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## **Trump Administration Encouraged To Require U.S. Companies Operating In Cuba To Directly Pay Cuban Employees In Convertible Currency**

### **If implemented, Equipment Distributors, Airlines, Cruise Lines, Travel Agents & Hotel Management Companies Would Be Impacted**

### **Would Cuba Suspend U.S. Companies- And Hundreds Of Millions Of Dollars In Revenue?**

Members of the United States Congress and officials within the Trump Administration are discussing whether to require United States companies who directly or indirectly employ Republic of Cuba nationals in the Republic of Cuba to make salary payments in convertible currency directly to those individuals rather than through a Republic of Cuba government-operated entity.

The primary reasoning is if the companies earn convertible currency, their employees should earn convertible currency. Among United States companies with a presence in the Republic of Cuba who could be impacted include:

**ABC Charters (Miami, Florida)**  
**American Airlines (Chicago, Illinois)**  
**Carnival Cruise Lines (Miami, Florida)**  
**Cuba Travel Services (Cypress, California)**  
**Delta Air Lines (Atlanta, Georgia)**  
**JetBlue Airways (Long Island City, New York)**  
**Marriott International (Bethesda, Maryland)**  
**Norwegian Cruise Lines (Miami, Florida)**  
**RIMCO (San Juan, Puerto Rico; Caterpillar distributor)**  
**Royal Caribbean Cruise Lines (Miami, Florida)**  
**United Airlines (Chicago, Illinois)**

The government of the Republic of Cuba has experience with not directly first receiving payments to Republic of Cuba nationals. Owners of properties in the Republic of Cuba registered with San Francisco, California-based **Airbnb** receive U.S. Dollars, Euros, CUCs (Convertible Pesos) and other currencies directly, without the government of the Republic of Cuba first receiving the funds and then distributing the funds to the owners of the properties, although the government of the Republic of Cuba has considered implementing a first-capture mechanism.

There is confidence by advocates for the policy change that they can withstand any pressure from United States companies with a presence in the Republic of Cuba. According to one advocate, *“If we can shift even one company to making payments directly, that could permit other governments to pressure their companies operating in Cuba to do the same; a desired result would be squeezing out the military from what should be a civilian-led economy to empowering Cuban employees to demand salaries in the same currencies earned by the companies.”*

Another advocate added, *“American, United, Jet Blue, Delta, Caterpillar, Marriott and the cruise lines all receive U.S. Dollars or other convertible currencies as revenue. Why shouldn’t Cubans working as ticket agents, baggage handlers, salesmen and saleswomen, service technicians, tour guides, tour bus drivers, housekeepers and front desk workers also earn U.S. Dollars or convertible currencies... and be paid directly by those multinational companies? Isn’t that setting a better example? Wouldn’t the companies benefit by a better-paid workforce and a happier workforce?”*

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United States companies will submit they are abiding by the laws and regulations of the government of the Republic of Cuba, contracting with Republic of Cuba government-operated entities for the employment of Republic of Cuba nationals. They will submit they make fair-market payments in convertible currency for the monthly salaries of Republic of Cuba nationals they directly and/or indirectly employ. They will submit they have received licenses from the Office of Foreign Assets Control (OFAC) of the **United States Department of Treasury** and/or the Bureau of Industry and Security (BIS) of the **United States Department of Commerce** and/or approval from the Office of the Legal Advisor (OLA) at the **United States Department of State** to engage in their respective operations- and have done so under the Obama Administration and thus far under the Trump Administration.

**NOTE:** Licenses from the OFAC and BIS and approval from the OLA may be reviewed and altered at any time if the license is deemed no longer consistent with United States policy.

Currently, companies with operations in the Republic of Cuba who employ a Republic of Cuba national generally make payment to a Republic of Cuba government-operated entity in convertible currency and the Republic of Cuba national receives a non-convertible Peso.

An example: a company wants to employ a Republic of Cuba national and the position would pay US\$500.00 per month, the company would pay a Republic of Cuba government-operated entity US\$500.00 (or 500.00 CUCs- Convertible Pesos with or without a 10% currency exchange fee implemented in 2004) which would then pay the Republic of Cuba national 1,000 Pesos. One CUC is worth approximately 25 Pesos, so 500 Pesos is worth approximately US\$20.00. The government of the Republic of Cuba retains approximately US\$480.00. Within the Mariel Special Economic Development Zone (**ZED Mariel**) companies have increased salary flexibility; the US\$500.00 per month could equate to 5,000 Pesos to the Republic of Cuba national. Joint Ventures also have increased salary flexibility.

**Marriott International** would be the most impacted company as it has a management contract (since 2016) for the 186-room Four Points By Sheraton Havana.

The property is owned by Republic of Cuba government-operated Gaviota which is a subsidiary of the Enterprise Administration Group (**GAESA**) which is controlled by the Revolutionary Armed Forces of the Republic of Cuba (**FAR**). GAESA has a substantial role throughout the economy of the Republic of Cuba with a specific focus upon hospitality, transportation and infrastructure.

Marriott International previously announced that the company would commence in December 2019 (delayed without reason from December 2016) management of the 83-room Hotel Inglaterra, also owned by Gaviota.

The Four Points By Sheraton Havana reportedly has approximately **300** employees who are Republic of Cuba nationals. The Hotel Inglaterra reportedly has approximately **150** employees who are Republic of Cuba nationals.

<https://www.cubatrade.org/blog/2017/5/10/starwoodmarriott-now-reporting-36-month-delay-to-manage-hotel-inglaterra-no-reasons-provided?rq=Marriott>

United States airlines would also be substantially impacted as they contract for ticket agents (through Republic of Cuba government-operated Havanatur) at five (5) ticket offices within the city of Havana, Republic of Cuba and gate agents, ground handlers, and aircraft maintenance personnel at airports throughout the Republic of Cuba through Republic of Cuba government-operated Empresa Cubana de Aeropuertos y Servicios Aeronauticos (ECASA).

United States cruise lines would be impacted as they contract for ground transportation and tour guides with Havanatur and Gaviota for hundreds of thousands of passengers who visit the Republic of Cuba.

Caterpillar dealer RIMCO is located in ZED Mariel, so Republic of Cuba nationals employed by the company may have a higher monthly salary than Republic of Cuba nationals employed by companies outside of the ZED Mariel.