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ECONOMIC SANCTIONS

Agencies Face Competing Priorities in Enforcing the U.S. Embargo on Cuba

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Highlights

Highlights of GAO-08-80, a report to congressional requesters

Why GAO Did This Study

The 48-year U.S. embargo on Cuba aims to deny resources to the Castro regime by prohibiting most trade, travel, and financial transactions with Cuba. The departments of Commerce, Homeland Security (DHS), Justice, and the Treasury are responsible for enforcing the embargo as well as protecting homeland and national security. Since 2001, U.S. agencies have changed the embargo's rules in response to new laws and policies. GAO was asked to examine (1) the rule changes in 2001-2005 and their impact on U.S. exports, travel, cash transfers, and gifts to Cuba; (2) U.S. agencies' embargo-related activities and workloads; and (3) factors affecting the embargo's enforcement. GAO analyzed laws, regulations, and agency data, interviewed agency officials, and observed agency activities at Port Everglades and Miami International Airport, Florida.

What GAO Recommends

GAO recommends that (1) CBP reassess whether its use of resources for intensive inspections of arrivals from Cuba at the Miami airport effectively balances enforcing the embargo with protecting homeland security and (2) OFAC assess its use of resources for investigating and penalizing Cuba embargo violations. CBP agreed with the intent of a draft recommendation on using risk-based inspections at the airport but considered it unwarranted. Using additional CBP data, GAO revised its report and recommendation as appropriate. OFAC commented that it allocates resources based on several factors.

To view the full product, including the scope and methodology, click on GAO-08-80. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

What GAO Found

The loosening of embargo rules on some exports led to increased agricultural shipments to Cuba, but the impact of tighter restrictions on travel, cash transfers, and gifts is unknown. In 2001, responding to a new law, Treasury's Office of Foreign Assets Control (OFAC) and Commerce's Bureau of Industry and Security (BIS) loosened embargo restrictions on some trade with Cuba. U.S. exports to Cuba—mostly agricultural products—rose from about $6 million to about $350 million from 2000 to 2006. In 2004, responding to new administration policy, OFAC tightened rules on travel to Cuba, for example, by requiring that all family travelers obtain specific Treasury licenses and reducing the permitted frequency of family visits from once a year to once every 3 years, and it also tightened rules for sending cash transfers and gift parcels. Because reliable data are not available, the impact of these tighter restrictions on travel, cash transfers, and gifts cannot be determined.

U.S. agencies enforce the Cuba embargo primarily by licensing and inspecting exports and travelers and by investigating and penalizing or prosecuting embargo violations. BIS processed twice as many exports license applications for Cuba in 2006 than in 2001, and OFAC issued about 40 percent more Cuba travel licenses in 2006 than in 2003. Reflecting the administration's embargo-tightening policy, DHS's Customs and Border Protection (CBP) inspects all exports to Cuba at Port Everglades and, since 2004, has increased intensive, "secondary" inspections of passengers arriving from Cuba at the Miami airport; in 2007, CBP conducted these inspections for 20 percent of arrivals from Cuba versus an average of 3 percent of other international arrivals. CBP data and interviews with agency officials suggest that the secondary inspections of Cuba arrivals at the airport may strain CBP's ability to carry out its mission of keeping terrorists, criminals, and other inadmissible aliens from entering the country. Moreover, recent GAO reports have found weaknesses in CBP's inspections capacity at key U.S. ports of entry nationwide. After 2001, OFAC opened more investigations and imposed more penalties for embargo violations, such as buying Cuban cigars, than for violations of other sanctions, such as those on Iran. In contrast, BIS, DHS's Immigration and Customs Enforcement, and Justice have primarily investigated, penalized, or prosecuted export violations and crimes that present a greater threat to homeland and national security or public safety.

U.S. officials and others told GAO that several factors hinder enforcement of the Cuba embargo, sometimes acting in concert. (1) Lack of cooperation from foreign countries has undercut the embargo's effectiveness and hampered inspections and investigations. (2) Divided U.S. public opinion, particularly regarding the new travel and cash transfer restrictions, has contributed to widespread, small-scale embargo violations and the selling of fraudulent religious and other travel licenses, among other problems. (3) Some embargo violations are difficult to detect or control, such as fraudulent licenses and online money transfers via third countries. (4) The embargo's complexity and changing rules may have led to unintended violations by some individuals and companies.