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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 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). The restoration of relations led to increased government-to-government engagement, with over 20 bilateral agreements negotiated and bilateral dialogues conducted in numerous areas of cooperation.

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 allowing lawsuits to go forward against those trafficking in property confiscated by the Cuban government and tightening restrictions on nonfamily travel to Cuba, including the termination of cruise ship travel to Cuba from the United States. With these actions, U.S. policy toward Cuba has again shifted to a policy of strong economic pressure. In response to the increased sanctions, 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 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 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 responsiveness to public criticism and independence from the previous government. Díaz-Canel continues to faces 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.

The Cuban economy is being hit hard by the increase in U.S. sanctions and by Venezuela's economic crisis, which has limited Venezuela's financial support to Cuba. The Cuban government reported that, as of July 2019, tourism arrivals had dropped by almost 24% compared to the previous year, hurting many restaurant and other private sector businesses supporting the tourist sector. The Economist Intelligence Unit forecasts that the economy will grow 0.6% in 2019 but contract by 0.2% in 2020.

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 Department of State issued a list of "restricted entities" in November 2017; it has been updated several times, most recently in July 2019. The list currently includes 218 entities and subentities, including 2 ministries, 5 holding companies and 49 of their subentities, 104 hotels, 2 tourist agencies, 5 marinas, 10 stores in Old Havana, and 41 entities serving the defense and security sectors.

In April and May 2019, the Department of the Treasury imposed sanctions on eight shipping companies and seven vessels that have transported Venezuelan oil to Cuba (39 other vessels transporting Venezuelan oil were 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.

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. The first of such lawsuits were filed against Carnival Corporation, the Miami-based cruise ship operator, by descendants of two families who owned port facilities in Cuba confiscated in 1960 and against Cuban state-owned companies by Exxon Mobil Corporation for the expropriation of an oil refinery, production terminals, and service stations in 1960.

Prior to the Trump Administration action on Title III, 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.

Also in April 2019, National Security Adviser John Bolton announced that future regulatory changes would 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). On June 5, 2019, the Department of the Treasury amended the CACR to eliminate the permissible travel category of people-to-people educational travel altogether, and the Commerce Department amended the EAR to generally prohibit cruise ships, private and corporate aircraft, sailboats, and fishing boats from going to Cuba.

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 and the forces do not have combat capability. At the end of April 2019, President Trump threatened Cuba with "a full and complete embargo" and "highest-level sanctions" unless it stops 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 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 Action. 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 requested $6 million for Cuba democracy programs, a 70% cut from FY2019, and $12.973 million for Cuba broadcasting, a 55% cut from FY2019. The House-passed FY2020 Department of State, Foreign Operations, and Related Programs (SFOPS) appropriations measure, Division D of the minibus H.R. 2740 (which references H.Rept. 116-78 to the House Appropriations Committee-reported SFOPS bill, H.R. 2839) would fully fund the Administration's request for Cuba broadcasting but would provide $20 million for Cuba democracy programs. H.Rept. 116-78 also would direct the State Department to submit a strategy to Congress to provide certainty for U.S. businesses legally operating in Cuba. According to the report, the strategy should include (1) how to ensure that engagement advances the interest of the U.S. and Cuban people, including encouraging the growth of Cuba's private sector; (2) the impact of the U.S. Embassy Havana staff reduction on embassy operations, including visa processing; and (3) a timeline for the safe return of embassy staff to previous levels.

Also see CRS Insight IN11120, *Cuba: Trump Administration Expands Sanctions* and CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress*.

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