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Blockades, Sanctions and their Effects on the US economy

This November 2022, the UN General Assembly voted overwhelmingly for the 30th time on a resolution calling for the U.S. to end its illegal blockade against Cuba. I congratulate Cuba on the results this year. I also salute your nation on its unified, effective strategy to combat the COVID pandemic. You are an example for the world.

Rather than heeding the demands of most of the world, including many U.S. businesses and international trading partners, the U.S. has expanded the imposition of sanctions, both against Cuba and against an increasing number of countries worldwide. United States economic sanctions, with at least 8,000 measures, currently affect 39 countries and one-third of the world's population. No other nation uses economic sanctions to this extent.

Important sectors of the U.S. economy, however, are demanding that the U.S. cease prohibiting trade with Cuba. For example, major agricultural businesses joined together in 2014 to form the U.S. Agriculture Coalition for Cuba. Their primary focus is on ending the blockade and allowing open trade and investment to occur. Airlines, cruise lines, the travel industry in general, telecommunications and other sectors are interested in the U.S. lifting the blockade.

This blockade affects the entire world as the U.S. forces other countries not to do business with Cuba. The losers from the blockade are not only the Cuban people, but also people in the U.S. and in other countries denied access to Cuban products and discoveries because of the blockade. People in the U.S. don't have access to the lifesaving treatments Cuban medical researchers have developed, including Heberprot-P, a therapy for the most complicated chronic wounds usually associated with high amputation risk from diabetes, and *CIMAvax-EGF*, a lung cancer treatment.

Lifting the blockade, however, requires passage of new federal laws with a 51% vote in Congress. While the U.S. President has the ability to utilize Executive Power to significantly lessen the impact of the blockade, President

Biden has chosen not to. The blockade has cost Cuba over \$6.35 billion (USD) in damages just since Biden assumed the U.S. Presidency in January 2021.ⁱ

While the U.S. has used sanctions as unilateral coercive measures for more than a century, the U.S. government now imposes economic sanctions as the foreign-policy weapon of choice. It has employed the cloak of sanctions to confiscate the foreign reserves of other countries, such as Cuba, Iran, Venezuela, Russia and Afghanistan, held in U.S. banks.

The Trump administration also expanded use of so-called secondary sanctions to coerce foreign companies to stop doing business with Cuba and other U.S. adversaries. Secondary U.S. sanctions prohibit any trade in U.S. dollars and prevent trade with countries, individuals or organizations under the U.S. sanctions regime. These sanctions penalize persons and organizations not subject to the U.S.'s legal jurisdiction, including loss of access to the U.S. financial system.ⁱⁱ

The U.S. has also blocked access to international monetary systems like SWIFT which essentially severs a nation from access to much of the global financial system. In short, the U.S. has weaponized the U.S. dollar.

In September 2022 a UN Special Rapporteur wrote that increased secondary sanctions have resulted in a growing fear of sanctions and overcompliance by States, businesses, financial institutions and civil society organizations. These entities will sever ties with sanctioned countries out of fear of repercussions, even for authorized activities, negatively impacting the human rights of millions around the world.ⁱⁱⁱ

These moves have repercussions on the U.S. They undermine the stability of the U.S. dollar as the world's reserve currency. The most recent data from the IMF shows that the USD makes up around 55% of the world's foreign exchange reserves. The U.S. actions are starting to push other countries to reduce their exposure to the U.S. dollar and to transition to new bilateral and regional financial relationships, rather than risking having their own reserves confiscated by the U.S.

Further, in taking on the other largest economies in the world, including U.S. sanctions against China, the U.S. has deprived its own population of access to goods previously available. For example, the U.S. long ago put steep tariffs on Chinese solar panel products and this year banned importation of metallurgical-grade silicon, which is the raw material needed to create solar cells. Four of the top five polysilicon manufacturers in 2020 were located in China. As a result, homeowners wanting to convert to rooftop solar were discouraged by the cost of the investment in solar.

It's the people who are being hurt. As the price of gasoline in the U.S. has risen steadily at gas stations, the U.S. media sought to blame Russia. However, in October, the largest oil companies reported a fourth consecutive quarter of massive record profits and gasoline prices were rising for months before February 2022. All told, according to the International Energy Agency, the net

income for the worlds oil and natural gas producers is set to double in 2022 from 2021, to a new high of \$4 trillion.^{iv}

Meanwhile, the U.S. Federal Reserve has raised interest rates six times this year and is expected to raise it further. Governments around the world have sought to stabilize their currencies that are weakening in the face of these rapid interest rate increases. A weaker currency means that it costs more for a country to import food, energy and other goods. That adds to domestic inflation, hurts households and could contribute to a global downturn. The surge in the dollars value has also made it harder for foreign borrowers who have debt denominated in U.S. currency to repay their loans.^v

The rising inflation in the U.S. and the backlash from the U.S. governments increasing use of sanctions affects our most vulnerable communities. The inflation in the U.S. is hitting low-income and middle-income families particularly, who already do not have enough money to cover the cost of living. In June 2022, nearly one in four adults with children under 19 living with them in the U.S. reported their households don't have enough food.^{vi}

U.S. household debt increased to a record \$16.15 trillion in the second quarter of 2022, driven mostly by a \$207 billion jump in mortgage balances. Credit card and auto loan debt are rising as consumers increased their borrowing to deal with soaring inflation.^{vii}

In terms of a future, U.S. young people face a lifetime of debt. The current U.S. student loan debt is over \$1.75 trillion. One in 4 Americans has student loan debt: an estimated 44.7 million people. The average student loan debt amount is \$37,172.^{viii} Almost 40% of those with student loan debt never finish-university.^{ix}

These figures I have recounted involve people we see every day in our organizing work in the United States. They struggle to survive and come to us with legal problems mostly caused by their economic situation. The need to organize to transform the system in the U.S. is more urgent than ever.

i Speech by Cuban Foreign Minister Bruno Rodriguez on November 3, 2022 accusing the Biden administration of continuing down a path of “maximum pressure.” Rodriguez said that during Bidens 14 months in office, the embargo had cost the Cuban economy about \$6.35bn.

ii “Trumps Use of Sanctions Is Nothing Like Obamas,” by Peter E. Harrell, FP Analysis, October 5, 2019.

iii <https://www.ohchr.org/en/press-releases/2022/09/over-compliance-secondary-sanctions-adversely-impacts-human-rights-millions>

iv “Oil Giants, With Billions in Profits, Face Criticism and an Uncertain Outlook,” by Clifford Kraus, *The New York Times*, October 28, 2022.

v “A Rising Dollar Is Hurting Other Currencies. Central Banks Are Stepping In,” by Joe Rennison and Jeanna Smialek, *The New York Times*, October 27, 2022.

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- vi** “Food Insecurity Trended Upward in Midst of High Inflation and Fewer Supports,” by Elaine Waxman, Julio Salas, Poonam Gupta, and Michael Karpman, Urban Institute, September 2022.
- vii** “American Household Debt Hits Record \$16.2 Trillion As Mortgages, Credit Card Spending Swell—Delinquencies Creep Up,” by [Jonathan Ponciano](#), Forbes, August 2, 2022.
- viii** <https://www.nitrocollege.com/research/average-student-loan-debt>
- ix** “Fact check: How many student loan borrowers failed to finish college?,” by Paul Specht, WRALNews, February 15, 2021.