



POLICY ALERT // JUNE 6, 2019

United States Increases Sanctions Pressure on Cuba

The United States on June 4, 2019, tightened restrictions on travel to Cuba in response to Cuba's destabilizing activities in the Western Hemisphere,¹ particularly in Venezuela² and Nicaragua,³ which both are subject to U.S. sanctions programs. The changes remove the widest exception to the U.S. ban on Cuba travel by U.S. persons, which was a key element of a wave of sanctions relief carried out by the Obama Administration in 2011.⁴

- ▶ The Treasury Department's Office of Foreign Assets Control (OFAC) revoked the general license for group people-to-people educational travel.⁵ OFAC said that it will apply a policy of denial to applications for specific licenses for people-to-people travel.⁶ OFAC included a grandfather provision that authorizes group people-to-people educational travel only if the traveler completed at least one travel-related transaction before June 5, 2019.⁷
- ▶ The Commerce Department's Bureau of Industry and Security (BIS) will remove the authorization for the export or re-export to Cuba of most non-commercial aircraft and all passenger and recreational vessels on temporary sojourn.⁸ BIS said that commercial aircraft and cargo vessels on temporary sojourn to Cuba will continue to benefit from a BIS license exception.⁹ Corporate aircraft, cruise ships, sailboats, fishing boats, and other similar aircraft and vessels generally will be prohibited from going to Cuba.¹⁰
- ▶ Cuba is a strong ally of Venezuela and assists the Nicolas Maduro regime,¹¹ which has maintained power even though the United States, the European Union, and most of Venezuela's neighbors have backed Maduro's opponent, Juan Guaidó, as the legitimate president of Venezuela.¹² In November 2018, U.S. National Security Advisor John Bolton called Cuba, Venezuela, and Nicaragua a "troika of tyranny,"¹³ and Treasury Secretary Steven Mnuchin said the June 4 sanctions were a response to Cuba's support for U.S. adversaries in the region.¹⁴

We expect the United States to continue expanding the scope of sanctions targeting Cuba, Venezuela, and Nicaragua while also being very active in adding individuals and entities to its sanctions lists under the Venezuela and Nicaragua programs, increasing sanctions risk in a region that is already very high risk for illicit finance because of drug trafficking activity. The United States has asserted itself in the Western Hemisphere during the Trump Administration and deployed sanctions aggressively to pressure adversaries in the region amid a broader focus



on using sanctions to counter corruption and human rights abuses around the world.¹⁵

- ▶ In November 2018, Bolton said the United States was confronted with “the destructive forces of oppression, socialism, and totalitarianism” in the Western Hemisphere and highlighted sanctions as the key tool that the United States would use “against the forces of oppression, totalitarianism, and domination.”¹⁶ In April 2019, the White House reiterated its commitment to use sanctions to effect change in Cuba, Venezuela, and Nicaragua.¹⁷
- ▶ Even though the Cuba sanctions program is already highly restrictive,¹⁸ the United States has considerable room to increase sanctions pressure on Cuba and almost certainly will focus on further isolating the Cuban military and intelligence services, judging from official statements.¹⁹ The United States said in April 2019 that it plans to revoke the general license that allows U.S. financial institutions to process Cuba transactions between foreign senders and beneficiaries (also known as U-turn transactions).²⁰
- ▶ The United States could also sanction individual Cuban officials under the Nicaragua and Venezuela programs for providing material support to sanctioned members of those governments, while also further tightening restrictions on Venezuela by revoking general licenses and further pressuring Nicaragua by broadening the scope of sanctions or sanctioning more government officials. Large Russian²¹ and Chinese²² companies may also be engaged in conduct in the region that could expose them to U.S. sanctions.



Endnotes

- 1 Treasury Department, "Treasury and Commerce Implement Changes to Cuba Sanctions Rules," June 4, 2019, <https://home.treasury.gov/news/press-releases/sm700>.
- 2 Treasury Department, "Venezuela-related Sanctions," undated, <https://www.treasury.gov/resource-center/sanctions/programs/pages/venezuela.aspx>.
- 3 Treasury Department, "Nicaragua-related Sanctions," undated, <https://www.treasury.gov/resource-center/sanctions/Programs/pages/nicaragua.aspx>.
- 4 Congressional Research Service, "Cuba: U.S. Restrictions on Travel and Remittances," Nov. 18, 2016, <https://crsreports.congress.gov/product/pdf/RL/RL31139>.
- 5 Treasury Department, "Cuban Assets Control Regulations," 31 CFR Part 515.565(b), June 4, 2019, https://www.treasury.gov/resource-center/sanctions/Programs/Documents/cacr_20190604.pdf.
- 6 Treasury Department, "Frequently Asked Questions Related to Cuba," June 4, 2019, https://www.treasury.gov/resource-center/sanctions/Programs/Documents/cuba_faqs_new.pdf.
- 7 Treasury Department, "Cuban Assets Control Regulations," 31 CFR Part 515.565(b), June 4, 2019, https://www.treasury.gov/resource-center/sanctions/Programs/Documents/cacr_20190604.pdf.
- 8 Commerce Department, "Cuba," June 4, 2019, <https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/sanctioned-destinations/cuba>.
- 9 Commerce Department, "Cuba," June 4, 2019, <https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/sanctioned-destinations/cuba>.
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- 11 New York Times, "With Spies and Other Operatives, a Nation Looms Over Venezuela's Crisis: Cuba," Jan. 26, 2019, <https://www.nytimes.com/2019/01/26/world/americas/venezuela-cuba-oil.html>.
- 12 BBC, "Maduro and Guaidó: Who is supporting whom in Venezuela?" Feb. 5, 2019, <https://www.bbc.com/news/world-latin-america-47053701>.
- 13 White House, "Remarks by National Security Advisor Ambassador John R. Bolton on the Administration's Policies in Latin America," Nov. 2, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-national-security-advisor-ambassador-john-r-bolton-administrations-policies-latin-america/>.
- 14 Treasury Department, "Treasury and Commerce Implement Changes to Cuba Sanctions Rules," June 4, 2019, <https://home.treasury.gov/news/press-releases/sm700>.
- 15 Treasury Department, "Global Magnitsky Sanctions," undated, <https://www.treasury.gov/resource-center/sanctions/Programs/pages/glomag.aspx>.
- 16 White House, "Remarks by National Security Advisor Ambassador John R. Bolton on the Administration's Policies in Latin America," Nov. 2, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-national-security-advisor-ambassador-john-r-bolton-administrations-policies-latin-america/>.
- 17 White House, "President Donald J. Trump Is Taking A Stand For Democracy and Human Rights In the Western Hemisphere," April 17, 2019, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-taking-stand-democracy-human-rights-western-hemisphere/>.
- 18 Treasury Department, "Cuba Sanctions," undated, <https://www.treasury.gov/resource-center/sanctions/programs/pages/cuba.aspx>.
- 19 White House, "President Donald J. Trump Is Taking A Stand For Democracy and Human Rights In the Western Hemisphere," April 17, 2019, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-taking-stand-democracy-human-rights-western-hemisphere/>.
- 20 U.S. Embassy Managua, "National Security Advisor Ambassador John R. Bolton Delivers Remarks at Bay of Pigs Veterans Association-Brigade 2506," April 17, 2019, <https://ni.usembassy.gov/national-security-advisor-ambassador-john-r-bolton-delivers-remarks-at-bay-of-pigs-veterans-association-brigade-2506/>.
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