Cuba Sanctions Relief: The Knot Further Loosens

September 21, 2015

Effective September 21, the U.S. Department of Treasury amended its Cuban Assets Control Regulations (CACR), providing further Cuba sanctions relief. In a coordinated action, the U.S. Department of Commerce simultaneously amended its Export Administration Regulations (EAR) to provide complementary relief. These actions extended the economic changes President Obama first announced on December 17, 2014 "to chart a new course in U.S. relations with Cuba and to further engage and empower the Cuban people." Thirty days after the December 2014 Presidential announcement, Treasury and Commerce amended the CACR and EAR on January 16, 2015 to facilitate travel to Cuba for 12 enumerated purposes, to facilitate the processing of authorized transactions, and to allow a number of other activities relating to, among other things, telecommunications, financial services, trade, and shipping. The September 21 amendments build on and extend the January 16 amendments. The September 21 CACR amendments, which are administered by Treasury's Office of Foreign Assets Control (OFAC), include the following changes:

- Further facilitating travel to and from Cuba for purposes authorized by the January 16 and/or September 21 CACR amendments; including that cruise ship travel to, from, or within Cuba (excluding voyages that stop in third countries) for authorized purposes no longer requires a specific license

- Expanding authorized telecommunications and Internet-based services
- Authorizing certain persons subject to U.S. jurisdiction (U.S. Persons) to establish a physical presence in Cuba, to open and maintain bank accounts in Cuba, and to provide goods and services to Cuban nationals located outside Cuba
- Allowing certain additional financial transactions (including unblocking of certain monies)
- Allowing additional activities related to areas including legal services, imports of gifts, and educational activities

The concurrent EAR amendments, administered by Commerce's Bureau of Industry and Security (BIS), modify the EAR to facilitate the above CACR changes as well as:

- Broaden the terms of existing Cuba-related license exceptions and create additional license exceptions
- Create a new licensing policy in the EAR to further promote private sector economic activity
- Modify the deemed export and re-export license requirements for Cuba consistent with other sanctioned destinations

Treasury and Commerce have also updated their respective FAQs on Cuba Sanctions to reflect the CACR and EAR amendments, with Treasury also publishing "Guidance Regarding Travel Between the United States and Cuba." These changes do not end the Cuban embargo. But they do represent a broadening of opportunities for commercial activity with Cuba and Cuban nationals. Importantly, they expand the underlying infrastructure (by, for example facilitating funds transfers and legal services) necessary for growth in Cuba-related commerce.

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