

U.S.-Cuba Trade and Economic Council, Inc.

New York, New York

Telephone (917) 453-6726 • E-mail: council@cubatrade.org

Internet: <http://www.cubatrade.org> • Twitter: @CubaCouncil

Facebook: www.facebook.com/uscubatradeandeconomiccouncil

LinkedIn: www.linkedin.com/company/u-s--cuba-trade-and-economic-council-inc-

Academics Are Wrong, NGO's Are Wrong. Don't Blame Representative Diaz-Balart, Blame Diaz-Canel-Valdes Mesa Administration And Biden-Harris Administration.

Once Again, Issues Relating To The Republic Of Cuba Are Not That Important- *And Whose Fault Is That?*

Cuba Is Not At A Tipping Point. The Country Has Always Been Near Capsizing. Always Taking On Water. Heaving. Yet, It Continues To Remain Afloat. Generally, Because Other Governments Save It From Sinking.

If the bilateral commercial, economic, financial, and political relationship, the landscape, for the government of the United States and the government of the Republic of Cuba were important, as some United States-based academics and United States-based non-governmental organizations (NGO's) and non-profit organizations maintain, then why would not members of the United States House of Representatives and members of the United States Senate object, seek to derail, or impede the recent effort by **Mario Diaz-Balart** (R- Florida, 26th District), a member of the United States House of Representatives?

The **Trump-Pence Administration** (2017-2021) was able to roll-up like a carpet some of the most visually significant and commercially, economically, financially, and politically impactful components of initiatives unfurled during the **Obama-Biden Administration** (2009-2017).

This was possible precisely because from 17 December 2014 through 20 January 2021 neither The White House nor first the **Castro-Machado Ventura Administration** (2008-2018) and then its successor the **Diaz-Canel-Valdes Mesa Administration** (2019-) provided the United States business community with any depth of re-engagement or engagement- everything authorized was superficial, meaning there was barely a commercial, economic, or financial root system to survive any effort to dislodge it.

Neither the Obama-Biden Administration, Castro-Machado Ventura Administration, nor Diaz-Canel-Valdes Mesa Administration fully embraced a meaningful presence in the Republic of Cuba for United States-based companies.

Imagery, yes. But, United States-based companies with thousands of employees in the Republic of Cuba, with hundreds of offices and operations in Republic of Cuba, that was too far. The White House never pressed the Palacio de la Revolucion. Even if it claims it did, the effort was unsuccessful.

Conveniently forgotten is a statement from the Senior Director- Western Hemisphere Affairs at the National Security Council (NSC) in The White House during the Obama-Biden Administration who infamously shared "*we have gone as far as we can go*" when defending authorizing United States-based financial institutions having operating accounts with Republic of Cuba-based financial institutions, but not permitting Republic of Cuba-based financial institutions from having operating accounts with United States-based financial institutions. Saying this while knowing doing so negated 100% of the value for the initiative for direct correspondent banking.

U.S.-Cuba Trade and Economic Council, Inc.

The **Biden-Harris Administration** (2021-) has provided substantive opportunities for individuals subject to United States jurisdiction and United States-based companies to re-engage and to engage with the re-emerging private sector within the Republic of Cuba.

Micro, small, and medium-sized enterprises (**MSMEs**) are also known as **PYMEs** (pequeñas y medianas empresas). There are a reported more than 10,000 registered in the Republic of Cuba, including some Republic of Cuba government-operated companies which have transformed into PYMEs.

- Authorized the Office of Foreign Assets Control (**OFAC**) of the United States Department of the Treasury to issue first license to a United States-based entity to deliver a direct investment in and provide direct financing to a PYME.

[With U.S. Government Authorization For First Direct Equity Investment Into A Private Company In Cuba, Here Is Important Context And Details. About The Parties; About The Message. May 16, 2022](#)

[Biden-Harris Administration Approves First Equity Investment Since 1960 In A Private Cuban Company May 10, 2022](#)

[Biden Administration Will Use Cuba's Authorization Of SMSE's As Means To Expand Support For Cuba Private Sector- U.S. Investments And Loans May Be Next June 02, 2021](#)

- Authorized the Bureau of Industry and Security (**BIS**) of the United States Department of Commerce to issue licenses to export vehicles (electric, hybrid, gasoline, diesel), motorcycles (electric, hybrid, gasoline, diesel), and scooters (electric, hybrid, gasoline, diesel) to PYMEs.

[First Tesla Model Y Vehicle Authorized By Biden-Harris Administration Scheduled For Delivery To A Cuban National. Maryland-Based Company Received First BIS License. November 30, 2023](#)

- Authorized the OFAC and BIS to issue licenses, and to use general license procedures to encourage product and service engagement with PYMEs. During the last two years there has been a substantial increase in the export of agricultural commodities and food products from the United States to PYMEs along with a substantial increase in machinery and other products whereby PYMEs are assembling, manufacturing, and producing products for sale within the Republic of Cuba and for export from the Republic of Cuba.

[List Of Every Product Exported From U.S. To Cuba In 2023. U.S. Ag Commodity/Food Exports Up 4.2%- Including US\\$5.4 Million In Coffee. US\\$24 Million To MSMEs Including US\\$8 Million In Vehicles. Feb 13, 2024](#)

Unfortunately, the Biden-Harris Administration and Diaz-Canel-Valdes Mesa Administration has adopted portions of the playbook from the Obama-Biden Administration which were the catalyst for enabling the carpet roll-up decisions by the Trump-Pence Administration. There are two decisions which are the most important- thus most egregious.

First, the government of the Republic of Cuba not yet publishing the regulations for a PYME to accept direct investment and direct financing from outside of the Republic of Cuba. Now, twenty-three months, nearing two years on 10 May 2024, and a PYME remains unable to cost-effectively, efficiently, officially, securely, and transparently receive a direct investment or receive direct

U.S.-Cuba Trade and Economic Council, Inc.

financing from the United States. A PYME can (and many do) continue to receive funds unofficially- meaning in violation of laws, policies, and regulations in the Republic of Cuba and potentially in violation of regulations in place by the BIS and OFAC. Until the government of the Republic of Cuba publishes regulations, interest by individuals subject to United States jurisdiction and United States-based companies will remain constrained, stunted, commercially constipated absent legal frameworks. *Why the delay by the government of the Republic of Cuba?* One theory is with the issuance of laws, policies, and regulations the process becomes institutionalized and thus more challenging to alter, criminalize, or rescind.

[Russian Foreign Minister Lavrov Today Visits Cuba. By Focusing Upon Expanding MSMEs, He Can Help Russia Make Money- And Help United States Capital Support MSMEs. Not A Perfect Alliance.](#) Feb 18, 2024

Second, the Biden-Harris Administration continually and inexplicably continues to grasp how requiring funds to be sent from the United States to the Republic of Cuba through a third country and requiring funds to be sent from the Republic of Cuba to the United States through a third country is detrimental to creating an efficient, normal, predictable, secure, and transparent commercial landscape. When a United States-based investor or United States-based company learns from the OFAC and BIS that to be paid- whether for an investment, loan, product, or service, particularly when the values are small, a third-country financial institution must be engaged- and must receive a fee, the *thermometer of interest* will quickly plunge from warm to freezing. There must be direct correspondent banking.

[State Department, NSC, OFAC, BIS, USDA Don't Understand Requirements For Financial Plumbing To Function Efficiently. They Excel In Creating, Maintaining, And Defending Clogs.](#) May 16, 2023

United States-based exporters increasingly report Republic of Cuba-based customers are seeking to finance purchases, particularly for durables, such as equipment and vehicles. For a commercial environment which includes the ability of customers to finance a purchase, the value of that commercial market increases exponentially.

However, the transaction costs are *prohibitive* when the amount of the payment (for example, monthly) is small- consider US\$100.00. As currently structured by the Biden-Harris Administration, that US\$100.00 would need to originate with a Republic of Cuba-based financial institution. Next, travel to a third-country-based financial institution. Then travel from that third-country-based financial institution to the United States-based financial institution and into the account of the United States-based exporter. The transaction fees for the three financial institutions involved in that US\$100.00 transfer could be near, at, or more than the value of the US\$100.00 transfer.

NOTE: Denver, Colorado-based **Western Union Company** (2023 revenue US\$4.36 billion) does manage electronic remittance transfers from the United States to the Republic of Cuba. However, the company does not permit commercial transfers. Essential for the BIS, OFAC, and United States Department of State to create a workable compliance regime within which Western Union would then process commercial transfers from the United States to the Republic of Cuba and from the Republic of Cuba to the United States. The use of Western Union for commercial transactions is NOT a viable replacement for direct correspondent banking as Western Union transaction costs can be substantially higher.

U.S.-Cuba Trade and Economic Council, Inc.

Returning to Representative Mario Diaz-Balart and his successful insertion into the recent statute governing the 2024 United States Government fiscal year.

- **H.R. 2822:** “*Further Consolidated Appropriations Act, 2024*”. Page 913 (Of 1,012) “LATIN AMERICA AND THE CARIBBEAN SEC. 7045. (d) CUBA DEMOCRACY PROGRAMS.— Funds appropriated by this Act under the heading “Economic Support Fund” and made available for democracy programs in Cuba may not be made available for business promotion, economic reform, entrepreneurship, or any other assistance that is not democracy building as expressly authorized in the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 and the Cuban Democracy Act of 1992.” *LINK To Complete Text In PDF FORMAT*

U.S. Department Of State US\$400,000.00 “Priority Program” To Support Re-Emerging Private Sector In Cuba; Includes “Shark Tank Style” Recruitment. Does Not Resolve Primary Problem.
Mar 9, 2024

- Associated Press (2 July 2023): “Benjamin Ziff, Charge d’Affaires at the United States Embassy in Cuba, dismisses claims that the administration has implemented few changes. He pointed to the resumption of some flights and the sending of remittances, as well as a slew of educational and religious exchanges between both nations. The embassy’s business training classes, while a small measure to boost the private sector, was one of them. “Cuba’s future lies in its private sector and those who say it is a necessary evil are completely wrong,” Ziff said in an interview. “It is an increasingly necessary good for the well-being of the people.”

Had the Diaz-Canel-Valdes Mesa Administration and Biden-Harris Administration completed their two most important tasks, **1)** issuing regulations for the delivery of direct investment and direct financing, and **2)** authorizing direct correspondent banking, respectively, the commercial landscape would have been more resilient, deeper, with more roots. Potentially, there would have been a member of the United States Congress who would have objected, successfully, to the adoption of Section 7045 (d).

Again, the commercial landscape was rolled-up like a carpet.