bill,” June 10, 2015.

¹⁷⁶ *Federal Register*, January 14, 2004, “Presidential Proclamation 7750 of January 12, 2004, to Suspend Entry as Immigrants or Nonimmigrants of Persons Engaged in or Benefitting from Corruption,” January 14, 2004. pp. 2287-2288.

- experience promoting democracy inside Cuba. Section 7045(c) of the Senate bill would provide \$15 million in ESF for Cuba democracy programs, and \$5 million in ESF (notwithstanding any other provision of law) for programs to support private Cuban entrepreneurs, except that no such assistance may be provided for the Cuban government. In addition, the report to the Senate bill stated that the committee expects a portion of the \$50.5 million to promote Internet freedom in section 7078 of the bill to be used to support Internet freedom in Cuba.
- Section 7045(c)(2) of the House bill would prohibit funding to establish an independent grantee organization to carry out any and all broadcasting and related programs to the Latin America and Caribbean region, including Cuba, or substantively alter the structure of the Office of Cuba Broadcasting. The report to the House bill recommended not less than \$28.130 million for the Office of Cuba Broadcasting, almost \$2.2 million less than the Administration's \$30.3 million request and \$1 million more than that provided in FY2015. During House Appropriations Committee consideration, an amendment offered by Representative Serrano to shift \$5 million from Cuba broadcasting to efforts to counter Russian media was rejected by a vote of 18-33. The report to the Senate bill, S. 1725 (S.Rept. 114-79), recommends \$27.130 million for OCB, and also does not support or include authority for the merger of OCB and VOA's Latin American Division.
 - Section 7045(c)(3) of the House version would prohibit funds for the establishment or operation of a U.S. diplomatic presence, including an Embassy, consulate, or liaison office in Cuba beyond that which was in existence prior to December 17, 2014, until the President determines and reports to Congress that the requirements and factors specified in Section 205 of the LIBERTAD Act (related to Cuba having a transition government) have been met. The Administration requested just over \$6 million for the conversion of the current U.S. Interests Section in Havana to an Embassy, pending the reestablishment of diplomatic relations. The Senate version does not have such a provision.

H.R. 2995 (Crenshaw)/S. 1910 (Boozman). Financial Services and General Government Appropriations, 2016. H.R. 2995 introduced and reported (H.Rept. 114-194) July 9, 2015. S. 1910 introduced and reported (S.Rept. 114-97) July 30, 2015. The House bills has three Cuba provisions that would block part of the Administration's policy shift on Cuba related to travel and the importation of goods from Cuba, and would introduce an additional sanction on financial transactions with Cuba. In contrast, the Senate bill has three provisions that would lift U.S. sanctions on Cuba related to travel, financing for U.S. agricultural exports, and shipping.

As introduced, H.R. 2995 has three Cuba provisions that would block some of the Administration's policy changes toward Cuba. The House Appropriations Committee approved a draft bill (30-20) on June 17, 2015. Before its approval, a Lowey amendment offered to remove various riders, including the Cuba provisions, was rejected by a vote of 19-31. Before consideration of the bill by the full House Appropriations Committee, the Administration wrote a letter to the chair and ranking Member of the committee on June 16, maintaining that the Administration "strongly opposes language in the bill affecting foreign relations with Cuba, including funding prohibitions on nonacademic educational exchanges." According to the letter, "This language would result in a reduction of people-to-people interactions and as such is counter

to the Administration's policy to increase overall travel and the flow of information and resources to private Cubans. This provision is an unwarranted restriction on purposeful travel to Cuba."¹⁷⁷

The three Cuba provisions in H.R. 2995 include the following:

- Section 130 would prohibit funding to approve, license, facilitate, authorize, or otherwise allow people-to-people educational travel to Cuba.
- Section 131 would prohibit funding to approve, license, facilitate, authorize, or otherwise allow the use, purchase, trafficking, or import of property confiscated by the Cuban government. The provision appears aimed at prohibiting the importation of alcohol and tobacco products by authorized U.S. travelers as accompanied baggage. In January 2015, the Obama Administration's new policy included the importation of no more than \$100 of tobacco and alcohol products combined as part of an overall limit of up to \$400 worth of goods from Cuba.
- Section 132 would prohibit funding to approve, license, facilitate, authorize, or otherwise allow financial transactions with Cuba's Ministry of the Revolutionary Armed Forces (MINFAR), the Ministry of the Interior (MININT), their subsidiaries, and any officers of these ministries or their immediate family members. The restrictions would not apply to financial transactions with respect to exports permitted under TSRA. This provision would introduce a new economic sanction that potentially could significantly impede U.S. financial transactions with Cuba given that the Cuban military, since the 1990s, has become increasingly involved in Cuba's economy and running numerous companies.

In contrast, S. 1910 has three Cuba provisions that would lift several U.S. sanctions on financing for U.S. agricultural exports, travel, and shipping. The provisions were approved as amendments during the Senate Appropriations Committee's July 23, 2015 markup of the bill.

- Section 638 of the bill would repeal the prohibition on financing agricultural sales to Cuba in TSRA, including the requirement that payment for such products shall be only be payment of cash in advance or financing by third country financial institutions. The provision was added by a Boozman amendment approved by the full committee by voice vote.
- Section 641 of the bill would lift restrictions on travel to Cuba. It would prevent any funding "to implement any law, regulation, or policy that prohibits or otherwise restricts travel, or any transaction incident to travel, to or from Cuba by any citizen or legal resident of the United States." The provision further states that any such law, regulations, or policy shall cease to have any force or effect on and after the date of the enactment of the act, but would not limit the authority of the President to restrict travel or any transaction incident to such travel, if the restriction is important to U.S. national security or to protect human health or welfare. The provision was added to the bill by a Moran amendment approved by a vote of 18-12.

¹⁷⁷ White House, Office of Management and Budget, Letter to the Chair and Ranking Member of the House Appropriations Committee with Respect to the FY2016 Financial Services and General Government Appropriations bill," June 16, 2015, available at <https://www.whitehouse.gov/sites/default/files/omb/legislative/letters/fy-16-house-fsgg-letter-rogers.pdf>.

- Section 642 of the bill would repeal a provision in the Cuban Democracy Act that prohibits a vessel that enters a Cuban port to engage in trade from loading or unloading any freight in the United States within 180 days after departing Cuba, except pursuant to a Treasury Department license. The provision was added to the bill by a Tester amendment approved by voice.

H.R. 3128 (Carter)/S. 1619 (Hoeven). Department of Homeland Security Appropriations Act, 2016. Introduced and reported (H.Rept. 114-215) by the House Appropriations Committee July 21, 2015. The full committee had approved the bill on July 14, 2015. Senate Appropriations Committee reported S. 1619 June 18, 2015 (S.Rept. 114-68). Section 559 of the House bill would prohibit funds in the bill from being used to approve, license, facilitate, authorize, or otherwise allow the trafficking or import or property confiscated by the Cuban government. The provision appears in part aimed at prohibiting the importation of alcohol and tobacco products by authorized U.S. travelers as accompanied baggage. Before consideration of the bill by the full House Appropriations Committee, the Administration wrote a letter to the committee expressing concern about “highly problematic ideological riders,” including “a provision that prohibits funds to be used allow property confiscated by the Cuban government to enter the United States.”¹⁷⁸ The Senate bill does not have Cuba sanctions provisions.

S. 1356 (Johnson)/H.Con.Res. 90 (Thornberry). S. 1356 was originally was introduced and passed in the Senate on May 14, 2015, as a bill amending the Border Patrol Agent Pay Reform Act of 2014, but the bill, combined with H.Con.Res. 90 (which directs the Secretary of the Senate to make a technical correction in the enrollment of S. 1356), became a vehicle for the National Defense Authorization Act for Fiscal Year 2016. The House approved S. 1356, amended (370-58) November 5, 2015. The Senate agreed (91-3) to the House amendment of S. 1356 November 10, 2015. The House passed H.Con.Res. 90 November 5; Senate passed, amended, November 10; House agreed to Senate amendment November 16, 2015. S. 1356 present to the President November 17, 2015. The Joint Explanatory Statement to accompany S. 1356 includes the same policy provision regarding the U.S. Naval Station at Guantanamo Bay, Cuba, that was in Section 1036 of the final enrolled version of H.R. 1735 discussed above. The provision would prohibit any FY2016 funding for the Department of Defense to be used to: (1) close or abandon the U.S. Naval Station at Guantanamo Bay, Cuba; (2) relinquish control of Guantanamo Bay to the Republic of Cuba; or (3) to implement a material modification to the Treaty Between the United States of America and Cuba signed at Washington, DC, on May 29, 1934, that constructively closes the U.S. Naval Station. The provision would also require a report within 180 days from the Secretary of Defense assessing the military implications of United States Naval Station Guantanamo Bay, Cuba.

Additional Bills and Resolutions

H.Res. 181 (King, NY). Among its provisions, the resolution would call for the immediate extradition or rendering to the United States of convicted felon William Morales and all other fugitives from justice who are receiving safe harbor in Cuba in order to escape prosecution or confinement for criminal offenses committed in the United States. Introduced March 26, 2015; referred to the Committee on Foreign Affairs.

¹⁷⁸ White House, Office of Management and Budget, “Letter to the Chair and Ranking Member of the House Appropriations Committee with Respect to the Fy2016 Department of Homeland Security Appropriations Bill,” July 13, 2015.

H.R. 274 (Rush). United States-Cuba Normalization Act of 2015. The bill would remove provisions of law restricting trade and other relations with Cuba; authorize common carriers to install and repair telecommunications equipment and facilities in Cuba and otherwise provide telecommunications services between the United States and Cuba; prohibit restrictions on travel to and from Cuba and on transactions incident to such travel; direct the U.S. Postal Service to take actions to provide direct mail service to and from Cuba; call on the President to conduct negotiations with the government of Cuba to settle claims of U.S. nationals for the taking of property by the Cuban government and for securing the protection of internationally recognized human rights; extend nondiscriminatory trade treatment to the products of Cuba; prohibit limits on remittances to Cuba; and rescind the designation of the Cuban government as a state sponsor of international terrorism. Introduced January 12, 2015; referred to the Committee on Foreign Affairs, in addition to the Committees on Ways and Means, Energy and Commerce, Judiciary, Financial Services, Oversight and Government Reform, and Agriculture.

H.R. 403 (Rangel). Free Trade with Cuba Act. The bill would remove provisions of law restricting trade and other relations with Cuba; authorize common carriers to install and repair telecommunications equipment and facilities in Cuba and otherwise provide telecommunications services between the United States and Cuba; prohibit restrictions on travel to and from Cuba and on transactions incident to such travel; direct the U.S. Postal Service to take actions to provide direct mail service to and from Cuba; and call on the President to conduct negotiations with the government of Cuba to settle claims of U.S. nationals for the taking of property by the Cuban government and for securing the protection of internationally recognized human rights. Introduced January 16, 2015; referred to the Committee on Foreign Affairs, in addition to the Committees on Ways and Means, Energy and Commerce, the Judiciary, Financial Services, Oversight and Government Reform, and Agriculture.

H.R. 570 (McCollum). Stop Wasting Taxpayer Money on Cuba Broadcasting Act. The bill would repeal the Radio Broadcasting to Cuba Act (22 U.S.C. 1465 et seq.) and the Television Broadcasting to Cuba Act (22 U.S.C. 1464aa et seq.). Introduced January 27, 2015; referred to the Committee on Foreign Affairs.

H.R. 634 (Rangel). Export Freedom to Cuba Act of 2015. The bill would provide that travel to and from Cuba by U.S. citizens and residents, and any transactions incident to such travel, shall not be regulated or prohibited. Introduced February 2, 2015; referred to the House Committee on Foreign Affairs.

H.R. 635 (Rangel). Promoting American Agricultural and Medical Exports to Cuba Act of 2015. Among its provisions, the bill would permanently redefine the term “payment of cash in advance” to mean that payment is received before the transfer of title and release and control of the commodity to the purchaser; authorize direct transfers between Cuban and U.S. financial institutions for products exported under the terms of TSRA; establish an export promotion program for U.S. agricultural exports to Cuba; permit nonimmigrant visas for Cuban nationals for activities related to purchasing U.S. agricultural goods; repeal a trademark sanction related to Cuba in a FY1999 omnibus appropriations measure (§211 of Division A, Title II, P.L. 105-277); prohibit restrictions on travel to Cuba; and repeal the onsite verification requirement for medical exports to Cuba under the CDA. Introduced February 2, 2015; referred to the Committee on Foreign Affairs, in addition to the Committees on Ways and Means, the Judiciary, Agriculture, and Financial Services.

H.R. 654 (Jolly). Naval Station Guantanamo Bay Protection Act. The bill would prohibit the modification, termination, abandonment, or transfer of the lease by which the United States acquired the land and waters containing Naval Station, Guantanamo Bay, Cuba, unless the President notifies Congress before, and after such notification, Congress enacts a law authorizing

that modification, termination, abandonment, or transfer. Introduced February 2, 2015; referred to the Committee on Foreign Affairs.

H.R. 664 (Sanford). Freedom to Travel to Cuba Act of 2015. The bill would prohibit the President from prohibiting or regulating travel to or from Cuba by U.S. citizens or legal residents, or any of the transactions incident to such travel, including banking transactions. Introduced February 2, 2015; referred to the Committee on Foreign Affairs.

H.R. 735 (Serrano). Cuba Reconciliation Act. The bill, among its provisions, would lift the trade embargo on Cuba. It would remove provisions of law restricting trade and other relations with Cuba; authorize common carriers to install and repair telecommunications equipment and facilities in Cuba and otherwise provide telecommunications services between the United States and Cuba; prohibit restrictions on travel to and from Cuba and on transactions incident to such travel; and direct the U.S. Postal Service to take actions to provide direct mail service to and from Cuba. Introduced February 4, 2015; referred to the Committee on Foreign Affairs, in addition to the Committees on Ways and Means, Energy and Commerce, Financial Services, the Judiciary, Oversight and Government Reform, and Agriculture.

H.R. 738 (Serrano). Baseball Diplomacy Act. The bill would waive certain prohibitions with respect to nationals of Cuba coming to the United States to play organized professional baseball. Introduced February 4, 2015; referred to the Committee on Foreign Affairs, in addition to the Committee on the Judiciary.

H.R. 1782 (Smith, NJ). Cuba Human Rights Act of 2015. Among its provisions, the bill would express the sense of Congress that the U.S.-Cuba relationship should not be changed, nor should any federal law or regulation be amended, until the Cuban government ceases violating the human rights of the Cuban people. Introduced April 14, 2015; referred to the Committee on Foreign Affairs.

H.R. 3306 (Rush). Promote Opportunities With Energy Resources for Cuba Act (or POWER Cuba Act). Would authorize the export of energy resources, energy technologies, and related services to Cuba. Introduced July 29, 2015; referred to the Committee on Energy and Commerce, and in addition to the Committee on Foreign Affairs.

H.R. 3687 (Crawford). Cuba Agricultural Exports Act. Introduced August 6, 2015; referred to the Committee on Foreign Affairs, and in addition, to the Committees on Financial Services and Agriculture. The bill would amend TSRA to permit U.S. government assistance for agricultural exports under TSRA, but not if the recipient assistance would be an entity controlled by the Cuban government; authorize the financing of sales of agricultural commodities; and authorize investment for the development of an agricultural business in Cuba as long as it is not controlled by the Cuban government or does not traffic in property of U.S. nationals confiscated by the Cuban government.

H.R. 3818 (Gosnar). Ending Special National Origin-Based Immigration Programs for Cubans Act of 2015. Introduced October 23, 2015; referred to the House Committee on the Judiciary. The bill would repeal the Cuban Adjustment Act (P.L. 89-732) and would prohibit any funding to implement, administer, enforce, or carry out the Cuban Family Reunification Parole Program established in 2007.

S.Res. 26 (Durbin). The resolution would commend Pope Francis for his leadership in helping to secure the release of Alan Gross and for working with the Governments of the United States and Cuba to achieve a more positive relationship. Introduced January 13, 2015; referred to the Committee on Foreign Relations.

S.Res. 226 (Cruz). Expresses the sense of the Senate the street in front of the Cuban Embassy in Washington, DC, should be designated as “Oswaldo Payá Way” in honor of the Cuban political and human rights activist. Introduced July 21, 2015; referred to the Committee on Homeland Security and Governmental Affairs.

S. 299 (Flake). Freedom to Travel to Cuba Act of 2015. The bill would prohibit the President from regulating travel to or from Cuba by U.S. citizens or legal residents, or any of the transactions incident to such travel, including banking transactions. Introduced January 29, 2015; referred to the Committee on Foreign Relations.

S. 491 (Klobuchar). Freedom to Export to Cuba Act of 2015. The bill would repeal or amend many provisions of law restricting trade and other relations with Cuba, including certain restrictions in the CDA, the LIBERTAD Act, and TSRA. Introduced February 12, 2015; referred to the Committee on Banking, Housing, and Urban Affairs.

S. 757 (Nelson)/H.R. 1627 (Issa). No Stolen Trademarks Honored in America Act. Identical bills would modify a 1998 prohibition (Section 211 of Division A, Title II, P.L. 105-277) on recognition by U.S. courts of certain rights to certain marks, trade names, or commercial names. The 1998 prohibition or sanction prevents trademark registrations and renewals from Cuban or foreign nations that were used in connection with a business or assets in Cuba that were confiscated, without the consent of the original owner. The bill would have applied a fix so that the sanction would have applied to all nationals and would bring the sanction into compliance with a 2002 World Trade Organization dispute settlement ruling. S. 757 introduced March 17, 2015; referred to Committee on the Judiciary. H.R. 1627 introduced March 25, 2015; referred to the Committee on the Judiciary.

S. 1049 (Heitkamp). Agricultural Export Expansion Act of 2015. The bill would amend TSRA to allow financing by U.S. persons of sales of agricultural commodities to Cuba. Introduced April 22, 2015; referred to the Committee on Banking, Housing, and Urban Affairs.

S. 1388 (Vitter)/H.R. 2466 (Rooney). Cuba Normalization Accountability Act of 2015. The bill, among its provisions, would require the President to submit a plan for resolving all outstanding claims relating to property confiscated by the government of Cuba before taking action to ease restrictions on travel to or trade with Cuba. S. 1388 introduced May 19, 2015; referred to the Committee on Banking, House, and Urban Affairs. H.R. 2466 introduced May 20, 2015; referred to the House Committee on Foreign Affairs.

S. 1389 (Udall)/ H.R. 3055 (Cramer). Cuba Digital and Telecommunications Advancement Act of 2015 (Cuba DATA Act). Among its provisions, the bill would authorize exportation of consumer communications devices to Cuba and the provision of telecommunications services to Cuba and repeal certain provisions of the Cuban Democracy Act of 1992 and the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996. S. 1389 introduced May 19, 2015; referred to the Senate Committee on Foreign Relations. H.R. 3055 introduced July 14, 2015; referred to the House Committee on Foreign Affairs and to the House Committee on Energy and Commerce.

S. 1489 (Rubio) H.R. 2937 (Nunes). Cuban Military Transparency Act. Section 4 would prohibit financial transactions with MINFAR or MININT, any agency or entity controlled by those two entities or which those entities own more than a 25% share, or senior members of those two ministries. Section 5 would include, in the State Department rewards program under the State Department Basic Authorities Act of 1956, rewards for information leading to the arrest or conviction in any country of any individual responsible for or aiding in the February 1996 attack on the aircraft of U.S. persons in international waters by the Cuban military. Section 6 would provide that the Attorney General shall seek to coordinate with the International Criminal Police Organization (INTERPOL) to pursue the location and arrest of U.S. fugitives in Cuba, including

current and former members of the Cuban military. Sections 7 and 8 would require reports to Congress on the role of MINFAR and MININT in the economy and foreign relationships of Cuba and on the use of confiscated property by these two entities. S. 1489 introduced June 3, 2015; referred to the Senate Committee on Foreign Relations. H.R. 2937 introduced June 25; referred to the House Committee on Foreign Affairs, and in addition to the Committee on Financial Services.

S. 1543 (Moran)/H.R. 3238 (Emmer). Cuba Trade Act of 2015. Among its provisions, the bill would repeal or amend many provisions of law restricting trade and other relations with Cuba, including in the CDA, the LIBERTAD Act, and TSRA. It would repeal restrictions on private financing for Cuba in TSRA, but continue to prohibit U.S. government foreign assistance or financial assistance, loans, loan guarantee, extension of credit, or other financing for export to Cuba, albeit with presidential waiver authority for national security or humanitarian reasons. The federal government would be prohibited from expending any funds to promote trade with or develop markets in Cuba, although certain federal commodity promotion programs would be allowed. S. 1543 introduced June 10, 2015; referred to the Committee on Banking, Housing, and Urban Affairs. H.R. 3238 introduced July 28, 2015; referred to the Committee on Foreign Affairs and in addition to the Committees on Ways and Means, Financial Services, and Agriculture.

S. 1705 (Burr)/ H.R. 2596 (Nunes). Intelligence Authorization Act for FY2016. S. 1705 introduced and reported (S.Rept. 114-83) by the Senate Select Committee on Intelligence July 7, 2015. Section 512 would require certain effort to replace and reduce the number of locally employed staff serving at U.S. diplomatic facilities in Cuba. Section 513 would provide that each diplomatic facility that is constructed or undergoes a construction upgrade in Cuba shall include a sensitive compartmented information facility. H.R. 2596 introduced June 1, 2015, and passed (247-178) June 16, 2015. The House bill does not have similar provision related to Cuba found in the Senate bill.

S. 1999 (Nelson). Caribbean Oil Spill Intervention, Prevention, and Preparedness Act. Introduced August 5, 2015; referred to the Committee on Commerce, Science, and Transportation. Among the bill's provisions, Section 201 would require the Administrator of the National Oceanic and Atmospheric Administration to develop and apply hydrodynamic modeling of the ocean currents and meteorological modeling of the Straits of Florida; and amend the National Marine Sanctuaries Act (16 U.S.C. 1935(b)) to require the Secretary of State to take appropriate action to negotiate oil pollution prevention and response and protection of the marine resources of the Gulf of Mexico and Straits of Florida. Section 202 would amend the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)) to require that a bidder for an oil or gas lease that is conducting oil or gas operations in the territorial sea, on the continental shelf, or within the exclusive economic zone of Cuba be denied an oil or gas leases unless the bidder submits an oil spill response plan for its Cuban operations that includes one or more worst-case scenario oil discharge plans, and evidence that the bidder has sufficient financial and other resources necessary for removal, response costs, and damages to respond to a worst-case-scenario oil discharge in its Cuba operations or that poses a substantial threat to enter the marine environment of the United States. Section 204 would require, not later than 180 days, the Secretary of the department in which the Coast Guard is operating to carry out an oil spill risk analysis and planning process for the development and implementation of oil spill response plans in the Straits of Florida and the Gulf of Mexico originating in waters beyond the territorial jurisdiction of the United States.

Appendix. Earlier Developments in 2015

On August 14, 2015, Secretary of State John Kerry visited Havana for a flag-raising ceremony at the U.S. Embassy that officially opened on July 20. This marked the first visit of a U.S. Secretary of State to Cuba since 1945.

On July 27, 2015, the State Department upgraded Cuba from Tier 3 to Tier 2 Watch List status when it released its 2015 Trafficking in Persons Report because of Cuba's progress in addressing and prosecuting sex trafficking and its commitments to reform its laws. Since 2003, Cuba had been on the Tier 3 list of countries whose governments do not comply with the minimum standards for combatting trafficking and are not making significant efforts to do so. (See the Cuba section of the State Department report, available at <http://www.state.gov/j/tip/rls/tiprpt/countries/2015/243423.htm>.)

On July 23, 2015, the Senate Committee on Appropriations approved three amendments to the Senate version of the FY2016 Financial Services and General Government appropriations bill (subsequently introduced as S. 1910 on July 30) that would lift restrictions on Cuba pertaining to financing for U.S. agricultural exports, travel, and shipping.

On July 20, 2015, the United States and Cuba reestablished diplomatic relations (54 years after they were severed) pursuant to a July 1 agreement announced by President Obama. On that day, the U.S. and Cuban Interest Sections in Washington, DC, and Havana, respectively, were converted to embassies.

On July 14, 2015, the House Appropriations Committee approved the FY2016 Homeland Security appropriations bill (subsequently introduced as H.R. 3128 on July 21) with a Cuba provision that would prohibit funds in the bill from being used to approve, license, facilitate, authorize, or otherwise allow the trafficking or import or property confiscated by the Cuban government. The provision appears in part aimed at prohibiting the importation of alcohol and tobacco products by authorized U.S. travelers as accompanied baggage.

On July 5, 2015, Cuban security forces detained almost 100 peaceful activists. The State Department expressed concern about Cuba's actions and maintained that it would continue to speak out about human rights violations.

On June 25, 2015, the State Department released its *Country Reports on Human Rights Practices for 2014*. In the section on Cuba, the State Department report expressed continued concern over the human rights situation, including "the use of government threats, extrajudicial physical assault, intimidation, violent government-organized counter-protests against peaceful dissent, and harassment and detentions to prevent free expression and peaceful assembly." (See the Cuba section of the human rights report, available at <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2014&dclid=236680>.)

On June 19, 2015, the Havana-based Cuban Commission on Human Rights and National Reconciliation estimated that the Cuban government currently holds 60 political prisoners, including almost two dozen opposition activists.

On June 18, 2015, the House Western Hemisphere Subcommittee of the Committee on Foreign Affairs held a hearing on U.S. property claims in Cuba dating back to the 1960s. (See testimony from the hearing, available at <http://foreignaffairs.house.gov/hearing/subcommittee-hearing-future-property-rights-cuba>.)

On June 17, 2015, the House Appropriations Committee approved (30-20) the FY2016 Financial Services appropriations bill, H.R. 2995, subsequently introduced and reported July 9, 2015, that

contains several Cuba policy provisions aimed at blocking aspects of the Administration's policy changes toward Cuba. The provisions include prohibitions against any funding for people-to-people educational trips; the use, purchase, trafficking, or import of property confiscated by the Cuban government; and financial transactions associated with the Cuban military or intelligence.

On June 11, 2015, the House Appropriations Committee approved the FY2016 State Department and Foreign Operations appropriations measure by voice vote, which was subsequently introduced as H.R. 2772 and reported (H.Rept. 114-154) on June 15. The bill contains several Cuba provisions, including the provision of \$30 million for democracy-building in Cuba (\$10 million above the Administration's request) and a prohibition against funding for the establishment or operation of a U.S. diplomatic presence in Cuba beyond that in existence prior to December 17, 2014.

On June 4, 2015, the House rejected H.Amdt. 404 to H.R. 2577, the FY2016 Transportation, Housing and Urban Development, and Related Agencies appropriations bill, by a vote of 176-247. The amendment would have prohibited the enforcement of two Cuba provisions in the bill aimed at blocking regular scheduled air service and ferry service to Cuba. The House subsequently approved H.R. 2577 on June 9, 2015.

On June 3, 2015, the House rejected H.Amdt. 308 to H.R. 2578, the FY2016 Commerce, Justice, and Science appropriations bill, by a vote of 153-273. The amendment would have struck a provision from the bill prohibiting funding to facilitate, permit, license, or promote exports to the Cuban military or intelligence service, but would not affect the licensed export of agricultural and medical goods. The House subsequently approved H.R. 2578 the same day.

On June 2, 2015, the U.S. International Trade Commission held a public hearing for an investigation examining the effects of restrictions on trade and travel to Cuba on the export of U.S. goods and services to the country.

On May 29, 2015, Secretary of State Kerry rescinded Cuba's designation as a state sponsor of terrorism 45 days after President Obama submitted a report to Congress justifying the rescission. No resolutions of disapproval had been introduced in Congress to block the rescission since the President issued a report to Congress on April 14 justifying the rescission.

On May 21-22, 2015, the fourth round of talks with Cuba on reestablishing diplomatic relations was held in Washington, DC.

On May 20, 2015, the Senate Committee on Foreign Relations held a hearing on the future of U.S.-Cuban relations that featured State Department officials. Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson testified that there has been practical cooperation with Cuba on issues such as maritime and aviation safety, telecommunications, and environmental cooperation. She noted that future discussion on law enforcement cooperation, along with ongoing migration talks, will expand avenues available to seek the return of U.S. fugitives from justice from Cuba. Jacobson also noted that there would be future talks on human rights and on settling U.S. property claims. (Hearing testimony is available at <http://www.foreign.senate.gov/hearings/052015a>.)

On May 11, 2015, Secretary of State Kerry dropped Cuba from the annual determination, pursuant to Section 40A of the Arms Export Control Act and due by May 15 of each year, identifying countries that are not fully cooperating with United States antiterrorism efforts. Cuba had been designated annually since the list was established in 1997.

On May 5, 2015, the Department of the Treasury issued licenses to several companies to operate ferry services between the United States and Cuba; the proposed services still require additional

U.S. and Cuban permits, but at least one company maintains that it could begin operations by the fall of this year.

On April 22, 2015, the Senate Committee on Agriculture, Nutrition, and Forestry held a hearing on “Opportunities and Challenges for Agricultural Trade with Cuba” (hearing testimony available at <http://www.ag.senate.gov/hearings/opportunities-and-challenges-for-agriculture-trade-with-cuba>).

On April 14, 2015, President Obama issued a report to Congress rescinding Cuba’s designation as a state sponsor of terrorism pursuant to three provisions of law—Section 6(j) of the Export Administration Act of 1979, Section 620A of the Foreign Assistance Act of 1961, and Section 40 of the Arms Export Control Act. As required by those laws, the President certified that the Cuban government “has not provided any support for international terrorism during the preceding 6-month period” and “has provided assurances that it will not support acts of international terrorism in the future.”

On April 11, 2015, President Obama and Cuban President Raúl Castro held a historic meeting on the sidelines of the seventh Summit of the Americas in Panama.

On April 1, 2015, a poll of Cuban Americans nationwide in March was released showing increased support for President Obama’s Cuba policy shift, with 51% maintaining that they supported efforts toward normalization compared to 44% in December 2014.

On March 31, 2015, U.S. and Cuban delegations met in Washington, DC, to discuss how they would proceed on a future human rights dialogue.

On March 24-26, 2015, a U.S. government delegation visited Cuba focusing on the development of telecommunications and Internet connections between the two countries.

On March 18, 2015, the State Department submitted its 2015 *International Narcotics Strategy Report (INCSR)* to Congress. In the report, the State Department stated that “enhanced communication and cooperation between the United States, international partners, and Cuba, particularly in terms of real-time information-sharing, would likely lead to increased interdictions and disruptions of illegal drug trafficking.”

On March 16, 2015, in Havana, Cuban and U.S. delegations held the third round of talks on reestablishing relations.

On March 10, 2015, the Broadcasting Board of Governors submitted its FY2016 budget request to Congress, with \$30.3 million requested for broadcasting to Cuba, about \$3.2 million over the amount appropriated in FY2015.

On February 27, 2015, the second round of talks to reestablish diplomatic relations was held in Washington, DC.

On January 22, 2015, the first round of U.S.-Cuban talks were held in Havana, with the U.S. delegation headed by Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson and the Cuban delegation led by Josefina Vidal, director of the North American division of Cuba’s Ministry of Foreign Relations.

On January 21, 2015, the United States and Cuba held semi-annual migrations talks in Havana on the implementation of the 1994/1995 migration accords.

On January 15, 2015, the Treasury and Commerce Departments issued amendments to the Cuban embargo regulations implementing President Obama’s new policy of increasing travel, commerce, and the flow of information to and from Cuba. (80 *Federal Register* 2286-2302, January 16, 2015.)

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