

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

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First *Tesla Model Y* Vehicle Authorized By Biden-Harris Administration Delivered To A Cuban National

2021 Tesla Model Y Long Range 4-Door Sport Utility Vehicle (SUV) With All Wheel Drive (AWD) With 317 Mile Range And One *Tesla* Wall Connector Gen 3 (208/240V)

Landed *2021 Tesla Model Y* Cost US\$38,850.00

Transported From Port Everglades, Florida, By Crowley Shipping

The *Tesla* Will Reside At A Private Residence In Havana

On 22 November 2023 at Port Everglades in the State of Florida, a *2021 Tesla Model Y* was loaded onto a container vessel operated by Jacksonville, Florida-based **Crowley Holdings, Inc.** (2022 revenue US\$2.2 billion) for its journey to Port Mariel, approximately thirty miles from the City of Havana, Republic of Cuba.



- Import duty for an electric vehicle to the Republic of Cuba is based upon the value of the landed electric vehicle. If the purchaser is a Micro, Small, or Medium-size Enterprise (MSME), the duty is 21%. If the purchaser is an individual, the duty is 42%.
- Import duty for a gasoline-powered vehicle to the Republic of Cuba is based upon difference between the value of the landed vehicle and the resale value of the landed vehicle in the Republic of Cuba marketplace, with the difference multiplied by 32%. For example, if the gasoline-powered vehicle landed valued of US\$20,000.00 and the resale value in the

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- Republic of Cuba marketplace is US\$70,000.00, then the purchaser in the Republic of Cuba would pay 32% on the difference of US\$50,000.00, which is US\$16,000.00. Thus, the import duty equates in this example to 80% of the vehicle landed value. The resale value of the landed vehicle is determined by *La Aduana General de la Republica de Cuba*.

This purchase represented the first delivery of a vehicle manufactured by Austin, Texas-based **Tesla, Inc.** (2022 revenue US\$81 billion) from the United States to the Republic of Cuba authorized by a license issued to Colombia, Maryland-based **Premier Automotive Export, Ltd.** (PAE) from the Bureau of Industry and Security (**BIS**) of the United States Department of Commerce.

The Special Event Invitation: “John Felder, Founder and Chief Executive Officer of Colombia, Maryland-based **Premier Automotive Export, Ltd.** (PAE) has the honor of inviting you to a documentary premier “*Driving Towards Change*” that tells the story of my fifteen-year journey to become the first recipient of a license from the United States government to sell electric vehicles to Cuba. At the event, we will also showcase the first *Tesla* vehicle delivered to Cuba from the United States. This two-hour event will be at 2:00 pm on Friday, 1 December 2023, at the **2.45 Bar-Restaurante** (Calle 46 & 5ta A La Hababa, Cuba). International Jazz Artist, Chuck Holden will be performing at the event with a trio of Cuban musicians.”

During the **Obama-Biden Administration** (2009-2017) and then during the **Trump-Pence Administration** (2017-2021) PAE was awarded the first two licenses from the BIS to export electric vehicles and electric vehicle charging stations from the United States to the Republic of Cuba. Exports to the United States Embassy in the city of Havana, Republic of Cuba, were specifically authorized by the second license. PAE has received five BIS licenses since 2017 including the first BIS license to export an electric vehicle to an embassy located in the Republic of Cuba.

On 17 November 2022, the **Biden-Harris Administration** (2021-) approved a license application submitted on 22 October 2022 by PAE to the BIS to export electric vehicles and chargers to republic of cuba nationals with the “*ULTIMATE CONSIGNEE: Privately owned companies in the Republic of Cuba owned by Cuba Nationals.*” The BIS license is valid until 30 November 2026.

- “1. The items must be used to meet the needs of the Cuban people. 2. The items are not for resale to the Cuban government, or Cuban Government officials. 3. The items may not be reexported from Cuba to any other destination. 4. The items may not be used to enable or facilitate the export of goods or services from Cuba that primarily generate revenue for the Cuban government.”

On 28 September 2022, the BIS issued a license to PAE for the export of electric scooters and electric bicycles to Republic of Cuba nationals and to MSMEs.

- LINK: [Home Delivery For Electric Scooters To Cuba: As Biden-Harris Administration Expands U.S. Export Opportunities, A U.S. Company Responds Quickly To Customer Requests. Next Correspondent Banking? December 04, 2022](#)
- LINK: [Ten Months After Denial, Biden-Harris Administration Approves Exports Of Electric Motorcycles, Electric Scooters To Cuba Nationals And To Privately-Owned Companies In Cuba October 05, 2022](#)

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On 15 December 2021, the BIS denied a license application submitted on 30 September 2021 by PAE to export electric vehicles and chargers to republic of cuba nationals. From the license application: *“Specific End Use- Ordinary Cuban Nationals would be the specific End User and purchasing electric vehicle for their own personal transportation.”*

- From BIS: *“There is a general policy of denial for exports and reexports to Cuba of items subject to the EAR, as described in Section [746.2\(b\)](#) of the EAR. However, there are exceptions to the general policy of denial, some of which are listed below: ... Items necessary for the environmental protection of U.S. and international air quality, waters and coastlines, including items related to renewable energy or energy efficiency, are generally approved.”*
- A license exception is a general authorization to export or reexport certain items without a license under stated conditions. Only the license exceptions, or portions thereof, listed [Section 746.2\(a\)\(1\) of the EAR](#) are available for Cuba.... Support for the Cuban People: License Exception Support for the Cuban People (SCP) *“§ 740.21 Support for the Cuban People (SCP). (a) Introduction. This License Exception authorizes certain exports and reexports to Cuba that are intended to support the Cuban people by improving their living conditions and supporting independent economic activity; strengthening civil society in Cuba; and improving the free flow of information to, from, and among the Cuban people. (b) Improving living conditions and supporting independent economic activity..... (1) Items for use by the Cuban private sector for private sector economic activities... (2) Items sold directly to individuals in Cuba for their personal use or their immediate family's personal use,”* [LINK](#)

NOTE: On 24 January 2022, John Felder wrote to **Brian Nichols**, Assistant Secretary of State for Western Hemisphere Affairs, United States Department of State. Excerpts: “I am writing you today to obtain authorization for my company to donate to the United States Department of State four (4) electric vehicle (EV) chargers for use at the Embassy of the United States in the city of Havana, Republic of Cuba, and for use at the Residence of the United States Ambassador in the city of Havana, Republic of Cuba. My company would also coordinate the installation if beneficial to expediting the process.... I previously received from the Embassy of the United States in the Republic of Cuba an inquiry about sourcing an electric vehicle.” There has yet to be a response from the United States Department of State despite several follow-up communications.

Eleven Months After Denial, Biden-Harris Administration Approves Four-Year License To Export Electric Vehicles To Micro, Small & Medium-Size Enterprises (MSME's) In Cuba

Original BIS License Application Background

**United States Department of Commerce- Bureau of Industry and Security, Office of Nonproliferation and Treaty Compliance- Foreign Policy Division
Washington DC- 10 November 2021**

“The Department of Commerce intends to deny the application referenced above. We are taking this action pursuant to Section 1756(a)(2) of the Export Control Reform Act of 2018 (ECRA) and in accordance with Part 750.6(a) of the Export Administration Regulations (EAR). The Department of Commerce believes that denial of this application furthers the United States policy in Section 1752(1)(B) of the ECRA, “to restrict the export of items if necessary to further significantly the foreign policy of the United States.” We have reviewed your license application

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to export electric vehicles to Empresa Logistica Palco for resale to the general population in Cuba. Interagency reviewers have determined that your proposed transaction would be detrimental to U.S. foreign policy interests due to an unacceptable risk of diversion to unauthorized end uses and/or end users that primarily generate revenue for the state (including uses in the tourism industry).”

“The attached application is rejected pursuant to Section 1756(a)(2) of the Export Control Reform Act of 2018 (ECRA), as amended, and paragraph 750.6 of the Export Administration Regulations. The U.S. Government has concluded that the export would be detrimental to U.S. foreign policy interests. Please refer to the attached official intent to deny letter dated November 10, 2021 for details regarding this denial. If you wish to rebut the intent to deny, a work item has been sent via SNAP-R that will allow you provide a rebuttal.”

**United States Department of Commerce- Bureau of Industry and Security, Office of Nonproliferation and Treaty Compliance- Foreign Policy Division
Washington DC- 15 December 2021**

“This application [500- Nissan Leaf Electric Vehicle value US\$17,500,000.00] is denied pursuant to Section 1756(a)(2) of the Export Control Reform Act of 2018 and Section 750.6 of the Export Administration Regulations. The Department of Commerce, in consultation with other U.S. Government agencies, has concluded that this export would be detrimental to U.S. foreign policy interests. Refer to the formal intent to deny letter for details regarding this denial.”

Recent Administration Policy Changes Background And Issue With Payments

The Biden-Harris Administration policies and regulations have, thus far, focused upon providing connective and re-connective opportunities to the re-emerging private sector in the Republic of Cuba.

The remaining challenge to transition Biden-Harris Administration policies from aspirational to operational is recreating a cost-efficient, timely, transparent, and secure mechanism to move funds from the United States to the Republic of Cuba and from the Republic of Cuba to the United States through the authorization of direct correspondent banking.

On 10 May 2022, the OFAC issued a license authorizing direct investment in and direct financing to a privately-owned company located in the Republic of Cuba owned by a Republic of Cuba national. Investment funds and dividends, and financing funds and interest/interest/principal payments must currently be transferred through financial institutions located in third countries.

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

The issuance of the licenses in May 2022, September 2022, and November 2022 by the OFAC and BIS will result in two-way transfers that are small in value but consistent. Privately-owned companies located in the Republic of Cuba sending dividend (profit sharing) payments to the source(s) of direct investment and sending interest and principal payments for direct

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financing. Republic of Cuba nationals and privately-owned companies located in the Republic of Cuba sending payment(s) for the purchase of an electric vehicle.

From John Felder, Founder and Chief Executive Officer of PAE, *“Essential for the OFAC to authorize direct correspondent banking so payments for electric vehicles may be transferred by citizens of Cuba with the least amount of cost, least amount of effort, least amount of time, most amount of security, and most amount of transparency. Payments should not need to move through third-country banks. Support two-way transactions rather than three-way transactions.”*

Potential customers of PAE have inquired about installment payments for the purchase of EVs. As monthly payments would be minimal in value, the cost for sending the funds through a third country financial institution would be larger than the installment amount. Flexibility to provide installment payments will further enhance the cashflow of an MSME and further connect the MSME with the United States-based company.

A significant transaction hurdle remains receiving payments in the United States from Republic of Cuba nationals residing in the Republic of Cuba who are restricted in the amount of Cuban Pesos they may exchange for convertible currencies, including United States Dollars and Euros.

The OFAC authorizes United States financial institutions to have correspondent accounts with Cuba-based financial institutions.

The decision by the Obama-Biden Administration not to authorize Republic of Cuba-based financial institutions to have correspondent accounts with United States-based financial institutions never made sense- the marketplace, meaning United States-based financial institutions and their customers should determine if they want to engage in direct correspondent banking. As written, the OFAC regulations today do not provide United States companies with a viable mechanism to avoid the use (and delay and expense) of third-country financial institutions to send or receive authorized payments. *Why one way, but not both ways?*

The use of correspondent accounts is particularly critical to the re-emerging private sectors in Cuba as represented by MSMEs.

The current requirement to move funds from the Republic of Cuba and to the Republic of Cuba through third-country financial institutions is inefficient, not transparent, and expensive- especially when considering that MSME transactions are often small which makes the fees far more onerous as a percentage of the total transaction. This is true for vehicles and vehicle parts.

There are discussions within the BIS, OFAC, and United States Department of State to authorize Republic of Cuba-based financial institutions to have correspondent accounts with United States-based financial institutions which would then permit the efficient, transparent, and cost-effective movement of funds for authorized transactions.

- [Facing Extinction Like Javan Rhino? Non-U.S. Banks Engaging With U.S. And Non-U.S. Entities For Authorized Transactions Involving Cuba Due To Risk Of OFAC Penalties. Since 2015, Only Two U.S. Banks. October 17, 2022](#)
- [US\\$4.4 Billion Potential Reasons For U.S. Banks To Ignore Biden Administration Requests To Support Private Sector In Cuba. OFAC Again Swings Mightily Its Sword of Damocles. Nov 7, 2023](#)

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PAE BIS License History

PAE has received five licenses from the BIS for the export of vehicles (gasoline and electric) to the Republic of Cuba, including for use by embassies. The first BIS license was issued during the Obama-Biden Administration (2009-2017), the second BIS license was issued during the Trump-Pence Administration (2017-2021), and the third, fourth, and fifth BIS licenses were issued during the Biden-Harris Administration (2021-).

From the BIS: “There is a general policy of denial for exports and reexports to Cuba of items subject to the EAR, as described in Section 746.2(b) of the EAR. However, there are exceptions to the general policy of denial, some of which are listed below: ... **Items necessary for the environmental protection of U.S. and international air quality, waters and coastlines, including items related to renewable energy or energy efficiency, are generally approved.**”

- BIS License D1297862 (11/17/22- 11/30/26)- Electric vehicles and chargers to republic of cuba nationals with the “ULTIMATE CONSIGNEE: Privately owned companies in the Republic of Cuba owned by Cuba Nationals.”
- BIS License D1290656 (9/28/22-9/30/26)- Electric scooters and electric bicycles to individuals of Cuban descent and to Micro, Small and Medium-Size Enterprises (MSMEs) in the Republic of Cuba owned by Republic of Cuba nationals.
- BIS License D1267261 (1/24/22-1/31/26)- Sales only to embassies. Automobiles: Gasoline powered, Pickup trucks with ICE, Electric or Hybrid Engines. Options to include 4x4, 2 or 4 door cab.
- BIS License D1166163 (7/3/19-7/31/23)- Sales only to embassies. Forty-one (41) different parts for gasoline powered vehicles.
- BIS License D1076571 (1/9/17-1/31/21)- To export Nissan Leaf electric vehicle and Clipper Creek level II 40-amp electric charger with J-1772 universal charging connector to embassy of Guyana in Havana, Republic of Cuba.
- BIS License Exception (2017/2018)- Four (4) electric scooters. A license exception is a general authorization to export or reexport certain items without a license under stated conditions. Only the license exceptions, or portions thereof, listed Section 746.2(a)(1) of the EAR are available for Cuba.... Support for the Cuban People: License Exception Support for the Cuban People (SCP) “§ 740.21 *Support for the Cuban People (SCP)*. (a) *Introduction. This License Exception authorizes certain exports and reexports to Cuba that are intended to support the Cuban people by improving their living conditions and supporting independent economic activity; strengthening civil society in Cuba; and improving the free flow of information to, from, and among the Cuban people.* (b) *Improving living conditions and supporting independent economic activity.... (1) Items for use by the Cuban private sector for private sector economic activities... (2) Items sold directly to individuals in Cuba for their personal use or their immediate family's personal use,”*

PAE-Related Analyses Links

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[Biden-Harris Administration Re-Engagement With Cuba's Re-Emerging Private Sector Brings Urgency To Re-Authorization Of Direct Correspondent Banking, U-Turn Transactions. One-Way Does Not Work. October 06, 2022](#)

[Ten Months After Denial, Biden-Harris Administration Approves Exports Of Electric Motorcycles, Electric Scooters To Cuba Nationals And To Privately-Owned Companies In Cuba October 05, 2022](#)

[BIS "Returned Without Action" License Application To Donate EV Chargers To U.S. Embassy In Havana Because "Ultimate Consignee" Cancelled Transaction March 07, 2022](#)

[U.S. Department Of State Appoints "Chief Sustainability Officer"- Mandate Text Includes Focus On "Electrifying Fleet" And "Host Partners" Does This Mean EVs For Cuba? President Biden Supports? February 10, 2022](#)

[While Promoting EV Use In The United States, Biden-Harris Administration Refuses To Permit Exports Of EVs To Cuba For Use By Re-Emerging Private Sector- And U.S. Embassy In Havana Does Not Want One. February 08, 2022](#)

[Surprise Decision: Biden-Harris Administration Renews Trump-Pence Administration License To Export EVs To Embassies In Cuba. Company Offers To Donate EV Chargers To U.S. Embassy/Ambassador Residence January 25, 2022](#)

[President Biden Rejects BIS License Application To Export Electric Vehicles/Chargers To Cuba's Self-Employed, MSME's. Reversal Of "General Policy Of Approval." President Trump Authorized EV Exports. December 20, 2021](#)

[Beginning Today Residents Of Cuba May Purchase And Install Residential Solar Systems. Cost 55,000.00 Pesos \(US\\$2,300.00\). Call 7833-3333. November 04, 2021](#)

[Cuba Has Nickel And Cobalt. Vehicle Electric Batteries Use Nickel And Cobalt. Cuba Should Benefit. September 25, 2021](#)

[Cuba Owes Partner Canada's Sherritt International Corporation Tens Of Millions Of US Dollars. But, Both Cuba & Patient Company \(And Shareholders\) Anticipate Profitable Role With Electric Vehicles. July 03, 2021](#)

[Restriction On Sale Of Premium Gasoline May Benefit Electric Vehicles & Solar Panels; Embassies Concerned. April 07, 2017](#)

[Florida Company Receives License To Export Electric Vehicles To Cuba; Charging Stations From New Jersey-Based Company. January 25, 2017](#)

[Florida Company Receives License To Export Electric Vehicles To Cuba; Charging Stations From New Jersey-Based Company January 25, 2017](#)

LINKS TO RELATED ANALYSES

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Is EV Data Really SCI? If U.S. Department Of State Wants U.S. Companies To Shift From Incredulousness To Embracing, Then Be Practical And Transparent Rather Than Secretive And Woefully Unprepared May 29, 2023

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

Biden-Harris Administration Issues Third Known BIS/OFAC License Authorizing Vehicle Exports From U.S. To Cuba. Payments Still Must Move Through Third Countries. May 12, 2023

Cuba Reports Creation Of 294 New MSMEs. 3.7% Are Government-Operated Companies Becoming "Private" Companies. May 10, 2023

Why Is One-Year Anniversary Of Biden-Harris Administration Approving First Investment/Financing To Private Company In Cuba A Disappointment? Cuba Has Not Published Regulations For Delivering It. May 9, 2023

Why Do U.S.-Based Financial Institutions Avoid Cuba? OFAC Uses 54 Pages To Describe "De-Risking" Reasons. Irony? They Lament The Impact Of Their Decisions. Then Why Create Them? May 7, 2023

Logic From U.S. Department Of State: If We Permit It, Cuba Might Not Use It, So We Won't Permit It. And, Yes, No One Asked Cuba. And, No One Asked U.S. Banks, Companies. May 1, 2023

Biden-Harris Administration Approves Second Known License For A U.S. Company To Export Vehicles And Equipment To Private Companies In Cuba. Payment? That Remains A Problem. OFAC Doesn't Care. Apr 29, 2023

Cuba "Streamlining" Approval Process For Agriculturally-Focused Economic Associations With Foreign Capital. Still No Regulations For U.S.-Sourced MSME Private-Sector Foreign Investment/Financing Apr 27, 2023

Cuba Seeking Investors, Financing For State-Owned Companies. U.S. Entrepreneurs Waiting Since May 2022 For Cuba Regulations To Deliver Investment And Financing To Private Companies In Cuba Apr 27, 2023