

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

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**Congressional “Hearing” Today Is Not Designed To Inform, Not About Fixes To Problems. Is Focused Upon Leveling Criticism At Political Cannon Fodder.**

**Are 10,000 Republic Of Cuba Nationals A “Myth”? They Don’t Exist?**

**Members Of The United States Congress Who Supported Seeking Of Authorization From The Biden-Harris Administration To Provide Direct Investment And Direct Financing To A Privately-Owned Company Located In The Republic Cuba, Criticized The Authorization Once It Was Provided.**

**When An Idea, Support It. When A Reality, Oppose It.**

**Yes, The Government Of The Republic Of Cuba Does Not Embrace The Re-Emerging Private Sector. It’s Tolerated. That Should Not Mean The United States Congress Should Dismiss It. Or Worse, Work Against It.**

Today at 2:00 pm, the United States House of Representatives Committee on Foreign Affairs Subcommittee on Western Hemisphere Affairs will hold a hearing entitled “*The Myth of the New Cuban Entrepreneurs: An Analysis of the Biden Administration’s Cuba Policy.*”

A congressional hearing about any issue relating to the Republic of Cuba can be of value, but for there to be value, the premise of the hearing must be honest, and the witnesses invited to the hearing must have credibility- meaning practical first-hand knowledge of the issue.

NOTE: In the 435-member United States House of Representatives, there are 220 Republicans and 213 Democrats. There are two vacancies. Including those vacancies (using the previous party affiliation), the Republican party has a **51.03%** majority to the Democratic Party **48.97%**.

- However, there are six Republicans and four Democrats on the Subcommittee on Western Hemisphere Affairs. With ten members, the proportionality of the subcommittee is **60%** Republicans: Chairwoman **Maria Elvira Salazar** (Florida-R, 27<sup>th</sup> District), Mark Green (Tennessee- R, 7<sup>th</sup> District), Bill Huizenga (Michigan- D, 4<sup>th</sup> District), Warren Davidson (Ohio- R, 8<sup>th</sup> District), Keith Self (Texas- R, 3<sup>rd</sup> District), John James (Michigan- R, 10<sup>th</sup> District) to **40%** Democrats: (Ranking Member- Joaquin Castro (Texas- D, 20<sup>th</sup> District), Greg Stanton (Arizona- D, 4<sup>th</sup> District), Jared Moskowitz (Florida- D, 23<sup>rd</sup> District), Sydney Kamlager-Dove (California- D, 37<sup>th</sup> District). *So much for democratic proportionality among the elected- what the subcommittee would not hesitate to criticize, and rightly so, when implemented by other country government legislative bodies.*

For the hearing scheduled today, Chairwoman Salazar has (yet) neither provided a valid premise nor witnesses of value.

Wrong to define those approximately 10,000 Republic of Cuba nationals who have created and who manage micro, small, and medium-size enterprises (“*MSME*” or “*PYMES*” by their Spanish acronym) as participants in a *myth*, as dupes of the government of the Republic of Cuba, and as complicate co-conspirators rather than instruments of change within the Republic of Cuba. They

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are not tools (stooges) for maintaining, unwittingly or deliberately, the status quo within the Republic of Cuba, the hearing premise is established on a falsehood.

Absolutely justifiable to criticize decisions of the *Diaz-Canel-Valdes Mesa Administration* (2019- ) and decisions by the *Biden-Harris Administration* (2021- ) relating to the re-emerging private sector in the Republic of Cuba. Not justified is indiscriminate targeting and thoughtless context to by *bank shot* excoriate those individuals of Cuban descent, many of whom reside in the State of Florida, for their support of and interest in the re-emerging private sector in the Republic of Cuba.

For example: *Why hasn't the Diaz-Canel-Valdes Mesa Administration issued regulations as to how direct investment and direct financing may be delivered into a privately-owned company located in the Republic of Cuba- nearing twenty-one months after the Biden-Harris Administration approved the first license authorizing direct investment and direct financing may be delivered into a privately-owned company located in the Republic of Cuba? Why the disconnect between what officials of the government of the Republic of Cuba have said, publicly and privately, during the last three years and decisions implemented by the government of the Republic of Cuba?*

During the late Twentieth Century and at the beginning of the Twenty-First Century, most committee and subcommittee hearings in the United States Congress, both in the United States House of Representatives and in the 100-member United States Senate, would seek to provide balance and provide insight when selecting witnesses. The goal of most hearings would be to educate- both members of the United States Congress and the public. The chairman (or chairwoman) of a committee would have an agenda, but would simultaneously recognize the importance of balance and, critically, for witnesses to have a capacity to provide value.

For the two listed witnesses at today's subcommittee hearing, **Eric Jacobstein**, Deputy Assistant Secretary of State in the Bureau of Western Hemisphere Affairs at the United States Department of State, and **Enrique Roig**, Deputy Assistant Secretary of State in the Bureau of Democracy, Human Rights and Labor at the United States Department of State, they are **political cannon fodder**.

Neither individual can provide, nor should they be expected to provide to the ten members of the subcommittee an immersive conversation about the re-emerging private sector in the Republic of Cuba. They will read from carefully vetted statements. They will attempt to defend what the Biden-Harris Administration has done since 20 January 2021 and what the Biden-Harris Administration has not done since 20 January 2021. These two gentlemen can only provide to members of the subcommittee what they in turn have been briefed to share with members of the subcommittee. [Link to Jacobstein Statement](#). [Link to Roig Statement](#).

Missing from the witness list for the subcommittee hearing? **1)** The owner, manager, employee of a privately-owned company located in the Republic of Cuba to share their real-time experiences. **2)** The owner, manager, employee of a privately-owned company located in the State of Florida which engages directly with one or mor privately-owned companies in the Republic of Cuba. **3)** An attorney, for example, Washington DC-based Robert L. Muse, who has negotiated and received from Office of Foreign Assets Control (**OFAC**) of the United States Department of the Treasury approval for a financing and investment contract between a United States-based company and a privately-owned company located in the Republic of Cuba. **4)** Executives from United States-based financial institutions to discuss how monies currently move between the United States and the Republic of Cuba and to discuss what policies and regulations in both the United States and the Republic of Cuba remain problematic.

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The subcommittee hearing could be a venue of value by focusing upon questions where the answers can be helpful. The title of the subcommittee hearing not only suggests, but loudly magnifies the predetermined outcome- criticism about what was, what is, what is desired, and what is not desired. Then, gavel, end of show. Post to Facebook, LinkedIn, Instagram, Twitter (X), etc.

There are questions whereby subcommittee members both in the majority party and in the minority party could gain- by discussing what works and what does not. *For example:*

- Should any of the policies and regulations implemented during the *Obama-Biden Administration* (2009-2017), during the *Trump-Pence Administration* (2017-2021), and thus far during the Biden-Harris Administration by the OFAC and by the Bureau of Industry and Security (**BIS**) of the United States Department of Commerce be reviewed for efficacy?
- Should any of the policies and regulations implemented during the *Obama-Biden Administration*, during the *Trump-Pence Administration*, and thus far during the Biden-Harris Administration by the OFAC and by the BIS be conditioned upon decisions by the government of the Republic of Cuba?
- Would the establishment of direct correspondent banking provide increased transparency, accountability, and efficiency for moving authorized funds from the United States to the Republic of Cuba and from the Republic of Cuba to the United States? Would the government of the Republic of Cuba accept it?
- What Biden-Harris Administration policy and regulatory changes might be appropriate to better assist the re-emerging private sector in the Republic of Cuba re-engage with the private sector in the United States?
- An article (*see further in this analysis*) published on 10 January 2024 by the Miami Herald provided a narrative of impediments facing the re-emerging private sector within the Republic of Cuba. Was the narrative accurate? What can be and what should the Biden-Harris Administration do to mitigate those impediments? Should anything be done?

On 10 May 2022, the Biden-Harris Administration directed the OFAC to issue the first license authorizing an entity subject to United States jurisdiction (which is not affiliated directly or indirectly with an individual of Cuban descent) to deliver a **direct equity investment** to and authorizing **direct financing** for an officially registered privately-owned company (in the service sector) located in the Republic of Cuba and owned by a Republic of Cuba national. Neither entity in the transaction is connected with the other in terms of commercial relationships or family relationships. The parties did not have connectivity prior to the transaction. The license application was submitted to the OFAC on 10 June 2021 and was issued by the OFAC in the late afternoon of 10 May 2022.

**Why Has Investment And Financing Licensed In 2022 By OFAC Not Yet Been Delivered?  
Yes, Funds Could Have Been Delivered In A Paper Bag.  
That Would Have Destroyed The Objective- To Legitimize The Illegitimate**

On 10 June 2021, Washington DC-based attorney Robert L. Muse delivered what would become a precedent-setting license application to the OFAC.

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On 10 May 2022, the Biden-Harris Administration did what was requested- although the process required eleven months.

The OFAC was directed to issue a license authorizing the first direct investment in and the first direct financing to a privately-owned company located in the Republic of Cuba owned by a Republic of Cuba national. Such an authorization had not been issued since the United States government commenced sanctions upon the Republic of Cuba in 1960.

Despite three years of public and private indications, the Diaz-Canel-Valdes Mesa Administration has yet to do what was indicated would be authorized.

Nearing twenty-one (21) months since 10 May 2022 and the government of the Republic of Cuba has yet to publish regulations as to the process for MSMEs to receive from abroad direct investment and direct financing.

Both the direct investment and direct financing could have been delivered on 11 May 2022- an envelope filled with currency; a bank transfer through a third country; a United States-based remittance forwarder- though would have required many small denomination transactions given transfer limitations. However, doing so would have only served to reinforce the present rather than promote the future.

Important to reiterate the objective of seeking the license from the OFAC. The intention was never to quietly, secretly, implement its provisions. The intention was to actively publicize the existence of the license from the OFAC so everyone would know about it- not only within the State of Florida, but throughout the Republic of Cuba. That intention was achieved.

But, there was a failure. The government of the Republic of Cuba did not respond as expected. Given the chronic commercial, economic, and financial undesirable results from decisions by the government of the Republic of Cuba, along with continuing changes to laws and regulations impacting MSMEs, there was an expectation of an immediate embrace for what the license from the OFAC could mean in terms delivering desperately required foreign exchange along with desperately required capital goods to redevelop manufacturing and assembly infrastructure.

During the last twenty-one months, many individuals and delegations of individuals of Cuban descent have traveled from the United States to the Republic of Cuba. They meet with senior-level officials. They report a consistent message- they do not know when or if the government of the Republic of Cuba will publish regulations as to the process for MSMEs to receive from abroad direct investment and direct financing.

Quietly delivered messages from senior-level officials of the government of the Republic of Cuba conveyed that regulations are probable by the end of 2023. That possibility too has passed unfulfilled.

The MSME for whom the license from the OFAC authorizes the delivery of direct investment and direct financing continues to wait for the delivery of funds. Its management is frustrated. The source of the funding and financing is frustrated.

Both appreciate, however, that implementing any decision absent specific regulatory compliance- required by the OFAC license and required by the government of the Republic of Cuba would only serve to reinforce the status quo: Where funds are delivered directly from the United States and

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from the United States through third countries to the Republic of Cuba. Thus far, the United States government does nothing to physically prevent it and the government of the Republic of Cuba does nothing to institutionalize, regulate it.

**Miami Herald  
Miami, Florida  
10 January 2024**

By Dra. Nora Gamez Torres

*Relevant excerpts highlighted.*

**“Cubans will soon face another turn of the screw, this time at the pump: a gas price hike of 528% starting in February.**

At a crossroads between broadening market reforms that could imperil its grip on power or doubling down on efforts to salvage the centrally planned socialist economy that has impoverished Cuba for six decades, the Cuban government chose the most familiar script. Amid the worst economic crisis in several decades, the Cuban leadership has announced an austerity plan that includes cuts on ration card food subsidies and increases in the prices of fuel, transportation, electricity and cooking gas.

**The measures will be paired with further restrictions on small and medium private businesses, in the latest signal the government is resisting calls to open up the economy significantly.** The new price of gasoline was announced Tuesday evening by Cuban officials on live television, along with a 180% increase fares for trains and interprovincial buses. Because state salaries and pensions are abysmally low in Cuba, with average monthly wages at \$15 and pensions even lower, any cuts in subsidies or price hikes are particularly worrying for the large portion of the population that does not receive remittances from family abroad or have other ways to get access to dollars.

**Several measures will also affect the new private businesses, known as mipymes in Spanish.** These include a 25% raise for electricity the largest consumers, the ending of tax benefits, and higher import fees on final goods that would likely raise food prices even higher among record triple-digit inflation. These and other measures to “stabilize” the economy were first announced in the last session of the National Assembly in late December by Prime Minister Manuel Marrero.

**Marrero said the government wants the private sector to import more raw materials that state enterprises could then use in local production. The prime minister also mentioned the intention to create more mixed enterprises between the state and the mipymes and use the private sector’s better position to seek capital or credit abroad to negotiate financing for businesses involving state enterprises.**

**All would occur even as the government imposes tighter fiscal controls on the private sector and eliminates tax incentives.** “We have taken steps so that the government opens the economy and that this process is **not concentrated on small businesses** but on the socialist state enterprises,” Marrero said. Amid widespread criticism from economists and on social media, Cuba’s appointed president, Miguel Díaz-Canel, defended the measures and vigorously **denied during the same National Assembly session that the government was trying to implement a “neoliberal [policy] package nor a crusade against the mipymes.”**

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**Without providing complete details, Marrero also spoke about implementing changes so more of the money Cubans abroad send to their relatives would go through the Cuban official financial system. If successful, those efforts could further damage the private sector, which has been tapping into remittances entering the country through alternative channels to finance their businesses.**

The prime minister also said the government wants to control the cost of dollars — which is exchanged at 120 pesos for a dollar at a restricted official market but is sold on the street for 275 pesos— but didn't say how it would do it. The announced plan followed a presentation by Cuban Economy Minister Alejandro Gil, who painted a bleak picture of the country's economy in 2023, which he said contracted by as much as 2%.

**But Gil insisted the government was not considering “more privatization.** We are talking about strengthening the state-owned socialist enterprises, regulating prices, all to preserve the social achievements of the revolution.” Marrero also said the government would prioritize foreign investment, especially in food production, but did not preview any changes to foreign investment legislation. Several Cuban economists believe the measures will worsen the struggles Cubans face to find food and get essential services, and will not fix the country's several woes: a steep drop in productivity in almost every sector of the economy but most worryingly in agriculture; skyrocketing inflation; a foreign debt that is estimated at 20% of Cuba's GDP; food, medicine and gas shortages, and a crumbling infrastructure unable to provide regular electricity and other services, including quality healthcare.

“No one should expect anything about the effectiveness of the measures... because they will continue to be based on the communist economic model,” Elias Amor, a Cuban economist based in Spain, wrote in his blog Cuba Economía. The generation of wealth, employment and productivity, he wrote, cannot be achieved by merely “making adjustments in the distribution of resources, but with a focus on production, private activity, human rights, property rights and the market as an instrument of resource allocation.” In a stark rebuke of the government's plan, Juan Triana, an economist living on the island, wrote in the news site OnCuba on Wednesday that the measures would likely contribute to “the rise in inflation, the increase in dollarization and a greater devaluation of the Cuban peso”.

**He also questioned the restrictions on the private sector and why the government did not include other needed corrective measures, like the reduction in the billions of dollars spent on building new hotels for tourists, many of which remain empty, or reducing the state bureaucracy.** Blaming the United States Unsurprisingly, in speeches at the National Assembly and on Jan. 1, during the celebrations of 65 years of the Cuban Revolution, Cuban leaders blamed the economic debacle on the U.S. embargo, a narrative they have hammered through decades of economic mismanagement.

While not the main reason for the island's economic troubles, most economists agree that U.S. sanctions have aggravated the crisis, and a group of Democratic lawmakers, led by Rep. James P. McGovern (D-MA), wrote a letter to President Biden earlier this month asking him to remove Cuba from the U.S. list of countries that sponsor terrorism. The inclusion of Cuba on the list carries financial “restrictions and penalties” that are a “significant contributing factor” of the current crisis, they wrote. Other activists and academics have called on the Biden administration to cooperate with international organizations to increase humanitarian aid to the island, especially food and healthcare supplies.

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But experts agree that nothing short of broader reforms can pull the island and its people out of the dire situation. Among those pushing against such changes are some of the country's most senior leaders, a power dynamic most clearly shown in the Communist Party newspaper Granma's Jan. 2 edition. A photo display of Díaz-Canel, surrounded by Gen. Raúl Castro, who is formally retired but still the ultimate authority in the country, and two old-guard commanders in their 90s, Ramiro Valdes and José Ramón Machado Ventura, dominated the newspaper's front page with the headline: "Unity is our best strategic weapon." Castro, 93, gave the main speech on Jan. 1, in which he urged those gathered in the ceremony in Santiago de Cuba to cherish political unity "more than the apples of our eyes."

**The Herald recently reported on the divisions in the Cuban government about how far to open the country up to the market.** But Castro quoted his brother, Fidel Castro, to deny that there were "generational contradictions within the Revolution" or that the older generation of leaders were "clinging to power." Wrapped in the convoluted rhetoric usual in such speeches, he threw a last reminder: that the military and security forces were loyal to the communist government and ready to act when threatened. "Today, I can affirm that in the face of any threat or weakness, its combatants will not renounce continuing to be, together with the [Communist] Party, the soul of the Revolution," he said."

**The Wall Street Journal**  
New York, New York  
19 May 2022

### **Biden's Strange Help for Cuba: Why aid the struggling anti-American regime in Havana now?**

By The Editorial Board

Excerpts: "*The new policy allows U.S. financing for "independent" Cuban entrepreneurs, but no such thing exists. Reality isn't stopping Team Biden, which on May 10 [issued](#) a license—from the Office of Foreign Assets Control—authorizing a U.S. company to invest and provide financing to a Cuban company.... The license likely violates the Cuban Liberty and Democratic Solidarity Act of 1996, which prohibits the extension of credit to Cuba.*"

The government of the Republic of Cuba is criticized for not trusting its 11.3 million citizens to make good decisions. Those who criticize the decision by the OFAC are engaging in the same distrust- the message is the self-employed and owners and managers of micro, small, and medium-size enterprises (MSMEs) cannot be trusted not to be victimized by the government of the Republic of Cuba; that their efforts to create, to maintain, and expand their nascent businesses are nothing but a sham, a *Potemkin Village* from which the government of the Republic of Cuba is the sole beneficiary. Are the 20,000+ Republic of Cuba nationals who have registered their properties with **Airbnb** dimwitted? Are the owners of paladars (restaurants) engaging in fraud? All these people are stupid? 11.3 million victims of the *Depleting Gene Pool Theory*? That is insulting.

There are thousands of Republic of Cuba nationals who have, according to the Editorial Board of The Wall Street Journal, taken the time and have not given up or given in despite obstacles, to shift from being a one-person operation to employing five, ten, twenty, or one hundred employees to maintain and grow their business.. but these efforts are for nothing, they are wasted time.

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**The Washington Times  
Washington DC  
25 May 2022**

**Biden's easing of sanctions on Cuba helps a cruel regime hurt its people  
The administration is falsely claiming it will benefit Cubans**

By Editorial Board

Excerpt: "Second, the notion of entrepreneurs or independent contractors conducting business freely under the Cuban military dictatorship is a myth. No one on the island gets to conduct any business without regime approval or connections, which makes the notion of independent business ownership both a legal and factual impossibility. On May 10 the U.S. issued a license from the Office of Foreign Assets Control permitting a U.S. company to finance a Cuban company- an act which almost certainly violates the Cuban Liberty and Democratic Solidarity Act of 1996, which outlawed U.S. credit to Cuba."

## **Links To Related Analyses**

**[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**

**[Replying To A Wall Street Journal Editorial From Those Who Were Attacked And On Behalf Of Those Who Were Attacked.](#) May 22, 2022**

**[Response To A Washington Times Editorial From Those Criticized And On Behalf Of Those Criticized.](#) May 26, 2022**