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RISK & COMPLIANCE JOURNAL

U.S. Restricts Leasing of Commercial Aircraft to Cuban State-Owned Airlines

The U.S. has ramped up pressure on Cuba, saying the country is supporting Nicolás Maduro's government in Venezuela



Airplanes from Cuba state-owned carrier Cubana parked at the Havana's International Airport in 2018. The Trump administration has instituted new restrictions on the leasing of commercial aircraft to the airline. PHOTO: ALEXANDRE MENEGHINI/REUTERS

By Mengqi Sun

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The Trump administration has restricted the leasing of commercial aircraft to Cuban state-owned airlines, a move intended to further pinch revenue to the Cuban government.

The move, announced last week by the U.S. Commerce Department, follows U.S.-imposed travel curbs on Cuba in June, barring American cruise lines, yachts, sailboats and private flights from going to the island in an attempt to dry up income derived from visitors.

The U.S. in recent months has ramped up pressure on Cuba, which it says is supporting Nicolás Maduro's government in Venezuela. The Trump administration has said Maduro's government is illegitimate and corrupt, and that Cuba has been providing support to the Maduro regime in exchange for oil.

- **Integrated Third-Party Reporting Gains Traction**

Outsourcing customers are beginning to demand the more inclusive and flexible third-party assurance report known as System and Organization Control 2+ (SOC 2+). This integrated approach to examinations and reporting can benefit outsourcing service providers as well, but it will take additional effort for these vendors and partners to become proficient in SOC 2+ processes.

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The U.S. has placed substantial trade restrictions on Cuba since the early 1960s. The export or re-export of goods and services to Cuba, except for food and medicine, is generally prohibited or requires a license from the U.S. government.

The U.S. said it would revoke existing licenses for aircraft leases to Cuban state-owned airlines and will deny future applications for aircraft leases, the Commerce Department's Bureau of Industry and Security said Friday.

The Commerce Department said it is making the changes because the Cuban government allegedly has been transporting tourists on leased aircraft to generate revenue.

"This action by the Commerce Department sends another clear message to the Cuban regime—that they must immediately cease their destructive behavior at home and abroad," Commerce Secretary Wilbur Ross said in a statement. "The Trump administration will continue to act against the Cuban regime for its misdeeds, while continuing to support the Cuban people and their aspirations for freedom and prosperity."

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the action is another way for the Trump administration to discourage commercial transactions with Cuba and Venezuela.

Cuban airlines have had trouble getting newer aircraft because of the trade restrictions, and Cuban tourism industry could take another hit from this change in regulations, said Jose Fernandez, a partner at law firm Gibson Dunn & Crutcher LLP who previously served as an assistant secretary of state under the Obama administration.

"Anything that targets tourism is a major concern for Cubans," Mr. Fernandez said.

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