

Cuba: President Trump Partially Rolls Back Obama Engagement Policy

June 21, 2017 (IN10722)

Related Author

- [Mark P. Sullivan](#)

Mark P. Sullivan, Specialist in Latin American Affairs (msullivan@crs.loc.gov, 7-7689)

On June 16, 2017, President Trump unveiled his Administration's [policy on Cuba](#), which partially rolls back some of the Obama Administration's efforts to normalize relations with Cuba. President Trump set forth his Administration's policy in a [speech](#) in Miami, FL, where he signed a [national security presidential memorandum on Cuba](#) replacing President Obama's [October 2016 presidential policy directive](#), which had laid out objectives for the normalization process. The new policy leaves most of the [Obama-era policy changes](#) in place, including the reestablishment of diplomatic relations and a variety of eased sanctions to increase travel and commerce with Cuba.

The most significant policy changes include (1) restrictions on financial transactions with companies controlled by the Cuban military, intelligence, or security services or personnel and (2) the elimination of individual people-to-people travel. President Trump's memorandum directed the heads of departments (Treasury and Commerce, in coordination with the State Department) to initiate a process within 30 days to adjust current regulations. The policy changes will not take place until the amended regulations are issued; the Treasury Department, for example, indicated that it expects to issue its regulatory amendments in the [coming months](#).

Restrictions on Transactions with the Cuban Military

The [State Department](#) is tasked with identifying entities controlled by the Cuban military, intelligence, or security services or personnel and publishing a list of those entities with which direct financial transactions would disproportionately benefit those services or personnel at the expense of the Cuban people or private enterprise in Cuba. Financial transactions with those entities are to be prohibited, with certain exceptions, including transactions related to air or sea operations supporting permissible travel, cargo, or trade; the sale of agricultural and medical commodities; direct telecommunications or Internet access for the Cuban people; and authorized remittances. Moreover, transactions that further the national security or foreign policy interests of the United States are to be permitted. The memorandum specifically identifies the [Grupo de Administración Empresarial S.A.](#) (GAESA), a holding company of the Cuban military involved in most sectors of the Cuban economy, particularly the tourism sector. Given the [Cuban military's significant involvement in the economy](#), the new prohibitions could limit future U.S. economic engagement with Cuba, depending on the forthcoming amended regulations and their implementation.

Restrictions on People-to-People Travel

With regard to people-to-people travel, the Treasury Department will amend the [Cuban Assets Control Regulations](#), specifically, [31 C.F.R. 515.565\(b\)](#), to require people-to-people educational travel to take place under the auspices of an organization specializing in such travel, with travelers accompanied by a representative of the organization. Individuals will no longer be authorized to travel to Cuba for such travel on their own. The new policy will not affect other categories of permissible travel. The Obama Administration had authorized [individual people-to-people travel in March 2016](#), which, combined with the beginning of regular commercial flights and cruise ship service, led to an increase in Americans visiting Cuba. According to Cuban government statistics, the number of U.S. travelers increased from 91,254 in 2014 to some [285,000 in 2016](#), a figure almost matched in just the first five months of 2017. This is in addition to the several hundred thousands of Cuban Americans who visit family in Cuba each year. The rising level of U.S. travel to Cuba could possibly slow or be reversed once the new regulations are in place. Moreover, the level of travel also could be affected by the increased Treasury Department scrutiny that President Trump's memorandum requires.

Continued Focus on Human Rights

When President Trump announced his Cuba policy, he asserted that he was "canceling the last administration's policy change with Cuba," which he labeled as "a terrible and misguided deal with the Castro regime." The President maintained that "the outcome of the last administration's executive action has been only more repression and a move to crush the peaceful democratic movement." Although the Cuban government's human rights record remained poor after the Obama Administration's policy of engagement was initiated in December 2014, President Obama continued to speak out strongly about human rights conditions in Cuba, including during his [March 2016 visit to Havana](#); the two countries subsequently engaged in a bilateral human rights dialogue in October 2016. In his Miami speech, President Trump called for the Cuban government to end the abuse of dissidents, release political prisoners, stop jailing innocent people, and return [U.S. fugitives from justice](#) in Cuba, all issues that the Obama Administration had raised with the Cuban government. An area where the Trump Administration has diverged from past administrations is [U.S. democracy and human rights funding for Cuba](#); the President's FY2018 budget request zeroes out such funding, which has been supported by Congress for many years.

Cuban Government Reaction

As expected, the Cuban government's reaction to President Trump's speech was critical. Cuban Foreign Minister Bruno Rodríguez asserted that the speech "[was a grotesque spectacle straight from the Cold War](#)." Nevertheless, the Cuban government also [reiterated its willingness to continue a respectful and cooperative dialogue](#) on issues of mutual interest and the negotiation of outstanding issues, although it maintained that Cuba would not make concessions to its sovereignty and independence.

Congress and Policy Toward Cuba

Just as Congress has been divided in recent years over U.S. policy toward Cuba, there are divergent congressional views regarding President Trump's policy changes. For example, some Members support the new policy because of Cuba's lack of progress on human rights, whereas others oppose it because of its potential negative effect on the Cuban people and U.S. business interests. In the 114th Congress, several House appropriations measures would have rolled back certain elements of President Obama's engagement policy and a Senate appropriations measure would have further eased sanctions; ultimately, none of these Cuba policy provisions was enacted. The debate on Cuba policy is continuing in the 115th Congress, especially with regard to U.S. sanctions.

Also see CRS Report R44822, [Cuba: U.S. Policy in the 115th Congress](#); CRS In Focus IF10045, [Cuba: U.S. Policy Overview](#); CRS Report RL31139, [Cuba: U.S. Restrictions on Travel and Remittances](#); and CRS Report R43888, [Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations](#).