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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 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 (May 2015); the restoration of diplomatic relations (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 (2015 and 2016, accomplished through amendments to the Cuban Assets Control Regulations, administered by the Treasury Department, and the Export Administration Regulations, administered by the Commerce Department). The restoration of relations led to increased government-to-government engagement, with over 20 bilateral agreements negotiated and numerous bilateral dialogues.

President Trump unveiled a new policy toward Cuba in 2017, introducing new sanctions and rolling back some efforts to normalize relations. By 2019, the Trump Administration had largely abandoned engagement by increasing economic sanctions significantly to pressure the Cuban government for its human rights record and support for the government of Nicolás Maduro in Venezuela.

Cuban Political and Economic Developments. In April 2018, Miguel 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 59 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 economy, which has experienced minimal growth in recent years.

In February 2019, almost 87% of Cubans approved a new constitution in a national referendum. The changes include the addition of an appointed prime minister to oversee government operations; limits on the president's tenure (two five-year terms) and age (60, beginning first term); and market-oriented economic reforms, including the right to private property and 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. In October 2019, Cuba's National Assembly appointed Díaz-Canel as president under the new constitution. In December 2019, Díaz-Canel appointed tourism minister Manuel Marrero Cruz as prime minister, who reportedly will serve as the president's administrative right-hand man in implementing policy.

The Cuban economy is being hard-hit by both Venezuela's economic crisis, which has reduced Venezuela's support for Cuba and increased U.S. economic sanctions, and the economic shutdown in response to the Coronavirus Disease 2019 (COVID-19) pandemic. Before COVID-19, the Economist Intelligence Unit estimated the Cuban economy would contract 0.7% in 2020; now, it is projecting a more than 8% decline. The global contraction in economic growth, trade, foreign investment, and tourism likely will slow Cuba's post-COVID-19 economic recovery.

As of May 28, 2020, Cuba registered over 2,000 confirmed COVID-19 cases and 82 deaths (a mortality rate of 0.72 per 100,000 people, compared to 31.06 in the United States, according to Johns Hopkins University). Cuba has been providing international assistance to respond to the pandemic by sending some 2,300 medical professionals to more than 20 countries worldwide, including in Europe, Africa, and throughout the Caribbean and Central America.

The pandemic has led to increased calls, including by United Nations officials, for the United States to ease sanctions to make it less difficult for Cuba to acquire needed equipment, supplies, and medicines to confront the health crisis. U.S. officials responded by maintaining that U.S. sanctions allow for such exports providing humanitarian relief and assistance to the Cuban people.

Trump Administration Sanctions. President Trump issued a national security presidential memorandum in June 2017 that introduced new sanctions. These included the elimination of people-to-people travel for individuals and restrictions on transactions with companies controlled by the Cuban military. The State Department issued a list of "restricted entities" in 2017, which has been updated several times, most recently in November 2019. The list includes 223 entities and subentities, including 2 ministries, 5 holding companies and 49 of their subentities, 109 hotels, 2 tourist agencies, 5 marinas, 10 stores in Old Havana, and 41 entities serving defense and security sectors.

Since 2019, the Administration has imposed a series of sanctions against Cuba for its poor human rights record and its support for the Maduro government. The Administration also has targeted Cuba's foreign medical missions, a major foreign exchange earner for Cuba, for not addressing allegations of coercive labor practices. (Cuba's medical diplomacy, however, has generated political goodwill, including recent support during the COVID-19 pandemic).

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

- **Lawsuits Related to Confiscated Property.** Effective May 2, 2019, the Administration allowed the right to file lawsuits against those trafficking in confiscated property in Cuba pursuant to Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114). Lawsuits can be brought by any U.S. national, including those who were not U.S. nationals at the time of the confiscation. To date, some 25 lawsuits have been filed against U.S. and foreign companies, including cruise ship operators, airlines, travel booking companies, and hotels; several lawsuits have been dismissed by federal courts or by plaintiffs. Previous 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.
- **Restrictions on Travel and Remittances.** In June 2019, the Treasury Department eliminated people-to-people educational travel altogether, and the Commerce Department generally prohibited cruise ships, private and corporate aircraft, sailboats, and fishing boats from going to Cuba. In September 2019, the Treasury Department capped family remittances, which previously were not limited, to $1,000 per quarter and eliminated the category of donative remittances. The Transportation Department suspended commercial flights between the United States and Cuban cities other than Havana in December 2019; this was extended to charter fights in January 2020, which were later capped to 3,600 flights annually, effective June 2020.
- **Other Trade and Financial Sanctions.** In September 2019, the Treasury Department ended the use of *U-turn transactions*, which allowed banking institutions to process certain funds transfers originating and terminating outside the United States. In October 2019, the Commerce Department restricted Cuba's access to leased commercial aircraft; reimposed a 10% de minimis rule (from 25%) requiring a third country-based company exporting goods to Cuba with more than 10% U.S.-origin content to apply for a license; and imposed licensing requirements for the export of certain donated items to organizations controlled by the Cuban government or Communist Party and items for telecommunications infrastructure.
- **Visa Restrictions.** The State Department imposed visa restrictions on Raúl Castro in September 2019 for gross violations of human rights in Cuba and Venezuela. Further visa restrictions were imposed on Cuba's Interior Minister (November 2019) and Cuba's defense minister (January 2020) for gross human rights violations in Venezuela. In February 2020, the Spanish hotel chain Meliá confirmed its chief executive officer is prohibited from entering the United States pursuant to Title IV of the LIBERTAD Act, related to the trafficking of property confiscated in Cuba.

Continued Human Rights Concerns. Human rights violations in Cuba have remained a fundamental U.S. policy concern for many years. The human rights group Cuban Prisoners Defenders listed 134 political prisoners in May 2020, with 75 imprisoned for reasons of conscience. Amnesty International designated six individuals as prisoners of conscience in 2019, including independent journalist Roberto Quiñones, sentenced to one year in prison in August 2019. After six months of detention, José Daniel Ferrer, leader of the opposition Patriotic Union of Cuba (UNPACU), was released in April 2020; he remains under house arrest after receiving a 4½-year sentence on assault charges that critics assert were trumped up.

Injuries of U.S. Embassy Personnel in Havana. According to the State Department, 26 U.S. Embassy community members suffered a series of unexplained injuries, including hearing loss and cognitive issues (most incidents occurred in late 2016 and 2017, but two occurred in May 2018). The State Department maintains that the U.S. investigation has not reached a definitive conclusion regarding the cause or source of the injuries. Cuba strongly denies responsibility for the injuries. In September 2017, the State Department ordered the departure of nonemergency personnel from the U.S. Embassy to minimize the risk of their exposure to harm; embassy staff was reduced by about two-thirds. The staff reduction has affected embassy operations, especially visa processing.

116th Congress Action. The 116th Congress has continued to fund democracy assistance for Cuba and U.S.-government sponsored broadcasting to Cuba. For FY2019, Congress appropriated $20 million for democracy programs and $29.1 million for Cuba broadcasting (P.L. 116-6, H.Rept. 116-9). For FY2020, Congress appropriated $20 million for democracy programs and $20.973 million for Cuba broadcasting (P.L. 116-94, Division G); Division J of the law includes benefits for U.S. government employees and dependents injured while stationed in Cuba. The measure includes several Cuba reporting requirements in H.Rept. 116-78 and S.Rept. 116-126. Congress has begun consideration of the Administration's FY2021 budget request of $10 million for Cuba democracy programs and $12.973 million for Cuba broadcasting.

Among other bills, several would ease or lift U.S. sanctions: H.R. 213 (baseball); S. 428 (trade); H.R. 1898/S. 1447 (U.S. agricultural exports); H.R. 2404 (overall embargo); and H.R. 3960/S. 2303 (travel). H.R. 4884 would direct the Administration to reinstate the Cuban Family Reunification Parole Program. Several resolutions would express concerns regarding Cuba's foreign medical missions (S.Res. 14/H.Res. 136); U.S. fugitives from justice in Cuba (H.Res. 92/S.Res. 232); religious and political freedom in Cuba (S.Res. 215); and the release of UNPACU members (S.Res. 454 and H.Res. 774). S.Res. 531 would honor *Las Damas de Blanco* human rights organization, and H.Res. 971 would commemorate the 35th anniversary of broadcasting to Cuba. Also see CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress*.

Mark P. Sullivan, Specialist in Latin American Affairs

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