

Updated January 13, 2021

Cuba: U.S. Policy Overview

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

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

President Trump unveiled a new policy toward Cuba in 2017, introducing new sanctions and rolling back efforts to normalize relations. By 2019, the Administration had largely abandoned engagement and had increased sanctions to pressure the Cuban government on human rights and for its support of the Venezuelan government of Nicolás Maduro. In 2020, the Administration significantly increased restrictions on travel and remittances.

Cuban Political and Economic Developments. In April 2018, Miguel Díaz-Canel, who was serving as first vice president, succeeded Raúl Castro as president. 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 2019, Cuba adopted a new constitution with 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 foreign investment promotion. The new constitution also ensured the state's dominance over the economy and the Communist Party's predominant role.

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, which have hurt Cuba's nascent private sector; and the economic decline

associated with the Coronavirus Disease 2019 (COVID-19) pandemic. The Cuban government reports the economy contracted 11% in 2020. Cuba announced some economic reforms in July 2020 and, on January 1, 2021, eliminated its dual currency system, a major reform that has been long debated. Economists maintain the currency reform will have high costs initially but should boost productivity and development over the longer term.

Cuba's public health response to the pandemic appears to have been effective. As of January 12, 2021, the country reported 155 deaths, with a mortality rate of 1.37 per 100,000 people (among the lowest in the hemisphere), according to Johns Hopkins University. Cuba has provided international assistance for pandemic response by sending over 3,700 medical professionals to almost 40 countries.

Cuba has a poor record on human rights, with the government sharply restricting freedoms of expression and other basic rights. As of January 4, 2021, the human rights group Cuban Prisoners Defenders listed 138 political prisoners, with 74 imprisoned for reasons of conscience. A November 2020 government crackdown on the San Isidro Movement, a civil society group opposed to the government's restrictions on artistic expression, spurred a protest by several hundred Cubans, many young artists, and galvanized international attention on human rights in Cuba.

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 January 8, 2021. The "Cuba restricted list" includes 231 entities and subentities, including 2 ministries, 5 holding companies and 55 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 additional increasingly strong sanctions. In addition to those noted below, it has highlighted allegations of coercive labor practices in Cuba's foreign medical missions.

- **Efforts to Stop Venezuelan Oil Exports to Cuba.** Since April 2019, the Treasury Department has imposed sanctions on several shipping companies and vessels that transported Venezuelan oil to Cuba. In July 2019, it sanctioned Cuba's state-run oil import/export company.
- **Lawsuits Related to Confiscated Property.** Effective May 2, 2019, the Administration allowed the right to file lawsuits against those trafficking in confiscated property in Cuba pursuant to Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (P.L. 104-114). Lawsuits can be brought by any U.S. national,

including those who were not U.S. nationals at the time of the confiscation. Previous Administrations had suspended, at six-month intervals, the right to file such lawsuits. To date, 32 lawsuits have been filed against U.S. and foreign companies, including cruise ship operators, airlines, travel booking companies, and hotels; several lawsuits have been dismissed.

- **Restrictions on Travel and Remittances.** On travel, 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. The Transportation Department suspended commercial flights to cities other than Havana in December 2019; charter flights to cities other than Havana in January 2020; and private charter flights to Havana in October 2020. In September 2020, the Treasury Department prohibited U.S. travelers from staying at over 400 hotels and privately owned residences identified by the State Department as owned or controlled by the Cuban government or by a prohibited government official or Communist Party member (or close relative).

On remittances, in September 2019, the Treasury Department capped family remittances to \$1,000 per quarter per Cuban national and eliminated the category of donative remittances. In June and September 2020, the State Department added to its “Cuba restricted list” two Cuban companies that facilitate the processing of remittances. In October 2020, the Treasury Department prohibited, effective November 26, the processing of remittances through entities on the “Cuba restricted list.” This resulted in Western Union—the major financial services company used for transmitting remittances to Cuba—ceasing its operations in Cuba until a solution can be found to keep its services open.

- **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.
- **Terrorism Designations.** In May 2020, the Secretary of State (pursuant to Section 40A of the Arms Export Control Act) added Cuba to the annual list of countries

certified as *not cooperating fully* with U.S. antiterrorism efforts for the first time since 2015. On January 11, 2021, the Secretary designated the government of Cuba as a state sponsor of international terrorism (the previous such designation for Cuba was rescinded in 2015). The State Department cited Cuba’s harboring from justice of several U.S. fugitives since the 1970s and of 10 leaders of Colombia’s National Liberation Army (a U.S.-designated foreign terrorist organization), who had traveled to Cuba in 2017 to engage in peace talks with the Colombian government. The new determinations likely will have little effect, inasmuch as the economic sanctions required by each decision are, in large part, redundant to other U.S. sanctions already in effect. A terrorism designation, however, requires the Commerce Department to place Cuba on its most restrictive export licensing list, which could impede transactions related to technology. Some sectors, seeking to avoid any perception of sanctions violations, may become more risk averse in transactions with Cuba,

Injuries of U.S. Embassy Personnel 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 between late 2016 and May 2018. The State Department maintains the investigation into the health incidents has not reached a conclusion regarding the cause or source of the injuries. On December 5, 2020, the National Academies of Sciences, Engineering, and Medicine publicly released a report concluding the most plausible mechanism for the source of the health symptoms was directed pulsed radio frequency energy. Some analysts and observers have raised the possibility of Russia’s involvement.

116th Congress Action. The 116th Congress 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). For FY2021, the Administration requested \$10 million for democracy programs and \$12.973 million for broadcasting; in P.L. 116-260 and its explanatory statement, Congress provided \$20 million for Cuba democracy programs and \$12.973 million for Cuba broadcasting, and it allowed for the transfer of up to \$7 million from the U.S. Agency for Global Media’s Buying Power Maintenance Account to help manage the cost of Office of Cuba Broadcasting reform begun in 2019.

In other action, P.L. 116-94 (Division J) included benefits for State Department employees and dependents injured while stationed in Cuba. The FY2021 National Defense Authorization Act (P.L. 116-283, § 1110) extended such benefits to personnel of other federal agencies. The Senate approved S.Res. 454 in June 2020, calling for the unconditional release of a Cuban democracy activist.

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*.

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