



# Cuba: Issues for the 111<sup>th</sup> Congress

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## Summary

Cuba remains a hard-line communist state with a poor record on human rights. The country's political succession from the long-ruling Fidel Castro to his brother Raúl was characterized by a remarkable degree of stability. Fidel stepped down from power temporarily in July 2006 because of health reasons, and Raúl assumed provisional control of the government until February 2008, when he officially became President. After Raúl Castro officially assumed the presidency, his government announced a series of economic changes that included lifting restrictions on the sale of some electronic consumer products and cell phones. A major reform effort has focused on the agriculture sector in an effort to boost food production, but there has been disappointment that further reforms have not been forthcoming. The economy was hard hit by storms in 2008 that resulted in \$10 billion in damages, and the current global financial crisis is causing further strains. Few observers expect the government to ease its tight control over the political system, which is backed up by a strong security apparatus.

Since the early 1960s, U.S. policy has consisted largely of isolating Cuba through economic sanctions. A second policy component has consisted of support measures for the Cuban people, including private humanitarian donations, U.S.-sponsored broadcasting to Cuba, and support for human rights. In light of Fidel Castro's departure as head of government, many observers have called for a re-examination of policy. In this new context, two broad approaches have been advanced: an approach that would maintain the dual-track policy of isolating the Cuban government while providing support to the Cuban people; and an approach aimed at changing attitudes within the Cuban government and society through increased contact and engagement. In April 2009, President Obama announced that his Administration would allow unlimited family travel and remittances and greater telecommunications links; on September 3, 2009, the Treasury and Commerce Department issued regulations implementing these policy changes.

The 111<sup>th</sup> Congress took action on Cuba in several measures in 2009. In March, it approved three provisions in the FY2009 omnibus appropriations measure (P.L. 111-8) that eased sanctions on family travel, travel for the marketing of agricultural and medical goods, and payment terms for U.S. agricultural exports. In FY2010 omnibus appropriations legislation (P.L. 111-117) enacted in December, Congress eased payments terms for U.S. agricultural exports to Cuba during FY2010 by defining the term "payment of cash in advance," and provided continued funding for Cuba democracy programs and Radio and TV Martí broadcasting. In May, the Senate approved S.Res. 149, a human rights resolution related to freedom of the press.

Numerous other initiatives have been introduced that would ease sanctions: H.R. 188, H.R. 1530 and H.R. 2272 (overall economic sanctions); H.R. 874/S. 428 and H.R. 1528 (travel); H.R. 332 (educational travel); H.R. 1531/S. 1089 (U.S. agricultural and medical exports and travel); H.R. 1737 (agricultural exports); and S. 774, H.R. 1918, and S. 1517 (hydrocarbon resources). H.R. 1103/S. 1234 would modify a provision of law restricting the registration or enforcement of certain Cuban trademarks, while several bills cited above would eliminate the trademark sanction. Measures that would increase sanctions are H.R. 2005 (related to fugitives) and H.R. 2687 (OAS participation), while H.Con.Res. 132 calls for the fulfillment of certain democratic conditions before the United States increases trade and tourism to Cuba. Also see CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances* and CRS Report R40566, *Cuban Migration to the United States: Policy and Trends*.

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## Recent Developments

On December 16, 2009, President Obama signed into law the Consolidated Appropriations Act, 2010 (P.L. 111-117), with several Cuba provisions. These included defining the term “payment of cash in advance” for U.S. agricultural exports to Cuba; providing \$30.374 million for Cuba broadcasting (about \$2 million less than the request); and fully funding the Administration’s request for \$20 million in Cuba democracy funding.

On December 4, 2009, Cuban authorities arrested an American contractor working for Development Alternatives Inc., a Bethesda-based company that had received a contract from the U.S. Agency for International Development to help support Cuban civil society organizations. After repeated requests, U.S. consular officials were allowed to visit the American on December 28. (For more, see “December 2009 Detainment of American Contractor” below.)

On November 19, 2009, the House Committee on Foreign Affairs held a hearing on U.S. restrictions on travel to Cuba entitled “Is it Time to Lift the Ban on Travel to Cuba?” that featured former U.S. government officials and other private witnesses.

On November 18, 2009, Human Rights Watch issued a report criticizing Cuba’s human rights record under the government of Raúl Castro. According to the report, Raúl’s government has kept Cuba’s repressive machinery in place, with scores of political prisoners languishing in jail and the use of “draconian laws and sham trials to incarcerate scores more who have dared to exercise their fundamental freedoms.” (The full report is available at: <http://www.hrw.org/en/reports/2009/11/18/new-castro-same-cuba>)

On November 6, 2009, Cuban Internet bloggers Yoaní Sánchez, Orlando Luis Pardo, and Claudia Cadelo were intercepted by state security agents while walking to participate in a march against violence. Sánchez and Pardo were beaten in the assault. The Department of State issued a statement deploring the attack, and expressed its deep concern to the Cuban government for the incident.

On October 20, 2009, the Cuban government released Nelson Alberto Aguiar Ramírez from prison following a visit to Cuba by Spanish Foreign Minister Miguel Angel Moratinos. Aguiar Ramírez was a member of the “group of 75” imprisoned in Cuba’s 2003 crackdown; with his release, 53 of the original 75 remain imprisoned.

On September 17, 2009, the United States and Cuba held talks in Havana on resuming direct mail service between the two countries. The Department of State expressed satisfaction with the talks, which included discussion on issues related to the transportation, quality, and security of mail service. According to the State Department, both sides agreed that they would meet again after consultations with their governments.

On September 17, 2009, the Government Accountability Office (GAO) issued a report on the U.S. embargo on Cuba that outlined recent Administration changes to the embargo and discussed presidential and congressional authorities to ease the embargo. (U.S. GAO, “U.S. Embargo on Cuba: Recent Regulatory Changes and Potential Presidential or Congressional Action,” GAO-09-951R, September 17, 2009, available at: <http://www.gao.gov/new.items/d09951r.pdf>)

For earlier entries, see **Appendix A**.

Figure I. Map of Cuba



## Political Conditions

Raúl Castro officially became Cuba's President on February 24, 2008. On that day, Cuba's legislature selected him as President of the 31-member Council of State, a position that officially made him Cuba's head of government and state. Most observers expected this since he already had been heading the Cuban government on a provisional basis since July 2006 when his brother Fidel Castro, Cuba's long-ruling communist leader, stepped down as President because of poor health.<sup>1</sup>

For many years, Raúl, as First Vice President of the Council of State and the Council of Ministers, had been the officially designated successor and was slated to become chief of state with Fidel's departure. Raúl also had served as Minister of the Revolutionary Armed Forces (FAR) since the beginning of the Cuban Revolution. When Fidel stepped down from power in late July 2006 because of poor health, he signed a proclamation that ceded political power to Raúl on a provisional basis, including the positions of First Secretary of the Cuban Communist Party (PCC), Commander in Chief of the Revolutionary Armed Forces (FAR), and President of the Council of State. Despite the change in government in February 2008, Fidel still holds the official title of First Secretary of the PCC.

While it was not a surprise to observers for Raúl to succeed his brother Fidel as head of government, the selection of José Ramón Machado Ventura as the Council of State's First Vice President was a surprise. A physician by training, Machado is 77 years old, and is part of the older generation of so-called *históricos* of the 1959 Cuban revolution. He has been described as a hard-line communist party ideologue, and reportedly has been a close friend and confidant of Raúl for many years.<sup>2</sup> Machado's position is significant because it makes him the official successor to Raúl, according to the Cuban Constitution. Many observers had expected that Carlos Lage, one of five other Vice Presidents on the Council of State, would have been chosen as First Vice President. He was responsible for Cuba's economic reforms in the 1990s, and at 56 years of age, represents a younger generation of Cuban leaders.

Several key military officers and confidants of Raúl also became members of the Council, increasing the role of the military in the government. General Julio Casas Regueiro, 72 years of age, who already was on the Council, became one of its five vice presidents. Most significantly, Casas, who had been first vice minister in the FAR, was selected by Raúl as the country's new Minister of the FAR, officially replacing Raúl in that position. Casas also is chairman of GAESA (Grupo de Administracion Empresarial, S.A.), the Cuban military's holding company for its extensive business operations. Two other military appointments to the Council were Gen. Alvaro López Miera, the army's chief of staff, and Gen. Leopoldo Cintra Frías, who commanded the Western army, one of Cuba's three military regions.<sup>3</sup>

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<sup>1</sup> For more on Cuba's political succession, see CRS Report RS22742, *Cuba's Political Succession: From Fidel to Raúl Castro*, by Mark P. Sullivan.

<sup>2</sup> Daniel Dombey, Richard Lapper, and Andrew Ward, "A Family Business, Cuban-Americans Look Beyond the Havana Handover," *Financial Times*, February 27, 2008.

<sup>3</sup> Pablo Bachelet, "New Cuban Leader Adds Military Loyalists to Team," *Miami Herald*, February 25, 2008.

Since Fidel stepped down from power in 2006, Cuba's political succession from Fidel to Raúl Castro has been characterized by a remarkable degree of stability. Although initially there were not any significant economic changes under Raúl, there were signs that changes could be coming. In a July 2007 speech, Raúl maintained that structural changes were needed in the Cuban economy in order to increase efficiency and production. In his first speech as President in February 2008, Raúl promised to make the government smaller and more efficient, to review the potential revaluation of the Cuban peso, and to eliminate excessive bans and regulations that curb productivity.<sup>4</sup> Since March 2008, the government has implemented a number of economic changes that from the outside might not seem significant, but are noteworthy policy changes for a government that has heretofore followed a centralized communist economic model. (See "Economic Changes Under Raúl" below.)

While additional economic changes under Raúl Castro are likely, few expect there will be any change to the government's tight control over the political system, which is backed up by a strong security apparatus. Some observers point to the reduced number of political prisoners, from 283 at the beginning of 2007 to around 205 at the beginning of 2009, as evidence of a lessening of repression, but dissidents maintain that the overall situation has not improved. Some observers contend that if the new government of Raúl Castro becomes more confident of ensuring social stability and does not feel threatened, it could move to soften its hard repression, but for now the government is continuing its harsh treatment of the opposition. The selection of José Ramón Machado as First Vice President also appears to be a clear indication that the Cuban government has no intention of easing tight control over the political system.

In early 2009, there were numerous press reports about a setback in Fidel Castro's health, but by late January 2009 new reports and photos of Castro with visiting Argentine President Cristina Fernández de Kirchner dispelled rumors that he was on his deathbed. Fidel did note in one of his published essays ("Reflections of the Commander") on January 22, 2009, that he had reduced the number of essays so as not to interfere with the authority of party or government officials, and insisted that they should not feel bound by his occasional writings or even his state of health or death. Castro also maintained that he does not expect to be in such a position to meditate or write about events when Obama's first term has ended.<sup>5</sup>

The PCC's sixth congress was expected to be held at end of 2009 (the last was held in 1997), but in late July 2009, the PCC indefinitely postponed plans to hold it; some observers expect the congress is likely to be held at the end of 2010. Raúl Castro justified the delay by saying that additional and extensive preparation was needed for the meeting. Some observers maintain that Cuba's poor economic situation prompted the postponement of the congress, which was supposed to deal with potential economic changes. Some analysts had speculated that Fidel Castro would be officially replaced as head of the party during the congress, and that it was likely that some of the PCC's 25-member Political Bureau (Politburo) would also be replaced.

Some analysts maintain that once Fidel is gone, hardliners in Cuba's political system will have a more difficult time holding back the advance of needed economic reforms.<sup>6</sup> Some maintain that Raúl will be liberated to move more quickly to usher in needed economic reforms, although few

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<sup>4</sup> "Cuba: Full Text of Raúl Castro's National Assembly Address," *Cubavisión*, Havana (as translated by Open Source Center) February 24, 2008.

<sup>5</sup> "Text of Fidel Castro's Online Essay," *Associated Press Newswires*, January 22, 2009.

<sup>6</sup> Frances Robles, "Raúl Castro May Usher in More Economic Reforms," *Miami Herald*, January 15, 2009.

observers believe that the Cuban leader will take any actions that could threaten the stability of the communist government. Some observers also do not expect Raúl Castro to serve another term as President, and believe that the government will pass to a younger generation after the next National Assembly election and selection of a new President in early 2013.

## March 2009 Government Shake-Up

In early March 2009, President Raúl Castro orchestrated a government shake-up that combined four ministries into two and ousted a dozen high-ranking officials, most notably including Foreign Minister Felipe Pérez Roque, Council of Ministers Secretary Carlos Lage, and Minister of Economy and Planning José Luis Rodríguez García. The streamlining combined the portfolios of food and fishing into one ministry and the foreign investment and trade portfolios into another ministry. Changes in the bureaucracy had been anticipated since February 2008 when Raúl Castro vowed to make the government smaller and more efficient, but the ouster of both Felipe Pérez Roque and Carlos Lage, who lost all their government and party positions, caught many observers by surprise. Pérez Roque was replaced by career diplomat Bruno Rodríguez Parrilla, who served for eight years (1995-2003) as Cuba's UN Ambassador and most recently served as vice foreign minister. Carlos Lage, who most significantly lost his position as a Vice President of the Council of State, was replaced by military General José Amado Guerra who had worked for Raúl Castro as secretary of the FAR.

What was unexpected about the simultaneous ouster of both Pérez Roque and Lage was that they represented different tendencies within Cuba's communist political system. Pérez Roque, a former private secretary to Fidel, was known as a hardliner, while Carlos Lage, who was responsible for Cuba's limited economic reforms in the 1990s, was viewed as a potential economic reformer. Some observers maintain that the ouster of both Pérez Roque and Lage was a move by Raúl to replace so-called Fidelistas with his own supporters. Fidel, however, wrote in one of his reflections in the Cuban press that both officials had been seduced by ambitions for power, and that a majority of the other officials who were replaced by Raúl had not originally been appointed by Fidel.<sup>7</sup> Along these lines, a number of observers maintain that the ouster of Pérez Roque and Lage had more to do with removing potential contenders for power in a post-Castro Cuba.

What appears clear from the recent government shake-up is that Raúl Castro has begun to put his mark on the Cuban government bureaucracy. Some observers contend that Raúl is moving forward with his pledge to make the government more efficient. According to this view, ideology did not play a role in the appointments, and several of those brought in as ministers were relatively unknown technocrats.<sup>8</sup>

The new appointments also continued the trend toward bringing more military officials into the government. In addition to Gen. José Amado Guerra becoming Secretary of the Council of Ministers, another military official, General Salvador Pardo Cruz, became Minister of the Steelmaking Industry. Three other military officials already head the ministries of the FAR, Interior, and Agriculture.

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<sup>7</sup> According to Fidel, "The sweetness of power for which they had made no sacrifice awoke in them ambitions that led them to an unworthy role. The external enemy was filled with illusion about them." See Reflections of Fidel, "Health Changes within the Council of Ministers," from *CubaDebate* as translated by *Granma International*, March 3, 2009.

<sup>8</sup> Frances Robles, "Cuban Government Undergoes Massive Restructuring," *Miami Herald*, March 3, 2009.

## **Background to the Succession**

Until Fidel stepped down in 2006, he had ruled the island nation since the 1959 Cuban Revolution, which ousted the corrupt government of Fulgencio Batista. In April 1961, Castro stated that the Cuban Revolution was socialist, and in December 1961, he proclaimed himself to be a Marxist-Leninist. From 1959 until 1976, Castro ruled by decree. A Constitution was enacted in 1976 setting forth the PCC as the leading force in state and society, with power centered in a Political Bureau headed by Fidel Castro. In October 1997, the Cuban Communist Party held its 5<sup>th</sup> Congress (the prior one was held in 1991) in which the party reaffirmed its commitment to a single party state and reelected Fidel and Raúl Castro as the party's first and second secretaries.

Cuba's Constitution also outlines national, provincial, and local governmental structures. Legislative authority is vested in a National Assembly of People's Power that meets twice annually for brief periods. When the Assembly is not in session, a Council of State, elected by the Assembly, acts on its behalf. According to Cuba's Constitution, the President of the Council of State is the country's head of state and government. Executive power in Cuba is vested in a Council of Ministers, also headed by the country's head of state and government, i.e. the President of the Council of State. From the promulgation of the 1976 Constitution until February 24, 2008, Fidel served as served as head of state and government through his position as President of the Council of State.

Although National Assembly members were directly elected for the first time in February 1993, only a single slate of candidates was offered. Direct elections for the National Assembly were again held in January 1998 and January 2003, but voters again were not offered a choice of candidates. In contrast, municipal elections at the local level are competitive, with from two to eight candidates. To be elected, the candidate must receive more than half of the votes cast. As a result, runoff elections between the two top candidates are common.

National Assembly elections were held on January 20, 2008 (along with elections for 1,201 delegates to 14 provincial assemblies), and Fidel Castro was once again among the candidates elected to the now 614-member legislative body. As in the past, voters were only offered a single slate of candidates.

On February 24, 2008, the new Assembly was scheduled to select from among its ranks the members of the Council of State and its President. Many observers speculated that because of his poor health, Fidel would choose not be re-elected as President of the Council of State, which would officially confirm his departure from heading the Cuban government. Statements from Castro himself in December 2007 hinted at his potential retirement. That proved true on February 19, 2008, when Fidel announced that he would not accept the position as President of the Council of State, essentially confirming his departure as titular head of the Cuban government.

Before Fidel stepped down from power in July 2006 for health reasons, observers discerned several potential scenarios for Cuba's future after Fidel. These fit into three broad categories: the continuation of a communist government; a military government; or some type of democratic government, whether it be a democratic transition or fully democratic government. According to most observers, the most likely scenario, at least in the short term, was the continuation of the regime under the leadership of Raúl. This was likely for a variety of reasons, but especially because of Raúl's designation by Fidel as successor in the party and his position as leader of the FAR. The FAR has been in control of the government's security apparatus since 1989 and has played an increasing role in Cuba's economy through the ownership of numerous business

enterprises. The scenario of a military-led government was viewed by some observers as a possibility only if a successor communist government failed because of divisiveness among leaders or political instability. For many observers, the least likely scenario upon Fidel's death or departure was a democratic transition government. With a strong totalitarian security apparatus, the Castro government successfully impeded the development of independent civil society, with only a small and tightly regulated private sector, no independent labor movement, and no unified political opposition.<sup>9</sup>

## **Human Rights**

### **Overview**

Cuba has a poor record on human rights, with the government sharply restricting freedoms of expression, association, assembly, movement, and other basic rights. It has cracked down on dissent, arrested human rights activists and independent journalists, and staged demonstrations against critics. Although some anticipated a relaxation of the government's oppressive tactics in the aftermath of the January 1998 visit of Pope John Paul II, government attacks against human rights activists and other dissidents have continued since that time. The Inter-American Commission on Human Rights maintained in its 2008 annual human rights report that the Cuban government's "restrictions on political rights, freedom of expression, and dissemination of ideas have created, over a period of decades, a situation of permanent and systematic violations of the fundamental rights of Cuban citizens, which is made notably worse by the lack of independence of the judiciary."<sup>10</sup>

According to the State Department's human rights report for 2008, issued in February 2009, the Cuban government continued to commit numerous serious abuses during the year. Among the human rights problems cited in the State Department report were arbitrary arrest and detention of human rights advocates and members of independent professional organizations; harassment, beatings, and threats against political opponents by government-recruited mobs, police, and state security officials; beatings and abuse of detainees and prisoners; denial of fair trial; harsh and life-threatening prison conditions, including denial of medical care; and interference with privacy, including pervasive monitoring of private communications. As noted in the report, the government tightly controlled Internet access, with citizens only accessing it through government-approved institutions or through a few Internet facilities offered by foreign diplomatic offices. The government reviewed and censored e-mail. (See the full State Department human rights report on Cuba, available at <http://www.state.gov/g/drl/rls/hrrpt/2008/wha/119155.htm>.)

In November 2009, Human Rights Watch issued a report criticizing Cuba's human rights record under the government of Raúl Castro. According to the report, Raúl has kept Cuba's repressive machinery in place, with scores of political prisoners languishing in jail and the use of "draconian

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<sup>9</sup> For further discussion of potential Cuban political scenarios in the aftermath of Fidel Castro's stepping down from power in 2006 because of poor health, see CRS Report RL33622, *Cuba's Future Political Scenarios and U.S. Policy Approaches*, by Mark P. Sullivan

<sup>10</sup> Organization of American States, Inter-American Commission on Human Rights, "Annual Report of the IACHR 2008," February 25, 2009, "Chapter IV, Cuba" available at: <http://www.cidh.oas.org/annualrep/2008eng/Chap4.c.eng.htm>

laws and sham trials to incarcerate scores more who have dared to exercise their fundamental freedoms.” In particular, the report notes that the Cuban government has relied on a “dangerousness” provision of the Cuban criminal code that allows the state to imprison individuals before they have committed a crime.<sup>11</sup>

In March 2003, the government conducted a severe crackdown and imprisoned 75 democracy activists, including independent journalists and librarians and leaders of independent labor unions and opposition parties. At present, 53 of the “group of 75” political prisoners remain incarcerated. In October 2009, one of the 75 detainees, Nelson Alberto Aguiar Ramírez, who had been sentenced to 13 years in prison, was released following a visit to Cuba by Spanish Foreign Minister Miguel Angel Moratinos. In January 2009, detainee Reynaldo Labrada Pena who had worked with the Varela Project was released from prison after completing his sentence. In February 2008, Cuba released four political prisoners—union activist Pedro Pablo Alvarez Ramos, human rights activist Omar Pernet Hernández, and journalists Jose Gabriel Ramón Castillo and Alejandro González Raga—but sent them into forced exile to Spain. Prior to that, Hector Palacios was released for health reasons in December 2006.

In July 2009, the independent Cuban Commission on Human Rights and National Reconciliation (CCDHRN) documented at least 208 political prisoners, up slightly from the 205 prisoners documented in January 2009. The 2009 figures reflect a decline from previous years when the Commission estimated at least 283 prisoners at the beginning of 2007 and 333 at the beginning of 2006. Despite the reduction in the number of prisoners, human rights activists maintain that the overall situation has not improved. As noted in the Commission’s most recent report, the government has adopted low-profile tactics of political repression against human rights activists over the past six years, including systematic arrests over several hours or a few days, threats, and other forms of harassment. According to the report, Cuba has the worst situation of civil, political, and economic rights in the hemisphere. The report estimated that tens of thousands of phones are wiretapped without proper judicial authorization every day in Cuba, and that mail from overseas is routinely examined.<sup>12</sup>

In February 2008, Cuba signed two U.N. human rights treaties: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights. Some considered this a positive step, but others stressed that it remains to be seen whether the Cuban government will take action to guarantee civil and political freedoms.<sup>13</sup> One significant step taken by the government in late March 2008 was the lifting of a ban on Cubans staying at tourist hotels. Although few Cubans will be able to afford the cost of staying in such hotels, the move is symbolically significant and ends the practices of what critics had dubbed “tourism apartheid.”

In April 2003, a human rights group known as the Ladies in White (Damas de Blanco) was formed by the wives, mothers, daughters, sisters, and aunts of the members of the “group of 75” dissidents arrested a month earlier in Cuba’s human rights crackdown.<sup>14</sup> The group conducts

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<sup>11</sup> “New Castro, Same Cuba: Political Prisoners in the Post-Fidel Era,” Human Rights Watch, November 2009, available at: <http://www.hrw.org/en/reports/2009/11/18/new-castro-same-cuba>

<sup>12</sup> Comisión Cubana de Derechos Humanos y Reconciliación Nacional, “The Human Rights Situation in Cuba After Three Years of Changes in the Highest Levels of the Government,” August 10, 2009.

<sup>13</sup> James C. McKinley, Jr., “Cuban Signs Rights Pacts That It Long Had Fought,” *New York Times*, March 1, 2008.

<sup>14</sup> The website of the Damas de Blanco is available at <http://www.damasdeblanco.com/>.

peaceful protests calling for the unconditional release of political prisoners. Dressed in white, its members attend Mass each Sunday at St. Rita's church in Havana and then walk silently through the streets to a nearby park. On April 21, 2008, ten members of the Ladies in White were physically removed from a park near the Plaza of the Revolution in Havana when they demanded the release of their husbands and the other members of the "group of 75" still imprisoned.

Although Cuban authorities continue to stifle dissent and repress freedoms, pro-democracy and human rights activists continue to call attention to Cuba's poor human rights record and many have been recognized by the international community for their efforts. In October 2005, The Ladies in White group noted above received the Sakharov Prize for Freedom of Thought from the European Parliament. In December 2006, independent Cuban journalist Guillermo Fariñas Hernández received the 2006 Cyber Dissident award from the Paris-based Reporters Without Borders. Fariñas went on a seven-month hunger strike in 2006, demanding broader Internet access for Cubans. In November 2007, President Bush awarded Cuban dissident Dr. Oscar Elias Biscet with the Presidential Medal of Freedom. Biscet, who has spent most of the last eight years in jail, was sentenced in 2003 to 25 years in prison.

Since late 2007, Cuban Internet blogger Yoaní Sánchez has received considerable international attention for her website, *Generación Y*, that includes commentary critical of the Cuban government. In May 2008, Sánchez was awarded Spain's Ortega y Gasset award for digital journalism, but the Cuban government did not provide her with an exit permit to accept the award. (Sánchez's website is available at <http://www.desdecuba.com/generaciony/>). On November 6, 2009, Sánchez and two other bloggers, Orlando Luis Pardo and Claudia Cadelo, were intercepted by state security agents while walking on a Havana street on their way to participate in a march against violence. Sánchez and Pardo were beaten in the assault. The Department of State issued a statement deploring the assault, and expressed its deep concern to the Cuban government for the incident.

In late 2008, two international press rights groups gave awards to two Cuban independent journalists who have been imprisoned since 2003. In November 2008, the New York-based Committee for the Protection of Journalists selected Héctor Maseda Gutiérrez as a recipient of its international press freedom award, while in early December 2008, Reporters Without Borders awarded Ricardo González Alfonso its journalist of the year award. While in prison, Gutiérrez wrote a memoir that he managed to smuggle out of prison one page at a time. Before his imprisonment, González had started an association to improve independent journalism.

On December 17, 2008, Cuban President Raúl Castro offered to exchange some imprisoned Cuban political dissidents for five Cubans imprisoned in the United States since 2001 for espionage. The so-called "Cuban five" are serving sentences ranging from 15 years to life. (For additional background, see "Cuban Spies in the United States" below.) In response, the State Department rejected the offer, insisting that the jailed dissidents in Cuba should be released immediately without any conditions.<sup>15</sup>

In June 2009, the National Endowment for Democracy presented its 2009 democracy award to five Cuban democracy activists: imprisoned dissidents José Daniel Ferrer García, a youth activist and member of the Christian Liberation Movement, Librado Linares García, a founder of the

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<sup>15</sup> Marco Sibaja, "Raul Castro Offers To Free Dissidents in Exchange for Alleged Cuban Spies Jailed in U.S.," *Associated Press Newswires*, December 18, 2008.

Cuban Reflection Movement, and Ivan Hernandez Carrillo, an independent labor activist; Jorge Luis Garcia Pérez (“Antúnez”), a civic resistance movement leader released from prison in 2007 after 17 years; and Iris Tamara Pérez Aguilera, founder of the Rosa Parks Women’s Movement.

## Varela Project

Named for the 19<sup>th</sup> century priest, Felix Varela, who advocated independence from Spain and the abolition of slavery, the Varela Project has collected thousands of signatures supporting a national plebiscite for political reform in accordance with a provision of the Cuban Constitution. The referendum, if granted, would call for respect for human rights, an amnesty for political prisoners, private enterprise, and changes to the country’s electoral law that would result in free and fair elections. The initiative is organized by Oswaldo Payá, who heads the Christian Liberation Movement.<sup>16</sup>

In May 2002, organizers of the Varela Project submitted 11,020 signatures to the National Assembly calling for a national referendum. This was more than the 10,000 required under Article 88 of the Cuban Constitution. Former President Jimmy Carter noted the significance of the Varela Project in his May 14, 2002 address in Havana that was broadcast in Cuba. Carter noted that “when Cubans exercise this freedom to change laws peacefully by a direct vote, the world will see that Cubans, and not foreigners, will decide the future of this country.”<sup>17</sup> In response to the Varela Project, the Cuban government orchestrated its own referendum in late June 2002 that ultimately led to the National Assembly amending the Constitution to declare Cuba’s socialist system irrevocable. The Varela Project has persevered despite the 2003 human rights crackdown, which included the arrest of 21 Project activists. In October 2003, Oswaldo Payá delivered more than 14,000 signatures to Cuba’s National Assembly, again requesting a referendum on democratic reforms. More recently, in October 2008, Varela Project activists launched a third campaign to collect signatures.

## Economic Conditions

After the collapse of the former Soviet Union, Russian financial assistance to Cuba practically ended, and as a result, Cuba experienced severe economic deterioration from 1989-1993, with estimates of economic decline ranging from 35-50%. Since then, however, there has been considerable improvement. From 1994-2000, as Cuba moved forward with some limited market-oriented economic reforms, economic growth averaged 3.7% annually.

Economic growth was strong in the 2005-2007 period, registering an impressive 11.2% in 2005 (despite widespread damage caused by Hurricanes Dennis and Wilma), 12.1% in 2006, and 7.3% in 2007.<sup>18</sup> The economy benefitted from the growth of the tourism, nickel, and oil sectors, and support from Venezuela and China in terms of investment commitments and credit lines. Cuba also benefits from a preferential oil agreement with Venezuela, which provides Cuba with more than 90,000 barrels of oil a day. The market value of Venezuela’s oil to Cuba reportedly amounted

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<sup>16</sup> For further information, see the website of Oswaldo Payá, at <http://www.oswaldopaya.org/es/>.

<sup>17</sup> “Text of Jimmy Carter’s Speech, Broadcast Live to Cuban People,” Associated Press, May 15, 2002.

<sup>18</sup> “Cuba Country Report,” *Economist Intelligence Unit*, December 2009.

to over \$2 billion annually in 2006 and 2007, and over \$3 billion in 2008.<sup>19</sup> Venezuela also helped Cuba upgrade an oil refinery in Cienfuegos, which was inaugurated in 2007.

In 2008, economic growth slowed to an estimated 4.3%. This was prompted by several problems, including the declining price of nickel, which accounts for a major share of Cuba's exports, the rising cost of food imports, and the devastation wrought by Hurricanes Gustav and Ike, particularly in the agricultural sectors.

The global financial crisis has had a negative effect on the Cuban economy because of lower world prices for nickel and a reduction in tourism from Canada and Europe. As a result, the economy was estimated to contract 1% in 2009.<sup>20</sup> In June 2009, the government announced austerity measures that included energy rationing and cutbacks in transportation and some food programs.

Over the years, Cuba has expressed pride for the nation's accomplishments in health and education. According to the U.N. Development Program's 2009 *Human Development Report*, life expectancy in Cuba in 2007 was 78.5 years and adult literacy was estimated at almost 100%. Cuba has also boasted a 2007 infant mortality rate of 5.3.<sup>21</sup>

When Cuba's economic slide began in 1989, the government showed little willingness to adopt any significant market-oriented economic reforms, but in 1993, faced with unprecedented economic decline, Cuba began to change policy direction. Beginning in 1993, Cubans were allowed to own and use U.S. dollars and to shop at dollar-only shops previously limited to tourists and diplomats. Self-employment was authorized in more than 100 occupations in 1993, most in the service sector, and by 1996 that figure had grown to more than 150 occupations. Also in 1993, the government divided large state farms into smaller, more autonomous, agricultural cooperatives (Basic Units of Cooperative Production, UBPCs). It opened agricultural markets in 1994, where farmers could sell part of their produce on the open market, and it also permitted artisan markets for the sale of handicrafts. In 1995, the government allowed private food catering, including home restaurants (*paladares*), in effect legalizing activities that were already taking place), and approved a new foreign investment law that allows fully owned investments by foreigners in all sectors of the economy with the exception of defense, health, and education. In 1996, it authorized the establishment of free trade zones with tariff reductions typical of such zones. In 1997, the government enacted legislation to reform the banking system and established a new Central Bank (BCC) to operate as an autonomous and independent entity.

After Cuba began to recover from its economic decline, the government began to backtrack on some of its reform efforts. Regulations and new taxes made it extremely difficult for many of the nation's self-employed. Some home restaurants were forced to close because of the new regulations. In 2004, the Cuban government limited the use of dollars by state companies for any services or products not considered part of their core business. Some analysts viewed the measure as an effort to turn back the clock on economic reform measures.<sup>22</sup> Also in 2004, Fidel Castro

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<sup>19</sup> Jorge R. Piñon, "Cuba – 2008 Petroleum Supply Demand Analysis," Center for Hemispheric Policy, University of Miami, July 6, 2009.

<sup>20</sup> "Cuba Country Report," *Economist Intelligence Unit*, December 2009.

<sup>21</sup> "Infant Mortality, 5.3 in 2007!" *Granma Internacional*, January 4, 2008.

<sup>22</sup> Larry Luxner, "New Decree Limits Dollar Transactions as Cuba Tightens Controls Once Again," *CubaNews*, April 2004.

announced that U.S. dollars no longer would be used in entities that at the time accepted dollars (such as stores, restaurants, and hotels). Instead, dollars had to be exchanged for “convertible pesos,” with a 10% surcharge for the exchange. Dollar bank accounts are still allowed, but Cubans are not able to deposit new dollars into the accounts. Beginning in April 2005, convertible pesos were no longer on par with the U.S. dollar, but instead were linked to a basket of foreign currencies. This reduces the value of dollar remittances sent to Cuba and provides more hard currency to the Cuban government.<sup>23</sup>

## **Economic Changes Under Raúl**

When Raúl Castro assumed provisional power in July 2006, there was some expectation that the government would be more open to economic policy changes, and a debate about potential economic reforms re-emerged in Cuba. On July 26, 2007, in a speech commemorating Cuba’s revolutionary anniversary, Raúl Castro acknowledged that Cuban salaries were insufficient to satisfy needs, and maintained that structural changes were necessary in order to increase efficiency and production. He also maintained that the government was considering increasing foreign investment in the country. Some observers maintain that the speech was a forecast for economic reforms under Raúl, while others stress that only small marginal changes occurred in Raúl’s first year in power.<sup>24</sup>

In the aftermath of Raúl’s July 2007 speech, Cuban public expectations for economic reform increased. Thousands of officially sanctioned meetings were held in workplaces and local PCC branches around the country where Cubans were encouraged to air their views and discuss the future direction of the country. Complaints focused on low salaries and housing and transportation problems, and some participants advocated legalization of more private businesses.<sup>25</sup> Raised expectations for economic change in Cuba increased the chance that the government actually would adopt some policy changes. Doing nothing would run the risk of increased public frustration and a potential for social unrest. Increased public frustration was evident in a clandestine video, widely circulated on the Internet in early February 2008, of a meeting between Ricardo Alarcón, the head of Cuba’s legislature, and university students in which a student was questioning why Cuban wages are so low and why Cubans are prohibited from visiting tourist hotels (a policy subsequently changed in late March 2008) or traveling abroad. The video demonstrated the disillusionment of many Cuban youth with the poor economic situation and repressive environment in Cuba.

Since Raúl Castro officially assumed the presidency in 2008, his government has announced a series of economic changes. In his first speech as President in February 2008, Raúl promised to make the government smaller and more efficient, to review the potential revaluation of the Cuban peso, and to eliminate excessive bans and regulations that curb productivity.<sup>26</sup> In mid-March, the government announced that restrictions on the sales of consumer products such as computers, microwaves, and DVD and video players would be lifted. In late March, it announced that it would lift restrictions on the use of cell phones. This officially occurred in mid-April.

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<sup>23</sup> Larry Luxner, “Cuba’s ‘Convertible Peso’ No Longer Linked to U.S. Dollar,” *CubaNews*, April 2005, p. 3.

<sup>24</sup> Manuel Roig-Franzia, “Cuba’s Call for Economic Detente,” *Washington Post*, July 27, 2007.

<sup>25</sup> Frances Robles, “Cubans Urged to Vent Views,” *Miami Herald*, October 2, 2007.

<sup>26</sup> “Cuba: Full Text of Raúl Castro’s National Assembly Address,” *Cubavisión*, Havana (as translated by Open Source Center) February 24, 2008.

One of Cuba's major reform efforts under Raúl Castro begun in 2008 has focused on the agriculture sector, a vital issue because Cuba reportedly imports some 80% of its food needs and is paying an increasing amount for such imports due to rising food prices. In an effort to boost food production, the government began giving farmers more discretion over how to use their land and what supplies to buy. Decision-making on agriculture reportedly has shifted from the national government to the local municipal level, with government bureaucracy cut significantly.<sup>27</sup> The government also began a program of turning idle land into productive use through a land grant program, whereby private farmers and cooperatives can apply for land. Under the program, as of early July 2009, more than 40% of the country's idle land has reportedly been distributed, but it remains to be seen whether these new farms will be receive the materials needed to make their enterprises productive.<sup>28</sup>

In April 2008, the government announced that it would begin revamping the state's wage system by removing the limit that a state worker can earn. This is an effort to boost productivity and to deal with one of Cuba's major economic problems: how to raise wages to a level where basic human needs can be satisfied. The promised revamp of the wage system, however, has been delayed, reportedly by poor preparation and bureaucratic hurdles. The government's introduction of austerity measures in June 2009 will likely contribute to further delays in wage reforms. According to some analysts, the policy of fiscal austerity will supersede economic reform efforts.<sup>29</sup>

The problem of low wages in Cuba is closely related to another major economic problem: how to unify the two official currencies circulating in the country—the Cuban convertible peso (CUC) and the Cuban peso, which traded at about 24 to 1 CUC in 2008. Most people are paid in Cuban pesos, and the minimum monthly wage in Cuba is about 225 pesos (about \$9 U.S. dollars<sup>30</sup>), but for increasing amounts of consumer goods, convertible pesos are used. Cubans with access to foreign remittances or who work in jobs that give them access to convertible pesos are far better off than those Cubans who do not have such access.

There was some expectation that Raúl Castro would announce additional economic reforms in his July 26, 2008 speech on Cuba's revolutionary anniversary, but there were no such announcements. Instead, Castro acknowledged the "large number of problems that still need to be resolved, the majority of which directly affect the population."<sup>31</sup> While the government has been candid in acknowledging Cuba's economic problems and there have been significant reform efforts in the agricultural sector, it has been slow to implement reforms in other areas. According to one analysis, the government has not taken advantage of a number of policy options, such as foreign investment or market mechanisms, that could be used to improve economic performance.<sup>32</sup>

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<sup>27</sup> Marc Frank, "Raúl Castro Overhauls Cuba's Farm Bureaucracy," *Reuters News*, May 1, 2008.

<sup>28</sup> Philip Peters, *Raulonomics: Tough Diagnosis and Partial Prescriptions in Raul Castro's Economic Policies*, Lexington Institute, July 2009, pp. 5-6.

<sup>29</sup> "Cuba Country Report," *Economist Intelligence Unit*, June 2009.

<sup>30</sup> U.S. Department of State, "Country Reports on Human Rights Practices 2007, Cuba," March 11, 2008.

<sup>31</sup> "Cuba: Raúl Castro's 26 July Rebellion Day Speech," Havana Cubavisión (Open Source Center), July 26, 2006.

<sup>32</sup> Philip Peters, *Raulonomics: Tough Diagnosis and Partial Prescriptions in Raul Castro's Economic Policies*, Lexington Institute, July 2009, p. 9.

In his July 26, 2009, Revolutionary Day speech, President Raúl Castro exhorted Cubans to work idle land that is being distributed in order to increase food production and reduce Cuban food imports. The subsequent postponement of the PCC's sixth party Congress planned for late 2009 was, according to some observers, an indication that Cuba is focusing on austerity measures and delaying any additional economic changes.

Looking ahead, several factors could continued to restrain economic policy changes in Cuba. A number of observers believe that as long as Fidel Castro is around, it will be difficult for the government to move forward with any major initiatives that are viewed as deviating from Fidel's orthodox policies. Other observers point to the significant oil subsidies and investment that Cuba receives from Venezuela and maintain that such support lessens the government's impetus for economic reforms. Another factor that bodes against rapid economic policy reform is the fear that it could spur momentum for political change. Given that one of the highest priorities for Cuba's government has been maintaining social and political stability, any economic policy changes are likely to be smaller changes introduced over time that do not threaten the state's control. Finally, as noted above, the recent economic difficulties caused by the global economic downturn are likely to forestall any significant reform efforts as the government enacts austerity measures to deal with the decline in foreign exchange earnings.

## **Cuba's Foreign Policy**

During the Cold War, Cuba had extensive relations with and support from the Soviet Union, with billions in annual subsidies to sustain the Cuban economy that helped fund an activist foreign policy and support for guerrilla movements and revolutionary governments abroad in Latin America and Africa. With the dissolution of the Soviet Union, an end to the Cold War, and the loss of Soviet financial support, Cuba was forced to abandon its revolutionary exploits abroad. As its economy reeled from the loss of Soviet support, Cuba was forced to open up its economy and economic relations with countries worldwide, and developed significant economic linkages with Canada, Spain, other European countries, and China. In recent years, Venezuela—under populist President Hugo Chávez—has become a significant source of support for subsidized oil imports and investment. Relations with Russia have also intensified recently, with the visit of Russian President Dmitry Medvedev to Havana in November, the visit of several Russian warships to Cuba in December 2008, and Raúl Castro's visit to Moscow in late January 2009. Chinese President Hu Jintao also visited Cuba in November 2008 signing a dozen agreements.

With El Salvador's restoration of relations with Cuba in early June 2009, all Latin American nations now have official diplomatic relations with Cuba. Cuba has increasingly become more engaged in Latin America beyond the already close relations with Venezuela. Brazilian President Luiz Inácio Lula da Silva visited Cuba twice in 2008, and Cuba seems especially interested in expanding relations with Brazil. Cuba became a full member of the 23 member Rio Group of Latin American and Caribbean nations in November 2008; some observers see the group, which excludes the United States, as an alternative to the Organization of American States (OAS). Raúl Castro made his first foreign trip as President in December 2008, when he traveled to Venezuela, and then to Bahia, Brazil, where he attended the Latin American and Caribbean Integration and Development Summit, a regional initiative of President Lula.<sup>33</sup>

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<sup>33</sup> "Cuba: Bringing Cuba in from the cold," *Latin American Regional Report, Caribbean & Central America*, December 2008.

Cuba is an active participant in international forums, including the United Nations and the controversial United Nations Human Rights Council. Cuba hosted the 14<sup>th</sup> summit of the Non-aligned Movement (NAM) in 2006, and held the Secretary Generalship of the NAM until its July 2009 summit in Egypt. Cuba is a member of the Bolivarian Alternative for the Americas, (ALBA), a Venezuelan-led integration and cooperation scheme founded as an alternative to U.S. efforts to negotiate a region-wide Free Trade Area of the Americas (FTAA).

Cuba was excluded from participation in the OAS in 1962 because of its identification with Marxism-Leninism, but in early June 2009, the OAS overturned the 1962 resolution in a move that could eventually lead to Cuba's reentry into the regional organization. While the Cuban government welcomed the OAS vote to overturn the 1962 resolution, it asserted that it would not return to the OAS. (For additional information on the OAS vote, see "Cuba and the Organization of American States".)

## **U.S. Policy Toward Cuba**

### **Policy Overview**

In the early 1960s, U.S.-Cuban relations deteriorated sharply when Fidel Castro began to build a repressive communist dictatorship and moved his country toward close relations with the Soviet Union. The often tense and hostile nature of the U.S.-Cuban relationship is illustrated by such events and actions as U.S. covert operations to overthrow the Castro government culminating in the ill-fated April 1961 Bay of Pigs invasion; the October 1962 missile crisis in which the United States confronted the Soviet Union over its attempt to place offensive nuclear missiles in Cuba; Cuban support for guerrilla insurgencies and military support for revolutionary governments in Africa and the Western Hemisphere; the 1980 exodus of around 125,000 Cubans to the United States in the so-called Mariel boatlift; the 1994 exodus of more than 30,000 Cubans who were interdicted and housed at U.S. facilities in Guantanamo and Panama; and the February 1996 shootdown by Cuban fighter jets of two U.S. civilian planes operated by the Cuban American group, Brothers to the Rescue, which resulted in the death of four U.S. crew members.

Since the early 1960s, U.S. policy toward Cuba has consisted largely of isolating the island nation through comprehensive economic sanctions, including an embargo on trade and financial transactions. The Cuban Assets Control Regulations (CACR), first issued by the Treasury Department in July 1963, lay out a comprehensive set of economic sanctions against Cuba, including a prohibition on most financial transactions with Cuba and a freeze of Cuban government assets in the United States. The CACR have been amended many times over the years to reflect changes in policy, and remain in force today.

These sanctions were made stronger with the Cuban Democracy Act (CDA) of 1992 (P.L. 102-484, Title XVII) and with the Cuban Liberty and Democratic Solidarity Act of 1996 (P.L. 104-114), the latter often referred to as the Helms/Burton legislation. The CDA prohibits U.S. subsidiaries from engaging in trade with Cuba and prohibits entry into the United States for any sea-borne vessel to load or unload freight if it has been involved in trade with Cuba within the previous 180 days. The Cuban Liberty and Democratic Solidarity Act, enacted in the aftermath of Cuba's shooting down of two U.S. civilian planes in February 1996, combines a variety of measures to increase pressure on Cuba and provides for a plan to assist Cuba once it begins the transition to democracy. Most significantly, the law codified the Cuban embargo, including all

restrictions under the CACR. This provision is especially noteworthy because of its long-lasting effect on U.S. policy options toward Cuba. The executive branch is circumscribed in lifting or substantially loosening the economic embargo without congressional concurrence until certain democratic conditions are met, although the CACR includes licensing authority that provides the executive branch with some administrative flexibility (e.g. travel-related restrictions in the CACR have been eased and tightened on numerous occasions). Another significant sanction in the law is a provision in Title III that holds any person or government that traffics in U.S. property confiscated by the Cuban government liable for monetary damages in U.S. federal court. Acting under provisions of the law, however, both President Clinton and President Bush have suspended the implementation of Title III at six-month intervals.

In addition to sanctions, another component of U.S. policy, a so-called second track, consists of support measures for the Cuban people. This includes U.S. private humanitarian donations, medical exports to Cuba under the terms of the Cuban Democracy Act of 1992, U.S. government support for democracy-building efforts, and U.S.-sponsored radio and television broadcasting to Cuba. In addition, the 106<sup>th</sup> Congress approved the Trade Sanctions Reform and Export Enhancement Act of 2000 (P.L. 106-387, Title IX) that allows for agricultural exports to Cuba, albeit with restrictions on financing such exports. This led to the United States becoming Cuba's largest supplier of food and agricultural products since 2002.

## **Debate on the Direction of U.S. Policy**

Over the years, although U.S. policymakers have agreed on the overall objectives of U.S. policy toward Cuba—to help bring democracy and respect for human rights to the island—there have been several schools of thought about how to achieve those objectives. Some have advocated a policy of keeping maximum pressure on the Cuban government until reforms are enacted, while continuing efforts to support the Cuban people. Others argue for an approach, sometimes referred to as constructive engagement, that would lift some U.S. sanctions that they believe are hurting the Cuban people, and move toward engaging Cuba in dialogue. Still others call for a swift normalization of U.S.-Cuban relations by lifting the U.S. embargo. Legislative initiatives introduced over the past decade have reflected these three policy approaches.

Dating back to 2000, there have been significant efforts in Congress to ease U.S. sanctions, with one or both houses at times approving amendments to appropriations measures that would have eased U.S. sanctions on Cuba. Until March 2009, these provisions were stripped out of final enacted measures, in part because of presidential veto threats.

In light of Fidel Castro's departure as head of government, many observers have called for a re-examination of U.S. policy toward Cuba. In this new context, there are two broad policy approaches to contend with political change in Cuba: a status-quo approach that would maintain the U.S. dual-track policy of isolating the Cuban government while providing support to the Cuban people; and an approach aimed at influencing the attitudes of the Cuban government and Cuban society through increased contact and engagement.

In general, those who advocate easing U.S. sanctions on Cuba make several policy arguments. They assert that if the United States moderated its policy toward Cuba—through increased travel, trade, and diplomatic dialogue—then the seeds of reform would be planted, which would stimulate and strengthen forces for peaceful change on the island. They stress the importance to the United States of avoiding violent change in Cuba, with the prospect of a mass exodus to the United States and the potential of involving the United States in a civil war scenario. They argue

that since the demise of Cuba's communist government does not appear imminent, even without Fidel Castro at the helm, the United States should espouse a more pragmatic approach in trying to induce change in Cuba. Supporters of changing policy also point to broad international support for lifting the U.S. embargo, to the missed opportunities for U.S. businesses because of the unilateral nature of the embargo, and to the increased suffering of the Cuban people because of the embargo. Proponents of change also argue that the United States should be consistent in its policies with the world's few remaining communist governments, including China and Vietnam, and also maintain that moderating policy will help advance human rights.

On the other side, opponents of changing U.S. policy maintain that the current two-track policy of isolating Cuba, but reaching out to the Cuban people through measures of support, is the best means for realizing political change in Cuba. They point out that the Cuban Liberty and Democratic Solidarity Act of 1996 sets forth the steps that Cuba needs to take in order for the United States to normalize relations. They argue that softening U.S. policy at this time without concrete Cuban reforms would boost the Castro government, politically and economically, and facilitate the survival of the communist regime. Opponents of softening U.S. policy argue that the United States should stay the course in its commitment to democracy and human rights in Cuba, and that sustained sanctions can work. Opponents of loosening U.S. sanctions further argue that Cuba's failed economic policies, not the U.S. embargo, are the causes of Cuba's difficult living conditions.

## **Clinton Administration's Easing of Sanctions**

The Clinton Administration made several changes to U.S. policy in the aftermath of Pope John Paul II's 1998 visit to Cuba, which were intended to bolster U.S. support for the Cuban people. These included the resumption of direct flights to Cuba (which had been curtailed after the February 1996 shutdown of two U.S. civilian planes), the resumption of cash remittances by U.S. nationals and residents for the support of close relatives in Cuba (which had been curtailed in August 1994 in response to the migration crisis with Cuba), and the streamlining of procedures for the commercial sale of medicines and medical supplies and equipment to Cuba.

In January 1999, President Clinton announced several additional measures to support the Cuban people. These included a broadening of cash remittances to Cuba, so that all U.S. residents (not just those with close relatives in Cuba) could send remittances to Cuba; an expansion of direct passenger charter flights to Cuba from additional U.S. cities other than Miami (direct flights later in the year began from Los Angeles and New York); and an expansion of people-to-people contact by loosening restrictions on travel to Cuba for certain categories of travelers, such as professional researchers and those involved in a wide range of educational, religious, and sports activities.

## **Bush Administration Policy**

The Bush Administration essentially continued the two-track U.S. policy of isolating Cuba through economic sanctions while supporting the Cuban people through a variety of measures. However, within this policy framework, the Administration emphasized stronger enforcement of economic sanctions and further tightened restrictions on travel, remittances, and humanitarian gift parcels to Cuba. There was considerable reaction to the Administration's June 2004 tightening of restrictions for family visits and other categories of travel, and to the Administration's February 2005 tightening of restrictions on payment terms for U.S. agricultural exports to Cuba.

Nevertheless, the Bush Administration did not completely eliminate the easing of sanctions that occurred under the Clinton Administration. For example, Americans may travel to Cuba to participate in educational activities, but these now need to be part of a structured academic program. Direct flights to Cuba also still run from Miami and New York, although flights from Los Angeles were curtailed for economic reasons in the aftermath of the tightening of travel restrictions in 2004 that reduced the number of Americans visiting Cuba.

### **Commission for Assistance to a Free Cuba**

In October 2003, President Bush called for the establishment of an interagency Commission for Assistance to a Free Cuba, a Cabinet-level commission chaired by then -Secretary of State Colin Powell. The Commission, which had its first meeting in December 2003, was tasked with the objectives of (1) identifying additional means to help the Cuban people bring about an expeditious end to Cuba's dictatorship and (2) considering the requirements for U.S. assistance to a post-dictatorship Cuba.<sup>34</sup>

In May 2004, President Bush endorsed the recommendations of the Commission's first report, which made recommendations for immediate measures to "hasten the end of Cuba's dictatorship" as well as longer-term recommendations to help plan for Cuba's transition from communism to democracy in various areas. The President directed that up to \$59 million be committed to implement key recommendations of the Commission, including support for democracy-building activities and for airborne broadcasts of Radio and TV Marti to Cuba. The report's most significant recommendations included a number of measures to tighten economic sanctions on family visits and other categories of travel and on private humanitarian assistance in the form of remittances and gift parcels. Subsequent regulations issued by the Treasury and Commerce Departments in June 2004 implemented these new sanctions. (The full Commission report is on the State Department website at <http://www.state.gov/p/wha/rt/cuba/commission/2004/>.) In February 2005, the Administration continued to tighten U.S. economic sanctions against Cuba by further restricting the process of how U.S. agricultural exporters may be paid for their cash sales, a move opposed by many U.S. agricultural exporters ( For more, see "Agricultural Exports and Sanctions" below.)

In July 2005, Secretary of State Condoleezza Rice appointed Caleb McCarry as the State Department's new Cuba Transition Coordinator to direct U.S. government "actions in support of a free Cuba." Secretary Rice reconvened the Commission for Assistance to a Free Cuba in December 2005 to identify additional measures to help Cubans hasten the transition to democracy and to develop a plan to help the Cuban people move toward free and fair elections.

In July 2006, the Commission issued its second report, making recommendations to hasten political change in Cuba toward a democratic transition. (The full report is available at <http://www.cafc.gov/rpt/>.)

In the report, the Commission called for the United States to provide \$80 million over two years for the following: to support Cuban civil society (\$31 million); to fund education programs and exchanges, including university training in Cuba provided by third countries and scholarships for economically disadvantaged students from Cuba at U.S. and third country universities (\$10 million); to fund additional efforts to break the Cuban government's information blockade and

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<sup>34</sup> U.S. Department of State, "Commission for Assistance to a Free Cuba," White House Fact Sheet, December 8, 2003.

expand access to independent information, including through the Internet (\$24 million); and to support international efforts at strengthening civil society and transition planning (\$15 million). According to the Cuba Transition Coordinator, this assistance would be additional funding beyond what the Administration is already currently budgeting for these programs.<sup>35</sup> Thereafter, the Commission recommended funding of not less than \$20 million annually for Cuba democracy programs “until the dictatorship ceases to exist.” This would roughly double the amount currently spent on Cuba democracy programs.

The report also set forth detailed plans of how the U.S. government, along with the international community and the Cuban community abroad, could provide assistance to a Cuban transition government to help it respond to critical humanitarian and social needs, to conduct free and fair elections, and to move toward a market-based economy. The report also outlined a series of preparatory steps in the areas of government organization, electoral preparation, and anticipating humanitarian and social needs that the U.S. government could take now, before Cuba’s transition begins, so that it would be well prepared in the event that assistance was requested by the new Cuban government.

The Commission’s second report received a mixed response from Cuba’s dissident community. Although some dissidents, like former political prisoner Vladimiro Roca, maintain that they would welcome any U.S. assistance that helps support the Cuban dissident movement, others expressed concerns about the report. Dissident economist and former political prisoner Oscar Espinosa Chepe stressed that Cubans have to be the ones to solve their own problems. According to Chepe, “We are thankful for the solidarity we have received from North America, Europe, and elsewhere, but we request that they do not meddle in our country.”<sup>36</sup> Miriam Leiva, a founding member of the Ladies in White, a human rights organization, expressed concern that the report could serve as a rationale for the government to imprison dissidents.<sup>37</sup> Leiva also faulted the Commission’s report for presuming what a Cuban transition must be before U.S. recognition or assistance can be provided. According to Leiva, “Only we Cubans, of our own volition ... can decide issues of such singular importance. Cubans on the island have sufficient intellectual ability to tackle a difficult, peaceful transition and reconcile with other Cubans here and abroad.”<sup>38</sup>

## **U.S. Reaction to Cuba’s Political Succession**

In response to Fidel Castro’s announcement that he was temporarily ceding power to his brother Raúl, President Bush issued a statement on August 3, 2006, that “the United States is absolutely committed to supporting the Cuban people’s aspiration for democracy and freedom.” The President urged “the Cuban people to work for democratic change” and pledged U.S. support to the Cuban people in their effort to build a transitional government in Cuba. At the time, U.S. officials indicated that there were no plans for the United States to “reach out” to the new leader. Secretary of State Condoleezza Rice reiterated U.S. support for the Cuban people in an August 4, 2006, statement broadcast on Radio and TV Marti. According to Secretary Rice, “All Cubans who desire peaceful democratic change can count on the support of the United States.”<sup>39</sup>

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<sup>35</sup> U.S. Department of State, Second Report of the Commission for Assistance to a Free Cuba, Briefing, July 10, 2006.

<sup>36</sup> Nicholas Krlev, “Bush OKs Initiative to Support Opposition,” *Washington Times*, July 11, 2006.

<sup>37</sup> Frances Robles and Pablo Bachelet, “Plan for Change in Cuba Gets OK,” *Miami Herald*, July 11, 2006.

<sup>38</sup> Miriam Leiva, “We Cubans Must Decide,” *Miami Herald*, July 15, 2006.

<sup>39</sup> U.S. Department of State, “Secretary of State Condoleezza Rice Message to the People of Cuba,” August 4, 2006.

Although there was some U.S. concern that political change in Cuba could prompt a migration crisis, there was no unusual traffic after Castro ceded provisional power to his brother. The U.S. Coast Guard had plans to respond to such a migration crisis, with support from the Navy if needed. In her August 4, 2006, message to the Cuban people, Secretary of State Rice encouraged “the Cuban people to work at home for positive change.” Department of Homeland Security officials also announced several measures to discourage Cubans from risking their lives on the open seas. U.S. officials also discouraged those in the Cuban American community wanting to travel by boat to Cuba to speed political change in Cuba. (For more, see “Migration Issues” below.)

### *Response to Raúl’s Overtures*

Raúl Castro asserted in an August 18, 2006, published interview that Cuba has “always been disposed to normalize relations on an equal plane,” but at the same time he expressed strong opposition to current U.S. policy toward Cuba, which he described as “arrogant and interventionist.”<sup>40</sup> In response, Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon reiterated a U.S. offer to Cuba, first articulated by President Bush in May 2002, that the Administration was willing to work with Congress to lift U.S. economic sanctions if Cuba were to begin a political opening and a transition to democracy. According to Shannon, the Bush Administration remained prepared to work with Congress for ways to lift the embargo if Cuba was prepared to free political prisoners, respect human rights, permit the creation of independent organizations, and create a mechanism and pathway toward free and fair elections.<sup>41</sup>

In a December 2, 2006 speech, Raúl reiterated an offer to negotiate with the United States. He said that “we are willing to resolve at the negotiating table the longstanding dispute between the United States and Cuba, of course, provided they accept, as we have previously said, our condition as a country that will not tolerate any blemishes on its independence, and as long as said resolution is based on the principles of equality, reciprocity, non-interference, and mutual respect.”<sup>42</sup>

On July 26, 2007, in a speech on Cuba’s revolutionary anniversary (commemorating the 1953 attack on the Moncada military barracks), Raúl Castro reiterated for the third time an offer to engage in dialogue with the United States, and strongly criticized U.S. trade and economic sanctions on Cuba. A U.S. State Department spokesman responded that “the only real dialogue that’s needed is with the Cuban people.”<sup>43</sup>

In the second half of 2007, President Bush and other U.S. officials continued to call for a transition to democracy in Cuba. In a September 25, 2007 speech before the U.N. General Assembly, President Bush stated that “the long rule of a cruel dictator is nearing its end,” and called on the United Nations to insist on free speech, free assembly, and free elections as Cuba “enters a period of transition.”<sup>44</sup> U.S. Commerce Secretary Carlos Gutierrez stated in a speech on

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<sup>40</sup> “No Enemy Can Defeat Us,” interview of Raúl Castro by Laszar Barredo Medina, *Diario Granma*, August 18, 2006.

<sup>41</sup> U.S. Department of State, “U.S. Policy Toward Cuba,” Thomas Shannon, Assistant Secretary for Western Hemisphere Affairs, August 23, 2006.

<sup>42</sup> “English Transcript of Raul Castro’s Speech,” *Miami Herald*, December 2, 2006.

<sup>43</sup> Frances Robles, “Raúl Again Offers ‘Olive Branch’ to U.S.,” *Miami Herald*, July 27, 2007; “U.S. Government Rejects Dialogue with Cuba,” *EFE*, July 27, 2007.

<sup>44</sup> White House, Office of the Press Secretary, “President Bush Addresses the United Nations General Assembly,” (continued...)

September 17 that “unless the regime changes, our policy will not,” but indicated that the United States is “prepared to respond to genuine democratic change in Cuba.”<sup>45</sup>

On October 24, 2007, President Bush made a policy speech on Cuba that reflected a continuation of the sanctions-based approach toward Cuba. According to the President: “As long as the [Cuban] regime maintains its monopoly over the political and economic life of the Cuban people, the United States will keep the embargo in place.” In his speech, President Bush also sent a message to Cuban military, police, and government officials that “when Cubans rise up to demand their liberty,” they have a choice to embrace the Cuban people’s desire for change or “defend a disgraced and dying order by using force.” The President conveyed to these officials that “there is a place for you in a free Cuba.”<sup>46</sup>

### ***Response to Raúl’s Official Selection as President***

In the aftermath of Fidel Castro’s February 19, 2008 announcement that he was officially stepping down as head of state, President Bush maintained that he viewed “this as a period of transition and it should be the beginning of a democratic transition in Cuba.” State Department officials made clear that U.S. policy would not change. On February 24, 2008, the day that Raúl Castro officially became Cuba’s head of state, Secretary of State Condoleezza Rice issued a statement urging “the Cuban government to begin a process of peaceful, democratic change by releasing all political prisoners, respecting human rights, and creating a clear pathway towards free and fair elections.”

In remarks on Cuba policy in early March 2008, President Bush maintained that in order to improve U.S.-Cuban relations, “what needs to change is not the United States; what needs to change is Cuba.” The President asserted that Cuba “must release all political prisoners ... have respect for human rights in word and deed, and pave the way for free and fair elections.”<sup>47</sup> He reiterated these words again in a speech to the Council of the Americas on May 7, 2008.<sup>48</sup> On May 21, 2008, President Bush called for the Cuban government to take steps to improve life for the Cuban people, including opening up access to the Internet. He also announced that the United States would change regulations to allow Americans to send mobile phones to family members in Cuba.<sup>49</sup>

## **Obama Administration Policy**

During the electoral campaign, President Obama had pledged to lift restrictions on family travel to Cuba as well as restrictions on Cuban Americans sending remittances to Cuba. At the same time, he also pledged to maintain the embargo as a source of leverage to bring about change in Cuba. However, Obama also asserted that if the Cuban government takes significant steps toward

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(...continued)

September 25, 2007.

<sup>45</sup> U.S. Department of Commerce, “Commerce Secretary Carlos M. Gutierrez Remarks at the Heritage Foundation,” September 17, 2007.

<sup>46</sup> White House, “President Bush Discusses Cuba Policy,” October 24, 2007.

<sup>47</sup> White House, “President Bush Delivers Remarks on Cuba,” March 7, 2008.

<sup>48</sup> “Text of Bush Speech to Council of the Americas,” *Miami Herald*, May 9, 2008.

<sup>49</sup> White House, “President Bush Discusses Cuba, Marks Day of Solidarity,” May 21, 2008.

democracy, beginning with the freeing of all political prisoners, then the United States would take steps to normalize relations and ease the embargo. He also maintained that, after careful preparation, his Administration would pursue direct diplomacy with Cuba without preconditions, but only when there is an opportunity to advance U.S. interests and advance the cause of freedom for the Cuban people.<sup>50</sup>

During her Senate Foreign Relations Committee confirmation hearing for Secretary of State on January 15, 2009, Senator Hillary Clinton reiterated President Obama's pledge to lift restrictions on family travel and remittances. She indicated that the Administration did not yet have a timeline on the change, but maintained that the Administration would consult closely with Congress as it proceeds. Clinton also reiterated Obama's position that it is not time to lift the embargo since it provides an important source of leverage for further change in Cuba.

Perhaps most significantly, in response to written questions for the record regarding U.S. agricultural sales to Cuba, Cuba's retention on the State Department's state sponsors of terrorism list since 1982, and potential cooperation with Cuba on energy security and environmentally sustainable resource management, Clinton maintained that the new Administration anticipated a review of U.S. policy. She indicated that she looked forward to working with Members of Congress as the Administration moves forward in the consideration of appropriate steps to advance U.S. interests and values in the context of U.S. relations with Cuba. With regard to a question regarding a potential anti-drug agreement with Cuba, Clinton maintained the importance of anti-drug cooperation with Cuba where such cooperation is effective in stopping trafficking.

In March 2009, Congress took some action ahead of the Administration to change U.S. policy toward Cuba when it approved the FY2009 omnibus appropriations measure (P.L. 111-8). The measure included several provisions easing Cuba sanctions, including restrictions on family travel.

Some observers had anticipated that President Obama would fulfill his campaign pledges with regard to lifting restrictions on family travel and remittances before the fifth Summit of the Americas in Trinidad and Tobago scheduled for April 17-19, 2009. This in fact occurred on April 13, 2009, when the Obama Administration announced several significant measures to ease U.S. sanctions on Cuba. The President announced that all restrictions on family travel and on remittances to family members in Cuba would be lifted. This superseded the action taken by Congress in March that had essentially reverted family travel restrictions to as they were in 2004 before they were tightened. The Administration also announced that measures would be taken to increase telecommunications links with Cuba and to expand the scope of eligible humanitarian donations through gift parcels.<sup>51</sup>

At the Summit of the Americas, President Obama maintained that "the United States seeks a new beginning with Cuba" and that he was prepared to have his Administration "engage with the Cuban government on a wide range of issues – from drugs, migration, and economic issues, to human rights, free speech, and democratic reform."<sup>52</sup>

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<sup>50</sup> "Remarks of Senator Barack Obama, Renewing U.S. Leadership in the Americas," May 23, 2008, and "Renewing U.S. Leadership in the Americas," Factsheet, June 6, 2008, BarackObama.com

<sup>51</sup> White House, "Fact Sheet: Reaching Out to the Cuban People," April 13, 2009.

<sup>52</sup> White House, "Remarks by the President At the Summit of the Americas Opening Ceremony," April 17, 2009.

In late May 2009, Cuba and the United States agreed to restart the semi-annual migration talks that had been suspended by the United States in 2004 as well as talks on direct postal service between the two countries. The first round of resumed migration talks took place on July 14, 2009. (For more, see “Migration Talks” below.)

In late July 2009, the State Department acknowledged in its daily press briefing that in June it had turned off the electronic billboard at the U.S. Interests Section in Havana that had been had been setup in 2006 and had featured news and pro-democracy messages that irked the Cuban government. Earlier in the year, the Cuban government had taken down anti-U.S. billboards around the U.S. mission.

On September 3, 2009, both the Treasury and Commerce Department amended the Cuba embargo regulations to implement President Obama’s April 2009 initiative to lift restrictions on family travel and remittances and to increase telecommunications links with Cuba.

On September 17, 2009, the United States and Cuba held talks in Havana on resuming direct mail service between the two countries. The Department of State expressed satisfaction with the talks, which included discussion on issues related to the transportation, quality, and security of mail service. According to the State Department, both sides agreed that they would meet again after consultations with their governments.<sup>53</sup> Since the early 1960s, mail to and from Cuba has arrived via third countries, which results in extensive delays in mail between the two countries. The Cuban Democracy Act of 1992 (P.L. 102-484, Title XVII, Section 1705(f)) has a provision requiring the U.S. Postal Service to take necessary actions to provide direct mail service to and from Cuba, including, in the absence of common carrier service between the 2 countries, the use of charter service providers. Past U.S. attempts to negotiate such service were rejected by Cuba, reportedly because Cuba wanted the issue to be part of a larger normalization of commercial air traffic. Both the Clinton and Bush Administrations had called for negotiations to restore direct mail service.

In the aftermath of the direct mail service talks, then Deputy Secretary of State for Western Hemisphere Affairs Bisa Williams extended her stay in Cuba to meet with Cuban government officials, human rights advocates, members of civil society, and dissidents, and traveled to western Cuba to see part of the country that had been damaged by hurricanes in 2008.

In early December 2009, an American contractor working on USAID-funded Cuba democracy projects in Cuba was arrested in Havana. He was reported to have distributed communications equipment such as cell phones and laptops. In early January 2010, Cuban officials claimed that the contractor was a spy, but U.S. officials strongly denied that he was working with the U.S. intelligence services. The fate of the detained U.S. contractor could have a significant effect on the course of U.S.-Cuban relations. (Also see “December 2009 Detainment of American Contractor” below.)

Cuban officials have become increasingly critical of the Obama Administration in recent months. In December 2009, Cuban Foreign Minister Bruno Rodriguez criticized President Obama as “imperial” and “arrogant,” which prompted former U.S. drug czar Barry McCaffrey to withdraw from a planned trip to Cuba in early January 2010 to discuss drug trafficking issues. Cuban

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<sup>53</sup> “Cuba: U.S.-Cuba Postal Talks,” U.S. Department of State, Question taken at September 17, 2009 Daily Press Briefing, September 18, 2009.

officials have also criticized the United States for including Cuba on its list of countries requiring extra screening for Cuban citizens flying into the United States, an action taken by the Obama Administration in early January 2010 in the aftermath of the attempted bombing of a U.S. flight from Amsterdam on Christmas day.

## **Issues in U.S.-Cuban Relations**

### **Restrictions on Travel, Remittances, and Agricultural Exports**

#### **Travel and Remittances**

Restrictions on travel to Cuba have been a key and often contentious component of U.S. efforts to isolate the communist government of Fidel Castro for much of the past 40 years. Over time there have been numerous changes to the restrictions and for five years, from 1977 until 1982, there were no restrictions on travel. Restrictions on travel and remittances to Cuba are part of the CACR, the overall embargo regulations administered by the Treasury Department's Office of Foreign Assets Control (OFAC).

Major arguments made for lifting the Cuba travel ban are that it contributes to the suffering of Cuban families; it hinders efforts to influence conditions in Cuba and may be aiding Castro by helping restrict the flow of information; it abridges the rights of ordinary Americans; and Americans can travel to other countries with communist or authoritarian governments. Major arguments in opposition to lifting the Cuba travel ban are that more American travel would support Castro's rule by providing his government with potentially millions of dollars in hard currency; that there are legal provisions allowing travel to Cuba for humanitarian purposes that are used by thousands of Americans each year; and that the President should be free to restrict travel for foreign policy reasons.

Under the Bush Administration, enforcement of U.S. restrictions on Cuba travel increased, and restrictions on travel and on private remittances to Cuba were tightened. In March 2003, the Administration eliminated travel for people-to-people educational exchanges unrelated to academic course work. In June 2004, the Administration significantly restricted travel, especially family travel, and the provision of private humanitarian assistance to Cuba in the form of remittances and gift parcels. In April 2005, OFAC cracked down on certain religious organizations promoting licensed travel to Cuba and warned them not to abuse their license by taking individuals not affiliated with their organizations. OFAC's actions were prompted by reports that groups practicing the Afro-Cuban religion Santería had been taking large groups to Cuba as a means of skirting U.S. travel restrictions.<sup>54</sup> In 2006, the Administration suspended the licenses of several travel service providers, including one of the largest such providers in Florida, La Estrella de Cuba. Several religious organizations also had their licenses suspended, and church groups and several Members of Congress expressed concern about more restrictive licenses for religious travel.<sup>55</sup>

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<sup>54</sup> Oscar Corral, "Is Santería Used as Ploy to Skirt Travel Rules?," *Miami Herald*, February 27, 2005.

<sup>55</sup> Oscar Corral, "Feds Lay Down the Law on Cuba to Travel Agents," *Miami Herald*, April 29, 2006; Pablo Bachelet, "New Rules Impede Religious Travel," *Miami Herald*, March 16, 2006.

As noted above, during the 2008 electoral campaign, Barack Obama pledged to lift restrictions on family travel to Cuba as well as restrictions on Cuban Americans sending remittances to Cuba. Senator Hillary Clinton reiterated President Obama's pledge during her confirmation hearing for Secretary of State on January 15, 2009, but indicated that the Administration did not yet have a timeline on the change.

In March 2009, Congress took action on its own in the 111<sup>th</sup> Congress by including two provisions in the FY2009 omnibus appropriations measure (P.L. 111-8) that ease sanctions on travel to Cuba. As implemented by the Treasury Department, family travel was once again allowed once every 12 months to visit a close relative for an unlimited length of stay, and the limit for daily expenditure allowed by family travelers became the same as for other authorized travelers to Cuba (State Department maximum per diem rate for Havana, currently \$179 day). The definition of "close relative" was expanded to mean any individual related to the traveler by blood, marriage, or adoption who is no more than three generations removed from that person.

The omnibus measure also included a provision requiring a general license for travel related to the marketing and sale of agricultural and medical goods to Cuba. The Treasury Department's Office of Foreign Assets Control ultimately issued regulations implementing this omnibus provision on September 3, 2009. The regulations require a written report at least 14 days before departure identifying both the traveler and the producer or distributor and describing the purpose and scope of such travel. Another written report is required within 14 days of return from Cuba describing the activities conducted, the persons met, and the expenses incurred. The regulations also require that such travelers under this provision be regularly employed by a producer or distributor of the agricultural commodities or medical products or an entity duly appointed to represent such a producer or distributor. The activity schedules for such travelers cannot include free time, travel, or recreation in excess of that consistent with a full work schedule.

On April 13, 2009, the Obama Administration announced several significant measures to ease U.S. sanctions on Cuba. Fulfilling a campaign pledge, President Obama announced that all restrictions on family travel and on remittances to family members in Cuba would be lifted. This significantly superseded the action taken by Congress in March that had essentially reverted family travel restrictions to as they had been before they were tightened in 2004. Under the new policy announced by the Administration in April, there will be no limitations on the frequency or duration of family visits, and the 44-pound limitation on accompanied baggage will be removed. Family travelers will be able to spend the same as allowed for other travelers, up to \$179 per day. With regard to family remittances, the previous limitation of no more than \$300 per quarter will be removed and there will be no restriction on the amount or frequency of the remittances. Authorized travelers will be able once again carry up to \$3,000 in remittances.<sup>56</sup> Regulations for the above policy changes were issued by the Treasury and Commerce Departments on September 3, 2009.

On November 19, 2009, the House Committee on Foreign Affairs held a hearing on U.S. restrictions on travel to Cuba entitled "Is it Time to Lift the Ban on Travel to Cuba?" that featured former U.S. government officials and other private witnesses.

(For additional information, see CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*.)

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<sup>56</sup> White House, "Fact Sheet: Reaching Out to the Cuban People," April 13, 2009.

## **Agricultural Exports and Sanctions**

U.S. commercial agricultural exports to Cuba have been allowed for several years, but with numerous restrictions and licensing requirements. The 106<sup>th</sup> Congress passed the Trade Sanctions Reform and Export Enhancement Act of 2000 or TSRA (P.L. 106-387, Title IX) that allows for one-year export licenses for selling agricultural commodities to Cuba, although no U.S. government assistance, foreign assistance, export assistance, credits, or credit guarantees are available to finance such exports. TSRA also denies exporters access to U.S. private commercial financing or credit; all transactions must be conducted in cash in advance or with financing from third countries. TSRA reiterates the existing ban on importing goods from Cuba but authorizes travel to Cuba, under a specific license, to conduct business related to the newly allowed agricultural sales.

Since 2002, the United States has been Cuba's largest supplier of food and agricultural products.<sup>57</sup> Cuba has purchased almost \$2.7 billion in agricultural products from the United States since late 2001. Overall U.S. exports to Cuba rose from about \$7 million in 2001 to \$404 million in 2004. U.S. exports to Cuba declined in 2005 and 2006 to \$369 million and \$340 million, respectively, but increased to \$447 million in 2007. In 2008, U.S. exports to Cuba rose to \$712, far higher than in previous years, in part because of the rise in food prices and because of Cuba's increased food needs in the aftermath of several hurricanes and tropical storms that severely damaged Cuba's agricultural sector. In the first 10 months of 2009, however, U.S. exports to Cuba were valued at \$449 million, 25% lower than the same time period in 2008.<sup>58</sup>

In February 2005, OFAC amended the Cuba embargo regulations to clarify that TSRA's term of "payment of cash in advance" means that the payment is received by the seller or the seller's agent prior to the shipment of the goods from the port at which they are loaded. U.S. agricultural exporters and some Members of Congress strongly objected that the action constituted a new sanction that violated the intent of TSRA and could jeopardize millions of dollars in U.S. agricultural sales to Cuba. OFAC Director Robert Werner maintained that the clarification "conforms to the common understanding of the term in international trade."<sup>59</sup> On July 29, 2005, OFAC clarified that, for "payment of cash in advance" for the commercial sale of U.S. agricultural exports to Cuba, vessels can leave U.S. ports as soon as a foreign bank confirms receipt of payment from Cuba. OFAC's action was aimed at ensuring that the goods would not be vulnerable to seizure for unrelated claims while still at the U.S. port. Supporters of overturning OFAC's February 22, 2005 amendment, such as the American Farm Bureau Federation, were pleased by the clarification but indicated that they would still work to overturn the February rule.<sup>60</sup>

Some groups favor further easing restrictions on agricultural exports to Cuba. They argue that the restrictions harm the health and nutrition of the Cuban population. U.S. agribusiness companies that support the removal of restrictions on agricultural exports to Cuba believe that U.S. farmers

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<sup>57</sup> U.S. Department of Agriculture, Foreign Agricultural Service, Office of Global Analysis, "Cuba's Food & Agriculture Situation Report," March 2008.

<sup>58</sup> World Trade Atlas, which uses Department of Commerce Statistics.

<sup>59</sup> U.S. Department of the Treasury, Testimony of Robert Werner, Director, OFAC, before the House Committee on Agriculture, March 16, 2005.

<sup>60</sup> Christopher S. Rugaber, "Treasury Clarifies Cuba Farm Export Rule, and Baucus Relents on Nominees," *International Trade Reporter*, August 4, 2005.

are missing out on a market so close to the United States. Some exporters want to change U.S. restrictions so that they can sell agriculture and farm equipment to Cuba.<sup>61</sup> Agricultural exporters who support the lifting of the prohibition on financing contend that allowing such financing would help smaller U.S. companies expand purchases to Cuba more rapidly.<sup>62</sup> On July 19, 2007, the U.S. International Trade Commission issued a report, requested by the Senate Committee on Finance, maintaining that the U.S. share of Cuba's agricultural, fish, and forest imports would rise from one-third to between one-half and two-thirds if trade restrictions were lifted. (See the full report available at [http://www.usitc.gov/ext\\_relations/news\\_release/2007/er0719eel.htm](http://www.usitc.gov/ext_relations/news_release/2007/er0719eel.htm).)

Opponents of further easing restrictions on agricultural exports to Cuba maintain that U.S. policy does not deny such sales to Cuba, as evidenced by the large amount of sales since 2001. Moreover, according to the State Department, since the Cuban Democracy Act was enacted in 1992, the United States has licensed billions of dollars in private humanitarian donations. Opponents further argue that easing pressure on the Cuban government would in effect be lending support and extending the duration of the Castro regime. They maintain that the United States should remain steadfast in its opposition to any easing of pressure on Cuba that could prolong the Castro regime and its repressive policies. Some agricultural producers that export to Cuba support continuation of the prohibition on financing for agricultural exports to Cuba because it ensures that they will be paid.

As described below, the 111<sup>th</sup> Congress took action in the first session by including two provisions in the FY2009 omnibus appropriations measure (P.L. 111-8) intended to ease sanctions related to the payment terms and travel related to the export of U.S. agricultural products to Cuba.

## Legislative Action and Initiatives

Congress included three provisions easing Cuba sanctions in Sections 620-622 of Division D of the FY2009 Omnibus Appropriations Act ( H.R. 1105/P.L. 111-8) that was signed into law March 11, 2009. The provisions eased restrictions on family travel and travel for the marketing and sale of U.S. agricultural and medical exports to Cuba, and were intended to ease payment provisions for U.S. agricultural exports to Cuba.

- Section 620 amends the Trade Sanctions Reform and Export Enhancement Act of 2000 to require the Secretary of the Treasury to issue regulations for travel to, from, or within Cuba under a general license for the marketing and sale of agricultural and medical goods. Such travel currently requires a specific license from OFAC, issued on a case by case basis. On March 9, 2009, Secretary of the Treasury Geithner stated in a letter published in the *Congressional Record* that the regulations issued pursuant to this provision “would provide that the representatives of only a narrow class of businesses would be eligible, under a new general license, to travel to market and sell agricultural and medical goods.” The Secretary also maintained that “any business using the general license would be required to provide both advance written notice outlining the purpose and scope of the planned travel and, upon return, a report outlining the activities conducted, including the persons with whom they met, the expenses incurred,

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<sup>61</sup> “Ag Groups Split Over Trade With Cuba,” *Congress Daily AM*, National Journal, February 11, 2003.

<sup>62</sup> “Farm Equipment Exports Likely to Face Tough Opposition from White House, Congress,” *Cuba Trader*, Vol. III, No. 7, February 17, 2003.

and business conducted in Cuba.”<sup>63</sup> On March 11, 2009, OFAC maintained that it would implement this provision in the coming weeks and promulgate regulations authorizing travel under the general license for the marketing and sale of agricultural and medical goods. As noted above, these regulations were issued on September 3, 2009, with stringent reporting requirements.

- Section 621 of Division D prohibits funds from being used to administer, implement, or enforce family travel restrictions that were imposed by the Bush Administration in June 2004. As noted above, those 2004 restrictions allowed family travel only to visit immediate family (grandparents, grandchildren, parents, siblings, spouses, and children) once every three years for a period not to exceed 14 days. Under the 2004 restrictions, a specific license was required from OFAC for such travel, and the authorized amount that family travelers could spend while in Cuba was limited to \$50 a day. On March 11, 2009, OFAC provided guidance on its implementation of this omnibus provision that reinstated the authorization for family travel to Cuba that existed prior to the June 2004 restrictions. OFAC issued a general license authorizing family travel once every 12 months for an unlimited length of stay, and increased daily expenditure limits for family travelers to the same as all other authorized travelers to Cuba (State Department maximum per diem rate for Havana, currently \$179 day). The new general license also provided for an expanded definition of “close relatives” to mean any individual related to the traveler by blood, marriage, or adoption, who is no more than three generations removed from that person (e.g. great-grandparents and second cousins). Specific licenses may be issued on a case-by-case basis for additional visits during the 12-month period or for travel to visit a close relative who is not a national of Cuba. President Obama announced in April 2009 that his Administration would further liberalize family travel by lifting all restrictions on such travel. Regulations doing just that were ultimately issued by the Treasury Department on September 3, 2009, which superseded the action taken by Congress in March 2009.
- Section 622 of Division D prohibits funds in the Act from being used to administer, implement, or enforce an amendment to the Cuban embargo regulations on February 25, 2005 requiring that U.S. agricultural exporters using the “payment of cash in advance” payment mechanism for selling their goods to Cuba must be paid in cash for their goods before the goods leave U.S. ports. As noted above, TSRA requires either the “payment of cash of advance” for such exports (or financing by third country financial institutions), but does not provide a definition of cash in advance. Prior to the February 2005 amendment to the Cuban embargo regulations, U.S. exporters could be paid for the goods before they were unloaded in Cuba. OFAC guidance on the implementation of this provision states that TSRA’s statutory provisions remain in place that agricultural exports to Cuba be either paid for by “cash in advance” or financed using a third-country bank.<sup>64</sup> Secretary of the Treasury Geithner provided additional guidance on the implementation of this provision in a letter published in the *Congressional Record* that states that, “exporters will still be required to receive payment in

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<sup>63</sup> *Congressional Record*, March 10, 2009, p. S2933.

<sup>64</sup> U.S. Department of the Treasury, Office of Foreign Assets Control, “Guidance on Implementation of Cuba Travel and Trade-Related Provisions of the Omnibus Appropriations Act, 2009,” March 11, 2009.

advance of shipment.”<sup>65</sup> This continued the Bush Administration policy imposed in February 2005. Given the Secretary’s interpretation, this provision had little, if any, practical effect. While the Secretary’s response ameliorated the concerns that several Senators had regarding the provision, it also triggered concerns by other Senators who maintained that the Secretary’s action ignored the legislative intent of the Cuba provision to ease restrictions on agricultural sales to Cuba.<sup>66</sup>

In other significant legislative action in December 2009, Congress included a clarifying provision in the Section 619 of Division C of the Consolidated Appropriations Act, 2010 (H.R. 3288/P.L. 111-117) related to the issue of payment of cash in advance for U.S. agricultural exports to Cuba. The provision states that during FY2010, the term “payment of cash in advance” as used in TSRA “shall be interpreted as payment before the transfer of title to, and control of, the exported items to the Cuban purchaser.” Supporters of the provision maintain that it restores congressional intent on the matter, and will make it easier for U.S. agricultural producers to export to Cuba, while opponents maintain the provision constitutes a foreign policy change included in a must-pass spending bill without appropriate congressional consideration.<sup>67</sup>

This provision had been included in the House version of the FY2010 Financial Services and General Government Appropriations Act, H.R. 3170, approved on July 16, 2009. The Senate version of the bill, S. 1432, reported out of committee on July 10, 2009 (S.Rept. 111-43), also had an identical provision. In its report to the bill (S.Rept. 111-43), the Senate Appropriations Committee maintained that it was aware that the Treasury Department was continuing to require the sellers of agricultural goods to Cuba to receive cash payments in advance of shipping rather than in advance of delivering the goods, and asserted that the policy impedes U.S. sales since it increases the cost of doing business. In the report, the committee urged the Treasury Department to use its rulemaking authority to permanently amend the Cuban Assets Control Regulations and remove impediments to U.S. agricultural sales to Cuba.

Several other legislative initiative in the 111<sup>th</sup> Congress have been considered or introduced that would ease or eliminate restrictions on travel, remittances, and on the sale U.S. agricultural exports to Cuba. H.R. 188 (Serrano), H.R. 1530 (Rangel), and H.R. 2272 (Rush) would lift overall economic sanctions on Cuba, including all restrictions on travel, remittances, and agricultural exports. H.R. 2272 would also extend nondiscriminatory trade treatment to Cuba. H.R. 332 (Lee) would ease restrictions on educational travel to Cuba. Identical bills H.R. 874 (Delahunt) and S. 428 (Dorgan) would prohibit the President from regulating or prohibiting, directly or indirectly, travel to or from Cuba by U.S. citizens or legal residents, or any of the transactions incident to such travel. H.R. 1528 (Rangel) would also lift restrictions on travel.

H.R. 1737 (Moran) would focus on ways to facilitate U.S. agricultural exports to Cuba. The measure would amend TSRA to clarify the definition of payment of cash in advance so that payments do not have to be made before the goods are shipped from U.S. ports, and would allow direct transfers between U.S. and Cuban financial institutions to pay for U.S. agricultural exports.

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<sup>65</sup> *Congressional Record*, March 10, 2009, p. S2933.

<sup>66</sup> Caitlin Webber, “Obama Accused of Ignoring Legislators’ Bid to Ease Cuba Trade Restrictions,” *CQ Today*, March 18, 2009; and Jerry Hagstrom, “Bipartisan Senate Group Pushes Geithner on Cuba Trade,” *Congress Daily PM, National Journal*, March 17, 2009.

<sup>67</sup> “New Law Lets Cuba Pay U.S. Suppliers Directly,” *CubaNews*, December 2009; Rosella Brevetti, “Agriculture: Senate OKs Provision Facilitating U.S. Agricultural Exports to Cuba,” *International Trade Reporter*, December 17, 2009.

Similar but not identical bills H.R. 1531 (Rangel) and S. 1089 (Baucus) include the same provisions as in H.R. 1737, but would also establish a U.S. agricultural export promotion program that would be funded by a \$1 increase in the airport ticket tax for U.S.-Cuba air travel. Both measures would also lift overall restrictions on travel to Cuba.

## Trademark Sanction<sup>68</sup>

For over a decade, the United States has imposed a sanction that denies protection for trademarks connected with businesses confiscated from their owners by the Cuban government. A provision in the FY1999 omnibus appropriations measure (Section 211 of Division A, Title II, P.L. 105-277, signed into law October 21, 1998) prevents the United States from accepting payment for trademark registrations and renewals from Cuban or foreign nationals that were used in connection with a business or assets in Cuba that were confiscated, unless the original owner of the trademark has consented. The provision prohibits U.S. courts from recognizing such trademarks without the consent of the original owner. The measure was enacted because of a dispute between the French spirits company, Pernod Ricard, and the Bermuda-based Bacardi Ltd. Pernod Ricard entered into a joint venture in 1993 with the Cuban government to produce and export Havana Club rum. Bacardi maintains that it holds the right to the Havana Club name because in 1995 it entered into an agreement for the Havana Club trademark with the Arechabala family, who had originally produced the rum until its assets and property were confiscated by the Cuban government in 1960. Although Pernod Ricard cannot market Havana Club in the United States because of the trade embargo, it wants to protect its future distribution rights should the embargo be lifted.

The European Union initiated World Trade Organization dispute settlement proceedings in June 2000, maintaining that the U.S. law violates the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). In January 2002, the WTO ultimately found that the trademark sanction violated WTO provisions on national treatment and most-favored-nation obligations in the TRIPS Agreement.

On March 28, 2002, the United States agreed that it would come into compliance with the WTO ruling through legislative action by January 3, 2003.<sup>69</sup> That deadline was extended several times since no legislative action had been taken to bring Section 211 into compliance with the WTO ruling. On July 1, 2005, however, in an EU-U.S. bilateral agreement, the EU agreed that it would not request authorization to retaliate at that time, but reserved the right to do so at a future date, and the United States agreed not to block a future EU request.<sup>70</sup> On August 3, 2006, the U.S. Patent and Trademark Office announced that Cuba's Havana Club trademark registration was "cancelled/expired," a week after OFAC had denied a Cuban government company the license that it needed to renew the registration of the trademark.<sup>71</sup>

Two different approaches have been advocated to bring Section 211 into compliance with the WTO ruling. Some want a narrow fix in which Section 211 would be amended so that it also

<sup>68</sup> For additional information, see CRS Report RS21764, *Restricting Trademark Rights of Cubans: WTO Decision and Congressional Response*, by Margaret Mikyung Lee.

<sup>69</sup> "U.S., EU Agree on Deadline for Complying with Section 211 WTO Finding," *Inside U.S. Trade*, April 12, 2002.

<sup>70</sup> "Japan, EU Suspend WTO Retaliation Against U.S. in Two Cases," *Inside U.S. Trade*, July 15, 2005.

<sup>71</sup> "PTO Cancels Cuban 'Havana Club' Mark; Bacardi Set to Sell Rum Under Same Mark," *International Trade Daily*, August 10, 2006.

applies to U.S. companies instead of being limited to foreign companies. Advocates of this approach argue that it would affirm that the United States “will not give effect to a claim or right to U.S. property if that claim is based on a foreign compensation.”<sup>72</sup> Others want Section 211 repealed altogether. They argue that the law endangers over 5,000 trademarks of over 500 U.S. companies registered in Cuba.<sup>73</sup>

Several legislative initiatives were introduced during the 110<sup>th</sup> Congress reflecting these two approaches to bring Section 211 into compliance with the WTO ruling, but no action was taken on these measures. To date in the 111<sup>th</sup> Congress, identical bills H.R. 1103 (Wexler) and S. 1234 (Lieberman) would amend Section 211 with a narrow fix to bring it into compliance with the WTO ruling, while several measures, H.R. 188 (Serrano), H.R. 1530 (Rangel), H.R. 1531 (Rangel), H.R. 2272 (Rush), and S. 1089 would repeal Section 211 altogether. The July 2005 EU-U.S. bilateral agreement, in which the EU agreed not to retaliate against the United States, but reserved the right to do so at a later date, has reduced pressure on Congress to take action to comply with the WTO ruling.

## Offshore Oil and Natural Gas Development

The issue of Cuba’s development of its deepwater offshore oil reserves in the Gulf of Mexico has been a concern among some Members of Congress. According to the U.S. Energy Information Administration, industry analysts maintain that there could be at least 1.6 billion barrels of crude oil reserves in Cuba’s offshore sector; the U.S. Geological Survey estimated a mean of 4.6 billion barrels of undiscovered oil and 9.8 trillion cubic feet of undiscovered natural gas reserves.<sup>74</sup> In October 2008, an official of Cuba’s state oil company, Cubapetroleo (Cupet), maintained there may be more than 20 billion barrels of oil in Cuba’s deepwaters, but energy analysts expressed skepticism for such a claim.<sup>75</sup>

To date, Cuba has signed agreements for seven concessions involving eight foreign oil companies for the exploration of offshore oil and gas. Repsol (Spain), Norsk-Hydro (Norway), and ONGC (India) are partners in a joint project, while Sherritt International (Canada), ONGC (India), PdVSA (Venezuela), Petronas (Malaysia), PetroVietnam, and Petrobras (Brazil) also have additional concessions. In February 2008, Petrobras signed a wide-ranging agreement for potential exploration and production cooperation with Cuba’s state oil company, Cupet. This ultimately led to an oil exploration agreement between Petrobras and Cupet signed in late October 2008. Some Members of Congress have expressed concern about oil development so close to the United States and about potential environmental damage to the Florida coast. The Repsol project had plans to drill a second well in August 2009 (the first was drilled in 2004), but this has been postponed. In late July and August 2009, press reports indicated that the Russia’s state-owned Zarubezhneft oil company would be signing a contract with Cupet for oil exploration off Cuba’s

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<sup>72</sup> Brian Lehman, testimony before the Senate Committee on the Judiciary, hearing on “An Examination of Section 211 of the Omnibus Appropriations Act of 1998,” July 13, 2004.

<sup>73</sup> “USA-Engage Joins Cuba Fight,” *Cuba Trader*, April 1, 2002.

<sup>74</sup> U.S. Energy Information Administration, “Country Analysis Briefs: Caribbean,” October 2008; U.S. Geological Survey, “Assessment of Undiscovered Oil and Gas Resources of the North Cuban Basin, Cuba, 2004,” Fact Sheet 2005-3009, February 2005.

<sup>75</sup> Jeff Franks, “Cuba Oil Claims Raise Eyebrows in Energy World,” October 24, 2008; and Larry Luxner, “Cuba May have 20 Billion Barrels of Oil But Cash Crunch Threatens Investment,” *CubaNews*, November 2008.

coast. It appears that Russian company will be working with PetroVietnam for the development of that company's concession in the deep-water area offshore Cuba.

Although there have been some claims that China is drilling in Cuba's offshore deepwater oil sector, to date its involvement in Cuba's oil sector has been focused on exploring onshore/close coastal oil extraction in Piñar del Rio province through its state-run China Petroleum and Chemical Corporation (Sinopec).<sup>76</sup> China does not have a concession in Cuba's offshore oil sector in the deepwaters of the Gulf of Mexico.<sup>77</sup>

In the 110<sup>th</sup> Congress, several legislative initiatives (H.R. 1679, S. 876, and S. 2503) would have imposed sanctions related to Cuba's offshore oil development on its northern coast, while several other initiatives (S. 1268, S. 2953, H.R. 3182, H.R. 3435, and H.R. 6735) would have allowed U.S. companies to work with Cuba for the offshore exploration and extraction of oil. No action was taken on any of these initiatives.

In the 111<sup>th</sup> Congress, three measures have been introduced that would allow for U.S. involvement in Cuba's offshore oil sector. S. 774 (Dorgan), H.R. 1918 (Flake), and S. 1517 (Murkowski) would authorize U.S. companies to work with Cuba for the exploration and extraction of oil, and to export without license all necessary equipment. The bills would amend the Trade Sanctions Reform and Export Enhancement Act of 2000 to provide for a general license for travel by persons engaging in hydrocarbon exploration and extraction activities. H.R. 1918 would also allow for the importation of such hydrocarbon resources from Cuba.

## Drug Interdiction Cooperation

Because of Cuba's geographic location, the country's waters and airspace have been used by illicit narcotics traffickers to transport drugs for ultimate destinations in the United States. Over the past several years, Cuban officials have expressed concerns over the use of their waters and airspace for drug transit as well as increased domestic drug use. The Cuban government has taken a number of measures to deal with the drug problem, including legislation to stiffen penalties for traffickers, increased training for counternarcotics personnel, and cooperation with a number of countries on anti-drug efforts. Cuba has bilateral counternarcotics agreements with 33 countries and less formal arrangements with 16 others, according to the Department of State. For several years, Cuba's Operation Hatchet has focused on maritime and air interdiction and the recovery of narcotics washed up on Cuban shores. Narcotics smuggling through Cuban territory decreased in 2006, according to both U.S. and Cuban officials.<sup>78</sup> According to the Department of State, Cuba aggressively pursues an internal enforcement and investigation program against its incipient drug market with an effective nationwide drug prevention and awareness campaign, Operation Popular Shield.

Over the years, there have been varying levels of U.S.-Cuban cooperation on anti-drug efforts. In 1996, Cuban authorities cooperated with the United States in the seizure of 6.6 tons of cocaine

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<sup>76</sup> Domingo Amuchastegui, "Cuban Again Invites U.S. Oil Giants to Invest in Oil Sector," *CubaNews*, May 2007.

<sup>77</sup> Lesley Clark and Erika Bolstad, "China-Cuba Rumors Fuel Renewed Offshore Drilling Debate, Rumors of China Drilling in Cuban Waters Are Rallying Support for Drilling off Florida's Coast, But Experts Say They're Untrue," *Miami Herald*, June 12, 2008.

<sup>78</sup> Frances Robles, "Drug-Trafficking at 11-Year Low, Cuba Says," *Miami Herald*, March 3, 2007; U.S. Department of State, International Narcotics Control Strategy Report, March 2007, p. 188.

aboard the Miami-bound *Limerick*, a Honduran-flag ship. Cuba turned over the cocaine to the United States and cooperated fully in the investigation and subsequent prosecution of two defendants in the case in the United States. Cooperation has increased since 1999 when U.S. and Cuban officials met in Havana to discuss ways of improving anti-drug cooperation. Cuba accepted an upgrading of the communications link between the Cuban Border Guard and the U.S. Coast Guard as well as the stationing of a U.S. Coast Guard Drug Interdiction Specialist (DIS) at the U.S. Interests Section in Havana. The Coast Guard official was posted to the U.S. Interests Section in September 2000, and since that time, coordination has increased.

The State Department, in its February 2009 *International Narcotics Control Strategy Report*, reported that counter-narcotics cooperation, including operations in coordination with the Coast Guard DIS, continued in 2008. In July 2008, information provided by the Cuban Border Guard's operations center in Havana led the U.S. Coast Guard to a drug-laden go-fast boat in the Windward Pass. The report also noted that Cuban authorities have provided the DIS with exposure to Cuban counternarcotics efforts, including investigative criminal information, debriefings on drug trafficking cases, visits to the Cuban national canine training center and anti-doping laboratory in Havana, tours of Cuban Border Guard facilities, and access to meet with the Chiefs of Cuba's INTERPOL and Customs offices.

Cuba maintains that it wants to cooperate with the United States to combat drug trafficking, and on various occasions has called for a bilateral anti-drug cooperation agreement with the United States.<sup>79</sup> In January 2002, Cuba deported to the United States Jesse James Bell, a U.S. fugitive wanted on drug charges, and in early March 2002, Cuba arrested a convicted Colombian drug trafficker, Rafael Bustamante, who escaped from jail in Alabama in 1992. At the time, then Drug Enforcement Administration head Asa Hutchison expressed appreciation for Cuba's actions, but indicated that cooperation would continue on a case-by-case basis, not through a bilateral agreement.<sup>80</sup> In February 2007, Cuba extradited drug trafficker Luis Hernando Gómez Bustamante to Colombia, an action that drew praise from U.S. Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Anne Patterson.<sup>81</sup> Gómez Bustamante was subsequently extradited to the United States in July 2007 to face drug trafficking charges.

In April 2008, John Walters, Director of the White House Office of National Drug Control Policy, lauded U.S. anti-drug cooperation with Cuba as a good example of how cooperation has been achieved despite overall political differences between the two countries.<sup>82</sup>

In early January 2009, then Assistant Secretary of State for Western Hemisphere Affairs Tom Shannon maintained in an interview with Spain's *El País* newspaper that a drug trafficking accord

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<sup>79</sup> On March 12, 2002, Cuba's Ministry of Foreign Affairs and the Cuban Interests Section in Washington delivered three diplomatic notes to the U.S. Interests Section in Havana and the State Department in Washington proposing agreements on drug interdiction, terrorism, and migration issues. See "Statement from the Ministry of Foreign Affairs: Prominent Drug Trafficker Arrested in our Country," Information Office, Cuban Interests Section, March 17, 2002; "Cuba Offers to Sign Anti-Drug Pact," *Miami Herald*, April 8, 2006.

<sup>80</sup> Anthony Boadle, "U.S. Thanks Cuba, But Declines Anti-Drug Accord," Reuters, March 19, 2002.

<sup>81</sup> U.S. Department of State, Release of the 2007 International Narcotics Control Strategy Report, Anne W. Patterson, Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, On-The-Record Briefing, March 1, 2007.

<sup>82</sup> "White House Office of National Drug Control Policy Director Waters Holds News Briefing on Emerging Transatlantic Drug Threats at the Foreign Press Center," *Newsmakers Transcripts*, *CQ.com*, April 28, 2008.

with Cuba would be logical, although he could not anticipate what the next Administration would do.<sup>83</sup>

## Legislative Initiatives

Over the past several years, House and Senate versions of Foreign Operations appropriations bills have contained contrasting provisions related to funding for cooperation with Cuba on counternarcotics efforts. House bills have generally prohibited funds for such efforts, while Senate versions would have funded such efforts. Ultimately, none of these provisions were included in enacted measures.

In the second session of the 110<sup>th</sup> Congress, the Senate Appropriations Committee version of the FY2009 State, Department, Foreign Operations, and Related Agencies Appropriations Act, S. 3288, contained a provision (section 779) that would have provided for \$1 million for preliminary work by the Department of State, or other entity designated by the Secretary of State, to establish cooperation with appropriate Cuban agencies on counternarcotics matters. No action was taken on the measure, and no such provision was included in either the Consolidated Appropriations Act for FY2009 (P.L. 110-329 ) that provided foreign operations funding until March 6, 2009, or the FY2009 Omnibus Appropriations Act, (P.L. 111-8).

For FY2010, the Senate Appropriations Committee-reported version of S. 1434, the State Department, Foreign Operations and Related Programs Appropriations Act, 2010, contained a provision in section 7092 that would have provided \$1 million in International Narcotics Control and Law Enforcement (INCLE) assistance for preliminary work by the State Department or other entity designated by the Secretary of State to establish cooperation with appropriate agencies of the government of Cuba on counternarcotics matters, including matters relating to cooperation, coordination, and mutual assistance in the interdiction of illicit drugs being transported through Cuban airspace or over Cuba waters. The amount would not have been available if the Secretary of State certified that Cuba did not have in place appropriate procedures to protect against the loss of innocent life in the air and on the ground in connection with the interdiction of illegal drugs, and that there was credible evidence of involvement of the government of Cuba in drug trafficking during the preceding 10 years. The House-passed version of the appropriations measure, H.R. 3081, did not have a similar provision, and ultimately the final enacted FY2010 omnibus appropriations measure (P.L. 111-117) did not include the Senate committee provision.

## Cuban Spies in the United States

Over the past decade, a number of individuals, including three U.S. government officials, have been convicted in the United States on charges involving spying for Cuba. Most recently in June 2009, the FBI arrested a retired State Department employee and his wife, Walter Kendall Myers and Gwendolyn Steingraber Myers, for spying for Cuba for three decades. The two were accused of acting as agents of the Cuban government and of passing classified information to the Cuban government. In November 2009, the Myerses pled guilty to the spying charges, with Walter facing a mandatory life sentence and his wife receiving from 6 to 7 ½ years in prison.<sup>84</sup>

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<sup>83</sup> José Manuel Calvo, “Thomas Shannon Secretario de Estado adjunto para Latinoamérica: “Sería un acuerdo contra el narcotráfico entre Cuba y EE UU,” *El País*, January 11, 2009.

<sup>84</sup> Del Quentin Wilber, “Former U.S. Official, Wife Admit to 30 Years of Spying for Cuba,” *Washington Post*, (continued...)

In 2006, Florida International University (FIU) professor Carlos Alvarez pled guilty to conspiring to be an unregistered agent who has informed on the Cuban exile community, while his wife Elsa Prieto Alvarez, an FIU counselor, pled guilty to being aware of and failing to disclose her husband's activities. Carlos Alvarez received a five-year sentence, while his wife received three years.

In May 2003, the Bush Administration ordered the expulsion of 14 Cuban diplomats (seven from New York and seven from Washington, DC), maintaining that they were involved in monitoring and surveillance activities.

On September 21, 2001, Defense Intelligence Agency (DIA) analyst Ana Montes was arrested on charges of spying for the Cuban government. Montes reportedly supplied Cuba with classified information about U.S. military exercises and other sensitive operations.<sup>85</sup> Montes ultimately pled guilty to spying for the Cuban government for 16 years, during which she divulged the names of four U.S. government intelligence agents working in Cuba and information about a "special access program" related to U.S. national defense. She was sentenced in October 2002 to 25 years in prison in exchange for her cooperation with prosecutors as part of a plea bargain. In response to the espionage case, the State Department ordered the expulsion of four Cuban diplomats (two from Cuba's UN Mission in New York and two from the Cuban Interests Section in Washington, DC) in November 2002.

In June 2001, five members of the so-called "Wasp Network" who were originally arrested in September 1998, were convicted on espionage charges by a U.S. Federal Court in Miami. Sentences handed down for the so-called "Cuban five" in December 2001 ranged from 15 years to life in prison for three of the five. (In addition to the five, a married couple in the so-called "Wasp Network" was sentenced in January 2002 to prison terms of seven years and three and one-half years for their participation in the spy network.) The group of five Cuban intelligence agents penetrated Cuban exile groups and targeted U.S. military bases. The Cuban government vowed to work for the return of the "Cuban five" who have been dubbed "Heroes of the Republic" by Cuba's National Assembly. In December 2008, Cuban President Raúl Castro offered to exchange some imprisoned Cuban political dissidents for the "Cuban five," an offer that was rejected by the State Department, which maintained that the dissidents should be released immediately without any conditions.<sup>86</sup> On June 15, 2009, the U.S. Supreme Court chose not to hear an appeal of the case of the "Cuban five" in which their lawyers were asking for a new trial outside Miami before an unbiased jury. However, in 2009, sentences for three of the five were reduced; in October, one defendant with a life sentence had his sentence reduced to 20 years, while in December a second defendant facing a life sentence had his sentence reduced to 30 years and another facing 19 years had his sentence slightly reduced to 18 years.<sup>87</sup>

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(...continued)

November 21, 2009.

<sup>85</sup> Bill Miller and Walter Pincus, "Defense Analyst Accused of Spying for Cuba," *Woman Passed Classified Information on Military Exercises, FBI Says*, *Washington Post*, September 22, 2001.

<sup>86</sup> Marco Sibaja, "Raul Castro Offers To Free Dissidents in Exchange for Alleged Cuban Spies Jailed in U.S.," *Associated Press Newswires*, December 18, 2008.

<sup>87</sup> Ian Urbina, "Judge Reduces Sentence for One of Cuban Five," *New York Times*, October 14, 2009; and Jay Weaver, "Cuban Spy's Life Sentence Reduced to 30 Years," *Miami Herald*, December 9, 2009.

In February 2000, an Immigration and Naturalization Service (INS) official from Miami, Mariano Faget, was arrested and ultimately convicted in May 2000 for passing classified information to a friend with ties to Cuba. He was sentenced to five years in prison in June 2001. The case led to the State Department's expulsion of a Cuban diplomat working in Washington D.C.

## Cuba and Terrorism<sup>88</sup>

Cuba was added to the State Department's list of states sponsoring international terrorism in 1982 (pursuant to section 6(j) of the Export Administration Act of 1979) because of its alleged ties to international terrorism and support for terrorist groups in Latin America, and has remained on the list since that time. Cuba had a long history of supporting revolutionary movements and governments in Latin America and Africa, but in 1992, Fidel Castro said that his country's support for insurgents abroad was a thing of the past. Cuba's change in policy was in large part due to the breakup of the Soviet Union, which resulted in the loss of billions of dollars in annual subsidies to Cuba, and led to substantial Cuban economic decline.

Critics of retaining Cuba on the terrorism list maintain that it is a holdover from the Cold War. They argue that domestic political considerations keep Cuba on the terrorism list and maintain that Cuba's presence on the list diverts U.S. attention from struggles against serious terrorist threats. Those who support keeping Cuba on the terrorism list argue that there is ample evidence that Cuba supports terrorism. They point to the government's history of supporting terrorist acts and armed insurgencies in Latin America and Africa. They point to the government's continued hosting of members of foreign terrorist organizations and U.S. fugitives from justice.

The language in the State Department's *Country Reports on Terrorism 2008* report (issued April 30, 2009) is much more tempered than in past versions of the annual report. It begins by noting that "Cuba no longer actively supports armed struggle in Latin America and other parts of the world." While the report maintains that the Cuban government continued to provide safe haven to several terrorists, such as members of the Basque Homeland and Freedom (ETA) and Colombia's Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), it notes that some were in Cuba in connection with peace negotiations with the governments of Spain and Colombia. The report states that Cuba continued to publicly defend the FARC, but also notes that in July 2008 Fidel Castro called on the FARC to release the hostages they were holding without preconditions, and condemned the FARC's mistreatment of captives and of their abduction of civilian politicians who had no role in the armed conflict.

The 2008 report also notes that Cuba continued to permit U.S. fugitives from justice to live legally in Cuba, including members of such militant groups as the Boricua Popular or *Macheteros*, and the Black Liberation Army, but the report also asserts that the Cuban government has not provided safe haven to any new U.S. fugitives wanted for terrorism since 2006. Most of the fugitives living in Cuba entered the country in the 1970s, and are accused of hijacking or committing violent actions in the United States.

Both the President and Congress have powers to take a country off the state sponsors of terrorism list. As set forth in Section 6(j) of the Export Administration Act, a country's retention on the list may be rescinded in two ways. The first option is for the President to submit a report to Congress

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<sup>88</sup> For further information, see CRS Report RL32251, *Cuba and the State Sponsors of Terrorism List*, by Mark P. Sullivan.

certifying that there has been a fundamental change in the leadership and policies of the government and that the government is not supporting acts of international terrorism and is providing assurances that it will not support such acts in the future. The second option is for the President to submit a report to Congress, at least 45 days in advance justifying the rescission and certifying that the government has not provided any support for international terrorism during the preceding six-months, and has provided assurances that it will not support such acts in the future. If Congress disagrees with the President's decision to remove a country from the list, it could seek to block the rescission through legislation.

Congress also has the power on its own to remove a country from the terrorism list. For example, legislation introduced on Cuba in the 111<sup>th</sup> Congress, H.R. 2272 (Rush), includes a provision that would rescind the Secretary of State's determination that Cuba "has repeatedly provided support for acts of international terrorism."

Cuban officials have criticized the United States for including Cuba on its list of countries requiring extra screening for Cuban citizens flying into the United States, an action taken by the Obama Administration on January 4, 2010, in the aftermath of the attempted bombing of a U.S. flight from Amsterdam on Christmas Day. Cuba was included on the extra screening list because of its retention on the State Department's state sponsors of terrorism list. Cuban officials maintain that the Cuba's inclusion on the terrorism list is unfounded, and that Cuba has never been used to organize, finance, or execute terrorist acts against the United States.<sup>89</sup>

### **Cuba as the Victim of Terrorism**

Cuba has been the target of various terrorist incidents over the years. In 1976, a Cuban plane was bombed, killing 73 people. In 1997, there were almost a dozen bombings in the tourist sector in Havana and in the Varadero beach area in which an Italian businessman was killed and several others were injured. Two Salvadorans were convicted and sentenced to death for the bombings in March 1999, and three Guatemalans were sentenced to prison terms ranging from 10-15 years in January 2002. Cuban officials maintain that Cuban exiles funded the bombings.

In November 2000, four anti-Castro activists were arrested in Panama for a plot to kill Fidel Castro. One of the accused, Luis Posada Carriles, was also allegedly involved in the 1976 Cuban airline bombing noted above.<sup>90</sup> The four stood trial in March 2004 and were sentenced on weapons charges in the case to prison terms ranging from seven to eight years. In late August 2004, Panamanian President Mireya Moscoso pardoned the four men before the end of her presidential term. Three of the men are U.S. citizens and traveled to Florida, where they received strong support from some in the Cuban American community, while Posada reportedly traveled to another country.

On April 13, 2005, Posada's lawyer said that his client, reportedly in the United States after entering the country illegally, would seek asylum in the United States because he has a "well-founded fear of persecution" for his opposition to Fidel Castro.<sup>91</sup> Posada, a Venezuelan citizen,

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<sup>89</sup> "Cuba Rejects Inclusion on U.S. Terrorism Black List," *EFE News Service*, January 5, 2010; and Paul Haven, "AP Interview: Cuba Summons Top U.S. Diplomat to Protest Extra Screening for Air Travelers," *AP Newswire*, January 6, 2010.

<sup>90</sup> Frances Robles, "An Old Foe of Castro Looks Back on His Fight," *Miami Herald*, September 4, 2003.

<sup>91</sup> Alfonso Chardy and Nancy San Martin, "Lawyer Expects Posada to Show Soon," *Miami Herald*, April 14, 2005.

had been imprisoned in Venezuela for the bombing of the Cuban airliner in 1976, but reportedly was allowed to “escape” from prison in 1985 after his supporters paid a bribe to the prison warden.<sup>92</sup> He had been acquitted for the bombing but remained in prison pending a prosecutorial appeal.<sup>93</sup> Posada also reportedly admitted, but later denied, involvement in the string of bombings in Havana in 1997, one of which killed an Italian tourist.<sup>94</sup> Posada subsequently withdrew his application for asylum on May 17, 2005. Later that day, U.S. Immigration and Customs Enforcement (ICE) arrested Posada, and subsequently charged him with illegally entering the United States. A Department of Homeland Security press release indicated that ICE does not generally deport people to Cuba or countries believed to be acting on Cuba’s behalf.<sup>95</sup> Venezuela requested Posada’s extradition and pledged that it would not hand Posada over to Cuba. On September 26, 2005, however, a U.S. immigration judge ruled that Posada likely faced torture in Venezuela and could not be deported in keeping with U.S. obligations under the Convention Against Torture.<sup>96</sup>

ICE reviewed the case and determined on March 22, 2006, that Posada would not be freed from a federal immigration facility in El Paso, Texas.<sup>97</sup> In November 2006, however, a U.S. federal judge, who was considering Posada’s plea that he be released, ordered the government to supply evidence, by February 1, 2007, justifying his continued detention. On January 11, 2007, a federal grand jury in Texas indicted Posada on seven counts for lying about how he entered the United States illegally in March 2005, whereupon he was transferred from immigration detention in El Paso to a county prison in New Mexico near the Texas border. The Cuban government responded by maintaining that Posada needs to be charged with terrorism, not just lying about how he entered the United States.

Posada was released from jail in New Mexico on April 19, 2007, and allowed to return to Miami under house arrest to await an upcoming trial on immigration fraud charges, but on May 9, 2007 a federal judge in Texas dismissed the charges. The judge maintained that the U.S. government mistranslated testimony from Posada and manipulated evidence.<sup>98</sup> On June 5, 2007, Justice Department prosecutors filed a notice of appeal with the 5<sup>th</sup> U.S. Circuit Court of Appeals in New Orleans and on November 6, 2007, federal prosecutors filed a brief requesting that the court reverse the lower court’s decision.<sup>99</sup> On June 4, 2008, the appeals court heard arguments from both sides in the case; a ruling reportedly could take several months.<sup>100</sup> Both Cuba and Venezuela strongly denounced Posada’s release, contending that he is a terrorist. In late June 2008, Panama’s Supreme Court ruled that Posada’s 2004 pardon was unconstitutional, and in July 2008, a Panamanian court initiated a request for Posada’s extradition to the Panamanian government.

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<sup>92</sup> Ann Louise Bardach, “Our Man’s in Miami. Patriot or Terrorist?,” *Washington Post*, April 17, 2005.

<sup>93</sup> Although Posada was acquitted by a military court, a higher court ordered a new civilian trial. Reportedly a first set of prosecutors recommended against charging Posada, but a second set of prosecutors took the case to trial, and Posada escaped during that time in 1985. See Oscar Corral, “Debate Focuses on Escape,” *Miami Herald*, June 19, 2005.

<sup>94</sup> Oscar Corral and Alfonso Chardy, “Victim’s Kin Oppose Posada Bid for Asylum,” *Miami Herald*, May 7, 2005.

<sup>95</sup> Department of Homeland Security, Office of Public Affairs, Statement, May 17, 2005.

<sup>96</sup> Alicia Caldwell, “Judge Says Cuban Militant Can’t Be Deported to Venezuela,” *Associated Press*, September 28, 2005.

<sup>97</sup> Oscar Corral, “Cuban Exile Militant Luis Posada Denied Release,” *Miami Herald*, March 22, 2006.

<sup>98</sup> Carol J. Williams, “Pressure Grows to Prosecute Cuban Exile,” *Los Angeles Times*, May 10, 2007.

<sup>99</sup> The federal prosecutors’ brief is available at [http://media.miamiherald.com/smedia/2007/11/06/20/Posada\\_5CA\\_07-50737\\_electronic\\_copy.source.prod\\_affiliate.56.pdf](http://media.miamiherald.com/smedia/2007/11/06/20/Posada_5CA_07-50737_electronic_copy.source.prod_affiliate.56.pdf).

<sup>100</sup> Michael Kunzelman, “Appeals Court Hears Cuban Militant’s Immigration Case,” *Associated Press*, June 4, 2008.

In a new turn of events, Posada was again indicted by a federal grand jury in Texas on April 8, 2009. In the ten-count indictment, Posada was accused, among other things, of lying during immigration proceedings regarding his involvement in bombings in Havana in 1997. Originally a federal trial was set to begin in August 2009, but was rescheduled until February 2010 in order to give him time to prepare his defense. Press reports maintain that Posada is also being investigated by a grand jury in New Jersey for his role in the 1997 bombings in Cuba.<sup>101</sup>

## U.S. Funding to Support Democracy and Human Rights

Since 1996, the United States has provided assistance—primarily through the U.S. Agency for International Development (USAID), but also through the State Department and the National Endowment for Democracy (NED)—to increase the flow of information on democracy, human rights, and free enterprise to Cuba.

USAID's Cuba program has supported a variety of U.S.-based non-governmental organizations with the goals of promoting a rapid, peaceful transition to democracy, helping develop civil society, and building solidarity with Cuba's human rights activists.<sup>102</sup> These efforts are largely funded through Economic Support Funds (ESF) in the annual foreign operations appropriations bill. From FY2001-FY2007, the United States provided a total of almost \$71 million in funding for Cuba democracy efforts.

For FY2008, Congress fully funded the Administration's request for \$45.7 million in ESF for democracy assistance for Cuba in the Consolidated Appropriations Act for FY2008 (P.L. 110-161); an estimated \$45.33 million, however, will be provided because of an overall 0.81% rescission. The amount was more than five times the amount requested in FY2007 (\$9 million). According to the State Department's FY2008 Congressional Budget Justification (CBJ), the increase in assistance was in order to fulfill the recommendations of the July 2006 report of the Commission for Assistance to a Free Cuba to provide support for Cuban civil society, expand international awareness, break the regime's information blockade, and continue support for a democratic transition. That report, as described above, recommended \$80 million over two years for a variety of measures to hasten Cuba's transition to democracy, and not less than \$20 million annually thereafter for Cuba democracy programs.

Both the House- and Senate-passed versions of the FY2008 State, Foreign Operations, and Related Agencies Appropriations Act, H.R. 2764, fully funded the Administration's request for \$45.7 million in ESF for Cuba democracy programs. The House committee-reported version of the bill would have provided just \$9 million in ESF for such programs, but during June 21, 2007, floor consideration, the House approved H.Amdt. 351 (Diaz-Balart) by a vote of 254-170 that increased funding for ESF by \$36.7 million in order to fully fund the Administration's request. The Senate Appropriations Committee report to the bill would have provided \$15 million in ESF for Cuba democracy programs. However, during September 6, 2007, floor consideration, the Senate approved S.Amdt. 2694 (Martinez) by voice vote that increased funding for Cuba democracy programs by \$30.7 million to fully fund the Administration's request.

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<sup>101</sup> Alfonso Chardy and Jay Weaver, "Posada a Target of New Federal Probes," *Miami Herald*, November 12, 2006, and "Grand Jury Indicts Cuban Exile Militant Luis Posada Carriles," *Miami Herald*, January 12, 2007; Jay Weaver, "U.S. Probes Haunt 80-year Old Anti-Castro Cuban," *Houston Chronicle*, March 2, 2008; Jay Weaver, "Posada Gets More Time for Perjury Defense," *Miami Herald*, June 16, 2009.

<sup>102</sup>See USAID's Cuba program website: [http://www.usaid.gov/locations/latin\\_america\\_caribbean/country/cuba/](http://www.usaid.gov/locations/latin_america_caribbean/country/cuba/).

For FY2009, Congress fully funded the Administration's \$20 million request in ESF to continue to implement the program recommendations of the Commission for Assistance to a Free Cuba. The funding is aimed at assisting human rights activists, independent journalists, Afro-Cubans, and women, youth, and student activists. The report to the Senate Appropriations Committee version of the FY2009 State Department, Foreign Operations, and Related Agencies Appropriations Act, S. 3288 (S.Rept. 110-425), recommended fully funding the Administration's request for Cuba, but also called for the State Department and USAID to conduct regular evaluations to ensure the cost effectiveness of the programs. No final action on the appropriations measure was taken in the 110<sup>th</sup> Congress, but overall foreign operations funding was continued under a short-term continuing resolution (P.L. 110-329) until March 6, 2009. Ultimately, in the 111<sup>th</sup> Congress, the FY2009 Omnibus Appropriations Act (P.L. 111-8) funded overall foreign operations funding, including the \$20 million for Cuba.

For FY2010, Congress once again fully funded the Administration's \$20 million ESF request for Cuba democracy programs in the conference report (H.Rept. 111-366) to the Consolidated Appropriations Act, 2010 (H.R. 3288/P.L. 111-117). According to the State Department's *FY2010 Congressional Budget Justification for Foreign Operations*, U.S. assistance programs focus on providing humanitarian assistance to victims of repression, strengthening civil society, weakening the information blockade, and helping Cubans to create space for dialogue about democratic change and reconciliation. Both House-passed H.R. 3081 and Senate Appropriations Committee-reported S. 1434, the FY2010 State Department, Foreign Operations, and Related Programs Appropriations Act, recommended full funding of the Administration's \$20 million request.

Until FY2008, NED's democratization assistance for Cuba had been funded largely through the annual Commerce, Justice, and State (CJS) appropriations measure, but is now funded through the State Department, Foreign Operations and Related Agencies appropriations measure. NED funding for Cuba has steadily increased over the past several years: \$765,000 in FY2001; \$841,000 in FY2002; \$1.14 million in FY2003; and \$1.15 million in FY2004. For FY2005, NED funded 17 Cuba projects with \$2.4 million. For FY2006, NED funded 13 projects with almost \$1.5 million, including \$0.4 million from State Department ESF. For FY2007, NED funded 12 projects with almost \$1.5 million, which included almost \$1.4 million funded by the State Department. For FY2008, NED funded 11 projects with over \$1.4 million.

## **Oversight of U.S. Democracy Assistance to Cuba**

In November 2006, the Government Accountability Office (GAO) issued a report examining U.S. democracy assistance for Cuba from 1996-2005, and concluded that the U.S. program had significant problems and needed better management and oversight. According to GAO, internal controls, for both the awarding of Cuba program grants and oversight of grantees, "do not provide adequate assurance that the funds are being used properly and that grantees are in compliance with applicable law and regulations."<sup>103</sup> Investigative news reports on the program maintained that high shipping costs and lax oversight have diminished its effectiveness.<sup>104</sup> Representative William Delahunt, Chairman of the House Foreign Affairs Committee's Subcommittee on

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<sup>103</sup> U.S. Government Accountability Office, *U.S. Democracy Assistance for Cuba Needs Better Management and Oversight*, GAO-07-147, November 2006.

<sup>104</sup> Oscar Corral, "Federal Program to Help Democracy in Cuba Falls Short of Mark," *Miami Herald*, November 14, 2006, and "Is U.S. Aid Reaching Castro Foes?" *Miami Herald*, November 15, 2006.

International Organizations, Human Rights, and Oversight, had requested the GAO study along with Representative Jeff Flake.

In March 2008, a White House aide to President Bush, Felipe Sixto, resigned because of alleged misuse of funds when he worked for the Center for a Free Cuba, which has been a major recipient of U.S. democracy funding.<sup>105</sup> On December 19, 2008, Sixto pled guilty to stealing nearly \$600,000, and was sentenced to two and one-half years in prison in March 2009.<sup>106</sup> Another group, Grupo de Apoyo a la Democracia (Group in Support of Democracy), has also been under investigation by USAID for misuse of funds. Historically these two groups have been the two largest recipients of U.S. democracy funding for Cuba.<sup>107</sup>

GAO issued a second report examining USAID's Cuba democracy program on November 24, 2008.<sup>108</sup> The report lauded the steps that USAID had taken since 2006 to address problems with its Cuba program and improve oversight of the assistance. These included awarding all grants competitively since 2006, hiring more staff for the program office since January 2008, and contracting for financial services in April 2008 to enhance oversight of grantees. The GAO report also noted that USAID had worked to strengthen program oversight through pre-award and follow-up reviews, improving grantee internal controls and implementation plans, and providing guidance and monitoring about permitted types of assistance and cost sharing.

The GAO report also maintained, however, that USAID had not staffed the Cuba program to the level needed for effective grant oversight. GAO also noted the difficulty of assessing USAID's action to improve its Cuba program because most of its actions to improve the program were only taken recently. Procurement reviews completed in August 2008 by the new financial services contractor identified internal control, financial management, and procurement weaknesses at three grantees. GAO recommended that USAID: (1) ensure that its Cuba program office is staffed at the level that is needed to fully implement planned monitoring activities; and (2) periodically assess the Cuba program's overall efforts to address and reduce grantee risks, especially regarding internal controls, procurement practices, expenditures, and compliance with laws and regulations.

The Cuban American National Foundation (CANF) released a report in May 2008 maintaining that a majority of the assistance for Cuba has been spent in operating expenses by U.S.-based grantees, transition studies, and U.S.-based activities. Among the recommendations in its report, the CANF called for USAID grantees to spend a minimum of 75% of government funds in direct aid to Cuban civil society. It also called for the assistance program to provide direct cash aid to independent civil society groups, dissidents, and families of political prisoners.<sup>109</sup>

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<sup>105</sup> Alfonso Chardy and Pablo Bachelet, "Cuban Exile Activist Felt 'Betrayal' by Employees," *Miami Herald*, April 24, 2008; William Gibson, "Ex-Bush Aide Imprisoned for Stealing Cuba Democracy Funds," *South Florida Sun-Sentinel*, March 18, 2009.

<sup>106</sup> Jesse J. Holland, "Former Bush Aide Pleads Guilty to Stealing from Anti-Castro Cuban Democracy Advocates," *Associated Press Newswires*, December 19, 2008.

<sup>107</sup> Frances Robles, "Hold on Funds for Cuba Democracy Project Lifted," *Miami Herald*, July 23, 2008.

<sup>108</sup> U.S. Government Accountability Office, *Foreign Assistance: Continued Efforts Needed to Strengthen USAID's Oversight of U.S. Democracy Assistance for Cuba*, GAO-09-165, November 2008.

<sup>109</sup> Alfonso Chardy, "Exile Group: Not Enough Money Getting to Cuban Dissidents," *Miami Herald*, May 15, 2008; Cuban American National Foundation, "Findings and Recommendations on the Most Effective Use of USAID-CUBA Funds Authorized by Section 109(a) of the Cuban Liberty and Democratic Solidarity (Helms-Burton) Act of 1996," March 2008.

## December 2009 Detainment of American Contractor

On December 4, 2009, Cuban authorities arrested an American contractor, Alan Gross, working for Development Alternatives Inc. (DAI), a Bethesda-based company that had received a contract from USAID to help support Cuban civil society organizations. Gross was arrested at Jose Martí International Airport in Havana when he was planning to leave the country. After repeated requests, U.S. consular officials were allowed to visit him on December 28. Gross's identity had not been made public until January 13, 2010, when various press reports cited his name. He reportedly was distributing communications equipment in Cuba such as cell phones and laptop computers to Jewish organizations in Cuba.<sup>110</sup>

High-ranking Cuban official Ricardo Alarcon, the head of Cuba's National Assembly, asserted on January 6, 2010, that the contractor was working for American intelligence, but U.S. officials strongly denied the accusation.<sup>111</sup> A State Department spokesman maintained that the contractor "is not associated with our intelligence services" and noted that "Cuba has a history of mischaracterizing what Americans and NGOs in Cuba are doing."<sup>112</sup> According to a statement by DAI, "the detained subcontractor was not working for any intelligence service....he was working with a peaceful, non-dissident civic group – a religious and cultural group recognized by the Cuban government – to improve its ability to communicate with its members across the island and overseas."<sup>113</sup>

## Radio and TV Marti

U.S.-government sponsored radio and television broadcasting to Cuba—Radio and TV Martí—began in 1985 and 1990 respectively. As spelled out in the *Broadcasting Board of Governors FY2010 Budget Request*, the objectives of Radio and TV Martí are (1) to support the right of the Cuban people to seek, receive, and impart information and ideas through any media and regardless of frontiers; (2) to be effective in furthering the open communication of information and ideas through use of radio and television broadcasting to Cuba; (3) to serve as a consistently reliable and authoritative source of accurate, objective, and comprehensive news; and (4) to provide news, commentary, and other information about events in Cuba and elsewhere to promote the cause of freedom in Cuba.

Until October 1999, U.S.-government funded international broadcasting programs had been a primary function of the United States Information Agency (USIA). When USIA was abolished and its functions were merged into the Department of State at the beginning of FY2000, the Broadcasting Board of Governors (BBG) became an independent agency that included such entities as the Voice of America (VOA), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia, and the Office of Cuba Broadcasting (OCB), which manages Radio and TV Martí. OCB is

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<sup>110</sup> William Booth and Mary Beth Sheridan, "Cuba Detains Contractor for U.S. Government; American Was Handing Out Mobile Phones, Laptops to Activists," *Washington Post*, December 12, 2009; Ginger Thompson and Marc Lacey, "Contractor Jailed in Cuba Was Aiding Religious Groups," *New York Times*, January 13, 2010; and Mary Beth Sheridan and William Booth, "U.S. Detainee Was Aiding Jewish Groups in Cuba," *Washington Post*, January 13, 2010.

<sup>111</sup> William Booth, "Contractor is U.S. Secret Agent, Cuban Legislator Says," *Washington Post*, January 7, 2010.

<sup>112</sup> "State Department Holds Regular News Briefing," *CQ Newsmaker Transcripts*, January 7, 2010.

<sup>113</sup> Frances Robles, "U.S. Says Contractor Arrested in Cuba is No Spy," *Miami Herald*, January 8, 2010; and Development Alternatives Inc. "Updated Statement from DAI President and CEO Dr. James Boomgard Regarding Detainee in Cuba," January 7, 2010.

headquartered in Miami, Florida, and operates under the BBG's International Broadcasting Bureau (IBB). Legislation in the 104<sup>th</sup> Congress (P.L. 104-134) required the relocation of OCB from Washington D.C. to south Florida. The move began in 1996 and was completed in 1998.

Radio Martí broadcasts on short and medium wave (AM) channels for 24 hours six days per week, and for 18 hours one day per week utilizing transmission facilities in Marathon, Florida and Greenville, North Carolina, according to the BBG. It also transmits to Cuba 24 hours daily through Hispasat satellite television and the internet.

TV Martí programming has been broadcast through multiple transmission methods over the years. From its beginning in 1990 until July 2005, it was broadcast via an aerostat (blimp) from facilities in Cudjoe Key, Florida for four and one-half hours daily, but the aerostat was destroyed by Hurricane Dennis. Currently TV Martí is broadcast via the internet, satellite television – Hispasat and DirecTV, and by an airborne platform – AeroMartí.

In December 2006, the OCB contracted with two private U.S. commercial stations to transmit Radio and TV Martí.<sup>114</sup> It provided a six-month contract with Radio Mambí (710 AM) in Florida, at a cost of \$182,500, to broadcast one hour of Radio Martí programming five days a week from midnight to 1:00 am. Radio Mambí is a popular station in south Florida, with a 50,000 watt capacity, that is well-known for its strong anti-Castro stance. A second six-month OCB contract with WPMF (Channel 38) in Miami, known as TV Azteca, at a cost of \$195,000, provided for two 30-minute TV Martí newscasts at 6 pm and 11:30 pm weekdays, along with one-minute news updates hourly over a 12 hour period weekdays. OCB chose the station because it is offered on DirecTV and because it has only a small audience in Miami. In June 2007, the two contracts were extended for an additional six months with similar terms. The contract with Radio Mambí subsequently expired in early 2008, whereas TV Martí continues to be shown on Channel 38.

From mid-2004 until 2006, TV Martí programming was transmitted for several hours once a week via an airborne platform known as Commando Solo operated by the Department of Defense utilizing a C-130 aircraft. In August 2006, OCB began to use contracted private aircraft to transmit pre-recorded TV Martí broadcasts six days weekly, and by late October 2006 the OCB inaugurated an aircraft-broadcasting platform known as AeroMartí with the capability of transmitting live broadcasts. OCB uses two privately contracted airplanes for AeroMartí to transmit broadcasts four and one-half hours daily from Monday to Saturday during the evening. The aircraft are capable of transmitting broadcasts on UHF and VHF simultaneously, and in December 2008 began broadcasting on VHF Channel 13.<sup>115</sup>

## Controversies

Both Radio and TV Martí have at times been the focus of controversies, including questions about adherence to broadcast standards. There have been various attempts over the years to cut funding for the programs, especially for TV Martí, which has not had much of an audience because of Cuban jamming efforts. In December 2006, press reports alleged significant problems in the OCB's operations, with claims of cronyism, patronage, and bias in its coverage.<sup>116</sup> In

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<sup>114</sup> Christina Hoag, "Radio, TV Martí To Be Aired Locally," *Miami Herald*, December 19, 2006.

<sup>115</sup> Broadcasting Board of Governors (BBG), *Broadcasting Board of Governors Fiscal year 2010 Budget Request*, p. 39.

<sup>116</sup> Oscar Corral, "Radio, TV Martí Face Another Government Audit," *Miami Herald*, December 18, 2006, and (continued...)

February 2007, the former director of TV Martí programming pled guilty in U.S. federal court to receiving more than \$100,000 in kickbacks over a three-year period from a vendor receiving OCB contracts.<sup>117</sup>

Over the years, there have been various government studies and audits of the OCB, including investigations by the GAO, by a 1994 congressionally-established Advisory Panel on Radio and TV Martí, by the State Department Office Inspector General (OIG) in 1999, and by the combined State Department/BBG Office Inspector General in 2003 and 2007.<sup>118</sup> In July 2008, GAO issued a report that criticized the IBB's and OCB's practices in awarding the two contracts to Radio Mambí and TV Azteca as lacking discipline required to ensure transparency and accountability. According to GAO, the approach for awarding the Radio Mambí and TV Azteca contracts did not reflect sound business practices.<sup>119</sup>

The most recent State Department/BBG Office of Inspector General (OIG) report, issued in June 2007, maintained that OCB had significantly improved its operations under its current director, Pedro Roig, with an organizational realignment that streamlined operations and helped improve the quality of broadcasts. According to the report, "IBB quality reviews show that radio and television broadcasts have markedly improved over the past two years in production quality and content," although the report also called for greater emphasis on internal quality control to ensure that editorial standards are followed. The report lauded the introduction of new technology allowing OCB to broadcast television signals live into Cuba using airborne platforms, and maintained that there are indications that more Cubans are watching TV Martí broadcasts. It recommended that the BBG's International Broadcasting Bureau should review and assess the leases with Radio Mambí and TV Azteca at the end of the lease period to determine whether they provide additional listeners and viewers and are worth the cost, or whether they could be replaced with lease options for other stations. Looking ahead, the report maintained that OCB needs a "long-term strategic plan that anticipates the future needs of the Cuban audience, provides a template on how to compete with commercial broadcasters, and addresses what to do with OCB and its broadcasting facilities if and when uncensored broadcasting is allowed inside a democratic Cuba."<sup>120</sup>

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"Problems Dog Broadcaster," *Miami Herald*, December 19, 2006.

<sup>117</sup> Jay Weaver, "TV Martí Executive Admits Taking Kickbacks," *Miami Herald*, February 14, 2007.

<sup>118</sup> See the following reports and audits: U.S. General Accounting Office (GAO), *Broadcasts to Cuba, TV Martí Surveys are Flawed*, GAO/NSIAD-90-252, August 1990; U.S. GAO, *TV Martí, Costs and Compliance with Broadcast Standards and International Agreements*, GAO/NSIAD-92-199, May 1992; U.S. GAO, Letter to Hon. Howard L. Berman and Hon. John F. Kerry regarding Radio Martí broadcast standards, GAO/NSIAD-93-126R, February 17, 1993; Advisory Panel on Radio and TV Martí, *Report of the Advisory Panel on Radio and TV Martí*, Three Volumes, March 1994; U.S. GAO, *Radio Martí, Program Review Processes Need Strengthening*, GAO/NSIAD-94-265, September 1994; U.S. GAO, *U.S. Information Agency, Issues Related to Reinvention Planning in the Office of Cuba Broadcasting*, GAO/NSIAD-96-110, May 1996; U.S. Department of State, Office of the Inspector General, *Review of Policies and Procedures for Ensuring that Radio Martí Broadcasts Adhere to Applicable Requirements*, 99-IB-010, June 1999; U.S. Department of State and the Broadcasting Board of Governors, Office of Inspector General, *Review of the Effectiveness and Implementation of Office of Cuba Broadcasting's New Program Initiatives*, Report No. IBO-A-03-01, January 2003, and *Report of Inspection, Office of Cuba Broadcasting*, Report No. ISP-IB 07-35, June 2007.

<sup>119</sup> U.S. Government Accountability Office, "Broadcasting to Cuba, Weaknesses in Contracting Practices Reduced Visibility into Selected Award Decisions," GAO-08-764, July 2008.

<sup>120</sup> The State Department originally issued a two-page summary of the report on its website on June 5, 2007, and pointed out that the full report received only "limited official distribution." On July 31, 2007, the State Department issued the entire 43-page report on its website, with certain sections redacted. That version is available at (continued...)

One of the most controversial aspects of the OIG report, and one that has often been at the center of past congressional debate over TV Martí, is the extent to which TV Martí can be viewed in Cuba. The report maintained that there was anecdotal evidence that the AeroMartí airborne transmissions had increased viewership. The report referred to a January 2007 survey of Cuban arrivals—commissioned by Spanish Radio Productions with the cooperation of Miami Dade College—that found listening rates for Radio and TV Martí within Cuba were significantly higher than previously reported, especially for TV Martí. Although specific survey figures were not cited in the OIG report, OCB officials maintained that the survey showed that 17% of recent Cuban arrivals had watched TV Martí.<sup>121</sup> The OIG report also pointed to a February 2007 survey by the U.S. Interests Section (USINT) in Havana that reflected increased viewership. According to the BBG, that survey was completed by 500 Cuban visitors to the USINT (where TV Martí can be viewed) in January and February 2007, with 10% of the visitors indicating that they could watch TV Martí via UHF for brief periods.

At the same time as the release of the OIG report in 2007, other observers contended that TV Martí could hardly be viewed in Cuba because of the government's jamming efforts. John Nichols, a Pennsylvania State University communications professor, visited Cuba in late June 2007 on a fact-finding mission sponsored by the Center for International Policy (a group that opposes current U.S. policy toward Cuba), and concluded "that the signal from the plane is essentially unusable" and that there was "no evidence of significant viewership of TV Martí."<sup>122</sup> In interviews with the *Associated Press*, more than two dozen Cuban immigrants to Florida contended that while Radio Martí can be heard throughout Cuba, TV Martí can rarely be seen.<sup>123</sup> Prior BBG commissioned phone surveys in Cuba from 2003, 2005, and November 2006 estimated past week TV Martí viewership between 0.1% and 0.3% of those surveyed and past month viewership of almost 0.5%. The November 2006 survey, reportedly designed to show the early effects of the AeroMartí transmissions that began in late October, showed no statistically significant change from the 2003 and 2005 surveys. In the same surveys, Radio Martí had listenership of between 1% to 2% in the past week and 4% to 5% in the past month.

More recently, in January 2009, GAO issued a report asserting that the best available research suggests that Radio and TV Martí's audience is small, and cited telephone surveys since 2003 showing that less than 2% of respondents reported tuning in to Radio or TV Martí during the past week. With regard to TV Martí viewership, according to the report, all of IBB's telephone surveys since 2003 show that less than 1% of respondents said that they had watched TV Martí during the past week. According to the GAO report, the IBB surveys show that there was no increase in reported TV Martí viewership following the beginning of AeroMartí and DirecTV satellite broadcasting in 2006. The GAO report also cited concerns with adherence to relevant domestic laws and international standards, including the domestic dissemination of OCB programming, inappropriate advertisements during OCB programming, and TV Martí's interference with Cuban broadcasts.<sup>124</sup> GAO testified on its report in a hearing held by the House Subcommittee on

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<http://oig.state.gov/lbry/>.

<sup>121</sup> Pablo Bachelet, "Martí Extending Its Reach, U.S. Says," *Miami Herald*, June 20, 2007.

<sup>122</sup> Vanessa Bauza, "TV Martí Signal Weak in Cuba, Broadcast Specialist Says," *South Florida Sun-Sentinel*, July 31, 2007.

<sup>123</sup> Laura Wides-Muñoz, "Despite Expenditures, TV Martí Still Tough to See in Cuba," *Associated Press*, July 30, 2007

<sup>124</sup> U.S. Government Accountability Office, *Broadcasting to Cuba, Actions Are Needed to Improve Strategy and Operations*, GAO-09-127, January 2009.

International Organizations, Human Rights, and Oversight of the Committee on Foreign Affairs on June 17, 2009.

## **Funding for Cuba Broadcasting**

From FY1984 through FY2009, about \$629 million has been spent for broadcasting to Cuba. In recent years, funding amounted to \$33.9 million in FY2007, \$33.4 million in FY2008, and an estimated \$34.8 million in FY2009. Until FY2005, the Administration provided funding information for Cuba broadcasting with a breakdown of the amounts spent for Radio versus TV Martí. Since FY2005, however, the Broadcasting Board of Governors has not made such a distinction in its annual budget request.

For FY2009, the Administration requested, and Congress fully funded, \$34.4 million for broadcasting to Cuba, slightly more than provided by Congress in FY2008. The requested amount included funding for the airborne platform that the Office of Cuba Broadcasting uses to broadcast Radio and TV Martí. The report to the Senate Appropriations Committee version of the FY2009 State Department, Foreign Operations, and Related Agencies Appropriations Act, S. 3288 (S.Rept. 110-425), recommended fully funding the Administration's request for Cuba broadcasting. The 110<sup>th</sup> Congress did not finalize FY2009 appropriations, although it did approve the Consolidated Appropriations Act for FY2009 (P.L. 110-329) that provided funding until March 6, 2009. In the 111<sup>th</sup> Congress, the FY2009 Omnibus Appropriations Act, (P.L. 111-8) provided funding for Cuba broadcasting under the Broadcasting Board of Governors' International Broadcasting Operations account, which fully funded the Administration's request for Cuba broadcasting.

For FY2010, the BBG requested \$32.47 million, about \$2.3 million less than being provided in FY2009. The BBG proposed to change the news format for TV Martí by replacing the two evening news programs with news updates on the half hour, and to convert Radio Martí to an all news format. The proposed changes will eliminate 35 jobs from the Office of Cuba Broadcasting, representing a staffing cut of about 20% from 171 to 136 positions. Some press reports maintain that the change appears to be in part a way for the BBG to deal with criticism of political bias and propaganda at the station, while BBG officials maintain that the cut is an effort to streamline programming and to respond to feedback from audience research.<sup>125</sup>

In the Consolidated Appropriations Act, 2010 (H.R. 3288/P.L. 111-117) enacted in December 2009, Congress provided \$30.474 million for Cuba broadcasting in FY2010, with not more than \$5.5 million for non-salary and benefits expenses for TV Martí. This was almost \$2 million less than the Administration's request of \$32.47 million. Prior to the approval of the omnibus appropriations measure, House-passed H.R. 3081 would have fully funded the Administration's request while the Senate Appropriations Committee-reported version, S. 1434, would have provided \$15 million less than requested and prohibit funding for TV Martí broadcasts

The conference report to the bill (H.Rept. 111-366) also required two reports for the Committees on Appropriations: the first from the BBG within 90 days providing a multi-year strategic plan for

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<sup>125</sup> David Adams, "\$2.4M Cut May Hit Broadcasts to Cuba; Radio and TV Martí Faces 20 Percent Layoffs," *St. Petersburg Times*, May 14, 2009; and Frances Robles, "Radio and TV Martí Changing Formats," *Miami Herald*, May 13, 2009.

broadcasting to Cuba; and the second from the GAO within 90 days of the submission of the BBG report, providing an assessment of the strategic plan.

As set forth in the conference report, the BBG strategic plans is required to include: 1) an analysis of the current situation in Cuba and an allocation of resources consistent with the relative priority of broadcasting to Cuba as determined by the annual Language Service Review and other factors, including input from the Secretary of State on the relative U.S. interest of broadcasting to Cuba; 2) the estimated audience sizes in Cuba for Radio and TV Martí and the sources and relative reliability of the data on which such estimates are based; 3) the annual operating cost (and total cost over the life of the contract) of any and all types of TV transmission and the effectiveness of each in increasing such audience size; 4) the principal obstacles to increasing such audience size; 5) an analysis of other options for disseminating news and information to Cuba, including DVDs, the Internet, and cell phones and other handheld electronic devices and a report on the cost effectiveness of each; and 6) an analysis of the program efficiencies and effectiveness that can be achieved through shared resources and cost saving opportunities in radio and television production between Radio and TV Martí and the Voice of America.

## **Migration Issues**

### **1994 and 1995 Migration Accords**

Cuba and the United States reached two migration accords in 1994 and 1995 designed to stem the mass exodus of Cubans attempting to reach the United States by boat. On the minds of U.S. policymakers was the 1980 Mariel boatlift in which 125,000 Cubans fled to the United States with the approval of Cuban officials. In response to Castro's threat to unleash another Mariel, U.S. officials reiterated U.S. resolve not to allow another exodus. Amid escalating numbers of fleeing Cubans, on August 19, 1994, President Clinton abruptly changed U.S. migration policy, under which Cubans attempting to flee their homeland were allowed into the United States, and announced that the U.S. Coast Guard and Navy would take Cubans rescued at sea to the U.S. naval base at Guantanamo Bay, Cuba. Despite the change in policy, Cubans continued fleeing in large numbers.

As a result, in early September 1994, Cuba and the United States began talks that culminated in a September 9, 1994 bilateral agreement to stem the flow of Cubans fleeing to the United States by boat. In the agreement, the United States and Cuba agreed to facilitate safe, legal, and orderly Cuban migration to the United States, consistent with a 1984 migration agreement. The United States agreed to ensure that total legal Cuban migration to the United States would be a minimum of 20,000 each year, not including immediate relatives of U.S. citizens. In a change of policy, the United States agreed to discontinue the practice of granting parole to all Cuban migrants who reach the United States, while Cuba agreed to take measures to prevent unsafe departures from Cuba.

In May 1995, the United States reached another accord with Cuba under which the United States would parole the more than 30,000 Cubans housed at Guantanamo into the United States, but would intercept future Cuban migrants attempting to enter the United States by sea and would return them to Cuba. The two countries would cooperate jointly in the effort. Both countries also pledged to ensure that no action would be taken against those migrants returned to Cuba as a consequence of their attempt to immigrate illegally. On January 31, 1996, the Department of

Defense announced that the last of some 32,000 Cubans intercepted at sea and housed at Guantanamo had left the U.S. Naval Station, most having been paroled into the United States.

## **Coast Guard Interdictions**

Since the 1995 migration accord, the U.S. Coast Guard has interdicted thousands of Cubans at sea and returned them to their country, while those deemed at risk for persecution have been transferred to Guantanamo and then found asylum in a third country or eventually the United States. Those Cubans who reach shore are allowed to apply for permanent resident status in one year, pursuant to the Cuban Adjustment Act of 1966 (P.L. 89-732). This so-called “wet foot/dry foot” policy has been criticized by some as encouraging Cubans to risk their lives in order to make it to the United States and as encouraging alien smuggling. Others maintain that U.S. policy should welcome those migrants fleeing communist Cuba whether or not they are able to make it to land.

In recent years, the number of Cubans interdicted at sea by the U.S. Coast Guard rose from 666 in FY2002 to a high of 2,868 in FY2007. Subsequently, sea interdictions declined to 2,199 in FY2008 and to just 799 in FY2009.<sup>126</sup> Increasing numbers of Cuban migrants attempting to reach the United States have been intercepted in Mexico in recent year, but Mexico and Cuba negotiated a migration accord in October 2008 to curb the irregular flow of migrants through Mexico.<sup>127</sup>

U.S. prosecution against migrant smugglers in Florida has increased in recent years with numerous convictions. There have been several violent incidents in which Cuban migrants have brandished weapons or in which Coast Guard officials have used force to prevent Cubans from reaching shore. In late December 2007, a Coast Guard official in Florida called on the local Cuban American community to denounce the smuggling and stop financing the trips that are leading to more deaths at sea.<sup>128</sup> The Cuban government also has taken forceful action against individuals engaging in alien smuggling. Prison sentences of up to three years may be imposed against those engaging in alien smuggling.

In the aftermath of Fidel Castro’s July 2006, announcement that he was temporarily ceding political power to his brother, Department of Homeland Security officials announced several measures to discourage Cubans from risking their lives on the open seas. On August 11, 2006, Department of Homeland Security (DHS) Deputy Secretary Michael P. Jackson urged “the Cuban people to stay on the island” and discouraged “anyone from risking their life in the open seas in order to travel to the United States.” At the same time, DHS announced additional measures to discourage Cubans from turning to alien smuggling as a way to enter the United States. The measures support family reunification by increasing the numbers of Cuban migrants admitted to the United States each year who have family members in the United States, although the overall number of Cubans admitted to the United States annually will remain at about 21,000. Cubans who attempt to enter the United States illegally will be deemed ineligible to enter under this new family reunification procedure. In another change of policy, Cuban medical personnel currently

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<sup>126</sup> U.S. Coast Guard, Alien Migrant Interdiction, Coast Guard Office of Law Enforcement, “Total Interdictions, Fiscal Year 1982 to Present,” January 5, 2010.

<sup>127</sup> Diego Cevallos, “Migration: More and More Cubans Entering U.S. Through Mexico,” *Inter Press Service News Agency*, June 17, 2008.

<sup>128</sup> Laura Morales, “Exiles Urged to Stem Tide of Cubans,” *Miami Herald*, December 29, 2007.

conscripted by the Cuban government to work in third countries are now allowed to enter the United States; their families in Cuba are also allowed to enter the United States.<sup>129</sup>

## **Migration Talks**

Semi-annual U.S.-Cuban talks alternating between Cuba and the United States had been held regularly on the implementation of the 1994 and 1995 migration accords, but the State Department cancelled the 20<sup>th</sup> round of talks scheduled for January 2004. At the time, the State Department maintained that Cuba refused to discuss five issues identified by the United States: (1) Cuba's issuance of exit permits for all qualified migrants; (2) Cuba's cooperation in holding a new registration for an immigrant lottery; (3) the need for a deeper Cuban port used by the U.S. Coast Guard for the repatriation of Cubans interdicted at sea; (4) Cuba's responsibility to permit U.S. diplomats to travel to monitor returned migrants; and (5) Cuba's obligation to accept the return of Cuban nationals determined to be inadmissible to the United States.<sup>130</sup> In response to the cancellation of the talks, Cuban officials maintained that the U.S. decision was irresponsible and that Cuba was prepared to discuss all of the issues raised by the United States.<sup>131</sup>

Under the Obama Administration, Cuba and the United States agreed to restart the biannual migration talks (in addition to talks on direct mail service). The State Department took the first step to restart the talks when it sent a diplomatic note to the Cuban Interests Section on May 22, 2009. A State Department spokesman maintained that the talks would be used "to reaffirm both sides' commitment to safe, legal and orderly migration" as well as "to improve operational relations with Cuba on migration issues."<sup>132</sup> Cuba responded on May 30, 2009, and the State Department subsequently announced that the two countries would restart the talks.

The first resumed talks were held on July 14, 2009 in New York City. The U.S. team was led by State Department official Craig Kelly, a principal deputy assistant secretary for Western Hemisphere affairs, with participation from the Department of Homeland Security, the Department of Justice, and the U.S. Coast Guard. The State Department outlined its four objectives in the talks: ensuring that the U.S. Interests Section in Havana is able to operate effectively; gaining access to a deep-water port for the safe return of Cuban migrants picked up at sea; ensuring that U.S. diplomats are able to monitor the welfare of those Cubans who are sent back to the island; and gaining Cuban government acceptance of Cubans who are excluded from the United States because they have committed crimes.<sup>133</sup> Cuba reportedly proposed a new immigration agreement and more effective cooperation to combat alien smuggling, and also made known its opposition to the so-called "wet foot/dry foot policy." The next set of talks were supposed to take place in Havana in December 2009, but were postponed until early 2010, reportedly in February.<sup>134</sup>

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<sup>129</sup> Department of Homeland Security, "DHS Announces Additional Measures to Combat Alien Smuggling of Cubans," and "USCIS Will Further Strengthen Measures that Support the Reunification of Families Separated by the Castro Regime," Press Releases, August 11, 2006; Pablo Bachelet, "U.S. Program for Defecting Cuban Doctors a Success," *Miami Herald*, March 12, 2007.

<sup>130</sup> U.S. Department of State. State Department Regular Briefing, Richard Boucher. January 7, 2004.

<sup>131</sup> "Migration Talks Cancelled," *Miami Herald*, January 8, 2004.

<sup>132</sup> Lesley Clark, "U.S. Wants To Resume Migration Talks with Cuba," *Miami Herald*, May 22, 2009

<sup>133</sup> William Gibson, "U.S. to Cuba: Take Back Criminals," *South Florida Sun-Sentinel*, July 15, 2009.

<sup>134</sup> "Migration Talks with Cuba Put Off to February," *Washington Post*, December 4, 2009.

For additional information on migration issues, see CRS Report R40566, *Cuban Migration to the United States: Policy and Trends*, by Ruth Ellen Wasem.

## **Guantanamo Naval Base**

The 45-square mile U.S. Naval Station at Guantanamo Bay, Cuba, has been a U.S. base since 1903, and under a 1934 treaty that remains in force, the U.S. presence can only be terminated by mutual agreement or by abandonment by the United States. When Fidel Castro assumed power in the 1959 Cuban revolution, the new government gave assurances that it would respect all its treaty commitments, including the 1934 treaty covering the Guantanamo base. Subsequently, however, as U.S.-Cuban relations deteriorated, the Cuban government opposed the presence as illegal.

The mission of the base has changed over time. During the Cold War, the base was viewed as a good location for controlling Caribbean sea lanes, as a deterrent to the Soviet presence in the Caribbean, and as a location for supporting potential military operations in the region. In 1994-1995, the base was used to house thousands of Cubans and Haitians fleeing their homeland, but by 1996 the last of the refugees had departed, with most Cubans paroled into the United States, pursuant to a May 1995 U.S.-Cuban migration accord. Since the 1995 accord, the U.S. Coast Guard has interdicted thousands of Cubans at sea and returned them to Cuba, while a much smaller number, those deemed at risk for persecution, have been taken to Guantanamo and then granted asylum in a third country.

Another mission for the Guantanamo base emerged with the U.S.-led global campaign against terrorism in the aftermath of the September 11, 2001, terrorist attacks in the United States. With the U.S. war in Afghanistan in 2001, the United States decided to send some captured Taliban and Al Qaeda fighters to be imprisoned in Guantanamo. Although the Cuban government has objected to the U.S. presence at Guantanamo, it did not initially oppose the new mission of housing detainees. Then Defense Minister Raúl Castro noted that, in the unlikely event that a prisoner would escape into Cuban territory, Cuba would capture the prisoner and return him to the base.<sup>135</sup> The Cuban government, however, has expressed concerns about the treatment of prisoners at the U.S. base and has said it will keep pressing the international community to investigate the treatment of terrorist suspects.<sup>136</sup> In January 2005, it denounced what it described as “atrocities” committed at the Guantanamo base.<sup>137</sup>

President Obama issued Executive Order 13492 on January 22, 2009 that requires the closure of the Guantanamo detention facility (not the base itself) as soon as practicable, but no later than one year. Some Members of Congress also have called for the closure of the detention facility and have introduced legislation in the 111<sup>th</sup> Congress. Other measures have been introduced to prohibit the transfer of the enemy combatants detained at Guantanamo from being transferred to various military prisons in the United States. (For information on legislative initiatives related to the closing of the detention center, see CRS Report R40139, *Closing the Guantanamo Detention*

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<sup>135</sup> “Cuba Would Hand Over Escapees, Raúl Castro Says,” *Miami Herald*, January 20, 2002.

<sup>136</sup> For information on terrorist suspects held at Guantanamo, see CRS Report RL31367, *Treatment of “Battlefield Detainees” in the War on Terrorism*, by Jennifer K. Elsea; and CRS Report RS22173, *Detainees at Guantanamo Bay*, by Jennifer K. Elsea.

<sup>137</sup> Ana Radelat, “Cuba Turns Up Rhetoric on Guantanamo as UN Condemns Human Rights Abuses,” *CubaNews*, April 2005.

*Center: Legal Issues*, by Michael John Garcia et al, and CRS Report R40754, *Guantanamo Detention Center: Legislative Activity in the 111th Congress*, by Anna C. Henning.

With regard to the future of the Guantanamo base overall, a provision in the Cuban Liberty and Democratic Solidarity Act of 1996 (P.L. 104-114, Section 210) states that once a democratically elected Cuban government is in place, U.S. policy is to be prepared to enter into negotiations either to return the base to Cuba or to renegotiate the present agreement under mutually agreeable terms.

## **Cuba and the Organization of American States**

As noted above, the OAS voted in 1962 to exclude Cuba from participation in the regional organization because of its identification with Marxism-Leninism, but in early June 2009, the OAS overturned the 1962 resolution in a move that could eventually lead to Cuba's reentry into the regional organization. While Cuban government welcomed the OAS vote to overturn the 1962 resolution, it asserted that it would not return to the OAS because of its domination by the United States and because the organization promotes "neoliberal and egotistical capitalism."<sup>138</sup>

### **Background on Cuba's Exclusion from the OAS in 1962**

In January 1962, the OAS approved a resolution that excluded the government of Cuba from participation in the OAS because of its self-identification as a Marxist-Leninist government. The resolution was approved by the Eighth Meeting of Consultation of Ministers of Foreign Affairs that had been requested by Colombia in November 1961 pursuant to the Inter-American Treaty of Reciprocal Assistance (Río Treaty). Colombia's official request for the meeting contained no specific reference to Cuba or the Soviet Union. Instead, Colombia requested the meeting of foreign ministers to consider "threats to the peace and political independence of the American states that might arise from the intervention of extracontinental powers directed toward breaking American solidarity."<sup>139</sup> It was clear, however, that Colombia's request referred to the potential threat from Cuba and the Soviet Union.

In October 1961, Peru had also made a request for a meeting of consultation under the Río Treaty to discuss Cuba, and emphasized the Cuban government's "repression of the rights of the Cuban people" and its "use of diplomatic missions and secret agents to carry out communist infiltration in other countries of the hemisphere."<sup>140</sup> Peru's request ultimately was referred to the Inter-American Peace Committee, which provided a report on Cuba to the Eighth Meeting of Consultation of Foreign Ministers that helped inform the foreign ministers as they deliberated on Cuba. The report asserted that Cuba's connections with the Sino-Soviet bloc of countries were incompatible with the principles and standards that govern the regional system, and particularly with the collective security established by the charter of the OAS and the Río Treaty.<sup>141</sup>

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<sup>138</sup> Cuban Ministry of Foreign Affairs, "Declaration of the Revolutionary Government," June 8, 2009.

<sup>139</sup> OAS, "Eighth Meeting of Consultation of Ministers of Foreign Affairs, January 22-31, 1962, Final Act," (OEA/Ser.C/II.8), p. 1.

<sup>140</sup> As quoted in: Edward Alden Jamison, "Cuba and the Inter-American System: Exclusion of the Castro Regime from the Organization of American States," *The Americas*, Vol. 36, No. 3, January 1980, p. 327.

<sup>141</sup> The report was cited in: OAS, "Eighth Meeting of Consultation of Ministers of Foreign Affairs, January 22-31, 1962, Final Act," Resolution VI, p. 13.

Ultimately, the resolution that excluded Cuba from OAS participation had three main provisions:

- “That adherence by any member of the Organization of American States to Marxism-Leninism is incompatible with the inter-American system and the alignment of such a government with the communist bloc breaks the unity and solidarity of the hemisphere.” It was approved by a vote of 20-1, with Cuba voting against.<sup>142</sup>
- “That the present Government of Cuba, which has officially identified itself as a Marxist-Leninist government, is incompatible with the principles and objectives of the inter-American system.” It was approved by a vote of 20-1, with Cuba voting against.
- “That this incompatibility excludes the present Government of Cuba from participation in the inter-American system.” It was approved by a vote of 14-1, with Cuba voting against, and 6 abstentions – Argentina, Bolivia, Brazil, Chile, Ecuador, and Mexico.

It is noteworthy that the operative provision of the resolution excluding Cuba from participation in the OAS received, by just one vote, the required two-thirds vote. The countries abstaining from the operative provision justified their votes on juridical rather than political considerations, maintaining that the exclusion of an OAS member was not legally possible unless the OAS Charter itself was amended.<sup>143</sup>

### **Efforts to Reinstate Cuba’s Participation in the OAS**

In 2009, Cuba’s reinstatement into the inter-American system has become an issue taken up by a number of Latin American countries. In a public statement before the Fifth Summit of the Americas was held in mid-April 2009, OAS Secretary General José Miguel Insulza maintained that the 1962 resolution was outdated and that the upcoming OAS General Assembly meeting would be the appropriate forum to debate repealing or overturning it. Insulza explained, however, that repealing the resolution would not mean that Cuba would automatically be readmitted to the OAS. The Secretary General maintained that full reintegration of Cuba to the OAS is a decision for Cuba itself and for all OAS members to make, and is a decision that would have to be debated after the repeal of the 1962 resolution.<sup>144</sup> In a press interview, Insulza said that the resolution “was a bad idea in the first place,” and maintained that he wants “Cuba back in the Inter-American system.” Insulza also maintained that the Inter-American Democratic Charter does not prevent Cuba from rejoining the organization.<sup>145</sup>

As the June 2-3, 2009 OAS General Assembly in Honduras approached, a number of countries offered resolutions on the Cuba issue. At a meeting of the OAS Permanent Council on May 27,

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<sup>142</sup> Votes on the parts of the resolution and the overall resolution are drawn from: “Organización de los Estados Americanos, “Octava Reunión de Consulta de Ministros de Relaciones Exteriores Para Servir de Organismo de Consulta, Aplicación del Tratado Interamericano de Asistencia Recíproca,” Punta del Este, Uruguay, 31 enero 1962 (Doc. 72).

<sup>143</sup> Ibid, and Jamison, “Cuba and the Inter-American System: Exclusion of the Castro Regime from the Organization of American States,” op. cit., p. 344.

<sup>144</sup> OAS, “OAS General Assembly Is the Only Forum to Debate Abolishing 1962 Resolution on Cuba, Says Secretary General Insulza,” Press Release, April 17, 2009.

<sup>145</sup> Frances Robles, “Organization of American States Chief Says It’s Time Reactivate Cuba,” *Miami Herald*, April 18, 2009.

2009, three countries – Honduras, Nicaragua, and the United States – offered draft resolutions on Cuba for consideration by the OAS General Assembly, but since none of the resolutions received enough support, the Permanent Council agreed to create a Working Group to attempt to find a consensus text for a resolution on Cuba.<sup>146</sup>

As originally proposed, the draft resolutions by Honduras and Nicaragua were similar in that both would overturn the 1962 resolution. However, while the Honduran resolution would have simply revoked the 1962 resolution, the Nicaraguan resolution would have characterized the rescinding of the resolution “as an act of justice and historical redress toward Cuba and the peoples of the hemisphere.” Moreover, the Nicaraguan resolution would also have stated that the “exclusion of the Republic of Cuba from the inter-American system violates the Charter of the OAS and international law and constitutes an injustice and an unacceptable act of discrimination to the sovereignty of states and the right to self-determination of peoples.” The draft Honduran resolution also had a provision stating that future relations between Cuba and the OAS would depend on the express will of the Cuban Government and the relevant bodies of the OAS.

The draft U.S. resolution would not have explicitly repealed the 1962 resolution, but would have noted that “some of the circumstances since Cuba’s suspension from full participation in the Organization of American States may have changed.” The resolution would have supported “the eventual reintegration of Cuba into the Inter-American system,” but “consistent with commitments, principles, and values of the OAS Charter,<sup>147</sup> the Inter-American Democratic Charter,<sup>148</sup> and other instruments.” It would have instructed the OAS Permanent Council “to initiate a dialogue” with the government of Cuba regarding its “eventual reintegration into the inter-American system, consistent with the principles of sovereignty, independence, non-intervention, democracy, and full respect for human rights and fundamental freedoms, as enshrined in the OAS Charter, the Inter-American Democratic Charter, and other OAS instruments.”

After the first day of the OAS General Assembly on June 2, 2009, it appeared that OAS members were having difficulty reaching consensus on any of the resolutions, while press reports indicated that there was a possibility that there could be enough votes to readmit Cuba into the OAS without the conditions offered by the United States in its resolution.<sup>149</sup>

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<sup>146</sup> OAS, “Working Group at the OAS Will Look for Consensus For a Resolution on Cuba,” *Press Release*, May 27, 2009.

<sup>147</sup> The OAS Charter was originally signed in 1948, but has been amended several times, most recently in 1993. Article 2 of the Charter proclaims as one of the essential purposes of the OAS is to “promote and consolidate representative democracy, with due respect for the principle of nonintervention.” Article 3 sets forth as an OAS principle that “every State has the right to choose, without external interference, its political, economic, and social system and to organize itself in the way best suited to it, and has the duty to abstain from intervening in the affairs of another State. Subject to the foregoing, the American States shall cooperate fully among themselves, independently of the nature of their political, economic, and social systems.”

<sup>148</sup> The Inter-American Democratic Charter was approved by OAS states on September 11, 2001, at the OAS General Assembly meeting in Lima, Peru, as an instrument to strengthen democracy in the region. It defines essential elements of democracy and states how states might respond to threats to democracy. Article 2 of the charter states that “the effective exercise of representative democracy is the basis for the rule of law and of the constitutional regimes of the member states of the Organization of American States.” Article 23 states that “member states are responsible for organizing, conducting, and ensuring free and fair electoral processes.”

<sup>149</sup> Mark Landler, “Undercurrents Run Through Nations’ Debate on Cuba,” *New York Times*, June 3, 2009; Mary Beth Sheridan, “Clinton Faces Pressure Over Cuba Policy; At Meeting, Latin American Countries Push Hard to Readmit Island to OAS,” *Washington Post*, June 3, 2009.

Ultimately, however, a consensus resolution was agreed to on June 3, 2009, with the support of all OAS members. The resolution overturns the 1962 resolution, and also states that Cuba's participation in the OAS "will be the result of a process of dialogue initiated at the request of the Government of Cuba, and in accordance with the practices, purposes, and principles of the OAS." The resolution does not have specific reference to the Inter-American Democratic Charter that had been included in the U.S. resolution, but it does link Cuba's re-admittance to the purposes and principles of the OAS. Moreover, an introductory provision of the resolution stated that the General Assembly's action was "guided by the purposes and principles of the Organization of American States embodied in the Charter of the Organization and its other fundamental instruments related to security, democracy, self determination, non-intervention, human rights, and development."

U.S. officials portrayed the consensus resolution as a diplomatic success because it averted the passage of a resolution that would have simply overturned the 1962 resolution, and allowed Cuba to immediately participate in the OAS. Instead, according to Dan Restrepo, Senior Director for Western Hemisphere Affairs at the National Security Council, "we have a result that lays out a process that specifically refers to the fundamental instruments of this organization of democracy, human rights, self-determination and other enumerated rights are precisely the rights that this Administration is working to advance and defend in Cuba and throughout the Americas."<sup>150</sup>

Secretary of State Hillary Clinton lauded the passage of the resolution, stating that the member nations of the OAS showed flexibility and openness today, and as a result we reached a consensus that focuses on the future instead of the past." She expressed satisfaction that there was agreement "that Cuba cannot simply take its seat and that we must put Cuba's participation to a determination down the road if it ever chooses to seek reentry." She asserted that "if and when the day comes to make that determination, the United States will continue to defend the principles of the Inter-American Democratic Charter and other fundamental tenets of the organization."<sup>151</sup>

Critics of the consensus resolution maintain that there should have been more stringent enforceable conditions regarding Cuba's reentry into the OAS, and that it ignores Cuba's denial of basic freedoms and the repression of its people. Some Members of Congress immediately criticized the consensus resolution for not more strongly linking Cuba's reentry to the principles of the Inter-American Democratic Charter, and contend that the resolution represents a setback for human rights activists in Cuba. Some threatened to withhold U.S. funding to the OAS if Cuba is readmitted as a member.<sup>152</sup> For example, in the House, H.R. 2687 (Mack) would withhold U.S. assessed and voluntary contributions to the OAS if Cuba is allowed full membership or participation in the OAS unless the President certifies that Cuba has satisfied certain conditions.

Supporters of the resolution maintain that it removes an irritant in U.S.-Latin American relations, while at the same time offers an avenue for the OAS to start a dialogue with Cuba on a range of

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<sup>150</sup> U.S. Department of State, "The OAS Ministerial in Honduras, Thomas A. Shannon Jr., Assistant Secretary of State for Western Hemisphere Affairs; and Senior Director for Western Hemisphere Affairs, National Security Council Dan Restrepo," Briefing Via Teleconference, June 3, 2009.

<sup>151</sup> U.S. Department of State, Secretary of State Hillary Rodham Clinton, "OAS Resolution," Press Statement, June 3, 2009.

<sup>152</sup> Lesley Clark and Frances Robles, "OAS' Cuba Move Touches off Outcry; A Decision to Retract the Organization of American States' 1962 Suspension of Cuba Was Met with Swift Calls by Some Lawmakers to Cut Off Funding," *Miami Herald*, June 4, 2009; and "Menendez Statement On OAS's Cuba Resolution," *Targeted News Service*, June 3, 2009.

issues, including democratic principles.<sup>153</sup> Many Latin American nations lauded the consensus resolution as an important step toward integrating Latin America into the Inter-American system. Argentina's Foreign Minister maintained that the action was an indication of the Obama Administration's move to restore the "values and principles of multilateralism."<sup>154</sup> Honduran President Manuel Zelaya asserted that "the Cold War has ended this day in San Pedro Sula."<sup>155</sup>

Before the passage of the resolution, Cuba had not expressed any interest in rejoining the OAS. In a recent visit to Caracas, Cuban Foreign Minister Bruno Rodríguez asserted that Cuba was proud to be outside of the OAS, which he characterized as being an instrument of the United States.<sup>156</sup> In an essay published the day of the OAS vote on the resolution, Fidel Castro referred to the OAS as an organization that opened the gates to the Trojan horse (the United States) that backed "neoliberalism, drug trafficking, military bases, and economic crises" in the region.<sup>157</sup> As noted above, in the aftermath of the OAS vote, Cuba indicated that it would not return to the OAS, largely because it maintains that the organization is dominated by the United States.

## Legislative Initiatives in the 111<sup>th</sup> Congress

### Approved and Considered Measures

**P.L. 111-8 (H.R. 1105).** Omnibus Appropriations Act, 2009. Introduced February 23, 2009; House passed (245-178) February 25, 2009; Senate passed (voice vote) March 10, 2009; signed into law March 11, 2009. Division D, Financial Services and General Government Appropriations Act, 2009, has three provisions intended to ease U.S. sanctions on Cuba. These three provisions, explained below, were identical to provisions in the S. 3260, the Senate version of the Financial Services and General Government Appropriations Act, 2009, in the 110<sup>th</sup> Congress. In addition, the Joint Explanatory Statement to the bill requires the Department of the Treasury to prepare a report within 90 days on the steps that it is taking to assess the Office of Foreign Assets Control's allocation of resources for investigating and penalizing violations of the Cuba embargo with respect to the numerous other sanctions programs it administers. As part of the report, the Treasury Department is directed to provide detailed information on OFAC's Cuba-related licensing on its enforcement of the Cuba embargo.

Section 620 of Division D amends the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) to require the Secretary of the Treasury to issue regulations for travel to, from, or within Cuba under a general license for the marketing and sale of agricultural and medical goods, meaning that there would be no requirement to obtain special permission from OFAC. Such travel currently requires a specific license from OFAC, issued on a case by case basis.

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<sup>153</sup> Nestor Ikeda, "OAS Ends Cuba Suspension After 47 Years, Marking Shift in U.S. Relations with Region," *AP Newswire*, June 4, 2009.

<sup>154</sup> "Argentine Minister Welcomes OAS's "Historic Resolution" on Cuba," *BBC Monitoring Americas*, June 4, 2009.

<sup>155</sup> Nestor Ikeda, "OAS Overturns Cold War Ouster of Cuba, But Cubans Say Don't Want to Return," *AP Newswire*, June 3, 2009.

<sup>156</sup> "Cuba is Proud to Be Outside of the OAS," *Granma Internacional*, May 26, 2009.

<sup>157</sup> "Reflections of Fidel, The Trojan Horse," (June 2, 2009), as published in *Granma Internacional*, June 3, 2009.

Section 621 of Division D prohibits funds from being used to administer, implement, or enforce family travel restrictions that were imposed by the Bush Administration in June 2004. Those 2004 restrictions allowed family travel only to visit immediate family (grandparents, grandchildren, parents, siblings, spouses, and children) once every three years for a period not to exceed 14 days. Under the 2004 restrictions, a specific license was required from OFAC for such travel, and the authorized amount that family travelers could spend while in Cuba was limited to \$50 a day.

Section 622 of Division D prohibits funds in the Act from being used to administer, implement, or enforce an amendment to the Cuban embargo regulations on February 25, 2005 requiring that U.S. agricultural exporters using the “payment of cash in advance” payment mechanism for selling their goods to Cuba must be paid in cash for their goods before the goods leave U.S. ports. Prior to the February 2005 change, the practice was for U.S. agricultural exporters to be paid in cash for their goods (as required under the TSRA), but before the actual delivery of the goods to Cuba.

Division H (Department of State, Foreign Operations, and Related Programs Appropriations Act, 2009) has two provisions related to Cuba. Section 7005 prohibits foreign assistance to the government of Cuba. Section 7015(f) provides that no funds appropriated for foreign assistance shall be obligated or expended for Cuba except as provided through the regular notification procedures of the Committees on Appropriations.

**P.L. 111-117 (H.R. 3288).** Consolidated Appropriations Act, 2010. Introduced July 22, 2009 as the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2010. House passed July 23, 2009. Senate passed with an amendment September 17, 2009. The conference report to the measure, H.Rept. 111-366 filed December 8, 2009, became the vehicle for the Consolidated Appropriations Act, 2010, which consisted of six appropriations bills. The House agreed to the conference on December 10, 2009, while the Senate agreed on December 13, 2009. The President signed the measure into law on December 16, 2009.

As signed into law, the measure has several Cuba provisions. Division C, Financial Services and General Government Appropriations Act, 2010, has a clarifying provision in section 619 relating to the issue of “payment of cash in advance” for U.S. exports to Cuba during FY2010 under the Trade Sanctions Reform and Export Enhancement Act of 2000. The provision defines the term to mean “payment before the transfer of title to, and control of, the exported items to the Cuban purchaser.”

Division F, Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010, has several Cuba provisions. Section 7007 continues the general prohibition against foreign assistance to the government of Cuba. Section 7015(f) continues the requirement that no funds for foreign assistance shall be obligated or expended for Cuba except as provided through the regular notification procedures of the Committees on Appropriations. With regard to Cuba broadcasting, the conference report provides \$30.474 million for Radio and TV Martí (almost \$2 million less than the Administration’s request) with not more than \$5.5 million for non-salary and benefits expenses for TV Martí. The conference report also has two reporting requirements on Cuba broadcasting: the first from the BBG within 90 days providing a multi-year strategic plan for broadcasting to Cuba; and the second, from the GAO within 90 days of the submission of the BBG report, providing an assessment of the strategic plan. With regard to Cuba democracy programs, the conference report fully funds the Administration’s request for \$20 million in ESF.

**S.Res. 149 (Martinez).** Expresses solidarity with the writers, journalists, and librarians of Cuba on World Press Freedom Day and calling for the immediate release of citizens of Cuba imprisoned for exercising rights associated with freedom of the press. Introduced and approved by Unanimous Consent on May 14, 2009.

**H.R. 2410 (Berman).** Foreign Relations Authorization Act, FY2010 and FY2011. Introduced May 14, 2009. Reported by House Committee on Foreign Affairs June 4, 2009 (H.Rept. 111-136). House passed (235-187) June 10, 2009. Authorizes funding for radio and television broadcasting to Cuba within the International Broadcasting Operations account. During June 10, 2009 floor consideration, the House defeated H.Amdt. 182 (Ros-Lehtinen) by a vote of 205-224 that would have required the Secretary of State to withhold funds from the U.S. contribution to the International Atomic Energy Agency (IAEA) an amount equal to nuclear technical cooperation provided by the IAEA in 2007 to Iran, Syria, Sudan, and Cuba.

**H.R. 2647 (Skelton)/S. 1390 (Levin).** National Defense Authorization Act for FY2010. House passed June 25, 2009. Senate passed July 23, 2009, with an amendment substituting the language of S. 1390. During July 22, 2009 consideration of S. 1390, the Senate approved S.Amdt. 1535 (Martinez), which required a report from the Director of National Intelligence on potential Cuban activities related to drug trafficking, clandestine activities in the United States, research and development for biological weapons production, and Cuba's relations with Iran, North Korea, Venezuela and several other countries. That provision became Section 1222 of the Senate version of H.R. 2647. The House version of the bill did not include a similar provision, and the provision was not included in the conference report (H.Rept. 111-288) filed on October 7, 2009.

**H.R. 3081 (Lowey)/S. 1434 (Leahy).** FY2010 State Department, Foreign Operations, and Related Programs Appropriations. H.R. 3081 Introduced and reported (H.Rept. 111-187) June 26, 2009. House approved July 9, 2009 by a vote of 318-106. S. 1434 introduced and reported (S.Rept. 111-44) July 9, 2009. In both bills, section 7007 would continue the prohibition against direct funding for the government of Cuba, and section 7015(f) would continue the requirement that no assistance shall be obligated or expended for assistance for Cuba except as provided through the regular notification procedures of the Committees on Appropriations. The reports to both bills would also fully fund the Administration's request of \$20 million in ESF for Cuba democracy programs.

With regard to Cuba broadcasting, H.R. 3081 would fully fund the Administration's request for \$32.474 million, while S. 1434 would prohibit funding for TV Martí broadcasts to Cuba and provide just \$17.474 million for Cuba broadcasting, \$15 million less than the request. The Senate bill, in section 7092(c), would require a report from the Secretary of State within 90 days on various aspects of Cuba broadcasting.

With regard to anti-drug cooperation with Cuba, S. 1434 would, in section 7092, provide \$1 million in International Narcotics Control and Law Enforcement (INCLE) assistance for preliminary work by the State Department or other entity designated by the Secretary of State to establish cooperation with appropriate agencies of the government of Cuba on counternarcotics matters, including matters relating to cooperation, coordination, and mutual assistance in the interdiction of illicit drugs being transported through Cuban airspace or over Cuba waters. The amount shall not be available if the Secretary of State certifies that Cuba does not have in place appropriate procedures to protect against the loss of innocent life in the air and on the ground in connection with the interdiction of illegal drugs, and there is credible evidence of involvement of

the government of Cuba in drug trafficking during the preceding 10 years. H.R. 3081 does not have a similar provision.

For final action, see Division F of P.L. 111-117, the Consolidated Appropriations Act, 2010, described above, which included provisions on foreign aid, Cuba broadcasting, and Cuba democracy funding. The omnibus measure did not include any language on drug cooperation with Cuba.

**H.R. 3170 (Serrano)/S. 1432 (Durbin).** FY2010 Financial Services and General Government Appropriations. H.R. 3170 introduced and reported (H.Rept. 111-202) July 10, 2009. House approved (219-208) July 16, 2009. S. 1432 introduced and reported (S.Rept. 111-43) July 9, 2009. Both bills have a provision (section 618 in the House bill and section 617 in the Senate bill) that provides that the term “payment of cash in advance” as used in the Trade Sanctions Reform and Export Enhancement Act of 2000 shall be interpreted as payment before the transfer of title to, and control of, the exported items to the Cuban purchaser.

For final action, see Division C of P.L. 111-117, the Consolidated Appropriations Act, 2010, described above, which included the “payment of cash in advance” provision in section 619.

## **Other Introduced Measures**

**H.Con.Res. 132 (Tiahrt).** Expresses the sense of Congress that with respect to the totalitarian government of Cuba, the United States should pursue a policy that insists upon freedom, democracy, and human rights, including the release of all political prisoners, the legalization of political parties, free speech and a free press, and supervised elections, before increasing U.S. trade and tourism to Cuba. Introduced May 20, 2009; referred to the Committee on Foreign Affairs.

**H.R. 187 (Serrano).** Waives certain prohibitions with respect to nationals of Cuba coming to the United States to play organized professional baseball. Introduced January 6, 2009; referred to the Committees on Foreign Affairs and Judiciary.

**H.R. 188 (Serrano).** Lifts the trade embargo on Cuba by repealing and amending various laws. Introduced January 6, 2009; referred to the Committees on Foreign Affairs, Ways and Means, Energy and Commerce, Judiciary, Financial Services, Oversight and Government Reform, and Agriculture.

**H.R. 332 (Lee).** Provides that no funds made available to the Department of the Treasury may be used to implement, administer, or enforce regulations to require specific licenses for travel-related transactions directly related to educational activities in Cuba. Introduced January 8, 2009; referred to the Committee on Foreign Affairs.

**H.R. 375 (Ros-Lehtinen).** Section 209 of the bill sets forth restrictions on nuclear cooperation with countries assisting the nuclear program of Venezuela or Cuba or transferring advanced conventional weapons to Venezuela or Cuba. Introduced January 9, 2009; referred to the Committee on Foreign Affairs.

**H.R. 874 (Delahunt)/ S. 428 (Dorgan).** Identical bills would prohibit the President from regulating or prohibiting, directly or indirectly, travel to or from Cuba by U.S. citizens or legal residents, or any of the transactions incident to such travel. H.R. 874 was introduced February 4,

2009, and referred to the House Committee on Foreign Affairs. S. 428 was introduced February 12, 2009, and referred to the Senate Committee on Foreign Affairs.

**H.R. 1103 (Wexler)/ S. 1234 (Lieberman).** Modifies the prohibition on recognition by U.S. courts of certain rights relating to certain marks, trade names, or commercial names. Introduced February 13, 2009; referred to the Committee on the Judiciary.

**H.R. 1528 (Rangel).** Allows travel between the United States and Cuba. Introduced March 16, 2009; referred to the Committee on Foreign Affairs

**H.R. 1530 (Rangel).** Lifts the trade embargo on Cuba by repealing and amending various laws. Introduced March 16, 2009; referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, Energy and Commerce, the Judiciary, Financial Services, Oversight and Government Reform, and Agriculture.

**H.R. 1531 (Rangel)/S. 1089 (Baucus).** Promoting American Agricultural and Medical Exports to Cuba Act of 2009. Similar, although not identical, bills facilitate the export of U.S. agricultural products to Cuba as authorized by the Trade Sanctions Reform and Export Enhancement Act of 2000, remove impediments to the export to Cuba of medical devices and medicines, allow travel to Cuba by U.S. legal residents, establish an agricultural export promotion program with respect to Cuba, and repeal the Section 211 trademark sanction. H.R. 1531 introduced March 16, 2009; referred to the Committee on Foreign Affairs, Ways and Means, Judiciary, Agriculture, and Financial Services. S. 1089 introduced May 20, 1989; referred to the Senate Committee on Finance.

**H.R. 1737 (Moran, Jerry).** Agricultural Export Facilitation Act of 2009. Amends the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) to provide that the term “payment of cash in advance” means that the payment by the purchaser of an agricultural commodity or product and the receipt of such payment by the seller occurs prior to 1) the transfer of such commodity or product to the purchaser, and 2) the release of control of such commodity or product to the purchaser. Provides that the President may not restrict direct transfer from a Cuban financial institution to a U.S. financial institution in payment for a product authorized for sale under TSRA. Also amends TSRA to require the Secretary of the Treasury to issue regulations under which, at a minimum, travel-related transactions may be authorized by specific license or general license for travel to, from, or within Cuba in connection with commercial export sales, transportation, and sales and marketing activities of agricultural commodities, medicine, and medical devices pursuant to TSRA. Introduced March 26, 2009; referred to the Committees on Foreign Affairs, Judiciary, Financial Services, and Agriculture.

**H.R. 1918 (Flake).** Permits U.S. companies to participate in the exploration for and the extraction of hydrocarbon resources from any portion of a foreign maritime exclusive economic zone that is contiguous to the exclusive economic zone of the United States. Also amends the Trade Sanctions Reform and Export Enhancement Act of 2000 to provide for general license authority for travel to Cuba by persons engaging in hydrocarbon exploration and extraction activities. Introduced April 2, 2009; referred to the Committee on Foreign Affairs.

**H.R. 2005 (King).** Amends the Cuban Liberty and Democratic Solidarity Act of 1996 to require that, in order to determine that a democratically elected government exists in Cuba, the government extradite to the United State convicted felon William Morales and all other individuals who are living in Cuba in order to escape prosecution or confinement for criminal

offense committed in the United States. Introduced April 21, 2009; referred to the House Committee on Foreign Affairs.

**H.R. 2272 (Rush).** United States-Cuba Trade Normalization Act of 2009. Lifts the trade embargo on Cuba by amending and repealing various laws. Extends nondiscriminatory trade treatment to Cuba. Removes Cuba from the State Sponsors of Terrorism List. Introduced May 6, 2009; referred to the Committees on Foreign Affairs, Ways and Means, Energy and Commerce, Judiciary, Financial Services, Oversight and Government Reform, and Agriculture.

**H.R. 2475 (Ros-Lehtinen).** Foreign Relations Authorization and Reform Act, FY2010 and FY2011. Introduced May 19, 2009; referred to the Committee on Foreign Affairs. Section 501 of the bill would fully fund the Administration's \$32.5 million request for Cuba broadcasting for FY2010, and would authorize funds as needed for FY2011. Section 728 of the bill consists of language contained in H.R. 375 that sets forth restrictions on nuclear cooperation with countries assisting the nuclear program of Venezuela or Cuba or transferring advanced conventional weapons to Venezuela or Cuba.

**H.R. 2687 (Mack).** Withholds U.S. assessed and voluntary contributions to the Organization of American States if Cuba is allowed full membership or participation in the OAS unless the President certifies that Cuba has satisfied certain conditions. Introduced June 3, 2009; referred to the Committee on Foreign Affairs.

**S. 774 (Dorgan), National Energy Security Act of 2009.** Section 371 authorizes United States persons to engage in any transaction necessary for the exploration for and extraction of hydrocarbon resources from any portion of any foreign exclusive economic zone that is contiguous to the exclusive economic zone of the United States, and to export without license authority all equipment necessary for the exploration for or extraction of these hydrocarbon resources. Section 372 would amend the Trade Sanctions Reform and Export Enhancement Act of 2000 to provide for general license authority for travel by persons engaging in hydrocarbon exploration and extraction activities. Introduced April 1, 2009; referred to the Committee on Finance.

**S. 1517 (Murkowski).** Domestic Energy Security Act of 2009. Section 6 authorizes United States persons to engage in transactions for the exploration for and extraction of hydrocarbon resources from any portion of any foreign exclusive economic zone that is contiguous to the exclusive economic zone of the United States, and to export without license all equipment necessary for these activities. Section 7 would amend the Trade Sanctions Reform and Export Enhancement Act of 2000 to provide for general license authority for travel by persons engaging in hydrocarbon exploration and extraction activities. Introduced July 24, 2009; referred to the Committee on Energy and Natural Resources.

## Legislation in the 110<sup>th</sup> Congress

### Approved Measures

**P.L. 110-161 (H.R. 2764).** FY2008 Consolidated Appropriations Act. H.R. 2764 was originally introduced and reported by the House Committee on Appropriations (H.Rept. 110-197) on June 18, 2007 as the FY2008 State, Foreign Operations, and Related Agencies Appropriations Act. The

House passed (241-178) the measure on June 22, 2007. The Senate Appropriations Committee reported the bill on July 10, 2007 (S.Rept. 110-128), and the Senate passed (81-12) it on September 6, 2007. On December 17, 2007, H.R. 2764 subsequently became the vehicle for the FY2008 Consolidated Appropriations Act, which included 11 FY2008 appropriations measures. President Bush signed the measure into law on December 26, 2007.

As signed into law, Division J of the Consolidated Appropriations Act covers State Department, Foreign Operations, and Related Agencies appropriations. The law has the following Cuba provisions:

- Similar to previous years, Section 607 of Division J prohibits direct funding for Cuba. This provision had been included in both the House and Senate versions of the bill.
- Section 620 of Division J adds Cuba to the list of countries requiring a special notification to the Appropriations Committees for funds obligated or expended under the act. This provision had been included in the Senate version of the bill.
- Section 691(b) of Division J provides that Cubans who supported an anti-Castro guerrilla group in the 1960s known as the Alzados are eligible for U.S. refugee status. The Senate version of the bill had included this provision.
- As set forth in the joint explanatory statement, the measure provides \$45.7 million in ESF for Cuba democracy programs as requested by the Administration. Both the House- and Senate-passed versions of H.R. 2764 fully funded the Administration's request for \$45.7 million in ESF for Cuba democracy programs. The House committee-reported bill would have provided \$9 million in ESF for such programs, but during June 21, 2007, floor consideration, the House approved H.Amdt. 351 (Diaz-Balart) by a vote of 254-170 that increased ESF by \$36.7 million in order to fully fund the Administration's request. The Senate Appropriations Committee report to the bill would have provided \$15 million in ESF for Cuba democracy programs, but during September 6, 2007, floor consideration, the Senate approved S.Amdt. 2694 (Martinez) by voice vote that increased funding for Cuba democracy programs by \$30.7 million to fully fund the Administration's request.
- As set forth in the joint explanatory statement, the measure provides \$33.681 million for Radio and TV Marti broadcasting to Cuba, \$5.019 million below the Administration's request of \$38.7 million and identical to the amount provided for FY2007. Both the House and Senate committee reports to the bill had recommended \$33.681 million for Cuba broadcasting. S.Amdt. 2695 (Martinez), which was withdrawn from consideration on September 6, 2007, would have increased funding by \$5.019 million to fully fund the Administration's request.
- The measure does not include contrasting provisions related to counternarcotics assistance for Cuba that were included in the House and Senate versions of the bill. Section 673 of the House bill would have specifically prohibited International Narcotics Control and Law Enforcement (INCLE) assistance to the Cuban government. Section 696 of the Senate bill would have provided \$1 million in INCLE assistance for preliminary work by the Department of State, or such other entity as the Secretary of State may designate, to establish cooperation with the Cuban government on counternarcotics matters.

The final enacted measure does not include provisions easing Cuba sanctions that had been included in the House and Senate-committee versions of the FY2008 Financial Services and General Government Appropriations Act or the Senate committee-reported version of the FY2008 Agriculture Appropriations bill.

**P.L. 110-96 (S. 1612).** International Emergency Economic Powers Enhancement Act. Introduced and reported by the Committee on Banking, Housing, and Urban Affairs on June 13, 2007 (S.Rept. 110-82). Senate approved, amended, by unanimous consent on June 26, 2007. House approved by voice vote October 2, 2007. As approved, the bill amends the International Emergency Economic Powers Act (IEEPA) to increase the potential civil penalty imposed on any person who commits an unlawful act under the act to not exceed the greater of \$250,000 (from \$50,000) or an amount that is twice the amount of the transaction. The bill also increases a criminal penalty to not more than \$1 million and/or 20 years imprisonment.

**S.Res. 573 (Martinez).** Celebrates Cuba Solidarity Day, recognizes the injustices faced by the Cuban people, and stands in solidarity with the Cuban people as they continue to work towards democratic changes in their homeland. Introduced and passed by the Senate on May 21, 2008, by unanimous consent.

## **Additional Considered Measures with Cuba Provisions**

The following measures that received consideration contained various provisions on Cuba that would have eased U.S. sanctions, but none of these provisions made it into final enacted measures. For a complete listing of additional legislative initiatives on Cuba in the 110<sup>th</sup> Congress, see CRS Report RL33819, *Cuba: Issues for the 110<sup>th</sup> Congress*.

**H.R. 2419 (Peterson).** Farm, Nutrition, and Bioenergy Act of 2007. Introduced May 22, 2007; House passed July 27, 2007. Senate passed December 14, 2007. During House floor consideration on July 27, 2007, the House rejected (182-245) H.Amdt. 707 Rangel, that would have clarified the meaning of “payment of cash in advance” for the sale of agricultural commodities to Cuba; authorized direct transfer between U.S. and Cuban financial institutions for a product authorized for sale under the Trade Sanctions Reform and Export Enhancement Act of 2000; and would have authorized the issuance of U.S. visas for Cubans to conduct activities, including phytosanitary inspections, related to the export of U.S. agricultural goods to Cuba.

In the Senate, S.Amdt. 3660 (Baucus), which would have eased restrictions on U.S. agricultural sales to Cuba, was proposed on December 11, 2007, but subsequently withdrawn the same day. Several amendments regarding Cuba were submitted, but never proposed: S.Amdt. 3668 (Baucus), would have eased restrictions on U.S. agricultural exports to Cuba; S.Amdt. 3796 (Nelson, Bill), would have required a certification of certain human rights conditions in Cuba before restrictions on U.S. agricultural exports to Cuba would be eased; S.Amdt. 3792 (Martinez), would have expressed the sense of the Senate regarding the human rights situation in Cuba; and S.Amdt. 3793 (Martinez), would have prevented the easing of restrictions on U.S. agricultural exports to Cuba as long as the country is identified by the Secretary of State as a “state sponsor of terror.”

**H.R. 2829 (Serrano).** FY2008 Financial Services and General Government Appropriations Act. Introduced and reported by House Appropriations Committee (H.Rept. 110-207) June 22, 2007. Reported by Senate Appropriations Committee July 13, 2007 (S.Rept. 110-129). House passed (240-179) June 28, 2007. As approved by the House, Section 903 would have prevented Treasury

Department funds from being used to implement a February 2005 regulation that requires the payment of cash in advance prior to the shipment of U.S. agricultural goods to Cuba. The House adopted the provision during June 28, 2007 floor consideration when it approved H.Amdt. 467 (Moran, Kansas) by voice vote. The Senate Appropriations Committee version had a similar provision in Section 619, as well as another provision in Section 620 that would have allowed for travel to Cuba under a general license for the marketing and sale of agricultural and medical goods. The Cuba provisions of both the House and Senate versions of the bill were not included in the final enacted version of the measure, which was included as Division D of the FY2008 Consolidated Appropriations Act (P.L. 110-161, H.R. 2764).

**H.R. 3161 (DeLauro)/ S. 1859 (Kohl).** FY2008 Agricultural, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act. H.R. 3161 introduced and reported by House Appropriations Committee July 24, 2007; House passed August 2, 2007. S. 1859 introduced and reported by Senate Appropriations Committee July 24, 2007 (S.Rept. 110-134). Section 741 of the Senate bill would authorize travel to Cuba under a general license for the marketing and sale of agricultural and medical goods to Cuba. The Cuba provision in the Senate version was not included in the final enacted version of the measure, which was included as Division A of the FY2008 Consolidated Appropriations Act (P.L. 110-161, H.R. 2764).

**H.R. 7323 (Serrano).** FY2009 Financial Services and General Government Appropriations bill. Introduced and reported by the House Appropriations Committee on December 10, 2008 (H.Rept. 110-920). The committee had approved a draft version of the bill on June 25, 2008. The bill has several provisions that would have eased Cuba sanctions. Section 621 would have prohibited funds in the Act from being used to administer, implement, or enforce new language in the Cuban embargo regulations added on February 25, 2005 (31CFR Part 515.533) that requires that U.S. agricultural exports to Cuba must be paid for before they leave U.S. ports. Section 622 would have allowed for family travel once a year (instead of the current restriction of once every three years). Section 623 would have expanded family travel to visit an aunt, uncle, niece, nephew, or first cousin (instead of the current restriction limiting such travel to visit a spouse, child, grandchild, parent, grandparent, or sibling.) The report to the bill would require the Treasury Department's Office of Foreign Assets Control (OFAC) to provide detailed information on OFAC's Cuba-related licensing and enforcement actions. None of these provisions were included in the Consolidated Appropriations Act for FY2009 (P.L. 110-329) that provided funding until March 6, 2009.

**S. 3001(Levin).** Duncan Hunter National Defense Authorization Act for FY2009. **S.Amdt. 5581 (Dodd)**, submitted on September 15, 2008, would, for a 180-day period: allow unrestricted family travel; ease restrictions on remittances by removing the limit and allowing any American to send remittances to Cuba; expand the list of allowable items that may be included in gift parcels; and allow for unrestricted U.S. cash sales of food, medicines, and relief supplies to Cuba. The amendment was not considered and therefore not included in the final bill.

**S. 3260 (Durbin).** Financial Services and General Government Appropriations Act, 2009. Introduced and reported by Senate Appropriations Committee (S.Rept. 110-417) on July 14, 2008. Includes provisions easing restrictions on payment terms for the sale of agricultural goods to Cuba (section 618), travel relating to the commercial sale of agricultural and medical goods (section 619), and family travel (section 620). None of these provisions were included in the Consolidated Appropriations Act for FY2009 (P.L. 110-329) that provided funding until March 6, 2009.

**S. 3288 (Leahy).** Department of State, Foreign Operations, and Related Programs Appropriations Act, 2009. Introduced and reported by Senate Appropriations Committee (S.Rept. 110-425) July 18, 2008. Includes several Cuba provisions: section 706 continues a prohibition on assistance to Cuba, unless the President determines that it is in the national interest of the United States; section 719 continues the provision from FY2008 that requires that any assistance for Cuba go through the regular notification procedures of the Committees on Appropriations; section 779 provides for \$1 million for preliminary work by the Department of State, or other entity designated by the Secretary of State, to establish cooperation with appropriate Cuban agencies on counternarcotics matters, although the money would not be available if the Secretary certifies that Cuba (1) does not have in place procedures to protect against the loss of innocent life in the air and on the ground in connection with the interdiction of illegal drugs; and (2) there is credible evidence of involvement of the government of Cuba in drug trafficking during the preceding 10 years. The Senate Appropriations Committee report to the bill recommended full funding for the Administration's requests of \$34.392 million for Cuba broadcasting and \$20 million in ESF for Cuba democracy programs, and called for the State Department and USAID to conduct regular evaluations to ensure the cost effectiveness of the programs.

**S. 3289 (Kohl).** Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2008. Introduced and reported by Senate Appropriations Committee (S.Rept. 110-426) July 21, 2008. Includes a provision (section 737) that would ease restrictions on travel to Cuba for the sale of agricultural and medical goods. This provision was not included in the Consolidated Appropriations Act for FY2009 (P.L. 110-329) that provided funding until March 6, 2009.

## **Appendix A. Developments in 2009**

For more recent entries, see “Recent Developments” above.

On September 3, 2009, both the Treasury and Commerce Department amended the Cuba embargo regulations to implement President Obama’s April 13, 2009 initiative to lift restrictions on family travel and remittances and to increase telecommunications links with Cuba. (See the Treasury Department’s fact sheet on the new regulations issued by the Office of Foreign Assets Control, available at: <http://www.treas.gov/press/releases/tg273.htm>, and the Commerce Department’s press release on new regulations issued by the Bureau of Industry and Security, available at: [http://www.bis.doc.gov/news/2009/bis\\_press09032009.htm](http://www.bis.doc.gov/news/2009/bis_press09032009.htm))

On July 31, 2009, Cuba’s Communist Party (PCC) indefinitely postponed plans to hold its sixth congress (the last was held in 1997), which was supposed to take place at the end of 2009. Some observers maintain that Cuba’s poor economic situation prompted the postponement of the congress, which was supposed to deal with potential economic changes.

On July 27, 2009, the State Department acknowledged in its daily press briefing that in June it had turned off the electronic billboard at the U.S. Interests Section in Havana that had been had been set up in 2006 and had featured news and pro-democracy messages that irked the Cuban government. The Cuban government had taken down anti-U.S. billboards around the U.S. mission earlier this year.

On July 26, 2009, President Raúl Castro delivered a Revolutionary Day speech in which he exhorted Cubans to work idle land that is being distributed in order to increase food production and reduce Cuban food imports.

On July 22, 2009, the Senate approved S.Amdt. 1535 (Martinez) to the Senate version of the National Defense Authorization Act for FY2010, S. 1390 (Levin). The amendment added a provision to the bill requiring a report from the Director of National Intelligence on potential Cuban activities related to drug trafficking, clandestine activities in the United States, research and development for biological weapons production, and Cuba’s relations with Iran, North Korea, Venezuela and several other countries. The provision became Section 1222 of the Senate version of H.R. 2647 (Skelton), which the Senate approved on July 23, substituting the language of S. 1390 as amended. Note: the House bill did not include a similar provision, and the provision was not included in the conference report on the measure.

On July 16, 2009, the House approved H.R. 3170, the FY2010 Financial Services and General Government Appropriations Act, with a provision in section 618 that provides that the term “payment of cash in advance” as used in the Trade Sanctions Reform and Export Enhancement Act of 2000 “shall be interpreted as payment before the transfer of title to, and control of, the exported items to the Cuban purchaser.” The Senate version of the bill, S. 1432, reported out of committee on July 10, 2009 (S.Rept. 111-43), has an identical provision. Note: the provision ultimately was included in Division C (section 619) of the Consolidated Appropriations Act, 2010 (P.L. 111-117) enacted in December 2009.

On July 16, 2009, about 150 U.S. and Cuban military and civilian personnel took part in an emergency response drill on both sides of the perimeter of the U.S. Naval Station at Guantanamo Bay, Cuba. The annual exercises dates back to 1999.

On July 14, 2009, the first U.S.-Cuban migration talks since 2003 were held in New York.

On July 9, 2009, the House approved H.R. 3081, the FY2010 State Department, Foreign Operations, and Related Programs Appropriations Act, with several Cuba provisions. On the same day, the Senate Appropriations Committee reported out its version of the appropriations measure, S. 1434 (S.Rept. 111-44). Both bills would continue a prohibition against direct funding for the government of Cuba, require that any funding for Cuba go through the regular notification procedures of the Committees on Appropriations, and fully fund the Administration's \$20 million request for Cuba democracy projects. The House bill would fully fund the Administration's \$32.474 million for Cuba broadcasting while the Senate bill would provide \$17.474 million, prohibit funding for TV Martí broadcasts to Cuba, and require a report from the Secretary of State on various aspects of Cuba broadcasting. The Senate bill would also provide \$1 million for preliminary work on counternarcotics cooperation with Cuba while the House bill does not have a comparable provision. Note: final action was completed in Division F of the Consolidated Appropriations Act, 2010 (P.L. 111-117) enacted in December 2009. That law provided \$30.474 million for Cuba broadcasting, \$20 million for Cuban democracy projects, continued the general prohibition against direct funding for the government of Cuba, and continued the requirement that any assistance for Cuba go through the regular notification procedures of the Committees on Appropriations.

On June 17, 2009, the House Subcommittee on International Organizations, Human Rights, and Oversight of the Committee on Foreign Affairs held an oversight hearing on TV Martí.

On June 10, 2009, the House approved H.R. 2410, the FY2010 and FY2011 Foreign Relations Authorization Act, which would continue to authorize funding for radio and television broadcasting to Cuba within the International Broadcasting Operations account. During floor consideration, the House defeated H.Amdt. 182 that would have required the Secretary of State to withhold funds from the U.S. contribution to the International Atomic Energy Agency (IAEA) an amount equal to nuclear technical cooperation provided by the IAEA in 2007 to Iran, Syria, Sudan, and Cuba.

On June 4, 2009, the FBI arrested a retired State Department employee and his wife, Walter Kendall Myers and Gwendolyn Steingraber Myers, for allegedly spying for Cuba for more than two decades.

On June 3, 2009, the Organization of America States (OAS) approved a consensus resolution that overturned the 1962 resolution excluding Cuba from participating in the OAS, and stated that Cuba's participation in the OAS "will be the result of a process of dialogue initiated at the request of the Government of Cuba, and in accordance with the practices, purposes, and principles of the OAS." Cuba subsequently stated that it does not want to rejoin the OAS.

In late May 2009, Cuba and the United States agreed to restart the semi-annual migration talks that had been suspended by the United States in 2004 as well as talks on direct postal service between the two countries.

On May 14, 2009, the Senate approved S.Res. 149 (Martinez) calling for the immediate release of Cuban citizens imprisoned for exercising rights associated with freedom of the press.

On April 29, 2009, the House Subcommittee on National Security and Foreign Affairs of the Committee on Oversight and Government Reform held a hearing on the “National Security Implications of U.S. Policy Toward Cuba.”

On April 27, 2009, the House Subcommittee on Commerce, Trade and Consumer Protection of the Energy and Commerce Committee held a hearing on “Examining the Status of U.S. Trade with Cuba and Its Impact on Economic Growth.”

On April 13, 2009, the Obama Administration announced several significant measures to ease U.S. sanctions on Cuba. Fulfilling a campaign pledge, President Barack Obama directed that all restrictions on family travel and on remittances to family members in Cuba be lifted. The Administration also announced measures to increase telecommunications links with Cuba and to expand the scope of eligible humanitarian donations through gift parcels. (For additional details, see the White House fact sheet available at: [http://www.whitehouse.gov/the\\_press\\_office/Fact-Sheet-Reaching-out-to-the-Cuban-people/](http://www.whitehouse.gov/the_press_office/Fact-Sheet-Reaching-out-to-the-Cuban-people/))

On March 11, 2009, President Obama signed into law the Omnibus Appropriations Act, 2009 (H.R. 1105, P.L. 111-8), which has three provisions intended to ease U.S. sanctions on Cuba for family travel (Section 621 of Division D), travel related to the marketing and sale of agricultural and medical exports (Section 620 of Division D), and payment terms for U.S. agricultural exports to Cuba (Section 622 of Division D).

On March 2, 2009, President Raúl Castro orchestrated a government shake-up, ousting a dozen high-ranking officials, including Foreign Minister Felipe Pérez Roque and Cabinet Secretary Carlos Lage.

On February 27, 2009, the State Department issued its 2009 International Narcotics Control Strategy Report (INCSR), which maintained that U.S.-Cuban counter-narcotics cooperation continued in 2008. (See the full INCSR report, available at <http://www.state.gov/p/inl/rls/nrcrpt/2009/index.htm>)

On February 25, 2009, the State Department issued its 2008 human rights report on Cuba, which maintained that the Cuban government “continued to deny its citizens their basic human rights and committed numerous, serious abuses.” (See the report, available at <http://www.state.gov/g/drl/rls/hrrpt/2008/wha/119155.htm>)

On February 2, 2009, the independent Cuban Commission on Human Rights and National Reconciliation (CCDHRN) documented at least 205 political prisoners in Cuba, down from 234 in January 2008. The Commission maintains that the government has resorted to short-term arbitrary detentions to target suspected dissidents, with more than 1,500 such detentions in 2008.

On January 22, 2009, the Government Accountability Office (GAO) issued a report citing concerns with Radio and TV Martí’s adherence to relevant laws and standards, and maintaining that its audience is small despite its broadcasts to Cuba through multiple methods. (U.S. GAO, “Broadcasting to Cuba, Actions Are Needed to Improve Strategy and Operations, GAO-09-127. January 22, 2009, available at <http://www.gao.gov/products/GAO-09-127>)

On January 22, 2009, Fidel Castro stated that he had reduced the number of his published essays (“Reflections of the Commander”) so as not to interfere with the authority of party or government officials, and insisted that they should not feel bound by his occasional essays or even his state of

health or death. Castro also maintained that he does not expect to be in such a position to meditate and write about events when Obama's first term has ended. ("Text of Fidel Castro's Online Essay," *Associated Press Newswires*, January 22, 2009)

On January 15, 2009, during her Senate Foreign Relations Committee confirmation hearing for Secretary of State, Senator Hillary Clinton reiterated President-elect Obama's pledge to lift restrictions on family travel and remittances as well as his position that it is not time to lift the embargo since it provides an important source of leverage for further change in Cuba. Clinton also responded to written questions for the record that the new Administration expected to undertake a review of U.S. policy toward Cuba.

On January 15, 2009, Cuba released Varela Project activist Reynaldo Labrada Peña from prison following the completion of his six-year sentence. Peña was one of the "group of 75" political prisoners who have been incarcerated since 2003. Overall, there are more than 200 political prisoners in Cuba.

On January 1, 2009, Cuba celebrated the 50<sup>th</sup> anniversary of the Cuban Revolution.

## Appendix B. For Additional Reading

### Active CRS Reports

CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*, by Mark P. Sullivan.

CRS Report R40566, *Cuban Migration to the United States: Policy and Trends*, by Ruth Ellen Wasem.

CRS Report R40139, *Closing the Guantanamo Detention Center: Legal Issues*, by Michael John Garcia et al.

CRS Report R40754, *Guantanamo Detention Center: Legislative Activity in the 111th Congress*, by Anna C. Henning

CRS Report RL34523, *Financial Services and General Government (FSGG): FY2009 Appropriations*, coordinated by Garrett Hatch.

CRS Report RL32826, *The Medical Device Approval Process and Related Legislative Issues*, by Erin D. Williams.

CRS Report RL32014, *WTO Dispute Settlement: Status of U.S. Compliance in Pending Cases*, by Jeanne J. Grimmett.

### Archived CRS Reports

CRS Report RS20450, *The Case of Elian Gonzalez: Legal Basics*, by Larry M. Eig.

CRS Report RL33622, *Cuba's Future Political Scenarios and U.S. Policy Approaches*, by Mark P. Sullivan.

CRS Report RS22742, *Cuba's Political Succession: From Fidel to Raúl Castro*, by Mark P. Sullivan.

CRS Report RL32251, *Cuba and the State Sponsors of Terrorism List*, by Mark P. Sullivan

CRS Report RL33819, *Cuba: Issues for the 110<sup>th</sup> Congress*, by Mark P. Sullivan.

CRS Report RL32730, *Cuba: Issues for the 109<sup>th</sup> Congress*, by Mark P. Sullivan.

CRS Report RL31740, *Cuba: Issues for the 108<sup>th</sup> Congress*, by Mark P. Sullivan.

CRS Report RL30806, *Cuba: Issues for the 107<sup>th</sup> Congress*, by Mark P. Sullivan and Maureen Taft-Morales.

CRS Report RL30628, *Cuba: Issues and Legislation In the 106<sup>th</sup> Congress*, by Mark P. Sullivan and Maureen Taft-Morales.

CRS Report RL30386, *Cuba-U.S. Relations: Chronology of Key Events 1959-1999*, by Mark P. Sullivan.

CRS Report RL33499, *Exempting Food and Agriculture Products from U.S. Economic Sanctions: Status and Implementation*, by Remy Jurenas.

CRS Report RS22094, *Lawsuits Against State Supporters of Terrorism: An Overview*, by Jennifer K. Elsea.

CRS Report RL31258, *Suits Against Terrorist States by Victims of Terrorism*, by Jennifer K. Elsea.

CRS Report 94-636, *Radio and Television Broadcasting to Cuba: Background and Issues Through 1994*, by Susan B. Epstein and Mark P. Sullivan.

CRS Report RS21764, *Restricting Trademark Rights of Cubans: WTO Decision and Congressional Response*, by Margaret Mikyung Lee.

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