Trump administrations tightens sanctions as Cuban government expands private ownership and foreign trade

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On August 20, the Trump administration imposed an additional round of sanctions against Cuba, blacklisting more Cuban companies, organizations and officials in a relentless escalation of economic warfare aimed at the starvation and subjugation of nearly 10 million people. The move extends a sanctions campaign that, since Trump's January declaration of a national emergency over Cuba, has assumed the character of an undeclared war of extermination.

The Cuban government, for its part, has responded to this vicious campaign with promises to open up the economy to foreign capital in a desperate bid to preserve the privileges of the Castroite ruling layer.

The Treasury Department's Office of Foreign Assets Control (OFAC) added the new entries to its Specially Designated Nationals list, criminalizing financial transactions with the targeted individuals and enterprises as part of the US government's efforts to completely destroy the Cuban economy. Entities targeted in the latest round include major state-owned companies involved in steel, mining, motor vehicles and parts, the import and export of goods and construction.

Another Cuban government institution targeted by the latest round of sanctions is the Cuban Institute of Friendship with the Peoples (ICAP). ICAP, founded in 1960 to promote cultural exchange and solidarity with the Cuban Revolution, was targeted by the US State Department's July report. The report, which absurdly blames all social unrest and opposition in the United States on the Cuban government, put ICAP at the center of these allegedly subversive activities.

Additionally, the Cuban state labor contractor was also sanctioned. Until recently announced changes to Cuban law, foreign companies operating in Cuba were required to hire Cuban workers through this agency. This arrangement, effectively a heavy tax on wages, provides the government an important source of foreign exchange which it uses to import key capital and consumer goods and allows Cuban officials to award coveted jobs to those with connections.

The US sanctions threaten legal penalties not only for Americans, but also aim to discourage third countries, companies and individuals from doing business with Cuba as a result of Trump's May Executive Order 14404, which puts at risk their access to the US financial system. This order has resulted in many foreign companies abandoning the country. Spanish hotel chains Meliá and Iberostar have pulled out, as has Canada's Blue Diamond Resorts, while shipping giants Hapag-Lloyd (Germany) and CMA CGM (France) have suspended freight services to the island. Canada's Sherritt has exited joint cobalt and nickel mining ventures.

Taken together, the sanctions have made it nearly impossible for the economy to function. This is by design. US Secretary of State Marco Rubio, one of the main architects of the administration's strategy in Cuba and de facto viceroy of Venezuela, told Axios on August 7, when an earlier round of sanctions was announced, "Every time they create a new mechanism in which they try to get out of the noose, we just close it off. They certainly can't wait us out. Certainly this isn't going to go away for the next 2½ years."

The escalation has continued. On Thursday, September 3, the State Department designated a further five entities and one individual under Executive Order 14404. The most economically consequential is Banco Exterior de Cuba, the state bank specializing in foreign-trade finance and international transactions — the principal channel through which the island pays for imported food, fuel and medicine.

Two further entities, ABAPET and Comercial CUPET S.A., exist to procure spare parts, specialized tools and industrial inputs for the energy sector and to negotiate joint ventures with foreign partners. Washington is deliberately targeting the mechanisms that keep Cuba's power plants running as blackouts engulf the island.

Although it might appear to be a side-effect of Washington's efforts to tighten the noose, the expulsion of foreign companies from Cuba is part and parcel of the attempt by Trump and Rubio to recolonize the island. By forcing out the capital of rival powers, the Trump administration is carrying out its strategy to dominate the entire hemisphere and create a "Fortress America" to serve as a staging ground for global war and repression.

The Cuban working class is paying the price. Blackouts have become the norm, with power scarce even in Havana. Nearly a third of the island's population are experiencing "aggravated problems with water supply," according to the National Institute of Hydraulic Resources. Basic tasks like cooking have become serious logistical problems to be solved on a daily basis. Trash continues to pile up in huge mounds on the street for lack of fuel, while public transit has ground to a halt. The medical system is in free-fall, with only 30 percent of basic medications available. Infant mortality has increased 29 percent since the start of Trump's term while maternal mortality has increased nearly 9 percent.

The main response of the Cuban government and the ruling Castroite layer has been to work furiously to implement "reforms" aimed at staving off a direct invasion and takeover by the US military while also maintaining its power and privileges.

On Monday, August 31 the Cuban government officially authorized private companies to operate retail and restaurant chains across the island, including those with foreign investors or Cubans living abroad. Foreign investors will also be afforded expanded rights to develop real estate. Private agricultural businesses have also been legalized, which could threaten to ruin inefficient farms.

One of the most consequential measures expected to take effect will grant private companies the ability to handle most imports and exports without going through the state. Although the government will still officially require companies to be authorized by the Ministry of Foreign Trade and Investment, the effective end of the state monopoly on foreign trade will have profound effects. Although already weakened through the proliferation of informal trade channels as a response to extreme scarcity, the legalization of private trade will foster the development of an upwardly mobile social layer with direct ties to American capital.

Foreign investors will also be permitted to hire Cuban workers directly, without the state agency that has until now served as compulsory intermediary. Since no regulations on wages, contracts, taxation or labor protections have been published, the terms will be set by the employer.

These measures form part of a package of 176 counter-reforms approved by the National Assembly in June, which constitute the most sweeping change to Cuba's economic model since 1959. Deputy Foreign Trade and Investment Minister Carlos Luis Jorge Méndez told *USA Today* this week that the measures could begin taking effect within days, insisting: "This is serious; it is not a maneuver."

This is recognized by the Cuban government. Eugenio Ramos, a professor at the Communist Party of Cuba's school in Las Tunas told *Diario de Cuba* that the package of legal changes "implicitly carries the concept of class differentiation," which "means the reappearance of the rich in Cuban society."

The only answer to the attacks by American imperialism and the moves by the Cuban ruling elite to open up the country to foreign capital is to mobilize the Cuban and international working class on the basis of a socialist program. Workers must oppose imperialist aggression unconditionally while extending no political support to the Cuban regime.

Dockworkers, transport workers, oil and logistics workers in the United States and internationally must refuse to enforce the blockade and demand its immediate end, along with the delivery of the fuel, food and medicine Cuba requires.