

## Practice Update

# New Channels of Economic Opportunity to Follow U.S.-Cuba Policy Changes

December 18, 2014

On December 17, President Obama announced sweeping changes to U.S.-Cuba policies that will usher in a new era in bilateral relations between the two countries. In the coming months, the United States will move to re-establish full diplomatic relations with Cuba for the first time since 1961.

“This is a real watershed moment and a new chapter in U.S.-Cuba relations,” said Pedro A. Freyre, chair of Akerman LLP’s International Practice. “The move away from a policy of isolation will create new channels of economic opportunity and humanitarian assistance for the Cuban people.”

Some of the announced changes include:

- Greatly expanded U.S. travel to Cuba across 12 broad license categories
- American citizens and organizations will be allowed to support Cuban businesses and small farmers through training, remittances, and limited exports to Cuba’s private sector
- U.S. financial institutions will be permitted to open correspondent accounts at Cuban financial institutions to facilitate the processing of authorized transactions (direct banking ties)
- U.S. manufacturers and exporters of residential construction materials may be authorized to export products to Cuba

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- U.S. credit and debit cards will be permitted for use by U.S. travelers to Cuba
- Commercial export of certain telecommunications and Internet communications technologies will be authorized
- U.S.-owned or controlled subsidiaries overseas will be allowed to provide services and engage in financial transactions with Cuban individuals and entities in third countries

While the president reiterated the White House's unwavering commitment to democracy, human rights, and civil society, he also stated that decades of U.S. isolation of Cuba have failed to accomplish the emergence of a democratic, prosperous, and stable Cuba and that it is time to chart a new course. "We cannot keep doing the same thing and expect a different result," said President Obama. "These 50 years have shown that isolation has not worked. It's time for a new approach...It does not serve America's interests, or the Cuban people, to try to push Cuba towards collapse."

From a practical standpoint, the federal agencies at the U.S. Treasury and Commerce departments charged with sanctions enforcement will now play a vital role in implementing the new White House policies. These agencies will issue rules and regulations in the coming weeks that will more clearly define the actual scope of permissible activities. None of the announced changes will take effect until the new regulations are issued. Akerman will monitor the situation carefully and provide sector-specific updates as developments occur.

### **About the Authors**

Pedro A. Freyre is chair of Akerman's International Practice. He is a nationally recognized authority on the U.S. Embargo on Cuba. Pedro advises U.S.-based companies on the types of business transactions that are legal in Cuba under the U.S. embargo, helps U.S. entities that are engaged in authorized activities in connection with entering the Cuban market, and

advises foreign entities that are involved in Cuba business on implications with U.S. law.

Augusto E. Maxwell is chair of Akerman's Cuba Practice and has travelled extensively to the island in representation of U.S. clients. He is a Lecturer of Law at Columbia University School of Law, where he co-teaches a seminar titled "Cuba: Law Policy and Transition."

Carlos E. Méndez-Peñate is co-chair of Akerman's Latin America & the Caribbean Practice and he focuses his practice on investing and financing matters in the region. In association with the Council of the Americas, Carlos is a regular participant in high-level delegations to Cuba during which economic reform and entrepreneurship issues are discussed with high-ranking Cuban government officials and foreign diplomats.

Matthew D. Aho is a government affairs professional who advises clients on the legal and regulatory framework of the U.S. embargo on trade with Cuba. He also provides market research, business intelligence, government affairs support, and overall project management for Cuba matters. (Not admitted to the practice of law.)

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