

CLIENT ALERT

Major Development on Trade with Cuba

What is commonly known as the trade embargo on Cuba is still in place, as it has been for over 50 years. But the barriers to trade with the last “frontier market” 90 miles from Florida are getting lower and lower.

On September 21, a new set of rules adopted by the U.S. Government came into effect. The new executive orders further change U.S.-Cuba trade rules, ushering in a major development that will significantly open the door to expanded business on the island.

These new measures extend the facility to travel, conduct business, send remittances and other cash transactions, and provide additional telecommunications services in Cuba, but tourism is still prohibited.

Specifically, American citizens may establish and maintain a physical presence in Cuba, such as an office or a warehouse, open an account in a Cuban bank, and hire a Cuban worker as long as their business falls into one of the categories allowed by the U.S. governmentⁱ and allows authorized companies to establish subsidiaries, possibly via joint ventures with Cuban firms, and loosens restrictions on software exports.

The U.S. will also now allow cruise ships, ferries and privately owned sea vessels to import parts and technology to improve safety in Cuba, and carry authorized goods as part of their baggage. Today, direct shipping options to Cuba for individuals are limited to taking items on charter planes.

Additionally, a close relative will be allowed to visit or accompany authorized travelers for educational activities, journalistic activity, professional research, religious activities and humanitarian projects.

The policy changes and steps taken by the president to ease trade and travel restrictions on Cuba continue to fall under the authority of President Obama to make certain modifications under his executive power. But only the U.S. Congress can remove the embargo completely.

Next are meetings between U.S. and Cuban officials to reopen regular commercial flights, negotiations on property claims, and removal of the U.S. prohibitions on vessels for 180 days after engaging in the trade of goods or services in Cuba.

ⁱ Included are agriculture, health care, communication devices, and home improvement and construction supplies