US State Department designates Cuba state sponsor of terrorism

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On Monday, the Trump administration announced it would be placing Cuba back on the US State Department's list of State Sponsors of Terrorism. One of a number of aggressive and provocative foreign policy moves made in the weeks following Trump's loss in the November election, the placement of Cuba on the list is an attempt to more permanently shift American imperialism's Cuba policy back toward one of explicit regime change, in line with the drive to roll back the influence of Russia and China in the Western Hemisphere.

In a statement, US Secretary of State Mike Pompeo, among the most reactionary and loyal members of Trump's cabinet, made this clear, writing, "The Trump Administration has been focused from the start on denying the Castro regime the resources it uses to oppress its people at home, and countering its malign interference in Venezuela and the rest of the Western Hemisphere."

The State Department's designation places further restrictions on US foreign assistance and exports to Cuba. Originally placed on the list in 1982 by US President Ronald Reagan for its support of the Nicaraguan Sandinistas and El Salvadoran Farabundo Martí National Liberation Front, Cuba was removed in 2015 during the normalization of relations carried out by then–US President Barack Obama and Cuba's then-President Raúl Castro.

In another anti-Cuba announcement made Friday, Treasury Secretary Steven Mnuchin also announced sanctions against Cuban Interior Minister Lazaro Alberto Alvarez for "human rights abuse."

Given the steady tightening of sanctions by Trump since entering office in 2017, the change will have little immediate practical effect, although it does make it harder for the expected incoming administration of Joe Biden to return to the Obama-era policy of normalization.

Among the first moves made by the Trump administration after taking office was to again restrict travel to Cuba by US nationals. Since then, restrictions have tightened even further, with direct flights to cities outside of Havana shut down in 2019, along with cruise ship stops to the island. Just this year, the US government released a list of Cuban hotels from which US nationals are banned because of alleged ties to the Cuban government and military.

One of the most directly damaging moves to the Cuban economy has been the cut-off of remittances. Totaling around $3 billion annually, remittances represent an important portion of the foreign currency reserves Cuba requires to finance imports of basic commodities. The Treasury Department's Office of Foreign Assets Control (OFAC) had first put a strict cap on remittances of $1,000 per quarter, limited to family members, before banning entirely any remittances flowing through the Cuban government's Fincimex agency.

The cut-off of remittances has exacerbated the island's economic crisis, already battered by the COVID-19 pandemic and the associated collapse in tourism. According to the Economic Commission for Latin America and the Caribbean, Cuba's economy is expected to contract by 8 percent in 2021, after having contracted 11 percent in 2020. Because Cuba imports 80 percent of its food and fuel needs, the fall in tourism has led to shortages of basic goods around the country.

Cuba is now suffering the worst COVID-19 outbreak since the beginning of the pandemic. Even though it has had only around 160 total deaths so far, one of the lowest totals in the Caribbean region, the island has set daily records for infections for the sixth day in a row, with 550 new cases. This has led to new restrictions throughout the capital, including the closure of schools and a clampdown on movement and public transportation.

More than 14,600 people are under observation for possible infection, with 70 percent of infections occurring after the reopening of the airport to international travel on November 15. Under economic pressure to reopen tourism, there are 6,262 international travelers in Havana alone.

Just as elsewhere, the COVID-19 pandemic has served as a trigger event to accelerate plans already under way. Among the most significant of these have been the announcement by the Cuban government of the easing of restrictions on foreign ownership of companies and moves to unify its currency system and impose a devaluation. Both are aimed at integrating the country more fully into the global market and securing a future for the bankrupt bureaucrats in the Cuban Communist Party.

The currency changes implemented on January 1 have proved to be a big shock. The long-planned change has eliminated the Cuban convertible peso (CUC), long-pegged to the dollar at a one-to-one rate, in favor of the Cuban peso (CUP). The dual currency system served as a kind of subsidy for Cuban state-owned companies, as they were allowed to exchange the CUC and CUP at a one-to-one rate, even though the official exchange rate was 25 CUP per CUC, making imports and production inputs artificially cheap.

As Pavel Vidal, a former economist at Cuba's central bank and a professor at Colombia's Universidad Javeriana Cali, said, "They are going with a 'big bang' exchange rate adjustment, although they will try to regulate the impacts with administrative measures and repressing inflation."

The end of the dual currency system is leading to a sharp increase in prices and will likely lead to the failure of many state-owned companies as well as mass layoffs. According to reports, electricity prices have risen more than 500 percent in some cases. Basic necessities are being priced out of reach, even with an announcement that wages and pensions would be quintupled. However, this will not help the 40 percent of Cubans considered to be "self-employed" or working for private businesses.

So-called dollar stores have proliferated even as dollars themselves have become much harder to acquire. Economy Minister Alejandro Gil has signaled that more devaluations are coming.

At an online 2020 Business Forum held in Havana, Cuba's Foreign Trade and Investment Minister Rodrigo Malmierca announced it would now be possible for state-owned companies to take a minority share in any joint enterprises with foreign investors. Most industry sectors are apparently going to be opened up, outside of natural resource extraction and public service.

John Kavulich, president of the US-Cuba Trade and Economic Council, said, "If the Díaz-Canel administration can successfully implement a unification and devaluation, sources for direct foreign investment will be supportive, as will governments."

Worried that US companies might be cut out of any potential windfall in the opening up of Cuba to further exploitation by foreign capital, New York Congressman Gregory Meeks, the new chairman of the House Foreign Affairs Committee, said in relation to Cuba's addition to the terrorism list, "It is essential that the State Sponsor of Terrorism list be used judiciously to maintain its seriousness and integrity, and that a country is never added to the list unless it meets the legal standard." Meeks also urged Biden to "add the reversal of today's foreign-policy failure to his long 'to do' list when he takes office."

For its part, the Biden administration has said little, with a member of his transition team telling the *Wall Street Journal* Biden "will render a verdict based exclusively on one criterion: the national interest." It is in fact entirely possible that Pompeo and the extreme right are banking on Biden not reversing this measure out of his desire to curry favor with the Republicans and their base in South Florida.

Still to be heard from is the Cuban working class itself, which faces a dire crisis from the growth of the COVID-19 pandemic and the economic assault being carried out by the government. The only way out of this impasse lies in the creation of a new revolutionary leadership, a Cuban section of the International Committee of the Fourth International.