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INSIGHT

Cuba: Trump Administration Expands Sanctions

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Since April 2019, the Trump Administration has imposed a series of increasingly strong economic sanctions against Cuba, effectively ending the previous policy of engagement begun by the Obama Administration in 2014 that had eased some sanctions and moved toward the normalization of relations. As a result, U.S. policy toward Cuba again is centered on economic pressure aimed at influencing the Cuban government's behavior with regard to not only Cuba's human rights record but also its support to the Venezuelan regime of Nicolás Maduro. Congress traditionally has played an important role in shaping U.S. policy toward Cuba through legislation and oversight, but it has appeared divided over Cuba the past decade, with some favoring engagement and others favoring strong sanctions.

Background: Trump Administration Ratchets Up Sanctions in 2017

In June 2017, President Trump issued a national security presidential memorandum on Cuba rolling back the Obama Administration's efforts to normalize relations and introducing new sanctions, including restrictions on transactions with companies controlled by the Cuban military and the elimination of people-to-people educational travel for individuals. To implement these changes, the Treasury and Commerce Departments amended, respectively, the Cuban Assets Control Regulations (31 C.F.R. Part 515) and the Export Administration Regulations (15 C.F.R. Parts 740 and 746) in November 2017. The amended regulations required people-to-people travel to be under the auspices of an organization specializing in such travel and prohibited financial transactions with entities controlled by the Cuban military, intelligence, or security services that appear on a State Department-maintained list. The State Department first issued its "restricted list" of Cuban entities in November 2017 and has updated it several times, most recently in April 2019. The current list includes 214 entities and subentities, including more than 100 hotels.

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Trump Administration Ramps Up Sanctions in 2019

In 2019, the Administration has increased economic sanctions significantly:

- **Efforts to Stop Venezuelan Oil Exports to Cuba.** On April 5, April 12, and May 10, 2019, pursuant to Executive Order 13850 (related to U.S. sanctions on Venezuela), the Treasury Department imposed financial sanctions on eight shipping companies and seven vessels involved in transporting Venezuelan oil to Cuba. Cuba currently imports an estimated 40,000-50,000 barrels of oil per day (about one-third of its oil consumption) from Venezuela, down from 90,000-100,000 several years ago. Reduced oil imports from Venezuela already have negatively affected the Cuban economy; the curtailment of all Venezuelan oil imports would be a severe blow, since Cuba largely pays for the oil in-kind by providing personnel to Venezuela, mostly medical personal.
- **Lawsuits Related to Confiscated Property.** On April 17, 2019, Secretary of State Mike Pompeo announced that, effective May 2, 2019, the Administration would permit U.S. nationals 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). Any U.S. national, including those who were not U.S. nationals at the time of the confiscation, can bring a lawsuit. Prior to this action, all Administrations had suspended, at six-month intervals, the right to file such lawsuits in U.S. federal court pursuant to provisions of the law. Secretary Pompeo cited Cuba's repression of its own people and its support for the Maduro regime 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 their courts, and seek protection for their companies in the context of the World Trade Organization.

  To date, lawsuits have been filed against the Miami-based Carnival Corporation by descendants of two families who owned port facilities in Cuba confiscated in 1960 and against Cuba's state-owned oil company and a state-owned holding company by Exxon Mobil Corporation (formerly Standard Oil) for the expropriation of an oil refinery, product terminals, and service stations in 1960.
- **Restrictions on Travel and Forthcoming Restrictions on Remittances, "U-turn Transactions."** On April 17, 2019, National Security Adviser John Bolton announced that the Treasury Department 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" (which allow commerce in U.S. dollars involving Cuba or Cuba nationals to be processed through the U.S. financial institution via U.S. correspondent banks.) Effective June 5, 2019, the Treasury Department eliminated the travel category of people-to-people educational travel altogether and the Commerce Department prohibited cruise ships, private and corporate aircraft, sailboats, and fishing boats from going to Cuba, further blows to the Cuban economy.

On April 30, 2019, President Trump threatened a "full and complete embargo" on Cuba and "highest-level sanctions" unless Cuba ceased its military support for the Maduro regime. In a November 2018 speech, National Security Adviser Bolton asserted that Cuba was responsible for enabling the Venezuelan regime's repression. Bolton stated in numerous interviews that Cuba has some 20,000-25,000 security forces in Venezuela; regional experts say the figure is likely much smaller and that the Cubans there do not have combat capability. (Cuban officials assert that the vast majority of the roughly 20,000 Cuban personnel in Venezuela are medical workers.) In a May 5, 2019, television interview, Secretary Pompeo referred to a smaller number of 2,300 Cuban security personnel in Venezuela, maintaining they were providing security for Maduro; Pompeo also stated that "we're working with the Cubans" regarding the situation in Venezuela.

Critics of stronger sanctions on Cuba argue that such hardline measures will hurt the Cuban economy and people, including Cuba's emerging private sector, which has benefited from increased U.S. engagement, as well as current and future U.S. business interests in Cuba. They argue that stronger sanctions risk alienating U.S. allies who favor engagement. Supporters of stronger sanctions assert that only sustained economic pressure will influence the behavior of the Cuban government and foreign companies thinking about investing in confiscated property in Cuba. They also view Cuban support as a major factor helping prolong Venezuela's political crisis.

Also see CRS In Focus IF10045, *Cuba: U.S. Policy Overview*; CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress*; and CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*.