

GAO Highlights

Highlights of [GAO-17-201](#), a report to congressional requesters

Why GAO Did This Study

In the more than 50 years since it established an embargo on Cuba, the U.S. government has pursued a policy designed to isolate Cuba's communist regime. In December 2014, the President announced a significant change in U.S. policy. Since then, the U.S. government has restored diplomatic relations with Cuba and modified some aspects of the U.S. embargo. The Cuban government has also implemented economic reforms in recent years to allow for certain private sector activity. While much of Cuba's economy is still state-controlled and the U.S. embargo on Cuba remains in place, developments in recent years have created new opportunities for U.S. economic engagement with Cuba.

This report examines what is known about (1) the size and scope of the Cuban private sector, (2) the effect of changes to U.S. legal and regulatory restrictions on the Cuban private sector and U.S. businesses, and (3) the extent to which the U.S. government has planned and implemented activities to increase U.S. engagement with the Cuban private sector and expand U.S. economic opportunities in Cuba. GAO analyzed U.S. government and other assessments of the Cuban private sector, analyzed Cuban government data, interviewed U.S. federal and nonfederal Cuba experts, and conducted fieldwork in Cuba.

What GAO Recommends

GAO recommends that State, in consultation with key agencies, take steps to identify and collect information to monitor changes in economic engagement resulting from the shift in U.S. policy. State concurred with the recommendation.

View [GAO-17-201](#). For more information, contact David B. Gootnick at (202) 512-3149 or gootnickd@gao.gov.

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CUBA

U.S. Policy Changes Increased Engagement with Private Sector, but Agency Information Collection Is Limited

What GAO Found

The Cuban private sector has grown rapidly since 2008 but remains small compared with other economies and faces various constraints. The Cuban private sector includes (1) self-employed entrepreneurs, (2) agricultural cooperatives and other private farmers, and (3) nonagricultural cooperatives. Cuban government data indicate that the percentage of the Cuban workforce in the private sector has grown from 17 percent in 2008 to 29 percent in 2015. However, the Cuban private sector is smaller than in 16 comparable countries GAO analyzed. It is also still highly constrained by the Cuban government and faces challenges, including a lack of access to needed supplies and equipment.

Examples of a Cuban Private Sector Restaurant, Bookseller, and Auto Repair Shop



Source: GAO. | GAO-17-201

U.S. regulatory changes have created some new opportunities in Cuba, but economic engagement is still limited. The U.S. government has made six sets of regulatory changes since December 2014 to ease restrictions on travel, remittances, financial services, and trade with Cuba. For example, the Department of Commerce created a new export license exemption to facilitate U.S. exports that support the Cuban people, including the private sector. The regulatory changes have generated U.S. business interest; however, relatively few commercial deals have been completed. In addition, U.S. trade with Cuba has decreased, driven by declining agricultural exports, which have been legal since 2000. Changes in remittance and travel regulations are expected to benefit the Cuban private sector through increased capital and purchases from U.S. visitors. Although the regulatory changes have created some new opportunities for U.S. businesses and the Cuban private sector, embargo restrictions and Cuban government barriers continue to limit U.S.-Cuba economic engagement.

U.S. agencies have conducted a range of activities to support U.S. policy changes; however, embargo restrictions, resource constraints, and Cuban government priorities affect their ability to support U.S. businesses or engage the Cuban private sector. Within these limitations, the Department of State (State) and other U.S. agencies have engaged with the Cuban government, U.S. businesses, and the Cuban private sector. Among other things, they have established memoranda of understanding with the Cuban government, hosted events with Cuban entrepreneurs, and promoted training opportunities. However, U.S. agencies have not collected and documented key information on the Cuban economy, the effects of regulatory changes, and agency activities, in accordance with federal standards for internal control. Without collecting and documenting information, agencies risk being unable to monitor and assess changes over time in economic engagement with Cuba, including with the private sector.