The Cuba Consortium

Prospects for United States-Cuba Normalization, Commerce, and Investment

A Project of The Howard Baker Forum

The Opening to Cuba
Annual Report of The Cuba Consortium

The Howard Baker Forum
I am pleased to present The Cuba Consortium’s annual report on the progress made in U.S.-Cuba relations since December 17, 2014, when President Barack Obama and President Raúl Castro announced their agreement to normalize diplomatic, economic, and social ties.

The Cuba Consortium is an assembly of companies, non-profit organizations, investors, academics, and entrepreneurs organized to track and examine the normalization process in order to prepare its members for opportunities to engage with Cuba. The Consortium was launched in the summer of 2015 by The Howard Baker Forum, a bipartisan convener founded by the late Senator Howard Baker and designed to advance sound foreign and domestic policies.

In the past year, The Consortium has hosted events focusing on commercial ties, human rights, agriculture, and health care. In the coming year, we look forward to bringing people together from across the United States and Cuba to build constructive ties in their areas of specialty. In that way, The Cuba Consortium hopes to contribute to the broader process of normalizing relations. As President Obama said in his historic speech to the Cuban people when he visited Havana, “It is time, now, for us to leave the past behind. It is time for us to look forward to the future together.”

This report is authored by renowned American University professor and co-author of Foreign Affairs’ Book of the Year, Back Channel to Cuba: The Hidden History of Negotiations Between Washington and Havana, Dr. William LeoGrande, and contains revisions and contributions by The Cuba Consortium. It is a diplomatic resource and tool to understand the state of play in the normalization process after 50 years of silence. We hope it will serve this purpose for years to come.

Scott Campbell
President, The Howard Baker Forum
Founder, The Cuba Consortium

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n the year and a half since President Barack Obama announced that he and Cuban President Raúl Castro had agreed to normalize U.S.-Cuban relations, the diplomatic dialogue has advanced remarkably fast. The presidents have met for substantive talks three times: at the Seventh Summit of the Americas in Panama in April 2015, at the United Nations General Assembly in September 2015, and during President Obama’s historic trip to Cuba in March 2016.

The two countries have reached 11 bilateral agreements on issues ranging from the restoration of direct postal service, to environmental protection, to closer cooperation in the fight against drug trafficking. Diplomats are also engaged in more than a dozen separate conversations on areas of mutual interest where they might begin or deepen cooperation, and on the issues that still divide them. The overall process is managed by a bilateral commission of U.S. and Cuban diplomats – a steering committee that meets quarterly to set priorities for the coming period.

The normalization of relations with Cuba has sparked widespread interest among U.S. businesses at the prospect of being able to enter the Cuban market for the first time in half a century. More than a dozen trade delegations have traveled to Cuba to explore the opportunities, several of them led by sitting governors.

However, the U.S. economic embargo against Cuba remains in place. The Cuban Liberty and Democratic Solidarity Act of 1996 codified in law the economic sanctions then in place against Cuba (the Cuban Assets Control Regulations), specifying that they be lifted only after Cuba becomes a multi-party democracy with a market economy. The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) authorizes the sale of agricultural commodities to Cuba, although it prohibits financing. Another provision of TSRA prohibits tourist travel to Cuba.

Importantly, the Cuban Liberty and Democratic Solidarity Act also codified the president’s executive authority to license exceptions to the embargo, which President Obama has used to expand economic ties. Since December 17, 2014, the Departments of the Treasury and Commerce have implemented four major packages of regulatory reforms to support President Obama’s policy of engagement (January 2015, September 2015, January 2016, March 2016). A key feature of these reforms has been to open a number of new exceptions to the embargo in order to promote commercial relations. These reforms have expanded travel opportunities for people to visit Cuba, legalized both trade and investment in the telecom sector, legalized trade with Cuba’s private sector, and legalized sales to Cuba of goods and services that benefit the Cuban people. Almost two dozen U.S. companies have taken advantage of these opportunities to open commercial relations with Cuba in telecommunications, air travel, hospitality, and health. The number of visitors traveling to Cuba from the United States jumped 77 percent in 2015 and is on track to almost double again in 2016.

Public opinion on President Obama’s opening to Cuba has been solidly favorable and has grown more favorable over time as relations have evolved. A New York Times/CBS News poll taken just before the President’s trip in March 2016 found that 58 percent of the public supported restoring diplomatic relations and 52 percent supported lifting the embargo. Even Republicans supported Obama’s Cuba policy by narrow pluralities.

Republican presidential nominee Donald Trump has said on several occasions that an opening to Cuba makes sense, although President Obama did not drive a hard enough bargain. He also said he might close the new U.S. embassy in Havana until Cuba offered a better deal. As Secretary of State, Hillary Clinton supported the limited opening to Cuba during President Obama’s first term and subsequently applauded his decision to normalize relations. She favors lifting the embargo.
Executive Summary

Since the embargo against Cuba is written into law, only Congress can lift it entirely. Most congressional Democrats favor lifting the embargo while most Republicans oppose lifting it. However, a growing number of Republicans appear to be ready to reassess. In the Senate, a bipartisan bill to lift the travel ban sponsored by Senator Jeff Flake (R-AZ) garnered 48 cosponsors, including some half dozen Republicans. In the House, a bipartisan Cuba Working Group is working to convince its colleagues to lift the embargo.

In short, the two years since Cuba and the United States resolved to normalize relations have been dynamic ones on both the diplomatic and economic fronts. The year ahead promises to be every bit as exciting, as more diplomatic agreements are in the works, more commercial contracts are being negotiated, and more visitors are traveling across the Florida Strait than ever before.
Launched in Summer 2015, The Cuba Consortium is an assembly of companies, non-profit organizations, investors, academics, and entrepreneurs organized to track and examine the normalization process in order to inform and prepare its members for opportunities to engage with Cuba. Its work is complemented by foreign policy, political, economic, international development, legal, and cultural experts who have specialized knowledge of the diplomacy, politics, and economics of the normalization process.

The Consortium is organized by The Howard Baker Forum, a bipartisan convener founded by the late Senator Howard Baker and designed to advance sound foreign and domestic policies. The Consortium is guided by an advisory board, co-chaired by Senators Nancy Kassebaum Baker and Tom Daschle, consisting of former officials, subject matter experts, and international business leaders.

The goals are to:

• Assemble, inform, and advise Americans interested in the normalization process, and provide reports on the progress made and barriers that remain. The Cuba Consortium does not lobby either government, but informs members, enlightens the public, and contributes to the debate, bridging the gap between opposing views.

• Engage with Cuban institutions, small businesses, and thought leaders to network, exchange views, analyze reforms, examine development ideas and strategies, and lay the foundation for cooperation, investment, and economic growth for the people of Cuba and the island’s nascent private sector.

• Conduct sector-specific roundtables and meet with public officials, non-governmental experts, and private commercial interests to assess specific opportunities for business, investment, or collaboration in industries such as agriculture, aviation, automobiles, energy and power generation, financial services, fine arts, health care and biotechnology, hospitality and tourism, infrastructure and construction, performing arts, and telecommunications.
Summary of The Cuba Consortium Activities

On October 8, 2015, The Cuba Consortium Advisory Board had an inaugural luncheon meeting to discuss plans and activities for the upcoming year. Board members heard from co-chairs Senator Tom Daschle and Senator Nancy Kassebaum Baker, as well as board members Dr. Bill LeoGrande and Rodney Ferguson.

On January 28, 2016, the Embassy of the Republic of Cuba hosted The Cuba Consortium Advisory Board, members, and friends for a reception. Guests heard from Ambassador José Ramón Cabáñas Rodríguez, Senator Tom Daschle, Jodi Bond from the U.S. Chamber of Commerce, Dan Jones of the Daschle Group, and Scott Campbell.

On February 18, 2016, The Consortium held a day-long public conference on U.S.-Cuban relations at the U.S. Institute of Peace, featuring panels on various aspects of bilateral relations with a special emphasis on commercial ties. Among the speakers were Secretary of Commerce Penny Pritzker, Secretary of Agriculture Tom Vilsack, and Cuban Minister of Foreign Trade and Investment Rodrigo Malmierca.

On March 21 – 22, 2016, The Cuba Consortium hosted its first sector-specific roundtable on agriculture and food at the Winthrop Rockefeller Institute in Petit Jean Mountain, Arkansas. The event was a resounding success and featured speeches from Arkansas Governor Asa Hutchinson, Senator John Boozman, and Representative Rick Crawford. The approximately 80 industry experts and businesspeople engaged in dynamic sessions on human rights, Cuban agriculture, and the evolving landscape of U.S. agricultural involvement in Cuba. This event was an excellent first study of the potential of The Consortium’s sector-specific roundtables, setting the stage for upcoming roundtables on infrastructure, insurance, and health care.

On March 30, 2016, The Consortium hosted a dinner in Washington, D.C., for Cuba’s First Vice-Minister of Health, José Angel Portal Miranda, during his trip to the United States for discussions with the U.S. Department of Health and Human Services on expanding health care cooperation.


On June 1, 2016, The Cuba Consortium hosted a small, high-level dinner for Josefina Vidal, one of Cuba’s top diplomats and the lead negotiator for Cuba with the United States. As Director General of the Department of the United States in the Cuban Ministry of Foreign Affairs, Ms. Vidal has been the principal Cuban negotiator in the bilateral normalization talks with the United States. The dinner was hosted at the Metropolitan Club and came at the end of a series of bilateral discussions.
Summary of The Cuba Consortium Activities

The first Cuban delegation traveled to the Biotechnology Innovation Organization (BIO) 2016 Conference in San Francisco, California, joining about 17,000 other international biotechnology leaders. On the morning of June 9, 2016, Consortium Advisory Board member and President of the University of California Janet Napolitano hosted The Cuba Consortium’s Health Care and Biotechnology Roundtable breakfast at the University of California, San Francisco campus. An impressive group of biotechnology and health care leaders from the U.S. and Cuba met and had a robust exchange, rich with information about Cuba’s advances in biotechnology. The group will now explore a joint conference in Havana with the National Academy of Medicine this fall or Spring 2017.

On June 15, 2016, a week after the Health Care and Biotechnology Roundtable, The Consortium hosted a reception for Cuban Minister of Health Dr. Roberto Morales Ojeda after he and Secretary of Health and Human Services Sylvia M. Burwell signed a historic Memorandum of Understanding (MOU) on health cooperation.

The first planning meeting for the Infrastructure Resiliency Project, chaired by AECOM, took place at the University of Florida, an institutional member of the Consortium, on June 17, 2016. Experts from AECOM, Tishman Construction Corporation of New York, the University of Florida, Florida International University, and Purdue University convened with Consortium members to begin planning the project. Goals were established for arranging Cuban involvement and for an exploratory trip to Havana in the fall.

A delegation of Consortium members, Advisory Board members and staff undertook two full days of high-level meetings in Havana on June 28 – 29, 2016. As follow-up to invitations received in the U.S., the group met with Director General Josefina Vidal, Minister of Public Health Dr. Roberto Morales, Deputy Minister of Public Health Dr. Jose Portal, U.S. Ambassador Jeffery DeLaurentis, Director of the Center of Molecular Immunology (CIM) Dr. Augustin Lage, and General Director of the Center of Genetic Engineering and Biotechnology (CIGB) Dr. Eulogio Pimentel. In addition, the group met with Marilú B´Hamel, Director of North America of the Ministry of Foreign Trade and Foreign Investment, as well as Dr. Gustavo Cobreiro Suárez, Rector of the University of Havana.

While on the trip, Starr Companies, one of the Consortium’s founding members, and the group leader for insurance and investment, met with Cuban insurance counterparts to discuss the recently-signed MOU between its subsidiary Assist Card and the Cuban insurance group Asistur. This was the first of its kind and a historic achievement. If current discussions with Cuban officials proceed positively, Maurice R. Greenberg, chairman of Starr Companies, will host The Consortium’s Insurance and Investment Risk Roundtable in New York.
A Timeline of Normalization

December 17, 2014
After 18 months of secret negotiations, President Barack Obama and President Raúl Castro announce their agreement to exchange prisoners and normalize bilateral relations.

January 15, 2015
The U.S. Department of the Treasury and Department of Commerce announce the first package of regulatory changes to relax restrictions on travel and commerce with Cuba.

March 31, 2015
U.S. and Cuban diplomats meet to begin a dialogue on human rights.
A Timeline of Normalization

April 11, 2015
President Obama and President Castro meet for their first substantive discussion at the Seventh Summit of the Americas in Panama.

April 11, 2015

May 29, 2015
After a review by the Department of State and the U.S. intelligence community, Cuba is removed from the Department of State's list of state sponsors of international terrorism.

July 27, 2015
The 2015 Department of State Trafficking in Persons Report upgrades Cuba from Tier 3 to Tier 2, concluding that the Cuban government is making significant efforts to meet minimum standards of fighting human trafficking.

July 20, 2015
The United States and Cuba restore full diplomatic relations, which were broken 54 years earlier in January 1961. Cuban Foreign Minister Bruno Rodríguez comes to Washington, D.C., to reopen the Cuban Embassy and meet with Secretary of State John Kerry.
## A Timeline of Normalization

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>August 14, 2015</td>
<td>Secretary of State John Kerry speaks at the flag-raising ceremony celebrating the reopening of the U.S. Embassy in Havana. He is the first U.S. cabinet member to visit Cuba since the revolution in 1959.</td>
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<td>September 18, 2015</td>
<td>The U.S. Department of the Treasury and Department of Commerce announce the second package of regulatory changes to relax restrictions on travel and commerce with Cuba.</td>
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<td>September 29, 2015</td>
<td>President Obama and President Castro meet for their second substantive discussion at the United Nations General Assembly.</td>
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<td>October 6 – 7, 2015</td>
<td>Secretary of Commerce Penny Pritzker travels to Cuba to open the first round of regulatory talks to facilitate commercial ties with Cuba.</td>
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<td>October 27, 2015</td>
<td>By a vote of 191 to 2, the United Nations General Assembly votes, for the twenty-fourth consecutive year, in favor of a Cuban resolution demanding an end to the U.S. embargo.</td>
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<tr>
<td>October 27 – 30, 2015</td>
<td>Deputy Secretary of Homeland Security Alejandro Mayorkas, the highest ranking Cuban-American in the Obama Administration, travels to Cuba to discuss enhancing cooperation in customs and border protection.</td>
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<tr>
<td>November 10, 2015</td>
<td>U.S. and Cuban diplomats convene the second meeting of the Bilateral Commission to oversee wide-ranging discussions on normalizing relations conducted in various working groups and technical talks.</td>
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<td>November 11 – 12, 2015</td>
<td>Secretary of Agriculture Tom Vilsack travels to Cuba to promote bilateral agricultural cooperation.</td>
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<tr>
<td>November 18, 2015</td>
<td>The United States and Cuba sign a MOU to cooperate on the management of marine protected areas.</td>
</tr>
<tr>
<td>November 24, 2015</td>
<td>The United States and Cuba sign a framework agreement to cooperate on environmental protection.</td>
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**A Timeline of Normalization**

**December 8, 2015**
U.S. and Cuban diplomats meet to begin negotiations on U.S. claims against Cuba for property nationalized from 1959 – 1960 and Cuban counterclaims for damage done by the embargo.

**December 10, 2015**
The United States and Cuba reach an agreement to restore direct postal service, cut off in 1968.

**January 26, 2016**
The U.S. Department of the Treasury and Department of Commerce announce the third package of regulatory changes to relax restrictions on travel and commerce with Cuba.

**February 16, 2016**
Secretary of Transportation Anthony Foxx travels to Cuba to sign an agreement restoring scheduled commercial airline service.

**February 17 – 18, 2016**
Cuban Minister of Foreign Trade and Investment Rodrigo Malmierca visits the United States for the second round of regulatory talks to facilitate commercial ties between Cuba and the United States.

**February 16, 2016**
The United States and Cuba sign a MOU to cooperate on maritime safety.

**March 15, 2016**
The U.S. Department of the Treasury and Department of Commerce announce the fourth package of regulatory changes to relax restrictions on travel and commerce with Cuba.

**March 21, 2016**
The United States and Cuba sign a MOU on agricultural cooperation.

**March 21 – 22, 2016**
President Obama and the First Family visit Cuba, becoming the first sitting U.S. president to visit Cuba since Calvin Coolidge in 1928. The President meets with President Raúl Castro, Cuban entrepreneurs, and Cuban civil society activists and dissidents. On March 22, President Obama addresses the Cuban people in a televised speech from Havana’s Grand Theater. He also tours colonial Old Havana, a World Heritage Site, and attends the exhibition baseball game between the Cuban National Team and the Tampa Bay Rays. After the trip, Fidel Castro publishes a critical commentary about it, which was followed by critical comments from others, indicating that Cuban leaders remain distrustful of U.S. motives.
**A Timeline of Normalization**

**May 13, 2016**
The Department of Homeland Security and Cuba’s Ministry of the Interior and Customs Office sign a MOU to cooperate on the security of travelers and trade.

**July 21, 2016**
Cuba and the United States sign an Operational Cooperation agreement to combat narcotics trafficking.

**June 13 – 14, 2016**
Cuba’s Minister of Health, Dr. Roberto Morales Ojeda, travels to Washington, D.C., to sign a MOU between Cuba’s Ministry of Health and the U.S. Department of Health and Human Services to establish a strategy for cooperation in the field of health.

**August 31, 2016**
Jet Blue flight 387 becomes the first commercial flight to Cuba since PanAm ended commercial service in 1962. Secretary of Transportation Anthony Foxx travels on the flight to mark the restoration of normal air service and to discuss further cooperation in the field of transportation with his Cuban counterparts.

**October 14, 2016**
President Obama announces a fifth package of major regulatory reforms and releases a Presidential Directive to guide U.S.-Cuba relations going forward.
On the Diplomatic Front

In the year and a half since President Barack Obama announced that he and Cuban President Raúl Castro had agreed to normalize U.S.-Cuban relations, the diplomatic dialogue has advanced remarkably fast. The presidents have met for substantive talks three times – at the Seventh Summit of the Americas in Panama in April 2015, at the United Nations General Assembly in September 2015, and during President Obama’s historic trip to Cuba in March 2016.

The two countries have reached 11 bilateral agreements and are engaged in more than a dozen separate conversations on areas of mutual interest where they might begin or deepen cooperation, as well as on the issues that still divide them. The overall process is managed by a bilateral commission of U.S. and Cuban diplomats – a steering committee that meets quarterly to set priorities for the coming period.

On September 27, 2016, President Obama formally nominated Ambassador Jeffrey DeLaurentis to be the first U.S. Ambassador to Cuba since 1961. Ambassador DeLaurentis was chief of mission in the U.S. Interests Section in Havana from 2014 until diplomatic relations were restored in July 2015 and since then has been Chargé d’Affaires.

On October 14, 2016, President Obama released a Presidential Policy Directive presenting a comprehensive statement of the policy engagement and normalization with Cuba, as well as instructions to various executive branch agencies for future development of the policy.

Bilateral Agreements

The December 17, 2014 Agreement to Normalize Relations

President Obama and President Castro announced the following steps:

• The United States and Cuba agreed to restore full diplomatic relations and work toward the normalization of bilateral relations generally.

• The United States agreed to review Cuba’s designation as a state sponsor of international terrorism (which led to its removal from the list in May 2015).

• The United States released three Cuban intelligence agents (of the original Cuban Five) imprisoned in the United States, and Cuba released Rolando Sarraff Trujillo, a Cuban national imprisoned for spying for the United States.

• Cuba agreed, on humanitarian grounds, to release Alan Gross, a USAID subcontractor imprisoned for actions against the integrity of the Cuban state, and 53 political prisoners named by the United States.

• The United States agreed to welcome Cuban participation at the Seventh Summit of the Americas in April 2015.

• Cuba agreed to expand Internet access on the island.

• Cuba agreed to engage with the International Committee of the Red Cross and the United Nations on human rights issues.

• President Obama announced several unilateral steps intended to increase travel, commerce, and the flow of information to Cuba. Regulatory changes to implement these steps were announced in January 2015.
On the Diplomatic Front

**Restoration of Full Diplomatic Relations**

On July 1, 2015, the United States and Cuba announced that they had agreed on the terms for restoring normal diplomatic relations on July 20, 2015. Key elements of the agreement included:

- The right of diplomats to travel freely around the host country, in some cases requiring only prior notice, not prior approval as had been required previously.
- The reduction of Cuban security around the U.S. Embassy to allow visitors unimpeded access.
- The restoration of banking services for the Cuban diplomatic mission.

**Cooperation to Preserve Marine Protected Areas**

On November 18, 2015, the United States and Cuba signed a MOU to cooperate on the management of marine protected areas.

- The countries agreed to foster conservation and management of natural marine resources, sharing technical and scientific data, and promoting awareness and understanding regarding marine protected areas.

**Framework Agreement on Environmental Cooperation**

On November 24, 2015, the United States and Cuba signed a broad framework agreement to cooperate on environmental protection by:

- Facilitating the exchange of information, including scientific data, research findings, technological information, and best practices on environmental protection, conservation, and sustainable management of natural resources, and on disaster prevention, mitigation, and preparedness.
- Strengthening ongoing cooperative activities involving governments to promote the protection of coastal and marine ecosystems and biodiversity.
- Strengthening cooperation on disaster risk reduction and addressing the causes and effects of climate change and ocean acidification.
- Preventing oil spills and hazardous substances pollution through strengthened environmental regulation and through cooperation on oil spill preparedness, as well as recovery and response capacity.
- Improvement of maritime safety, meteorological, and oceanographic information, as well as promoting cooperation and improving search and rescue capability.
- Endeavoring to facilitate initiatives undertaken by non-governmental organizations, scientific groups, and academic institutions designed to promote one or more of these objectives.

**Restoration of Direct Postal Service**

On December 10, 2015, the United States and Cuba reached an agreement to restore direct postal service, cut off in 1968.

- The countries agreed, as a first step, to implement a pilot plan for the transportation of mail, including mail flights several times a week, rather than routing mail through a third country.
- The first mail flight occurred on March 16, 2016, carrying a letter from President Obama to Ileana Yarza, a Cuban woman who had written to him welcoming his upcoming visit to the island.

**Restoration of Commercial Air Service**

On February 16, 2016, the United States and Cuba signed a MOU to resume direct commercial air service.

- The countries agreed to resume regularly scheduled air service, allow airlines to open offices in each other’s country, comply with one another’s security requirements, and cooperate on countering security threats.
- Each country may schedule up to 20 flights daily to and from Havana, and ten flights daily to and from each of Cuba’s other airports, for a total of 110 flights daily. Thirteen U.S. airlines submitted bids for the slots.
- Also in February, the U.S. Department of Homeland Security and the Instituto de Aeronáutica Civil de Cuba signed a MOU for the deployment of air marshals on board aircraft flying between the United States and Cuba.
Cooperation on Maritime Safety
On March 21, 2016, the United States and Cuba signed a MOU to cooperate on maritime safety.

- The countries agreed to cooperate in the areas of hydrography, oceanography, geodesy, and related services of mutual interest.

- The National Oceanic and Atmospheric Administration (NOAA) and Cuba's National Office of Hydrography and Geodesy (ONHG) will work to improve maritime navigation safety by ensuring the accuracy of both electronic and paper charts.

- Looking beyond the current MOU, NOAA and ONHG are working on plans for monitoring and forecasting tides and currents for ports, and improving positioning networks among other scientific and technical activities.

Agricultural Cooperation
On March 21, 2016, the United States and Cuba signed a MOU on agricultural cooperation.

- The countries established a framework for sharing ideas and research regarding agricultural issues.

- Secretary of Agriculture Tom Vilsack announced that the USDA will allow the 22 industry-funded Research and Promotion Programs and 18 Marketing Order organizations to conduct authorized research and information exchange activities with Cuba in order to create bonds in support of U.S. agriculture. These organizations will be able to engage in cooperative research and information exchanges with Cuba about agricultural productivity, food security, and sustainable natural resource management.

- Secretary Vilsack invited Cuban Minister of Agriculture Gustavo Rodriguez Rollero to visit the USDA's Climate Sub Hubs in Puerto Rico, where USDA researchers are studying the effects of climate change in the subtropical region and strategies for mitigating these effects.

Health Cooperation
On June 13, 2016, the U.S. Department of Health and Human Services and Cuba's Ministry of Health signed a MOU to establish a strategy for cooperation in the field of health through scientific, academic, technical, and research-based projects and exchanges, the exchange of technical information, and other activities addressing shared priorities including:

- Communicable diseases, principally arboviruses including Zika, dengue, and chikungunya;

- Non-communicable diseases, such as cancer, diabetes, hypertension, mental health, and substance abuse disorders, and others;

- Health care systems and public health management;

- Quality management and patient safety systems in hospitals and outpatient settings;

- Exchange of health professionals;

- Health security and international health regulations;

- Public health emergency preparedness and response;

- Biomedical research and development, clinical trials, and medical product regulation;

- Health information technology and the flow of health data; and

- Aging.

Law Enforcement Cooperation
In May 2016, the Department of Homeland Security and Cuba's Ministry of the Interior and Customs Office signed a MOU to cooperate on the security of travelers and trade.

- The signatories will exchange risk information for travelers, cargo, or conveyances in international transit.

- They will conduct periodic, mutual and reciprocal assessments regarding air, sea, and port security.

- They will coordinate transportation security and screening of cargo, travelers, and baggage.

- They will cooperate on the design of secure, efficient inspection facilities at ports and airports.
Counter-narcotics Cooperation
On July 21, 2016, Cuba and the United States held their third technical meeting on combating drug trafficking since December 2014 and signed an Operational Cooperation agreement to “facilitate further cooperation and information sharing between Cuba and the United States in our common effort against illegal narcotics trafficking,” the Department of State reported.

Other Areas of Cooperation
In addition to the bilateral agreements reached thus far, U.S. and Cuban officials are engaged in technical talks revolving around a wide range of issues and areas for cooperation. The highlights:

Educational Exchange
• Cuba will be included as a participating country in the Hubert H. Humphrey Fellowship Program for mid-career professionals and the Benjamin A. Gilman International Scholarship Program enabling U.S. undergraduates of limited financial means to pursue academic studies abroad.

• Supported by a $1 million commitment from the Cuban American community, President Obama’s 100,000 Strong in the Americas Innovation Fund will conduct Cuba-specific Innovation Competitions in both countries to advance student exchanges.

• The United States will send English-language specialists to work with the Cuban Ministry of Education and the Ministry of Higher Education to support English teacher training, and will offer online courses for Cuban English teachers.

• The United States will welcome 10 to 15 Cuban participants among the 250 Youth Leaders of the Americas Initiative (YLAI) Fellows who will be in the United States in the fall of 2016 developing joint business and civil society initiatives while at universities, businesses, and other institutions in the United States.

• The United States will invite as many as ten Cuban entrepreneurs to this year’s Global Entrepreneurship Summit (GES) in Silicon Valley. GES provides an opportunity for entrepreneurs to build new skills, grow their networks, and connect with peers, mentors, and investors from around the globe.

Law Enforcement
• U.S. and Cuban officials have held technical exchanges on counter narcotics, fraud identification, human smuggling, and cybercrime.

• The United States and Cuba are working toward an agreement to combat narcotics trafficking.

• The United States and Cuba are collaborating on port security and have conducted reciprocal port visits, clearing the way for ferry and cruise ship services.

Climate Change
• The United States and Cuba are pursuing cooperation in the areas of disaster risk reduction, ocean acidification, climate-smart agriculture, and reducing emissions.

• The United States invited Cuba to join Caribbean and Central American countries at the Energy Summit on May 3 – 4, 2016, in Washington, D.C., chaired by Vice President Joe Biden.

1 Adapted from “Fact Sheet: The United States-Cuba Relationship,” White House Office of the Press Secretary, March 16, 2016.
Areas of Continuing Disagreement

There are, of course, issues on which the United States and Cuba continue to disagree. Some of these are the subject of ongoing negotiations, and some are not.

**U.S. Economic Sanctions**

Cuba demands complete lifting of all U.S. economic sanctions. During President Obama's visit to Havana, Raúl Castro called the embargo "the most important obstacle to our economic development and the well-being of the Cuban people." President Obama has urged Congress to repeal the embargo, but no action is likely until the new Congress is seated in 2017. In the meantime, President Obama has licensed a broad array of exceptions to the embargo, opening up travel and commercial ties that strengthen Cuban small business and benefit the Cuban people.

**Human Rights**

President Obama has said repeatedly since December 2014 that human rights remain a high priority of U.S. foreign policy toward Cuba, no less than toward any other country. During his March trip to Havana, he urged the Cuban government to expand political and civil liberties, and met with a group of dissidents. The Cuban government replied by criticizing U.S. performance in the areas of social and economic rights – the availability of health care and education – as well as the problem of race relations. The two governments have formed a working group on human rights to conduct an ongoing dialogue on this contentious issue. The group met once in March 2015 and is scheduled to meet again later this year.

**Property Claims**

The United States has claims against Cuba for the property nationalized in 1959 – 1960, worth $1.9 billion at the time. With interest, the current claims amount to $8 billion. There are also several billion dollars' worth of private legal claims against Cuba. For its part, Cuba has counterclaims of more than $100 billion for the damage done by the U.S. embargo and the CIA's paramilitary attacks in the 1960s. The two governments have formed a working group on claims, which has met once to present opening positions and will meet again later this year to begin exploring ideas for settlement.

**Guantánamo Naval Station**

Established by the United States in 1903 following the Spanish-American War, the base at Guantánamo has long been a thorn in the side of Cuban nationalists. Cuba demands that the United States return the base to Cuban control. The United States recognizes Cuban sovereignty over the territory, but insists on the validity of the 1934 treaty leasing it to the United States in perpetuity. Arguing that the base still has operational value, the Obama Administration has not been willing to discuss its return.

**The Cuban Adjustment Act of 1966 and "Wet Foot/Dry Foot"**

After signing a migration accord with Cuba in 1995, the United States began returning people to Cuba who were intercepted at sea by the U.S. Coast Guard while trying to enter the United States illegally (wet foot). However, the United States continues to parole Cubans into the United States who arrive illegally on U.S. territory (dry foot). The Cuban Adjustment Act of 1966 gives the Attorney General the discretion to exercise his parole authority and to allow such migrants to adjust their status to that of permanent residents after a year. In 2015, more than 45,000 Cubans who arrived illegally were paroled into the United States. Cuba has long argued that this special preference for Cuban migrants encourages human smuggling and that it must be ended. The Obama Administration has said repeatedly that it has no intention of changing current migration policy.

**The Cuban Medical Professionals Parole Program**

This program offers parole into the United States to Cuban medical personnel serving abroad if they abandon their positions. Its existence hampers U.S.-Cuban cooperation on humanitarian missions abroad such as the response to the Haitian earthquake of 2010 and the Ebola epidemic in West Africa in 2014. The Obama Administration has said that this program is under review. Meanwhile, U.S. and Cuban officials are working on a bilateral agreement to expand cooperation on global health, which may well include a change in this program.
On the Diplomatic Front

**Democracy Promotion Programs**

Since 1995, USAID and the Department of State have conducted programs aimed at promoting a peaceful transition to democracy in Cuba. The programs provide support to Cuban dissidents and endeavor to strengthen an independent civil society. In recent years, Congress has appropriated $20 million annually for these programs. Cuba regards these programs as illegal interference in its internal affairs and has criminalized involvement with them. The Obama Administration has continued to support the programs, and they are not currently subject to negotiation.

**Radio and TV Martí**

These stations broadcast information, including news, opinion, and entertainment, to Cuba by satellite television, shortwave, and AM radio, and via flash drives, emails, DVDs, and SMS text. Cuba regards this as interference in its internal affairs and as violating international broadcasting standards. The Obama Administration has supported their operation, and they are not subject to negotiation with Cuba. There has been some discussion of privatizing the stations, although they would continue to receive U.S. government funding.

**Fugitives**

There are about 70 U.S. fugitives from justice residing in Cuba, most of whom are common criminals, but about a half-dozen of whom engaged in politically-motivated acts of violence in the United States and have been granted political asylum by Cuba. There are Cuban exiles in the United States wanted by Cuba for acts of terrorism and hundreds of Cubans who fled the island by stealing or hijacking boats and small planes. The United States and Cuba have formed a law enforcement working group to discuss a wide range of issues, including fugitives. This may well lead to the return of some common criminals since there is precedent for that, but the issue of political fugitives is less likely to be resolved anytime soon.
On the Economic Front

The normalization of relations with Cuba has sparked widespread interest among U.S. businesses at the prospect of being able to enter the Cuban market for the first time in half a century. More than a dozen trade delegations have traveled to Cuba to explore the opportunities, several of them led by sitting governors.

In February 2015, the U.S. Chamber of Commerce launched the U.S.-Cuba Business Council chaired by former Secretary of Commerce Carlos Gutierrez and representing more than two dozen major corporations, including Caterpillar, Kraft Heinz, Sprint, Boeing, Home Depot, and American Airlines.

In March 2015, the U.S. Agriculture Coalition for Cuba – a broad-based group formed after December 17 to promote agricultural trade – traveled to Cuba with an agricultural delegation including two former secretaries of agriculture.

In October 2015, Commerce Secretary Penny Pritzker went to Cuba for regulatory talks aimed at facilitating trade, followed in November by Secretary of Agriculture Tom Vilsack. In February 2016, Cuban Minister of Foreign Trade and Investment Rodrigo Malmierca paid a return visit to Washington, D.C., for a second round of regulatory talks.

In March 2016, Secretary Vilsack visited Cuba to promote collaboration in the agricultural sector, and in June, Cuban Minister of Agriculture Gustavo Rodríguez paid a return visit to the United States, touring farms in Iowa.

In June 2016, the Administrator of the U.S. Small Business Administration (SBA), Maria Contreras-Sweet, traveled to Cuba to discuss entrepreneurship and innovation with senior Cuban officials, including Minister Malmierca. She also visited the Special Development Zone at the port of Mariel.

In October 2016, U.S. Trade Representative Michael Froman made a two-day visit to Cuba and held talks with senior Cuban officials, including Foreign Minister Bruno Rodriguez and Minister Malmierca about increasing commerce between the two countries.
The Current Status of U.S. Economic Sanctions

The economic embargo imposed by President John F. Kennedy in 1962 prohibited all transactions with Cuba unless specifically licensed by the Secretary of the Treasury. For many years, that meant there was no business activity at all between Cuba and the United States. From 1962 until President Obama’s opening to Cuba, only two commercial fields were exempted from the embargo: agriculture and informational materials (music, art, and literature).

The 1988 Berman Amendment to the International Emergency Economic Powers Act (IEEPA) exempts the import of informational material from U.S. economic sanctions against any country.

The 1992 Cuban Democracy Act tightened the embargo by prohibiting trade by subsidiaries of U.S. corporations operating in third countries and prohibiting ships visiting Cuba from docking in U.S. ports for 180 days. It lifted sanctions on medical sales, although it imposed such tough end-user certification requirements that few actual sales resulted.

The Cuban Liberty and Democratic Solidarity Act of 1996 codified in law the economic sanctions then in place against Cuba, the Cuban Assets Control Regulations (CACR). The regulations specified that they be lifted only after Cuba becomes a multi-party democracy with a market economy. It also codified the president’s executive authority to license exceptions to the embargo.

The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) authorized the sale of agricultural commodities to Cuba, although it prohibited financing; Cuba had to pay “cash in advance.” To win this exception to the embargo, supporters had to accept another provision of TSRA prohibiting tourist travel to Cuba, defined as any travel not covered by the 12 categories of legal travel then permitted under CACR.

Agricultural trade gradually increased until it reached a peak of $710 million in 2008 and has gradually declined until this year, in large part because of TSRA’s prohibition on financing. As a result, Cuba has sought out other suppliers who are willing and able to provide trade credits.

The Regulatory Environment

Since December 17, 2014, the Departments of the Treasury and Commerce have implemented five major packages of regulatory reforms to support President Obama’s policy of engagement (January 2015, September 2015, January 2016, March 2016, October 2016). A key feature of these reforms has been to open a number of new exceptions to the embargo in order to promote commercial ties between the United States and Cuba. The highlights:

Telecommunications:

- Provides a general license to establish telecommunications facilities to provide services within Cuba, between the United States and Cuba, and between Cuba and third countries (January 2015).

- Licenses the sale or donation of personal communications devices like computers and peripheral devices, software, mobile phones, and televisions in order to “contribute to the ability of the Cuban people to communicate with people within Cuba, in the United States, and the rest of the world” (January 2015).

- Authorizes U.S. individuals or firms to establish a business presence in Cuba, including through joint ventures with Cuban entities, to provide certain telecommunications and Internet-based services (September 2015).

- Allows the import of Cuban-origin mobile applications and the hiring of Cuban nationals to create them (September 2015; the March 2016 regulations expand this to include software generally).
Engaging with the Cuban Private Sector:
• Authorizes micro-finance for Cuban small private businesses (January 2015).

• Authorizes the import to the United States of certain goods and services produced by Cuban small private businesses, as determined by the Department of State (January 2015).

• Authorizes the export of tools, equipment, and supplies to private farmers and private businesses, and of tools and building materials to private businesses to build or renovate private buildings (January 2015).

• Authorizes U.S. businesses to hire Cuban nationals such as athletes and musicians to work and perform in the United States, provided that the recipient is not subject to any special tax assessments in Cuba (March 2016).

Financial Transactions:

• Authorizes U.S. financial institutions to open correspondence accounts with Cuban banks to process authorized transactions and to enroll Cuban merchants to accept U.S. credit and debit cards (January 2015).

• Removes restrictions on payment and financing terms for authorized exports, except for agricultural commodities and agricultural items (for which cash in advance payment is required by TSRA) (January 2016).

• Redefines "cash in advance" from "cash before shipment," to "cash before transfer of title to, and control of," the exported items in order to facilitate agricultural exports (January 2015).

• Authorizes U.S. financial institutions to process dollar-denominated international financial transactions (so-called U-turn transactions) between Cuba and foreign entities (March 2016).

• Authorizes U.S. banks to open and maintain accounts for Cuban nationals in Cuba to receive payments for authorized transactions and to remit such payments back to Cuba (March 2016).

Business Operations in and with Cuba:
• Authorizes, on a case-by-case basis, exports that "meet the needs of the Cuban people," including exports made to state-owned enterprises and agencies of the Cuban government. Examples of such exports include (but are not limited to) agricultural production; artistic endeavor; education; food processing; disaster preparedness, relief, and response; public health and sanitation; residential construction and renovation; public transportation; and infrastructure construction that "directly benefits the Cuban people" (January 2016).

• Provides a general license for travel to conduct market research, commercial marketing, sales or contract negotiation, accompanied delivery, installation, leasing, or servicing in Cuba of items licensed for export (January 2016).

• Authorizes the establishment of a physical presence in Cuba (e.g., offices, retail outlets, warehouses) for news bureaus; authorized exporters; providers of mail, parcel, or cargo transportation services; providers of telecommunications or Internet-based services; entities organizing or conducting educational activities; religious organizations; and providers of travel services (September 2015). Expands the authorization for establishing a physical presence to include facilities for assembling goods that are authorized for export to Cuba, entities engaged in humanitarian and non-commercial activities in support of the Cuban people, and private foundations or research or educational institutes (March 2016).
Adopts a general policy of approval for applications to export items necessary for the environmental protection or enhancing U.S. and international air and water quality or coastlines. This includes items that enhance environmental quality through energy efficiency (January 2015).

Authorizes, on a case-by-case basis, the export to Cuba of goods and services to help ensure the safety of civil aviation and the safe operation of commercial passenger aircraft (September 2015, October 2016).

Authorizes the permanent export of items for use in scientific, archeological, cultural, ecological, educational, historic preservation, sporting activities, or in the traveler’s professional research and meetings (September 2015).

Authorizes travel and other transactions related to the production of media programs (such as movies and television programs), music recordings, and the creation of artworks in Cuba, including employment of Cuban nationals (January 2016).

Provides a general license to organize professional meetings; sports competitions; and public performances, clinics, workshops, other competitions and exhibitions in Cuba (January 2016).

Business Engagement with Cuba

Since December 17, 2014, more than a dozen U.S. companies have signed business agreements with Cuba:

Netflix became one of the first U.S. companies to begin doing business in Cuba when, in February 2015, it began offering streaming service to Cuba for $7.99 per month, in anticipation of expanded Internet access on the island (February 2015).

IDT Corp. reached an agreement with Cuba’s telecom company, Empresa de Telecomunicaciones de Cuba S.A. (ETECSA), to provide direct long distance telephone service to the United States (March 2015).

Airbnb, after 12 months of listing casas particulares (private room rentals) in Cuba, had 4,000 listings and had booked 13,000 guests since beginning operations on April 1, 2015. In March 2016, the Department of the Treasury licensed Airbnb to accept reservations for Cuba from non-U.S. travelers, significantly expanding its potential market.

Infor (formerly Infor Global Solutions Inc.), a New York based company, reached an agreement to sell its software in Cuba and to provide software and training at Cuba’s University of Information Sciences (April 2015).

Roswell Park Cancer Institute signed an agreement with Cuba’s Center for Molecular Immunology (CIM) to develop a lung cancer vaccine with a clinical trial in the United States. Roswell Park received authorization from the U.S. Food and Drug Administration (FDA) to begin offering the lung cancer treatment vaccine CIMAvax-EGF® to a limited number of patients through a clinical trial, making the National Cancer Institute-designated comprehensive cancer center the first American institution to receive FDA permission to sponsor testing of a Cuban medical therapy in the United States. Roswell Park has also received authorization from the U.S. Department of the Treasury to establish a joint business venture with the CIM, which will be the first U.S.–Cuban joint venture licensed to undertake research, development, manufacture and marketing of biotech products (April 2015, October 2016).

Sprint signed an agreement with ETECSA to offer roaming services in Cuba (November 2015).
On the Economic Front

**GulfWise Commerce LLC**, based in Alabama, signed an agreement to export agricultural equipment to Cuba (April 2016).

**Caterpillar Inc.** named Rimco, a private company based in Puerto Rico, its official distributor for Cuba in anticipation of beginning sales in the near future (February 2016).

**Cleber LLC** was the first U.S. company to receive a U.S. license to establish a factory in Cuba’s Mariel Special Development Zone, where it will build small, low-cost tractors for Cuban farms and construction companies (February 2016).

**Stripe** will offer a service to help Cuban private entrepreneurs register their companies in the United States and set up U.S. bank accounts (March 2016).

**Starwood Hotels & Resorts Worldwide** signed an agreement to refurbish and manage two Cuban hotels and a letter of intent to add a third (March 2016).

**Verizon Communications** signed an agreement with ETECSA to offer roaming services in Cuba (March 2016).

**Showtime’s** "House of Lies" will film its final episode of the season in Havana (March 2016).

**Google** was in discussions with Cuba to expand broadband and Wi-Fi Internet access across the island (March 2016).

**General Electric** signed a MOU to explore opportunities for selling aviation, health care, and energy equipment to Cuba (March 2016).

**Major League Baseball** was in discussions with Cuba to enable Cuban players to sign with MLB teams without having to give up their residency in Cuba. In March 2016, the U.S. Department of the Treasury authorized U.S. companies to hire Cubans, including athletes, who are in the United States on non-immigrant visas (March 2016).

**U.S. airlines** competed for the opportunity to offer the 110 daily flights to Cuba specified in the U.S.-Cuban agreement to restore commercial air services (March 2016).

**Carnival Cruise**’s Fathom brand, which specializes in cultural exchanges, began week-long cruises to Cuba on May 2, 2016. It plans to offer two trips per month to the island. To facilitate cruise ship visits and merchant ship trade, Cuba changed a decades-old law designed to prevent illegal migration, which prohibited Cuban nationals from entering or exiting the country on vessels (May 2016).

**T-Mobile** signed an agreement with ETECSA to offer voice, text and data roaming services in Cuba (May 2016).

**AT&T** signed an agreement with ETECSA to offer voice, text and data roaming services in Cuba (August 2016).

**Popular Bank** of Puerto Rico became the second U.S. bank to offer credit cards for use in Cuba (August 2016).
What More Could Be Done to Enhance Commercial Relations?

United States

The United States and Cuba will not have fully normal commercial relations until the U.S. embargo is lifted. That, however, requires an act of Congress, which is unlikely during a presidential election year. Legislative action on the embargo will probably have to wait until 2017. Nevertheless, there are still some additional areas in which the embargo could be loosened using the president's licensing authority:

- At present, the Department of the Treasury will license, on a case-by-case basis, U.S. exports to Cuban state enterprises if the sales will benefit the Cuban people. That policy could be extended to U.S. investments in Cuba, including investments in joint enterprises with Cuban firms, using the same beneficial effects test.

- At present, the only imports from Cuba allowed into the United States are a limited list of goods and services produced by Cuban private businesses. That list could be expanded, and Cuban state enterprises could be allowed to export goods to the United States if the sales benefit the Cuban or U.S. people (Cuban-produced pharmaceuticals, for example).

Cuba

In recent years, Cuba has taken steps to diversify its international trade and attract more foreign direct investment. In 2014, it approved a new foreign investment law that includes relatively competitive terms. Nevertheless, there are a number of things Cuba could do to further improve the business climate, making Cuba more attractive to U.S. trade and investment:

- Allow foreign businesses to hire their workforce directly, rather than going through a state employment agency.

- Decentralize and streamline the decision-making process on commercial contracts and investments so that proposals receive a more timely response.

- Continue to improve basic infrastructure, including energy, transportation, and communications – especially Internet. While the infrastructure at the Mariel Special Development Zone is excellent, elsewhere on the island, it has deteriorated since 1990 for lack of resources.

- Move ahead with the promised currency unification so exchange rates are clear and businesses can accurately assess their costs. Cuba currently has two currencies, the national peso (CUP) and a convertible peso (CUC) which is valued at approximately one CUC to one U.S. dollar. There are multiple exchange rates between the CUP and CUC, varying from 24 to 1 in the consumer sector to 1 to 1 in the external sector, distorting terms of trade and making estimates of real costs difficult.
Travel to Cuba by persons subject to U.S. jurisdiction was prohibited by the embargo imposed by President John F. Kennedy in 1962. In the years since, presidents have loosened or tightened travel restrictions as relations with Cuba have warmed or cooled.

President Jimmy Carter lifted the travel ban entirely shortly after his inauguration and travel to Cuba remained unrestricted until the ban was reinstated by President Ronald Reagan in 1982. President Bill Clinton licensed expanded travel for religious, humanitarian, cultural, and educational purposes, and created the category of people-to-people educational travel, which became the main category for travel by non-Cuban Americans. President George W. Bush reinstated tight restrictions on Cuban American family travel and educational travel, eliminating the people-to-people category entirely.

Travel to Cuba is subject to the president’s licensing authority with one exception: tourism. TSRA prohibits tourism to Cuba, which it defines as travel not authorized by any of the 12 categories of travel listed in CACR as of that date.2

2 Those categories are: family visits; official government; journalism; professional research and meetings; educational activities; religious activities; public performances, exhibitions, athletic and other competitions; support for the Cuban people; humanitarian projects; activities of private foundations or research or educational institutes; exportation, importation, or transmission of information or information materials; and authorized export transactions.
On the Travel Front

Easing Travel Restriction

President Barack Obama has gradually relaxed travel restrictions so that travel under these 12 categories is as broad as possible.

- In **April 2009**, he eliminated all restrictions on Cuban American family travel.
- In **January 2011**, he authorized a general license for academic travel and restored the people-to-people educational travel category that President George W. Bush had eliminated.
- In **January 2015**, he authorized general licenses for all 12 categories of travel and licensed the use of U.S. credit and debit cards in Cuba.
- In **September 2015**, he allowed close family members to accompany authorized travelers and licensed travelers to open and maintain bank accounts in Cuba.
- In **January 2016**, he authorized travel for the purpose of producing movies, television programs, music recordings and art, and to organize professional meetings, exhibitions, public performances, and sports or other competitions.
- In **March 2016**, he authorized travelers in the people-to-people travel category to organize their own individual trips (previously, people-to-people travelers had to go on packaged tours with set itineraries, accompanied by a representative of the travel provider).
- In October 2016, he lifted the $400 limit on the amount of Cuban merchandise that travelers can bring back to the United States for personal use.

As a result of loosening travel restrictions, the number of U.S. visitors to Cuba has soared. In 2015, **161,000 non-Cuban American visitors** traveled to **Cuba**, a **76.6 percent increase** from 2014. In addition, an estimated 400,000 Cuban Americans traveled to Cuba for family visits. With the regulatory changes regarding people-to-people travel introduced in March 2016 and the re-establishment of normal commercial air service, these numbers are sure to be even higher this year. The International Monetary Fund has estimated that if the ban on tourism were lifted entirely, the number of U.S. visitors could reach three million annually.
How U.S. relations with Cuba unfold in 2017 very much depends on the outcome of the 2016 U.S. presidential and congressional elections.

The Presidential Contenders on Cuba

In December 2014, Donald Trump said that an opening to Cuba made sense, although President Obama did not drive a hard enough bargain. In subsequent statements, Trump said he would reverse Obama’s policy of engagement unless Cuba made major political concessions.

As Secretary of State, Hillary Clinton supported the limited opening to Cuba during President Obama’s first term and subsequently applauded his decision to normalize relations. She favors lifting the embargo.

The Congress

Since the embargo against Cuba was signed into law by the 1996 Cuban Liberty and Democratic Solidarity Act, only Congress can lift it entirely. Most congressional Democrats favor lifting the embargo, while most Republicans oppose it.

However, a growing number of Republicans appear to be ready to reassess. In the Senate, a bipartisan bill to lift the travel ban sponsored by Senator Jeff Flake (R-AZ) has 48 cosponsors, including some half dozen Republicans. In the House, a bipartisan Cuba Working Group is working to convince its colleagues to lift the embargo.

Most analysts expect that the partisan divide in the Senate will narrow in the 115th Congress and that the same could be true in the House, setting the stage for major legislative initiatives on Cuba.

Public Opinion

Public opinion on President Obama’s opening to Cuba has been solidly favorable and has grown more favorable over time as relations have evolved. A New York Times/CBS News poll taken just before the President’s trip in March 2016 found that 58 percent of the public supported restoring diplomatic relations and 52 percent supported lifting the embargo. Even Republicans supported Obama’s Cuba policy by narrow pluralities.

Among Cuban Americans, the opening to Cuba has also won majority support. A Bendixen Amandi International poll taken in South Florida on the anniversary of Obama’s December 17, 2014 announcement found that a plurality of 46 percent of Cuban Americans approved of Obama’s Cuba policy, an increase from just 33 percent a year earlier; 56 percent agreed with Obama’s decision to normalize relations, an increase from 44 percent; and 53 percent favored lifting the embargo, an increase from 44 percent a year earlier.
In 2011, Cubans began what they call the "updating" of their economy – a far-reaching process of economic reorganization aimed at creating a new model of market socialism more integrated with the global economy. The key features are:

- A program to rationalize production in state enterprises to make them more efficient has led to a reduction of state sector employment, with a target of reducing it by about 20 percent.

- Smaller state enterprises, especially in the service sector, are being transformed into cooperatives owned and managed by their workers.

- With a relaxation of tax and regulatory constraints, the private sector has grown from about five percent of the labor force to 27 percent, with a goal of having it eventually employ some 40 percent of workers.

- At the Seventh Congress of the Communist Party in April 2016, President Raúl Castro announced that small and medium-sized private businesses would be given legal status, and the state sector of the economy would be limited to economic activities "decisive for national development."

- Private farmers are being offered long-term no-cost leases on fallow land in an effort to expand agricultural production, although shortages of seed, fertilizer, and pesticides still hamper production.

- A new 2014 law on Foreign Direct Investment (FDI) offers terms comparable to other countries in the region, and the Special Development Zone at the port of Mariel offers even more attractive terms. Cuba's goal is to attract $2.5 billion in FDI annually.

- State subsidies for consumption are gradually being reduced to be replaced by income supplements for low income populations.

- The "dual currency" and associated multiple exchange rates that create distortions in the labor market and external sector will be eliminated, although this reform has yet to be implemented.

Change on the political front has been much less dramatic. The Cuban Communist Party remains committed to its one-party system. The government still does not tolerate organized opposition, and dissidents are routinely arrested and detained for short periods for staging public demonstrations. However, other changes have expanded Cubans' access to information and freedom of expression.

- Since 2008, Cubans have been free to buy personal cell phones and computers.

- Since 2011, Cubans have been able to freely buy and sell their cars and houses.
Updating the Cuban Economy

- With the abolition of the exit permit in 2013, most Cubans are free to travel abroad on a valid passport without government permission.

- Through contracts with U.S. companies, international telephone connectivity has expanded.

- Internet access is being expanded by the creation of Internet cafes and public Wi-Fi spots with a goal of having broadband access available in 50 percent of homes by 2020.

- As Internet access has grown, hundreds of Cubans have begun blogs, many of which are critical of the government – the most famous being Yoani Sanchez’s Generation Y.

- Print publications, like the social and cultural journal Temas, have taken on controversial subjects like racial tensions, poverty and inequality, and socialist democracy.

- In the arts and literature, which have long enjoyed greater space for expression, critical themes are common.
For more information on...

Diplomatic relations with Cuba

The Embassy of Cuba in the United States

The Embassy of the United States in Cuba
http://havana.usembassy.gov/

The U.S. Department of State page on Cuba
http://www.state.gov/p/wha/ci/cu/index.htm

The Cuban Ministry of Foreign Relations page on the United States
http://www.minrex.gob.cu/es/eeuu

Doing business in Cuba

Department of the Treasury Cuba Sanctions Resource Center
https://www.treasury.gov/resource-center/sanctions/Programs/Pages/cuba.aspx

Department of Commerce page on Cuba

Cuban Government information on foreign investment
http://www.granma.cu/especiales/cartera-de-inversion

Traveling to Cuba

Cuban visa requirements

US travel restrictions
http://havana.usembassy.gov/travelling_cuba.html

The Cuba Consortium
http://thecubaconsortium.org/

http://www.howardbakerforum.org/OurPrograms/The-Cuba-Consortium.aspx