

## Introduction

The United States' sanctions against Cuba were initiated in 1960 as a response to Fidel Castro's nationalization of American assets on the island. In the more than sixty years since, the sanctions have made little progress toward the U.S.' goals of realizing Cuba's economic and political liberalization. Instead, the embargo has harmed American businesses, tourists, and farmers. It has also exacerbated poor living conditions on the island and threatened U.S. national security. A new U.S. strategy in Cuba is long overdue: to minimize the embargo's adverse impacts and further U.S. objectives, the U.S. should reform its sanctions to be more targeted and allow for increased economic, touristic, and diplomatic engagement with Cuba.

## Summary of the Sanctions Legislation and Recent Developments

Since the 1960s, a combination of legislation and executive actions has shaped the U.S. embargo against Cuba.

- **Foreign Assistance Act of 1961 and Trading with the Enemy Act of 1917:** President John F. Kennedy used these acts to impose a full embargo on Cuba in 1962.
- **Cuba Assets Control Regulations (CACR):** The CACR constitutes the main body of the Cuba sanctions and is regularly amended by the Office of Foreign Assets Control (OFAC) to reflect different presidential administrations' Cuba policy.
- **Cuban Democracy Act of 1992 (CDA):** The CDA prohibits foreign subsidiaries of U.S. companies from trading with Cuba, bars travel, limits remittances, and lists the conditions necessary for the U.S. to provide Cuba food and medical supplies.
- **Cuban Liberty and Democratic Solidarity Act (LIBERTAD or Helms-Burton Act) of 1996:** The Helms-Burton Act strengthened sanctions against the Cuban government, codified CACR, and directed the president to assist Cuba and seek a congressional repeal of the embargo should the island institute a democratically elected government. The act's Title III permits U.S. nationals with claims to property confiscated by the Cuban government after 1959 to sue any persons trafficking in said property.
- **Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000:** The TSRA further restricts U.S. aid and trade to Cuba.

In addition to this legislation, presidential executive actions have molded the sanctions against Cuba. President Obama opted to pursue a détente with Cuba, mandating five rounds of amendments to the CACR as a part of reopening diplomatic relations with Havana: the U.S. resumed people-to-people travel, educational, and religious travel, removed Cuba's designation as a state sponsor of terrorism, reduced restrictions on remittances, and lifted some restrictions on bilateral trade.<sup>1</sup>

President Donald Trump partially reversed course, leaving some Obama-era policies in place while returning to a policy of disengagement with Havana. He directed the Departments of Treasury and Commerce to restrict financial transactions with Cuban military- and intelligence-owned enterprises, banned people-to-people travel, and opted—for the first time since its passage in 1996—not to waive Title III of the Helms-Burton Act.<sup>2</sup> This decision enabled Americans to sue foreign entities trafficking in confiscated Cuban property and provoked the anger of U.S. allies that enjoyed normalized trading relations with Havana.<sup>3</sup> In the last days of his presidency, Trump also redesignated Cuba a state sponsor of terrorism.

## Why have U.S. Sanctions Against Cuba failed?

The U.S.' embargo on trade with Cuba suffers from several critical shortcomings that have prevented it from achieving U.S. objectives.

**The sanctions are unilateral.** Sanctions are most effective when they are multilateral and levied under an international organization's enforcement.<sup>4, 5</sup> The U.S. has failed to win OAS, UN, or NATO backing for its embargo and stands alone among both allies and adversaries in upholding Cuba sanctions.

**Sanctions-busting states have diminished the embargo's impact.** Cuba has avoided experiencing total economic isolation and deprivation under the embargo by turning to outside states for economic support. Since 2000, Venezuela has supplied Cuba with subsidized oil in exchange for the services of Cuban professionals. More recently, China has supported Cuban development projects, brokered Belt and Road Initiative partnerships with Havana, and offered the island soft-credit loans.<sup>6, 7, 8</sup> Sanctions-busters are not limited to U.S. strategic adversaries: some of the U.S.' closest allies, including the United Kingdom, Canada, and Australia, have enjoyed normalized relations with Cuba for decades and continue to promote investment and travel to the island despite the U.S. embargo.<sup>9, 10, 11</sup>

**The sanctions have unrealistic objectives.** The unilateral U.S.-imposed sanctions on Cuba were intended to pressure political and economic reform on the island. However, sanctions have a poor record of achieving regime change.<sup>12</sup> The Cuban government has survived three power transfers under the embargo: the Cuban presidency passed from Fidel

Castro to Raúl Castro to its current office-holder, Miguel Díaz-Canel, and in April 2021, Díaz-Canel succeeded Raúl Castro as First Secretary of the Communist Party of Cuba. As a group of retired U.S. military leaders wrote in a 2009 letter to President Obama, "There will be no counter-revolution [in Cuba] any time soon."<sup>13</sup>

**The sanctions have hindered democratization and economic liberalization.** The embargo has only impeded progress toward achieving economic and political liberalization in Cuba. Rather than promoting democratic reform, the sanctions have bolstered the Cuban government's legitimacy and enabled authoritarian states Russia and China to spread their influence on the island. Instead of spurring economic liberalization, the embargo has hindered privatization by dissuading investment in Cuba and limiting touristic exchange.<sup>14, 15, 16</sup>



Secretary of State Kerry delivers remarks at the newly reopened U.S. Embassy in Havana in 2015. State Department photo.

## The Costs of the Cuba Embargo

In addition to these critical shortcomings, U.S. sanctions against Cuba come with a steep cost for national security, U.S. businesses, the Cuban people, and America's global standing.

**The sanctions constitute a national security threat.** By upholding the embargo, the U.S. has yielded regional influence and economic power to strategic adversaries. For example, the sanctions have pushed Cuba toward the Nicolás Maduro regime in Venezuela, a government the U.S. does not recognize and that has repeatedly challenged American values. Similarly, Cuba's relationship with China could allow Beijing to expand its influence in Latin America. U.S.' disengagement from Cuba gives little means to combat or offer democratic alternatives to authoritarian aggression and influence-peddling in its own backyard.

**The sanctions cost the U.S. billions in lost trade and hurt American private enterprise.** Estimates suggest that normalized U.S.-Cuba relations would yield *\$6 billion annually in U.S. exports to Cuba, generate \$1.1 billion in new business activity, and create 6000 new jobs.*<sup>17, 18</sup> Additionally, Cuba's tourism and agricultural sectors offer lucrative investment opportunities for American businesses.<sup>19, 20</sup> While the embargo still exists, these profits are lost to American allies and adversaries alike.

**The sanctions damage the U.S.' reputation on the global stage.** Contrary to the claims of some pro-embargo advocates, the sanctions against Cuba have hurt the U.S.' image internationally. For example, the U.S.' policy towards Cuba contradicts that of some of its closest allies, and provisions like the Helms-Burton Act directly harm U.S. allies' economic interests. Furthermore, every year between 1992 and 2019, the UN General Assembly formally denounced the U.S.' decision to uphold the sanctions.<sup>21</sup>



President Obama speaks with a Cuban *cuentapropista*, a self-employed worker. White House photo.

**The sanctions have humanitarian consequences.** Because U.S. sanctions against Cuba are broad rather than targeted, they have had a detrimental impact on the Cuban public. UN estimates suggest that the embargo has cost Cuba \$130 billion over the past sixty years.<sup>22</sup> The island's economic isolation has exacerbated food and fuel shortages, accelerated an infrastructure crisis, and decreased Cuba's standard of living.<sup>23</sup> Instead of motivating Havana to end its own human rights abuses, the embargo has only accelerated a humanitarian crisis.

## Shaping an Effective Cuba Policy Through Targeted Sanctions and Engagement

As it currently stands, U.S. sanctions against Cuba are ineffective: they will not further U.S. objectives in Cuba and carry significant security and economic costs. Domestic political conditions and a lack of bipartisan consensus in Congress make a wholesale repeal of the embargo unlikely; still, the U.S. can take steps toward a more effective Cuba policy by reforming the sanctions to be more targeted and allow for more economic, touristic, and diplomatic engagement.

**Utilizing targeted rather than broad sanctions.** The U.S. should prioritize issuing targeted sanctions, such as those authorized in the Global Magnitsky Act, against individual Cuban government leaders and entities to minimize the sanctions' impact on the innocent Cuban public and focus economic pressure on Cuban leaders engaged in human rights abuses. Combined with diplomacy, targeted sanctions have helped win the U.S. concessions while negotiating with Turkey for a prisoner's release and with Iran to establish the Iran Nuclear Deal (JCPOA).<sup>24, 25</sup> Additionally, targeted sanctions could facilitate the spread of democratic ideals in Cuba by decreasing the Cuban government's ability to paint the U.S.—a beacon of democracy—as the architect of Cuba's suffering. Finally, by enhancing the island's standard of living and access to basic goods and services, a more targeted sanctions regime could bolster the Cuban people's capacity to call for economic or political reform.

**Re-establishing diplomatic exchange with Havana to build trust.** By fostering mutual confidence with Cuba, the U.S. can create an environment more conducive to the dissemination of American liberal democratic values and counter the efforts of U.S. authoritarian strategic adversaries like China and Venezuela to exert influence over the island. Specific actions the U.S. should take include:

- Reopening Obama-era bilateral working groups that convened government officials and technical experts from both countries around issues of mutual interest.
- Rescinding travel bans prohibiting U.S. government personnel from traveling to Cuba on government business.
- Restaffing embassy, consular, and cultural affairs offices.

**Removing barriers to U.S. and allies' investment in Cuba to support the island's growing private sector.** The current sanctions impede privatization in Cuba and hurt American businesses. To counteract this, the U.S. should:

- Loosen restrictions on sectors like tourism and agriculture where U.S. enterprises can promote job growth and where the Cuban private sector is making significant headway.
- Establish dialogues between the U.S. Department of Agriculture and the Cuban Ministry of Agriculture to promote cooperation on private-sector agricultural enterprise.
- Repeal legislation prohibiting the U.S. from supporting Cuba's membership in international financial institutions (IFIs).
- Encourage IFIs to offer the Cuban government and private sector entities technical guidance toward economic liberalization.
- Restore general licenses for people-to-people travel so that American tourists can support the burgeoning Cuban private-sector tourism industry.
- Return to and maintain the practice of waiving Title III of the Helms-Burton Act.

**Re-instating people-to-people exchange with Cuba.** As Biden State Department Spokesperson Ned Price commented in a 2021 press briefing, "Americans, especially Cuban Americans, are in most cases the best ambassadors for freedom and prosperity in Cuba."<sup>26</sup> By reopening travel across the Florida Strait, the U.S. can strengthen its soft-power influence in Cuba and showcase American values.

## Conclusion

Over the six decades since its establishment, the U.S. embargo against Cuba has not only failed to achieve U.S. objectives on the island but has also come with significant security, economic, and humanitarian costs. By pursuing a Cuba policy that prioritizes engagement over the embargo, the U.S. will be able to better support liberalization on the island and counter the influence of strategic adversaries. The U.S. certainly faces challenges to reforming or repealing the embargo, including the politically powerful and traditionally pro-embargo Cuba lobby, a lack of bipartisan consensus in Congress, and the unresolved cases of neurotraumatic injury that began afflicting U.S. diplomatic personnel in Cuba in 2016. Still, the U.S.' third border and the sanctions governing it have always played a role in hemispheric security, stability, and prosperity. As U.S. strategic adversaries make advances in the region and the U.S. and Cuba face the shared threats of climate change, public health crises, and transnational crime, the need for Havana-Washington engagement has never been more critical.

## Endnotes

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