

Question for the Record from Rep. Eliot Engel

Mr. Smith, I understand that a large portion of Treasury's resources for sanctions enforcement are devoted to Cuba.

I certainly believe that enforcing existing sanctions on Cuba is crucial. At the same time, I wonder how this affects our efforts to enforce key sanctions in other parts of the world, including in North Korea and Iran.

- **What percentage of funding and staffing for sanctions enforcement is dedicated to Cuba? Will the policy changes announced by the President on December 17th reduce the amount of Treasury resources dedicated to sanctions enforcement in Cuba? Or will Treasury need to continue to devote these resources to enforcement in Cuba because of uncertainty by individuals and businesses about the changes?**

Answer:

OFAC cannot provide the exact number of staff who work on Cuba, nor can we provide the percentage of funding dedicated solely to the Cuba program, because staff throughout the agency can and do work on a range of economic sanctions programs. For your reference, in FY2014, there were eight enforcement actions involving apparent violations of the CACR that resulted in total monetary penalties of approximately \$35 million. Detailed information about each case is publicly available on OFAC's website. With respect to licensing, OFAC processed nearly 4,000 Cuba-related cases and licenses.

OFAC has made all of the regulatory changes necessary to implement the policy direction announced by the President in December, and we are now focusing our efforts on facilitating and clarifying the implementation of these regulatory changes. As is common when OFAC issues substantial regulatory amendments, there is significant interest in and questions concerning the regulatory changes. To that end, our staff has fielded hundreds of inquiries from the public, private industry, and trade groups through our Compliance hotline, our Licensing hotline, and applications for specific licenses and guidance. We continue to devote the necessary resources to outreach regarding the changes, and we will continue our enforcement as appropriate.

Questions for the Record from Rep. Barbara Lee:

Question 1:

The first updated regulations from Treasury and Commerce based on the President's announcement have been released. I understand that these regulations will be updated based on need and input from businesses and other stakeholders.

Is there a timeframe available for the next round of regulations? How best can businesses weigh in?

Answer:

OFAC has made all of the regulatory changes necessary to implement the policy changes announced by the President in December. We continue to be actively engaged in outreach to facilitate and clarify the implementation of the recent regulatory changes, and have fielded questions and received feedback from a wide range of individuals and businesses. We also continue to receive feedback via our Compliance and Licensing hotlines, and conduct significant public outreach, and businesses should consider those appropriate means through which to continue providing feedback regarding the regulations.

We will continue to assess the need for any further regulatory changes based on the feedback received through this process.

Question 2:

It is commendable that the Administration has raised the caps for remittances to Cuba. I would like to point out however, that disparities in remittances exist between Afro-Cubans and other Cubans, based on historical patterns that made Afro-Cubans less likely to emigrate.

Is the Administration aware of this growing inequality? What steps could be taken to avoid this inequality from seeping into Cuban society?

Answer:

We appreciate your support for the recent change and acknowledge the concern you have raised. The regulatory changes are intended to benefit all of the Cuban people, and to help them freely determine their own future. In addition to the increased limits on remittances, OFAC also generally licensed certain remittances without limitation to Cuban nationals for humanitarian projects, support for the Cuban people, or development of private businesses. These general licenses will allow remittances for humanitarian projects in or related to Cuba that are designed to directly benefit the Cuban people; to support the Cuban people through activities of recognized human rights organizations, independent organizations designed to promote a rapid, peaceful transition to democracy, and activities of individuals and non-governmental organizations that promote independent activity intended to strengthen civil society in Cuba; and to support the development of private businesses, including small farms. These additional changes provide the opportunity for U.S. organizations to provide remittances that can help all

members of Cuban society regardless of whether they have family members who have immigrated to the United States.

For more details on the current state of inequalities within Cuban society, I would refer you to the State Department.

Question 3:

Under the President's initiatives, I understand that the State Department is currently undergoing a review of Cuba's placement on the list of State-Sponsored Terrorist countries.

Can you provide an update on when we can expect that report to Congress?

Answer:

On April 14, President Obama transmitted to the Congress a report with respect to the proposed rescission of Cuba's designation as a state sponsor of terrorism. For additional details regarding this process, I defer to my State Department colleagues.

Question 4:

As I have said, I am pleased to see the two nations make the move towards renewed diplomatic ties.

Can you walk through the steps that will need to take place to establish a U.S. Embassy in Cuba and a Cuban Embassy in the U.S.?

Answer:

I defer to my colleagues at the State Department regarding the steps that will need to take place to re-establish a U.S. Embassy in Cuba and a Cuban Embassy in the U.S.

For our part, OFAC has two relevant general licenses to support this diplomatic process. One general license authorizes transactions with Cuban official missions and their employees in the United States. The second general license expands the authorization for Cuba-related transactions by employees, grantees, and contractors of the U.S. government, foreign governments, and certain international organizations in their official capacities.