

CUBA STUDY GROUP

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STATEMENT ON NEW REGULATIONS FOR CUBA'S PRIVATE SECTOR

MIAMI, FL – Cuba Study Group Executive Director Andrew Otazo issued the following statement following the Cuban government's announcement of new regulations for the Cuban private sector:

The announcement of new regulations for Cuba's private sector lifts the cloud of uncertainty set by the Cuban government when it froze the issuing of most business licenses one year ago. Removing this moratorium is a positive development, as is the consolidation of 201 license categories that were often needlessly specific into 123 more broadly defined ones.

However, the new rules also suggest that micromanagement and short-term economic thinking by the state remain the norm. Rather than meaningfully expanding the range of activities in which the private sector can operate, the new rules tinker with the existing framework on the margins. For example, new tax structures and mandated tax minimums (independent of earnings) may reduce underreporting, but they may also discourage hiring. State media reported that some *cuentapropistas'* concerns were incorporated into the new rules, but authorities once again failed to address their two most pressing demands: recognition of businesses as legal entities and wholesale markets for supplies.

Today's announcement serves as further evidence that hardliners in Havana have gained leverage over economic policymaking in the year since Washington rolled back its pre-existing engagement policy. In the end, it is the very people we aim to help—Cuban entrepreneurs and the rest of civil society—that bear the brunt of these government actions. The Trump Administration should seek to reverse this trend by returning to a pro-active policy of engagement that expands ties between Americans and the Cuban people, and fosters a more enabling environment for a robust, diverse, and efficiently-regulated private sector to emerge as a true engine for economic growth in Cuba.

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The Cuba Study Group is a non-profit, non-partisan organization, comprised of business and professional individuals with a deeply rooted love for Cuba and the Cuban people. We aim to put our collective experience in leadership skills, problem solving, and wealth creation at the service of the Cuban people. We aim to facilitate change, help empower individuals and promote civil society development.

Our mission is to help facilitate peaceful change in Cuba leading to a free and open society, respect for human rights and the rule of law, a productive, market-based economy and the reunification of the Cuban nation.