

**Deputy Assistant Secretary for Western Hemisphere Affairs Eric
Jacobstein's Testimony Before the House Foreign Affairs Sub-Committee
for the Western Hemisphere**

Thursday, January 18, 2024, 2:00PM

Chairwoman Salazar, Ranking Member Castro, and members of the Subcommittee – thank you. I welcome this opportunity to discuss the Biden-Harris Administration's support for the Cuban people, including through encouraging the growth of the independent private sector. I plan to share our observations on the evolution in Cuba's economy and private sector, discuss deep concerns we have about the Cuban government's ongoing abuse of human rights, and our corresponding efforts to maximize support for the Cuban people while minimizing benefit for the Cuban government.

The Cuban economy is in dire straits. Amid recurring shortages of fuel, electricity and – increasingly, even food – it is clear the communist experiment in Cuba has failed and the government is no longer able to provide for its citizens' most basic needs. In a country where there are no free elections, the Cuban people are voting with their feet. Roughly 500,000 Cubans migrated to the United States in the last two fiscal years, using both lawful pathways and increasingly more dangerous, irregular migration routes, with tens of thousands more leaving for other countries.

In May 2022, the Administration announced policy measures focused on empowering the Cuban people, including support for Cuba's private sector. These changes are in our national security interest and are consistent with the President's guidance to benefit the Cuban people while continuing to deny resources to the Cuban regime.

Against this backdrop, we have seen the Cuban government grudgingly open space to a nascent yet growing private sector. While *cuentapropistas* – or self-employed proprietorships – have been legal for some years, in 2021, the

Cuban government also legalized the creation of small and medium-sized enterprises. With over 10,000 private businesses registered, operating in diverse fields from food distribution to construction to auto repair, Cuba's private sector is now responsible for nearly one-third of all employment on the island.

These changes have profoundly affected Cuban culture. Young Cubans are eager to earn private sector wages rather than work for the state. A class of independent business leaders is emerging. I know this because our team – both in Havana and in Washington - routinely meets with them. I had the chance to meet a group of them just this week. Despite enormous challenges, they report feeling energized by the prospect of no longer relying on the government and instead shaping their own economic future. These entrepreneurs look to the United States for inspiration and to develop the necessary skills to run successful businesses. To that end, the Department of State has supported programs that help to foster essential skills and know-how among independent, private Cuban entrepreneurs.

In an acute twist of irony, the island's communist government must now rely on private enterprise to provide food and basic services for its people. It is not an easy road for these entrepreneurs. The Cuban government's mismanagement of its economy has led to unparalleled high inflation. But because it is more nimble and efficient than the government, the private sector currently serves as a life preserver for the Cuban people, without which they could not stay afloat.

We believe the organic expansion of the private sector on the island – led by the Cuban people themselves and not by any foreign government – is an opportunity that should not be wasted. Above all, we must encourage the freedom of Cuban citizens to define their own economic future.

Failing to engage and support Cuba's private sector would leave space for Russia and the PRC to shape the direction of the Cuban economy. We must not allow this to happen. Cuban entrepreneurs prefer U.S. values and our economic model and see the United States as their business partner of

choice. We are focused on taking measures that inject a real sense of hope among the Cuban people and stem the tide of worsening humanitarian and migration conditions – all while remaining steadfast in promoting accountability for the Cuban Government’s continued abuses.

I want to close by noting the promotion of private enterprise is just one part of U.S. engagement in Cuba. We consistently advocate for Cubans’ fundamental freedoms and press for the release of unjustly detained political prisoners. In our conversations with entrepreneurs and the Cuban government, we emphasize the importance of respecting labor rights for Cuban workers. We have facilitated the resumption and expansion of remittances and flights between the U.S. and cities outside Havana and expanded access to safe and lawful migration pathways in support of Cuban-American families. Our Embassy in Havana resumed full immigrant visa processing, and DHS implemented a modernized process for the Cuban Family Reunification Program. We increased tourist visa validity, which brought immediate, tangible benefits to Cubans visiting family and purchasing goods in the United States. In sum, our approach continues to support everyday Cubans while promoting accountability for the Cuban government’s abuses.

