

Updated September 25, 2020

Cuba: U.S. Policy Overview

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

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

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

Cuban Political and Economic Developments. In April 2018, Miguel Díaz-Canel, who was serving as first vice president, succeeded Raúl Castro as president, but Castro continues to head the Cuban Communist Party until 2021. The selection of Díaz-Canel, now 60 years old, reflected the generational change in Cuban leadership that began several years ago and marks the first time since the 1959 Cuban revolution that a Castro is not in charge of the government. While in power from 2006 to 2018, Raúl Castro began to implement significant economic policy changes, moving toward a more mixed economy with a stronger private sector, but his government's slow, gradualist approach did not produce major economic improvements.

In a February 2019 referendum, Cubans approved a new constitution that introduced such changes as an appointed prime minister to oversee government operations; limits on the president's tenure (two five-year terms) and age (60, beginning first term); and market-oriented economic reforms, including the right to private property and the promotion of foreign investment. However, the new constitution ensures the state sector's dominance over the economy and the predominant role of the Communist Party. In October 2019, Cuba's National Assembly appointed Díaz-Canel as president under the new constitution. In December 2019, Díaz-Canel appointed tourism minister Manuel Marrero Cruz as prime minister.

The Cuban economy is being hard-hit by Venezuela's economic crisis, which has reduced Venezuela's support for

Cuba; increased U.S. economic sanctions; and the economic decline associated with the Coronavirus Disease 2019 (COVID-19) pandemic. The Economist Intelligence Unit is forecasting an 8.3% economic contraction in 2020.

Cuba's public health response to the COVID-19 pandemic appears to have been effective. As of September 24, 2020, the country reported 118 deaths, with a mortality rate of 1.04 per 100,000 people (among the lowest rates in the hemisphere), according to Johns Hopkins University. Cuba has provided international assistance to respond to the pandemic by sending over 3,700 medical professionals to almost 40 countries worldwide, including in Europe, Africa, and Latin America and the Caribbean.

Trump Administration Sanctions. President Trump issued a national security presidential memorandum in June 2017 that introduced new sanctions, including restrictions on transactions with companies controlled by the Cuban military. The State Department issued a list of "restricted entities" in 2017, which has been updated several times, most recently in June 2020. The list includes 229 entities and subentities, including 2 ministries, 5 holding companies and 53 of their subentities, 111 hotels, 2 tourist agencies, 5 marinas, 10 stores in Old Havana, and 41 entities serving defense and security sectors.

Since 2019, the Administration has imposed a series of increasingly strong sanctions against Cuba for its poor human rights record and its support for the Maduro government. In addition to the sanctions noted below, the Administration has increased efforts (including visa restrictions) to call attention to allegations of coercive labor practices in Cuba's foreign medical missions, a major foreign exchange earner for Cuba. In May 2020, the State Department (pursuant to Section 40A of the Arms Export Control Act) also added Cuba to its annual list of countries certified as *not cooperating fully* with U.S. antiterrorism efforts, the first such certification for Cuba since 2015.

- **Efforts to Stop Venezuelan Oil Exports to Cuba.** Since April 2019, the Treasury Department has imposed sanctions on several shipping companies and vessels that transported Venezuelan oil to Cuba. In July 2019, it sanctioned Cuba's state-run oil import/export company.
- **Lawsuits Related to Confiscated Property.** Effective May 2, 2019, the Administration allowed the right to file lawsuits against those trafficking in confiscated property in Cuba pursuant to Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114). Lawsuits can be brought by any U.S. national, including those who were not U.S. nationals at the time of the confiscation. To date, 26 lawsuits have been filed against U.S. and foreign companies, including cruise ship operators, airlines, travel booking companies, and hotels; several lawsuits have been dismissed by federal courts or by plaintiffs. Previous Administrations had

suspended, at six-month intervals, the right to file such lawsuits pursuant to the provisions of the law. Secretary Pompeo cited Cuba's repression of its own people and its support for the Maduro regime in Venezuela as reasons for the implementation of Title III. The European Union and Canada criticized the Administration's action, vowing to ban enforcement or recognition of any judgement, allow counterclaims, and potentially seek action in the World Trade Organization.

- **Restrictions on Travel and Remittances.** In June 2019, the Treasury Department eliminated people-to-people educational travel and the Commerce Department generally prohibited cruise ships, private and corporate aircraft, sailboats, and fishing boats from going to Cuba. In September 2019, the Treasury Department capped family remittances (not previously limited) to \$1,000 per quarter per Cuban national and eliminated the category of donative remittances. The Transportation Department suspended commercial flights to cities other than Havana in December 2019; charter flights to cities other than Havana in January 2020 (which were capped to 3,600 flights annually in June 2020); and all private charter flights to Havana, effective October 13, 2020 (public charter flights to and from Havana remain permitted).

On September 23, 2020, President Trump announced further sanctions, including a prohibition against U.S. travelers, including those visiting family, from staying at over 400 hotels linked to the Cuban government (essentially all Cuban hotels) and at privately owned residences for rent (*casas particulares*) if they are controlled by a prohibited Cuban government official or Communist Party member (or a close relative of either); the State Department subsequently issued a list of the prohibited Cuban accommodations. Authorized U.S. travelers to Cuba also were prohibited from bringing back alcohol or tobacco from Cuba for personnel use.

- **Other Trade and Financial Sanctions.** In September 2019, the Treasury Department ended the use of *U-turn transactions*, which allowed banking institutions to process certain funds transfers originating and terminating outside the United States. In October 2019, the Commerce Department restricted Cuba's access to leased commercial aircraft; reimposed a 10% de minimis rule (from 25%) requiring a third country-based company exporting goods to Cuba with more than 10% U.S.-origin content to apply for a license; and imposed licensing requirements for the export of certain donated items to organizations controlled by the Cuban government or Communist Party and items for telecommunications infrastructure.
- **Visa Restrictions.** The State Department imposed visa restrictions on Raúl Castro in September 2019 for gross violations of human rights in Cuba and Venezuela. Further visa restrictions were imposed on Cuba's Interior Minister (November 2019) and Cuba's defense minister (January 2020) for human rights violations.

human rights group Cuban Prisoners Defenders listed 132 political prisoners, with 74 imprisoned for reasons of conscience; Amnesty International designated six of these as prisoners of conscience in 2019. After six months of detention, José Daniel Ferrer, leader of the opposition Patriotic Union of Cuba (UNPACU), was released in April 2020 to house arrest after receiving a 4½-year sentence on assault charges that critics assert were trumped up.

Injuries of U.S. Embassy Personnel in Havana.

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

116th Congress Action. The 116th Congress has continued to fund Cuba democracy assistance and U.S.-government sponsored broadcasting to Cuba: \$20 million for democracy programs and \$29.1 million for broadcasting in FY2019 (P.L. 116-6) and \$20 million for democracy programs and \$20.973 million for broadcasting in FY2020 (P.L. 116-94, Division G). P.L. 116-94 (Division J) included benefits for U.S. government employees and dependents injured while stationed in Cuba. For FY2021, the Administration requested \$10 million for democracy programs and \$12.973 million for broadcasting. The House-passed version of the FY2021 foreign aid appropriations bill, Division A of H.R. 7608 (H.Rept. 116-444), approved July 24, 2020, would provide \$20 million for democracy programs and fully fund the broadcasting request. In other legislative action, the Senate approved S.Res. 454 in June 2020, calling for the release of democracy activist José Daniel Ferrer.

Among other bills, several would ease or lift U.S. sanctions: H.R. 213 (baseball); S. 428 (trade); H.R. 1898/S. 1447 (U.S. agricultural exports); H.R. 2404 (overall embargo); and H.R. 3960/S. 2303 (travel). H.R. 4884 would reinstate the Cuban Family Reunification Program. S. 3977 would require the State Department to report on countries with Cuban medical missions. S. 4635 would require an annual report on Cuba's medical missions and reinstate the Cuban Medical Professional Parole program. Several resolutions would address the following: Cuba's medical missions (S.Res. 14/H.Res. 136); U.S. fugitives from justice in Cuba (H.Res. 92/S.Res. 232); religious/political freedom in Cuba (S.Res. 215); the release of José Daniel Ferrer (H.Res. 774); *Las Damas de Blanco* human rights organization (S.Res. 531); and the 35th anniversary of broadcasting to Cuba. Also see CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress* and CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*.

Mark P. Sullivan, Specialist in Latin American Affairs

Continued Human Rights Concerns. Human rights violations in Cuba have remained a fundamental U.S. policy concern for many years. As of August 3, 2020, the

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.