

ACTION MEMO TO THE PRESIDENT:

**CUBA &
ENTREPRENEURSHIP**

**Cuba Working Group
Americas Society/Council of the Americas
April 2014**

The opinions and recommendations expressed in this policy paper are those of the AS/COA Cuba Working Group—a group of private sector representatives and experts who have been convening for seven years to discuss human rights and economic conditions in Cuba and U.S.-Cuba policy. They do not represent the opinions or positions of the Americas Society (AS) or the Council of the Americas (COA) or its members, or the Boards of Directors of either organization.

ACTION MEMO TO THE PRESIDENT:

CUBA & ENTREPRENEURSHIP

The streets of Havana are abuzz with privately owned nail salons, cafes, restaurants, barber shops, art galleries, and cell phone repair shops. For the first time in 55 years, a growing number of Cuban people can now begin to determine their own destiny by starting their own businesses, increasing their self-reliance and independence from the state. This burgeoning non-state sector is a result of reforms from both sides of the Florida Straits. On the U.S. side, the expansion of travel and remittances authorized by President Barack Obama in 2009 and 2011 has helped Cuban citizens gain access to capital, know-how, inputs, and—in the case of U.S. visitors—customers. On the other side the series of economic reforms implemented under President Raúl Castro in 2011 has provided greater official space for private enterprise.

There are now over 450,000 legally registered private sector employees, with the total number of non-state workers rising to over 1 million if private farmers and cooperatives working on state-leased land are included.

In November 2013 and March 2014, members of the AS/COA Cuba Working Group traveled to Cuba to fully understand the implications of the economic reforms. We found young, old, male, female entrepreneurs or soon-to-be entrepreneurs brimming with creativity, energy, bright new ideas, and hope for their future and their new business activities. But they are entering a challenging field. Small business owners have limited access to the state banking system, face shortages of financial capital and technical knowledge, and lack access to wholesale goods and to markets.

The U.S. President can take a series of small but significant steps to build on the success of the reforms already undertaken to empower Cuban entrepreneurs.

“

We found young, old, male, female entrepreneurs brimming with creativity, energy, bright new ideas, and hope for the future and their new business activities.”

1 Modify existing travel licenses for humanitarian travel to the island to allow for the provision of professional services to independent Cuban entrepreneurs.

Given the economic situation in Cuba, providing knowhow and technical advice to citizens in the non-state sector is a humanitarian consideration. In the broad spectrum of businesses that have emerged in the past five years, there are obvious individual and organizational professional counterparts in the U.S. that could provide much-needed technical advice, connections and financial input. Restaurant associations, bed and breakfast associations, networks of small business owners, computer repair forums—to name a few—could be potential links for inspiration, solidarity and points of assistance for budding business owners inside Cuba. These humanitarian visitors should be allowed to travel to Cuba to meet and work with like-minded individuals and organizations.

2 The U.S. Department of the Treasury should authorize the import and export of certain goods and services between the U.S. private sector and independent Cuban entrepreneurs.

Individual entrepreneurs should be able to buy much-needed inputs for their businesses from a much cheaper source and to sell to a much larger market: the United States. Allowing U.S. associations to travel to Cuba to meet with entrepreneurs under a general license to establish commercial relations will allow this non-state sector to expand, but more importantly, it will help U.S. and Cuban citizens engage in one of the most central liberties and principles that Americans hold dear: the freedom to engage in commerce.

3 Allow U.S. nongovernmental organizations and individuals engaged in small business development the ability to send unlimited remittances to non-family members for the purpose of backing independent economic activity in Cuba, and expand the types of goods that travelers may legally take to the island to support micro-entrepreneurs.

The Obama administration eased restrictions on remittances in 2009 and 2011, but there is room for a greater easing of remittances to support non-family members and their private businesses. Entrepreneurs also lack access to a wholesale market and inputs that are essential to running their businesses. Allowing travelers to bring these much-needed goods to private business owners will help entrepreneurs overcome this obstacle.

4 Allow the U.S. Department of the Treasury to issue specific licenses for NGOs and other lending organizations to lend directly to independent farmers, cooperatives, self-employed individuals, and microenterprises in Cuba.

Without a range of high-quality, affordable financial services typically available to microenterprises (through NGOs and lending organizations), these newly formed small businesses in Cuba will be constrained in their capacity to scale up. Access to finance is a crucial component of starting and growing a small business, allowing each person to build a brighter future for themselves and their families. There are numerous organizations in the U.S. that offer these necessary financial services, and allowing for them to lend in Cuba would facilitate the growth of this nascent industry.

5 Encourage U.S. corporations, business associations and NGOs to offer non-remunerated internships for Cuban entrepreneurs.

Thanks to the Obama administration's provisions for people-to-people contact, Cuban scholars and even human rights activists are now traveling to the U.S. to study and conduct research in U.S. universities, colleges and research institutions. This should be expanded to allow for internships with U.S. businesses and business associations that allow for students, aspiring entrepreneurs and existing entrepreneurs to spend a short amount of time with a business to learn the trade.

6 Promote exchange studies between U.S.-based cooperatives and private cooperatives in Cuba.

There are a host of U.S. cooperatives, both agricultural and non-agricultural, large and small. U.S. policy toward Cuba should be amended to create a general travel license to let the leaders and members of those cooperatives travel to Cuba to meet with and engage in information sharing and commerce with similar, private groups on the island.

7 Authorize general travel licenses for business-to-business exchanges.

Much of the above requires the expansion of existing general licenses to allow businesses, business associations, and cooperatives to travel to Cuba to meet and coordinate with non-state counterparts. Unlike the clear provisions under the Libertad Act that prohibit business travel to the island for the purpose of marketing, the license provision would be expanded expressly for the purpose of networking, meeting, and coordinating with the non-state sector for humanitarian reasons. Given the level of economic need in Cuba, providing support to individual entrepreneurs and their private businesses not only fits the definition of humanitarian assistance, it represents a fundamental, enduring American value: the right to free commerce.

The opinions and recommendations expressed in this policy paper are those of the AS/COA Cuba Working Group—a group of private sector representatives and experts who have been convening for seven years to discuss human rights and economic conditions in Cuba and U.S.-Cuba policy. They do not represent the opinions or positions of the Americas Society (AS) or the Council of the Americas (COA) or its members, or the Boards of Directors of either organization.