

# Obama Administration Issues New Regulations Liberalizing Trade and Travel to Cuba

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**PRACTICES** Latin America Caribbean, Foreign Corrupt Practices Act FCPA, Cuba, Export Controls and Trade Compliance, International

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On January 27, 2016, the Obama Administration took the latest in its continuing steps to ease restrictions on trade and travel between the United States and Cuba. Amendments to the Cuban Assets Control Regulations (“**CACR**”) administered by the Treasury Department’s Office of Foreign Assets Control (“**OFAC**”) and the Commerce Department’s Bureau of Industry and Security (“**BIS**”) will authorize additional U.S. exports, facilitate payments for those exports, and increase the categories of eligible travel.

The January 27 amendments fall into three broad categories:

## Financing

Until now, all payments for authorized exports were restricted to cash in advance or third-country financing. Going forward, for most exports U.S. depository institutions will be authorized to provide financing, including letters of credit. Restrictions will remain, however, on financing agricultural commodities and agricultural items.

## Exports

Consistent with the policy of supporting civil society in Cuba, the U.S. is easing restrictions on exports of telecommunications items, certain agricultural items such as insecticides, pesticides and herbicides, commodities and software for U.S. news bureaus in Cuba as well as of commodities and software to human rights organizations and non-government organizations “that promote independent activity intended to strengthen civil society in Cuba.”

As a result, exports of items for food processing, education, disaster preparedness and relief, public health and sanitation and infrastructure that directly assist the Cuban people (e.g., water treatment facilities) will be allowed. On the other hand, the general restrictive policy will continue with regard to most items for use by state-owned enterprises, the Cuban military, and agencies of the Cuban government and organizations that generate revenue for the Cuban government, including those in the tourism and travel industry (except in limited instances) and those engaged in extracting minerals.

## Travel

Restrictions on travel to Cuba are being eased in several ways. OFAC is expanding an existing general license to authorize certain market preparation travel such as research and contract negotiations. BIS will generally approve the export of items to ensure safe civil aviation transportation and will allow the export of aircraft leased to Cuban state-owned enterprises.

Air carrier services will be enhanced by permitting the entry into blocked space, code-sharing, and leasing arrangements to facilitate the provision of air carrier services, which are clearly anticipated by the direction of the regulatory reforms. Temporary sojourn in Cuba by personnel who are operating or servicing vessels will also be authorized.

An existing general license permits attendance at professional meetings in Cuba. That general license will be expanded to include travel to organize professional meetings and conferences in Cuba. Similarly, OFAC will authorize travel-related transactions to organize amateur and “semi-professional” international sports federation competitions, as well as other public performances, clinics, workshops and athletic and non-athletic competitions and exhibitions.

## **Conclusion**

The Obama Administration continues to take incremental steps with respect to economic liberalization. President Obama has publicly stated his desire to visit Cuba before the end of his presidency, but the likelihood of any visit and the success of his reforms in part depend on the ongoing bilateral negotiations with Cuba.

For information with respect to a specific situation, please contact the Haynes Boone Cuba sanctions team: