



## White House Announces Historic Shift in U.S. Embargo on Cuba

On Dec. 17, 2014, President Obama announced plans for an historic overhaul of the U.S. embargo against Cuba. Among other changes, the president's announcement indicated that significant developments are expected in the current U.S. restrictions on Cuba-related travel, financial transactions, export and import regulations, and telecommunications. Importantly, the changes announced by the White House are not yet effective, and accordingly, all current U.S. restrictions on Cuba remain in place.

Below is a brief summary of the most important changes announced by the White House:

### Travel

*Steps to authorize increased travel.* Under current U.S. sanctions regulations, U.S. persons are permitted to travel to Cuba only in limited cases. The president's announcement appears to open the door for liberalization of the U.S. policy on travel to Cuba, likely in the form of the issuance of Department of the Treasury General Licenses permitting expanded U.S. person travel to Cuba. It appears unlikely, however, that travel to Cuba for tourism purposes will be authorized.

### Financial Transactions

*U.S. financial institutions permitted to open accounts in Cuba.* U.S. financial institutions will likely be permitted to open correspondent accounts at Cuban financial institutions.

*Adjustment of limits on remittances sent to Cuba for "humanitarian reasons."* Although the president did not indicate precisely what types of remittances might constitute "humanitarian" remittances for purposes of his announcement, it appears that the existing limit on per-quarter personal remittances sent to Cuban nationals is set to rise from \$500 to \$2,000.

*Authorization for the use of U.S. credit and debit cards in Cuba.* Use of U.S. credit and debit cards while in Cuba will be authorized.

### Export and Import Restrictions

*Easing of restrictions on the export and import of items between the United States and Cuba.* Under current sanctions and export controls regulations, the export of nearly all items from the U.S. to Cuba and the import of nearly all items into the United States from Cuba remain prohibited. While it is likely that significant regulatory restrictions on U.S.-Cuba export/import transactions will remain, the president's announcement may result in expanded trade between the two countries. Specifically, the White House announced a lessening of certain restrictions regarding agricultural and telecommunications equipment.

### **Telecommunications**

*Expansion of authorization for sale and export of telecommunications devices.* The White House announced the proposed expansion of authorizations related to telecommunications devices, including authorization for the commercial sale to Cuba of certain consumer communications devices, related software, applications, hardware and services, and items for the establishment and update of communications-related systems.

Further, U.S. telecommunications providers will be permitted to establish the necessary infrastructure in Cuba to provide commercial telecommunications and Internet services, a move that will improve telecommunications between the United States and Cuba.

### **State Sponsor of Terrorism Designation Review**

Cuba has been designated by the U.S. Department of State as a State Sponsor of Terrorism since 1982. Although the president has merely committed to a "review" of Cuba's State Sponsor of Terrorism designation, the removal of this designation would likely result in eased restrictions on U.S. exports to Cuba and other Cuba-related transactions.

### **Resumption of Diplomatic Relations**

The president announced that the United States and Cuba will begin discussions paving the way for the resumption of full diplomatic relations between the two countries, with a focus on coordination on matters such as migration, counternarcotics, environmental protection, and trafficking in persons. In addition, the president specifically announced plans to re-establish a U.S. embassy in Havana, and further announced his intent to work with the U.S. Congress in an effort to lift the embargo in its entirety.

Although the president's announcement appears likely to result in the lifting of many existing U.S. government restrictions on Cuba-related transactions, the administration has yet to issue any orders, regulations, or decrees giving official effect to these changes. Therefore, the current U.S. restrictions and prohibitions on transactions with Cuba and Cuban persons remain in place and unaltered pending further executive branch action in the coming weeks and months. Until the president and/or relevant executive branch agencies issue official authorizations or guidance in writing, all existing provisions of the U.S. embargo against Cuba remain fully in place. In addition, the changes to U.S. foreign policy toward Cuba that the Obama administration outlined yesterday have been met with opposition from several Senators and Members of Congress. The 115th Congress is scheduled to convene in January 2015 and how Congress will respond to these proposed changes remains unclear at this time. Congressional action on U.S. statutes governing relations with Cuba could potentially impact the administration's implementation of the changes announced yesterday. We will provide and issue additional Alerts and updates as soon as further information is available.

In the meantime, any U.S. person, entity, or non-U.S. subsidiary of a U.S. entity now engaged in any Cuba-related transactions should continue to follow all existing U.S. sanctions rules, regulations, and restrictions with respect to their Cuba activities. Finally, any U.S. persons, entities or non-U.S. subsidiaries of a U.S. entity should work closely with their export counsel before engaging in any new transactions or activities with Cuba or Cuban persons.

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