

Politics

U.S. Allies Challenge Trump's Reversal on Property Seized in Cuba

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European Union may take objections to World Trade Organization

People with 'stolen' property may be denied visas, Bolton says

People and vehicles cross a street in Havana. Photographer: Eliana Aponte/Bloomberg

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President Donald Trump's move to let U.S. citizens file lawsuits over property confiscated in Cuba during the 1959 revolution angered European allies who vowed to challenge the reversal of more than two decades of policy. The U.S. will begin on May 2 to enforce a provision of a 1996 law known as the Helms-Burton Act that allows Cubans who fled Fidel Castro's regime to sue companies that have used their former property on the island. Like his predecessors, Trump had previously waived the provision, Title III, because enforcing it could result in a flood of litigation against foreign companies. "Americans who have had their private and hard-earned property stolen in Cuba will finally be allowed to sue," White House National Security Adviser John Bolton said Wednesday at a speech in Miami. "Anyone who traffics in property stolen from Americans will not be issued a visa to the United States. They are not welcome here."

The European Union, the biggest foreign investor in Cuba, and Canada's government jointly threatened action before the World Trade Organization or other possible retaliation over Trump's Cuba move.

The U.S. decision "is regrettable, and will have an important impact on legitimate EU and Canadian economic operators in Cuba," EU Vice President Federica Mogherini, Canadian Foreign Minister Chrystia Freeland and EU Commissioner for Trade Cecilia Malmstrom said in a joint statement.

"The EU and Canada consider the extraterritorial application of unilateral Cuba-related measures contrary to international law," they said. "We are determined to work together to protect the interests of our companies in the context of the WTO and by banning the enforcement or recognition of foreign judgments based on Title III, both in the EU and Canada."

Canadian miner Sherritt International Corp., which has been mining nickel in eastern Cuba since 1994 and also has oil-and-gas operations near Havana, said the U.S. policy shift isn't expected to have "material impact" on its Cuba operations.

Bolton announced further steps against Cuba. He said the Treasury Department will end "U-turn transactions" that allow the country to circumvent sanctions and get access to "hard currency and the U.S. banking system."

There will be new restrictions on non-family travel to Cuba, he said, which was relaxed under President Barack Obama. If Americans want to travel to the country for reasons other than family, they'll need a license from Treasury, according to a person familiar with the matter.

He announced new limits on remittances to Cuba of \$1,000 per person, per quarter. In 2017, the State Department estimated that about \$3.5 billion in remittances were sent to Cubans by family members in the U.S.

The U.S. also added to its restricted list, which prohibits direct financial transactions with entities tied to Cuba's military, intelligence and security services, Bolton said. The additions include Aerogaviota, an airline owned by the Cuban military.

Reversing Obama

It's part of Trump's broader push to reverse moves by his predecessor that eased the U.S. trade embargo with Cuba. He's also sought to punish Cuba for its support of Venezuelan President Nicolas Maduro, who has managed to stay in power despite massive U.S. sanctions and a move by the Trump administration to recognize Juan Guaido as the country's legitimate leader.

Bolton repeatedly attacked Obama administration policies toward Cuba in his prepared remarks and quoted Trump saying "the twilight hour of socialism has arrived in our hemisphere." Bolton added: "The 'Troika of Tyranny' -- Cuba, Venezuela and Nicaragua -- is beginning to crumble."

Bolton said the Obama administration's "misguided" policies toward Cuba "provided the Cuban regime with the necessary political cover to expand its malign influence and ideological imperialism across the region."

Under the Trump administration's new policy on lawsuits, the State Department said no exemptions will be granted from the right to sue.

"Sadly, Cuba's most prominent export these days is not cigars or rum, it is oppression," Secretary of State Michael Pompeo said Wednesday. "Detente with the regime has failed. Cozying up to Cuban dictators will always be a black mark on this great nation's long record of defending human rights."

A group that advocates ending the trade embargo on Cuba emphasized in a statement Tuesday that U.S. companies also will be affected. "This decision punishes the Cuban people and American companies -- companies who were given permission by the U.S. government to do business and are now having the rug pulled from underneath them," said James Williams, President of Engage Cuba.

Florida Politics

Bolton's appearance at a commemoration of the failed Bay of Pigs invasion of Cuba in 1961 has political implications for Trump's re-election campaign.

Latinos are about a quarter of Florida's electorate and Cuban-Americans, who have traditionally leaned Republican, are the biggest single group. But their political power in the state has eroded in recent decades as immigrants from Puerto Rico and other areas of Latin America have arrived, and as younger Cuban-Americans shift to the Democratic Party, according to a Pew Research Center study.

Earlier this month, Trump blocked an agreement under which Cuban baseball players returned some of their signing bonus to the country's baseball federation. The deal, signed with the Major League Baseball Association, was intended to allow Cubans to travel to the U.S. freely rather than having to defect and find their way to American soil on their own.

Tens of Billions

The State Department has said that some of the biggest claims under the 1996 Helms-Burton law involve companies such as Office Depot Inc., Exxon Mobil Corp. and Coca Cola Co. Many may not bring suits because they would effectively be targeting clients overseas.

Kimberly Breier, assistant secretary of state for Western Hemisphere affairs told reporters Wednesday that there are 6,000 claims already on record and potentially as many as 200,000 with a value in the tens of billions dollars.

While lawsuits would take years to wind their way through the legal system, the impact is likely to be felt almost immediately, said Peter Harrell, a fellow at the Center for New American Security, a Washington-based research group

"It's going to be pretty long road ahead to actually winning any judgments but the Trump administration will get what it wants out of this because you're going to see a number of European companies decide the risk isn't worth it," Harrell said.

— With assistance by Stephen Wicary, Margaret Talev, and Jennifer Jacobs

(Updates with Sherritt International Corp. comment in seventh paragraph.)

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