

Statement of  
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before the  
Committee on Foreign Affairs  
United States House of Representatives

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Mr. Chairman, Ranking Member Engel, Members of the Committee:

Thank you for the opportunity to appear before the Committee today to describe the Department of Commerce's regulatory revisions to implement the Cuba policy changes announced by the President on December 17, 2014. As the President noted, these changes are intended to create more opportunities for the American and Cuban people, promote positive change in Cuba, and influence outcomes throughout the Western Hemisphere. On January 16, 2015, the Department of Commerce's Bureau of Industry and Security (BIS) amended the Export Administration Regulations (EAR) to authorize the export and reexport of certain items to Cuba that are intended to improve the living conditions of the Cuban people; support private sector economic activity and strengthen civil society in Cuba; and improve the free flow of information to, from, and among the Cuban people.

BIS amended the EAR to expand two existing general authorizations (license exceptions in the EAR), create a new license exception, and describe a licensing policy. Under the embargo on trade with Cuba, all items subject to the EAR require a license for export or reexport to Cuba unless authorized by a license exception. BIS administers export and reexport restrictions on Cuba consistent with the goals of that embargo and with relevant law. Thus, BIS may issue licenses for specific transactions or make types of transactions eligible for

license exceptions that support the goals of United States policy while the embargo is in effect. Only items of lower technological sensitivity that are subject to limited export restrictions are eligible for the license exceptions.

One of the license exceptions BIS amended is Gift Parcels and Humanitarian Donations (GFT). GFT generally authorizes the donation of gift parcels by an individual to an individual, or a religious, charitable or educational organization for the use of the recipient or the recipient's immediate family. License Exception GFT previously excluded consolidated shipments of gift parcels but now authorizes such shipments without a license. This change will enable more donations to the Cuban people by simplifying the process to export and reexport gift parcels to Cuba. Individuals who wish to donate eligible items to the Cuban people will no longer have to search for a licensed consolidator.

Another license exception BIS amended is Consumer Communications Devices (CCD). License Exception CCD previously only authorized the export or reexport of donated consumer communications devices, including personal computers, mobile phones, televisions, radios and digital cameras, and related software without a license. As amended, CCD now also authorizes commercial sales of consumer communications devices as well. BIS also updated License Exception CCD to track more precisely current technical specifications for consumer communications devices. Under CCD, the Cuban people will have greater access to consumer items widely available for retail purchase elsewhere in the world. This access will enhance their ability to obtain information, and to communicate with each other and the rest of the world, helping to bring Cuba into the 21<sup>st</sup> century.

The new license exception BIS created is Support for the Cuban People (SCP). This license exception enables the export and reexport to Cuba of items intended to empower the nascent Cuban private sector by supporting private economic activity. Authorized items include:

- 1) building materials for use by the private sector to construct or renovate privately-owned buildings including privately-owned residences, businesses, places of worship and buildings for private sector social or recreational use;
- 2) tools and equipment for private sector agricultural activity; and
- 3) goods for use by private sector entrepreneurs such as auto mechanics, barbers and hairstylists and restaurateurs;

This license exception is intended to meet the President's goal of supporting the Cuban private sector. These categories of items, intended to stimulate economic activity generated by private individuals and groups as enterprises for profit, may be commercially sold or donated. This license exception is intended to facilitate Cuban citizens' lower-priced access to certain goods to improve their living standards and gain greater economic independence from the state.

In addition, License Exception SCP contains provisions covering the export and reexport to Cuba of items for use in specified activities that can strengthen civil society in Cuba. SCP authorizes the *temporary* export by persons departing the United States of items for their use in archaeological, cultural, ecological, educational, historic preservation, scientific or sporting activities and the export and reexport of certain *donated* items for use by Cuban people engaged in those activities. SCP also authorizes the export and reexport of items to human rights organizations, individuals, or non-governmental organizations that promote independent activity intended to strengthen civil society in Cuba. These provisions implements the President's goals

of harnessing the “power of people-to-people engagement” and of helping the Cuban people “reach for a better future.” As the President observed, “nobody represents America’s values better than the American people.”

To implement the President’s goal of empowering the Cuban people by increasing their access to information (particularly through the Internet) and their ability to communicate with one another and with people in the United States and the rest of the world, License Exception SCP authorizes the export to Cuba of items for the establishment and upgrade of communications-related systems, in addition to the consumer communications devices, related software, applications, and hardware authorized by License Exception CCD. License Exception SCP also authorizes the export and reexport to Cuba of certain items for use by news media personnel and U.S. news bureaus engaged in the gathering and dissemination of news to the general public.

Lastly, this rule establishes a licensing policy related to environmental protection. This policy recognizes that environmental threats are not limited by national borders and circumstances may warrant the export or reexport of certain items to Cuba to protect U.S. and international air quality, waters, and coastlines. Although pre-existing licensing policy provided the flexibility necessary to authorize transactions related to environmental protection, BIS has amended the EAR to make explicit a general policy of approval for the export or reexport of these items.

In summary, BIS has amended the EAR to implement the President’s recently announced Cuba policy changes consistent with the comprehensive embargo the United States maintains on

trade with Cuba. The rule published in the *Federal Register* on January 16, 2015 makes a significant contribution toward achieving the President's goal of the United States becoming a better "partner in making the lives of ordinary Cubans a little bit easier . . . and more free" and is in line with U.S. national security interests.

I would be pleased to answer any questions you may have.