



Cuba: U.S. Policy Overview

Since the early 1960s, when the United States imposed a trade embargo on Cuba, the centerpiece of U.S. policy toward Cuba has consisted of economic sanctions aimed at isolating the government.

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

President Trump unveiled a new policy toward Cuba in 2017 introducing new sanctions and rolling back some of the Obama Administration's efforts to normalize relations. In 2019, the Administration has increased economic sanctions significantly to pressure the Cuban government on its human rights record and its support for the regime of Nicolás Maduro in Venezuela. These include actions announced on April 17, 2019, allowing lawsuits to go forward against those trafficking in property confiscated by the Cuban government and tightening restrictions on remittances and nonfamily travel to Cuba. With these actions, U.S. policy toward Cuba has again shifted to a policy of strong economic pressure. In response to the Trump Administration's increased pressures, Cuban President Miguel Díaz-Canel asserted "We Cubans do not surrender."

Cuban Political Developments. In April 2018, Díaz-Canel, who was serving as first vice president, succeeded Raúl Castro as president, but Castro continues to head the Cuban Communist Party until 2021. The selection of Díaz-Canel, now 58 years old, reflects the generational change in Cuban leadership that began several years ago and marks the first time since the 1959 Cuban revolution that a Castro is not in charge of the government. While in power from 2006 to 2018, Raúl Castro began to implement significant economic policy changes, moving toward a more mixed economy with a stronger private sector, but his government's slow, gradualist approach did not produce major improvements to the Cuban economy, which has experienced minimal growth in recent years.

In December 2018, President Díaz-Canel backtracked on implementing regulations that likely would have shrunk the private sector and slowed implementation of a controversial decree regulating artistic expression, actions that appeared to demonstrate his responsiveness to public criticism and

his independence from the previous government. Díaz-Canel continues to face two significant challenges—moving forward with economic reforms that produce results and responding to citizens' desires for greater freedom.

In February 2019, almost 87% of Cubans approved a new constitution in a national referendum. Among the changes are the addition of an appointed prime minister to oversee government operations; age and term limits on the president; and some market-oriented economic reforms, including the right to private property and the promotion of foreign investment. However, the new constitution ensures the state sector's dominance over the economy and the predominant role of the Communist Party.

Government-to-Government Engagement. With the restoration of relations in 2015, bilateral engagement increased significantly. U.S. and Cuban officials held seven Bilateral Commission meetings, the most recent in June 2018, to coordinate efforts on areas of engagement. Officials negotiated numerous bilateral agreements, including on such issues as environmental cooperation, direct mail, civil aviation, maritime navigation, agriculture, health, counternarcotics efforts, federal air marshals, cancer research, seismology, meteorology, wildlife conservation, animal and plant health, oil-spill preparedness and response, law enforcement cooperation, search and rescue, and the delimitation of the U.S.-Cuban maritime boundary in the eastern Gulf of Mexico. Bilateral dialogues were also held on these and other issues including counterterrorism, U.S. property claims, human rights, renewable energy and efficiency, trafficking in persons, migration, and cybersecurity. Given the current tensions in U.S.-Cuban relations, the future of bilateral cooperation is uncertain.

Trump Administration Sanctions. President Trump issued a national security presidential memorandum on Cuba in June 2017 that introduced new sanctions. These included restrictions on transactions with companies controlled by the Cuban military, and the elimination of people-to-people travel for individuals. To implement these changes, the Treasury and Commerce Departments amended the CACR and EAR in November 2017. The regulations require people-to-people travel to be under the auspices of an organization specializing in such travel and prohibit financial transactions with entities controlled by the Cuban military, intelligence, or security services.

The Department of State issued a list of "restricted entities" in November 2017, which was updated in November 2018, March 2019, and most recently April 24, 2019. Currently, the list includes 214 entities and subsidiaries, including 2 ministries, 5 holding companies (including GAESA) and 49 of their subsidiaries (including the Mariel Special Development Zone), 102 hotels (with 29 in Havana), 2 tourist agencies, 5 marinas, 10 stores in Old Havana, and 39 entities serving the defense and security sectors.

On April 5 and April 12, 2019, the Department of the Treasury imposed sanctions on six companies and five vessels that have transported Venezuelan oil to Cuba (39 other vessels that have transported Venezuelan oil were also sanctioned). Venezuela currently provides some 40,000-50,000 barrels of oil per day to Cuba, about one-third of its consumption.

On April 8, 2019, the Department of the Treasury scuttled an agreement between Major League Baseball and the Cuban Baseball Federation, announced in December 2018, which would have allowed Cuban baseball players to sign with U.S. teams directly. Trump Administration officials maintained that the Cuban Baseball Federation is part of the Cuban government and therefore no payments could be made to the federation under U.S. sanctions.

On April 17, 2019, the Administration announced significant new sanctions.

- Secretary of State Michael Pompeo announced that the Administration would, effective May 2, 2019, allow the right to file lawsuits against those trafficking in confiscated property in Cuba pursuant to Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114). Lawsuits can be brought by any U.S. national, including those who were not U.S. nationals at the time of the confiscation. (The first such lawsuits were filed in U.S. federal court in Miami against Carnival Corporation, the Miami-based cruise ship operator, on May 2, 2019.) Prior to this action, all Administrations had suspended, at six-month intervals, the right to file such lawsuits pursuant to the provisions of the law. Secretary Pompeo cited Cuba's repression of its own people and its support for the Maduro regime in Venezuela as reasons for the implementation of Title III. The European Union and Canada criticized the Administration's action, vowing to ban enforcement or recognition of any judgement, allow counterclaims in European and Canadian courts, and potentially seek action in the World Trade Organization.
- National Security Advisor John Bolton announced that the Department of the Treasury would make further regulatory changes to restrict nonfamily travel to Cuba, limit remittances to \$1,000 per person per quarter, and end the use of "U-turn transactions" (in which funds from a bank outside the United States may pass through one or more U.S. financial institutions before being transferred to a bank outside the United States).

Bolton began the Administration's strong criticism of Cuba for its support of Venezuela in a November 2018 speech in which he asserted that Cuba was responsible for enabling the Venezuelan regime's repression; in rhetoric reminiscent of the Cold War, he referred to Cuba, Venezuela, and Nicaragua as the "Troika of Tyranny" in the hemisphere and its leaders as the "three stooges of socialism." He has alleged that Cuba has 20,000 to 25,000 security forces in Venezuela, but some U.S. analysts say the number is far smaller. Press reports have indicated that the Central Intelligence Agency has concluded that Cuba has been far less involved in Venezuela and far less important than senior Administration officials believe. Cuba maintains that its 20,000 workers in Venezuela are providing healthcare other social services.

On April 30, 2019, President Trump threatened Cuba with "a full and complete embargo" and "highest-level sanctions" unless it stopped military support for Venezuela.

Continued Human Rights Concerns. Human rights violations in Cuba have remained a fundamental U.S. policy concern for many years. In October 2018, the U.S. Mission to the United Nations launched a campaign to call attention to Cuba's "estimated 130 political prisoners." In recent years, Cuba has shifted to using short-term detentions and harassment to repress dissent, with at least 5,155 such detentions in 2017 and 2,873 in 2018 (the lowest level since 2010) according to the Cuban Commission for Human Rights and National Reconciliation. In the first three months of 2019, there were 639 short-term detentions (about a 36% decline from the same period in 2018).

Injuries of U.S. Embassy Personnel in Havana.

According to the Department of State, 26 U.S. Embassy community members suffered a series of unexplained injuries, including hearing loss and cognitive issues (most occurred from November 2016 to August 2017, but two incidents occurred in May 2018.) The Department of State maintains that the U.S. investigation has not reached a definitive conclusion regarding the cause, source, or any kind of technologies that might have been used.

In September 2017, the Department of State ordered the departure of nonemergency personnel from the U.S. Embassy to minimize the risk of their exposure to harm; embassy staff was reduced by about two-thirds. In early October 2017, the Department of State ordered the departure of 15 diplomats from the Cuban Embassy in Washington, DC. According to then-Secretary of State Rex Tillerson, the action was taken because of Cuba's failure to protect U.S. diplomats in Havana and to ensure equity in the impact on diplomatic operations. Cuba strongly denies responsibility for the injuries. The staff reduction at the U.S. Embassy has affected embassy operations, especially visa processing, and has made bilateral engagement more difficult.

116th Congress. The 116th Congress has continued to provide funding for democracy assistance and U.S.-government sponsored broadcasting to Cuba. For FY2019, Congress appropriated \$20 million for democracy programs in Cuba and \$29.1 million for Cuba broadcasting in the Consolidated Appropriations Act, 2019 (P.L. 116-6, H.J.Res. 31, conference report H.Rept. 116-9) approved in February 2019. For FY2020, the Administration has requested \$6 million for Cuba democracy programs, a 70% cut from FY2019, and \$12.973 million for Cuba broadcasting, a 55% cut from FY2019.

For additional information, see CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress*; CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*; and CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*.

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