Cuba: U.S. Policy Overview

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

In 2014, the Obama Administration initiated a policy shift away from sanctions and toward engagement and the normalization of relations. Changes included the rescission of Cuba’s designation as a state sponsor of international terrorism (May 2015); the restoration of diplomatic relations (July 2015); and an easing of restrictions on travel, remittances, trade, telecommunications, and banking and financial services (2015 and 2016), accomplished through amendments to the Cuban Assets Control Regulations, administered by the Treasury Department, and the Export Administration Regulations, administered by the Commerce Department. The restoration of relations led to increased government-to-government engagement, with over 20 bilateral agreements and numerous dialogues.

President Trump unveiled his Administration’s Cuba policy in 2017, introducing new sanctions and rolling back efforts to normalize relations. By 2019, the Administration had largely abandoned engagement and, from 2019 to January 2021, significantly increased sanctions (see discussion below)—especially on travel and remittances—to pressure the Cuban government on human rights and for its support of the Venezuelan government of Nicolás Maduro.

Sanctions imposed under the Trump Administration remain in place to date under the Biden Administration. During the U.S. election campaign, Biden said he would reverse Trump Administration policies that harmed the Cuban people without advancing democracy and human rights. The White House press secretary said on March 9 that although a Cuba policy shift was not among the President’s top priorities, the Administration was “committed to making human rights a core pillar” of policy and “committed to carefully reviewing policy decisions made in the prior administration, including the decision to designate Cuba as a state sponsor of terrorism.”

Cuban Political and Economic Developments. In April 2018, Vice President Miguel Díaz-Canel succeeded Raúl Castro as president, and in April 2021, Díaz-Canel succeeded Castro as head of the Cuban Communist Party (PCC) at its eighth party congress. The departure of Castro and other older leaders from the PCC’s Politburo reflects the generational change in Cuban leadership that began several years ago. Even if Castro is gone from the political scene, the government’s slogan, Somos continuidad (We are continuity), signals that political change is unlikely. While in power 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. Cuba adopted a new constitution in 2019 that introduced some reforms but continued the state’s dominance over the economy and the PCC’s predominant political role.

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

Cuba’s public health response to the pandemic initially kept cases and deaths low, but both began to increase in late 2020 and have surged recently. As of May 12, 2021, the country reported 768 deaths and over 118,000 cases. Cuba has made progress on two vaccines it is developing, has begun trials that will cover 1.7 million people, and aims to have 70% of the population vaccinated by August 2021.

Cuba has a poor record on human rights, with the government sharply restricting freedoms of expression and other basic rights. As of May 3, 2021, the human rights group Cuban Prisoners Defenders reported 145 political prisoners (including 70 imprisoned for reasons of conscience and 40 under conditional release). Since November 2020, the government’s crackdown on the San Isidro Movement, a civil society group opposed to restrictions on artistic expression, has focused international attention on the poor human rights situation.

Trump Administration Sanctions. President Trump issued a national security presidential memorandum in June 2017 that introduced new sanctions, including restrictions on transactions with companies controlled by the Cuban military. The State Department issued a list of “restricted entities” in 2017, which was updated several times, most recently January 8, 2021. The “Cuba restricted list” includes 231 entities and subentities (ministries, holding companies, hotels, stores, and a wide variety of companies). The Administration imposed a series of sanctions, discussed below, and initiated a campaign highlighting allegations of coercive labor practices in Cuba’s medical missions abroad.

- **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 sanctioned Cuba’s state-run oil import/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. Previous Administrations had suspended, at six-month intervals, the right to file such lawsuits. To date, 40 lawsuits have been filed against U.S. and foreign companies, including cruise ship operators, airlines, travel booking companies, and hotels; several lawsuits have been dismissed.

- **Restrictions on Travel and Remittances.** In June 2019, the Treasury Department eliminated people-to-
  people educational travel and the Commerce
  Department generally prohibited cruiseships, private
  and corporate aircraft, sailboats, and fishing boats from
  going to Cuba. The Transportation Department
  suspended commercial flights to cities other than
  Havana in December 2019; charter flights to cities other
  than Havana in January 2020; and private charter flights
  to Havana in October 2020. In September 2020,
  Treasury prohibited U.S. travelers from staying at over
  400 hotels and privately owned residences identified by
  the State Department as owned or controlled by the
  Cuban government or by a prohibited government
  official or PCC Party member (or close relative).

  In September 2019, Treasury capped family remittances
  to $1,000 per quarter per Cuban national and eliminated
  the category of donative remittances. In 2020, the State
  Department added to its “Cuba restricted list” two
  Cuban companies that facilitate the processing of
  remittances. In November 2020, Treasury prohibited the
  processing of remittances through entities on the “Cuba
  restricted list.” This resulted in Western Union—the
  major financial services company used for transmitting
  remittances to Cuba—to cease its operations in Cuba.

- **Other Trade and Financial Sanctions.** In September
  2019, Treasury ended the use of U-turn transactions that
  had allowed banking institutions to process 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
  exporting certain donated items to organizations
  controlled by the Cuban government or PCC and items
  for telecommunications infrastructure.

- **Targeted Human Rights Sanctions.** The State
  Department imposed visa restrictions on Raúl Castro in
  September 2019 for human rights violations in Cuba and
  Venezuela. Further visa restrictions were imposed on
  Cuba’s Interior Minister in November 2019 (until his
  death in 2020) and Cuba’s defense minister in January
  2020 for human rights violations. Treasury imposed
  financial sanctions on the head of GAESA, a military
  holding company, in September 2020 and on the

- **Terrorism Designations.** In May 2020, the Secretary
  of State (pursuant to Section 40A of the Arms Export
  Control Act) added Cuba to the annual list of countries
certified as not cooperating fully with U.S. antiterrorism
  efforts, the first time since 2015. On January 11, 2021, the
  Secretary designated the Cuban government a state
  sponsor of international terrorism (the previous such
designation was rescinded in 2015). He cited Cuba’s
   harboring of several U.S. fugitives since the 1970s and
  of 10 leaders of Colombia’s National Liberation Army
  (a U.S.-designated foreign terrorist organization), who
  had traveled to Cuba in 2017 to engage in peace talks
  with the Colombian government. The economic
  sanctions associated with the terrorism designation are,
  in large part, redundant to other U.S. sanctions already
in effect. Nevertheless, a terrorism designation, requires
the Commerce Department to place Cuba on its most
restrictive export licensing list, which could impede
transactions related to technology. Some sectors,
seeking to avoid any perception of sanctions violations,
may become more risk averse in transactions with Cuba.

**Injuries of U.S. Embassy Personnel.** Between late 2016
and May 2018, 26 U.S. Embassy Havana community
members suffered a series of unexplained injuries,
including hearing loss and cognitive issues. The State
Department maintains the investigation into the injuries
has not reached a conclusion regarding the cause or source. On
December 5, 2020, the National Academies of Sciences,
Engineering, and Medicine released a report concluding the
most plausible mechanism for the source of the health
symptoms was directed pulsed radio frequency energy.

**117th Congress.** The Senate has approved two Cuba human
rights resolutions. On April 15, 2021, the Senate approved
S.Res. 37, expressing solidarity with the San Isidro
Movement, condemning attacks against artistic freedoms,
and calling for the repeal of laws that violate freedom of
expression and the release of arbitrarily detained artists,
journalist, and activists. On May 12, 2021, the Senate
approved S.Res. 81, honoring Las Damas de Blanco, a
woman-led nonviolent human rights group, and calling for
the release of all political prisoners in Cuba.

Other bills introduced to date are H.R. 287 and S. 689,
which would prohibit the rescission of Cuba’s designation
as a state sponsor terroristist until Cuba satisfies certain
conditions in the LIBERTAD Act (P.L. 104-114); S. 249,
which would lift sanctions and call for negotiations on
property claims and human rights; H.R. 198, which would
waive certain prohibitions with respect to Cuban nationals
coming to the United States to play organized professional
baseball; and H.R. 2684, which would establish a Cuban
family reunification parole program.

Also see CRS Insight IN11611, Cuba: Challenges for U.S.
Policymakers in 2021; CRS Report R45657, Cuba: U.S.
Policy in the 116th Congress and Through the Trump
Administration; and CRS Report RL31139, Cuba: U.S.
Restrictions on Travel and Remittances.

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