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# Hughes Hubbard & Reed

## New Restrictions on Cuban Travel, Hotels, Cigars, and Rum

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Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership  
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

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**September 28, 2020** – On September 23, 2020, the Trump Administration announced new restrictions on Cuba, continuing its reversal of Obama Administration relaxation of the U.S. embargo against the island country. The newly amended Cuban Assets Control Regulations (“CACR”), which took effect on September 24, 2020, provide for restrictions on specific categories of authorized travel to Cuba, a new prohibition on certain lodging, and stricter sanctions on Cuban alcohol and tobacco. The changes represent the latest moves by the Trump Administration to pull back from Cuba engagement and tighten U.S. sanctions. The U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”) has also published new FAQs regarding these restrictions, available at this [link](#).

### Overview of the Amendments

#### *Restrictions on categories of authorized travel*

First, the Trump Administration is restricting certain categories of travel to Cuba previously authorized by the Obama administration. The rollback is meant to cut back on the individual people-to-people exchanges that had been authorized pursuant to the Obama-era regulations. In particular, the amendments will prohibit U.S. persons from organizing and attending professional meetings, but will keep in place the authorization for conducting professional research. U.S. persons may no longer travel to Cuba for this purpose except on a case-by-case basis as authorized by OFAC. The amendments also restrict travel to Cuba for public performances, clinics, workshops, athletic competitions, and exhibitions without a specific OFAC license. There is an exception that remains in place for amateur and semi-professional athletic teams.

#### *Prohibition on lodging owned by the Cuban government*

Second, the amendments will prohibit Americans from making reservations or paying for lodging at any property owned or controlled by the Cuban government, as determined by the Secretary of State. This provision is interpreted broadly to include the Cuban government itself, prohibited government officials, members of the Communist Party of Cuba, and even close relatives of the foregoing categories of persons. The Trump

Administration previously prohibited lodging in hotels with links to the Cuban military, but this amendment broadens the prohibition to include all government-owned properties.

To reduce ambiguity, the State Department will soon create the Cuba Prohibited Accommodations List ("CPA List") that will publish the identities of properties that meet these criteria. Notably, OFAC has stated that Americans who have already arranged travel to a property owned by the Cuban government will not be required to cancel their travel. This is provided that the travel was arranged prior to that property's addition to the Cuba Prohibited Accommodations List. The CPA List will soon be available on the State Department's website. The Administration's goal with this policy is to prevent Americans from staying at large, government-owned hotels so they will instead support small hotels or inns owned by individual Cubans. President Trump asserted that "these actions will ensure that U.S. dollars do not fund the Cuban regime and go directly to the Cuban people."

### *Sanctions on alcohol and tobacco*

Americans traveling to Cuba can no longer bring back Cuban-origin rum or cigars as souvenirs. Previously, OFAC had authorized importation of Cuban-origin alcohol and tobacco products for personal, non-commercial use. With these amendments, OFAC has eliminated that authorization so that personal use of Cuban products is also banned. OFAC has also eliminated the exception that allowed Americans to buy Cuban-origin goods in third countries and bring them back to the U.S. This amendment does not affect current authorizations for commercial importation of Cuban-origin goods. Since this provision is targeting largely personal conduct, it will likely have a limited effect for U.S. corporations doing authorized business in Cuba.

### **Context**

These new sanctions continue a trend of tightening sanctions on Cuba under the Trump Administration while reversing many of the policies of the Obama Administration. These sanctions are designed to put incremental pressure on the Cuban government by targeting the hospitality industry and rum and cigar production, which the Cuban government largely controls and represent a substantial source of income for the government. The Administration is trying to encourage U.S. travelers, to the extent authorized to travel to Cuba, to spend their money at small hotels owned by individual Cubans in order to support the Cuban people while continuing to put pressure on the Cuban government.

### **Likely Practical Effect**

These sanctions are likely more symbolic than practical, since the restrictions only affect small amounts of imports and do not materially increase the comprehensive embargo already in place. At the same time, the new restrictions significantly curtail U.S. persons' ability to travel to Cuba for certain professional activities. Moreover, the restrictions could place further strains on Cuba's hospitality and tourism industries that are already strained due to the Covid-19 pandemic.

### **Related People**



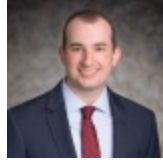
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