

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

New York, New York

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

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

Facebook: [www.facebook.com/uscubatradeandeconomiccouncil](https://www.facebook.com/uscubatradeandeconomiccouncil)

LinkedIn: [www.linkedin.com/company/u-s--cuba-trade-and-economic-council-inc-](https://www.linkedin.com/company/u-s--cuba-trade-and-economic-council-inc-)

## **President Trump Deserves Opportunity To Right An Obama Administration Wrong Support SFTCP With DCB A Syringe That Six Members Of Congress Should Prefer OFAC And Banks Would Benefit**

With the publication of regulations on 8 November 2017, the Trump Administration removed, revised, reversed and left undisturbed Republic of Cuba-related initiatives.

For United States companies, and for individuals subject to United States jurisdiction seeking commercial connectivity with entities (government and non-government) in the Republic of Cuba, the Trump Administration has expanded one crucial, but often neglected and underappreciated component of engagement established during the Clinton Administration and continued through the Bush Administration and Obama Administration.... Support for the Cuban People (SFTCP).

The government of the Republic of Cuba detests this component as its primary objective, cloaked in a non-too-obvious manner by the government of the United States, is disruption, dismantling and destruction of existing commercial, economic and political (infra)structure of the Republic of Cuba.

However, the government of the Republic of Cuba, when discerning opportunity and leverage, accepts SFTCP when perceiving that SFTCP serves value; this does not indicate that the government of the Republic of Cuba is correct in their assumption, it's their perception.... and that matters.

For example, introducing private ownership of paladars (restaurants), self-employed categories (extremely limited to date), roles for shareholder-owned cooperatives, services provided using platforms created by San Francisco, California-based **Airbnb**, expanding availability of wireless technologies (and access to social media platforms) each has connectivity to elements of goals for SFTCP. *Note:* Last week, Republic of Cuba government-operated ETECSA announced that international texting has become operational at US\$.60 per message.

No rational individual should be offering a *high-five* to the government of the Republic of Cuba for these decisions, but there need be an acknowledgement of their significance and usefulness-although there will be debate as to the reasons for the actions.

For the six (6) **Members of the United States Congress** who are of Cuban descent, three in the United States Senate and three in the United States House of Representatives, SFTCP, while not ideal in terms of desired goals achieving desired objectives in a timely manner, is the most visible and probative *syringe* by which to penetrate the Republic of Cuba.

SFTCP doesn't work singularly; it's designed to impact the governmental immune system over time- *puncture by puncture*.

Which brings about the necessity for a change in regulation (actually adding the 50% that the Obama Administration failed to include) relating to sending/receiving funds which will positively

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impact SFTCP and, with added benefit to the Trump Administration, is a regulation the Obama Administration failed to grasp and then change (*factually, they permitted 50%, but without the other 50% their action amounted to 100% of nothing*)- to the detriment of providing opportunities for the 11.3 million residents (or hostages as some Members of Congress would define them) of the Republic of Cuba.

The government of the Republic of Cuba permits, on a selective basis (meaning there is opportunity for expansion), individuals and entities to have accounts at Republic of Cuba government-operated financial institutions.

Through these accounts, individuals and entities can be permitted to send and receive funds relating to their operations.

The owner of a paladar (restaurant), owner of an Airbnb property, an artist/musician, a cooperative (coffee/charcoal, etc.), should have the means to send funds securely, efficiently and transparently directly from Havana to the United States for purchases of items necessary for their businesses; and the importation of agricultural commodities, food products and healthcare products from the United States would also be advantaged.

One slight imperfection to this calculus: The Obama Administration, without explanation, did permit United States-based financial institutions to have accounts at Republic of Cuba government-operated financial institutions.

However, the Obama Administration did not permit Republic of Cuba government-operated financial institutions to have accounts with United States-based financial institutions. Thus, no applicable **direct correspondent banking (DCB)**.

Without an addition to this regulation, the payment process for funds from the United States to the Republic of Cuba and from the Republic of Cuba to the United States remains triangular rather than a straight line- which would be more efficient, more timely (same day versus two or more days), and less costly.

In 2015, the Obama Administration authorized Pompano Beach, Florida-based **Stonegate Bank** (2017 assets approximately US\$2.5 billion) to have an account with Republic of Cuba government-operated Banco Internacional de Comercio SA (BICSA). There is also Republic of Cuba government-operated Banco Financiero Internacional SA (BFI) which handles international payments. Unfortunately, because BICSA (and BFI) are not permitted to have an account with Stonegate Bank, funds have been sent and received through Panama City, Panama-based **Multibank**, which has extensive dealings with the Republic of Cuba.

Since December 2001, the Republic of Cuba has transferred **US\$5.4 billion** to United States-based companies for the purchase of agricultural commodities, food products and healthcare products; approximately US\$180 million went to third-country financial institutions (primarily on the European Continent) to process those payments.

Additional effort. Additional time. Additional expense. And, additional reasons for the government of the Republic of Cuba to avoid United States-based companies.

What the Obama Administration asked: *Applaud us for authorizing funds to be sent to the Republic of Cuba... never mind that we won't authorize those funds to arrive to the Republic of Cuba. But,*

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*please remember to applaud us for our legacy-building efforts. That was commercial malpractice.*

Officials of the Obama Administration often spoke of “*planting seeds*” which is political code for absolving them of accountability within their term in office.

By permitting direct correspondent banking and thus completing the commercially critical pathway that the Obama Administration was incapable of comprehending, the Trump Administration would be creating additional pressures upon the government of the Republic of Cuba by encouraging the transformation of the self-employed from optically beneficial to materially impactful, and thus furthering the disruption of the status quo in the Republic of Cuba. Another puncture, but perhaps larger in diameter.

*Direct correspondent banking is not a provision of credit, of payment terms. Rather, it reduces the time between when the sender sends and the receiver receives.*

Not permitting direct correspondent banking was just one of too many areas of neglect (certified claimants, only coffee (Nespresso) and charcoal (Fogo), continued restrictions upon international financial transactions, etc.) by the Obama Administration relating to the implementation of rules, regulations and policies that would have provided additional means for United States companies engage with the Republic of Cuba and to specifically use SFTCP as a means for that engagement.

Direct correspondent banking will also permit authorized purchasers in the Republic of Cuba to transmit payments directly to United States companies for the products (including high-priced durable equipment) and services they provide by statute and by executive branch decision. A piece of farm equipment awaiting export has languished in Alabama since 2016.

That means more revenues for individuals and companies in the United States- and hopefully additional employment opportunities throughout the United States for those exporters. Thus, the cost to import and the cost to export will be reduced; and this will benefit importer and exporter. *The Trump Administration appreciates the necessary arithmetic.*

The government of the Republic of Cuba may not happily digest the merits of direct correspondent banking and its relativeness to SFTCP; that doesn't matter. If accepted terrific. If not, one less impediment to the bilateral relationship will be functional for future use.

For Members of Congress seeking more, they need be practical rather than aspirational, or delusional; there will be no expansionary legislation becoming law without substantive commercial, economic and political changes to the Republic of Cuba. The focus should be upon making existing regulations workable.

Direct correspondent banking strengthens SFTCP opportunities by ensuring accountability, transparency, flexibility, and recourse that third-party, often cash transactions, lack.

These benefits are what financial institution executives seek as do attorneys and policy makers at the United States Department of the Treasury, United States Department of Commerce, United States Department of State, United States Department of Defense, Federal Reserve and Securities and Exchange Commission (SEC).