

# Trump Administration Begins to Implement New Cuba Secondary Sanctions Regime Targeting Business With Cuba

May 22, 2026

Over the past few weeks, the Trump administration marked the latest phase in its escalation of sanctions against Cuba, the subject of the longest running U.S. sanctions program. On May 1, 2026, President Trump issued Executive Order (E.O.) 14404, establishing a new secondary sanctions regime that authorizes the imposition of sanctions on companies, individuals, and financial institutions operating in certain sectors of the Cuban economy, as well as Cuban government entities and affiliates. Although U.S. sanctions against Cuba already broadly prohibit U.S. parties and their non-U.S. subsidiaries from dealings or transactions with Cuba, the E.O. represents a broader Trump administration policy of increasing economic pressure on the Cuban government by leveraging the threat of secondary sanctions to limit Cuba's economic engagement with other countries.

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## Recent Designations

On May 7, 2026, the U.S. Department of State imposed the first sanctions under the E.O. on Grupo de Administración Empresarial S.A. (GAESA), a major Cuban military-controlled conglomerate, and Moa Nickel (MNSA), a joint venture (JV) between Sherritt International (a Canadian mining company) and a Cuban state-owned entity.<sup>1</sup> Specifically, GAESA and MNSA were designated on the list of Specially Designated Nationals and Blocked Persons (SDN List) maintained by the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC). The State Department announcement indicated that “[a]dditional designations can be expected in the following days and weeks.”<sup>2</sup>

Indeed, on May 18, 2026, the State Department imposed additional sanctions pursuant to the E.O., designating on the SDN List nine individual government officials and the Directorate of Intelligence of Cuba, and redesignating the Cuban Ministry of Interior, the Policia Nacional Revolucionaria (PNR), and two senior PNR officials (each of which previously was designated under the Global Magnitsky sanctions program).<sup>3</sup>

As a result of these latest sanctions, non-U.S. parties risk being sanctioned for providing material assistance or support to the sanctioned entities, and non-U.S. financial institutions risk being sanctioned for facilitating any “significant” transaction on behalf of

such parties. As described in greater detail below, a limited wind-down period exists through June 5, 2026 for certain transactions involving GAESA and certain GAESA-affiliated entities.

## Existing Cuba Sanctions

The United States maintains comprehensive, territory-wide sanctions against Cuba that broadly prohibit transactions with or relating to Cuba where a U.S. jurisdictional nexus exists.<sup>4</sup> These restrictions are administered by OFAC under the Cuban Assets Control Regulations (CACR).<sup>5</sup> Unlike most modern U.S. sanctions that rely on a series of E.O.s issued pursuant to the International Emergency Economic Powers Act (IEEPA), the CACR are implemented primarily pursuant to the Trading With the Enemy Act of 1917.

Although the E.O. now provides the U.S. government with a more flexible legal authority to target specific actors, the CACR remain in full effect and have not been altered by the E.O.<sup>6</sup> To further integrate the two sanctions regimes, on May 7, 2026, OFAC issued General License 1 (GL 1), authorizing all transactions prohibited by the E.O. to the extent such transactions are already authorized or exempt under the CACR, including by general or specific license.<sup>7</sup>

## E.O. 14404

The E.O. authorizes the Secretary of State or the Secretary of the Treasury to impose blocking sanctions

<sup>1</sup> In response, Sherritt International announced the immediate suspension of its direct participation in the JV. See Sherritt International, *Sherritt Provides Update on Joint Venture Activities in Cuba*, available [here](#).

<sup>2</sup> See U.S. Department of State Press Statement, *U.S. Sanctions Target Cuba’s Military Regime, Elites*, May 7, 2026, available [here](#).

<sup>3</sup> See U.S. Department of State Press Statement, *Sanctions to Counter Threats Posed by the Cuban Regime*, May 18, 2026, available [here](#).

<sup>4</sup> Notably, this jurisdictional reach extends to non-U.S. subsidiaries of U.S. persons, which distinguishes the Cuba program from most other U.S. sanctions regimes.

<sup>5</sup> See 31 C.F.R. Part 515. In addition, the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996, commonly known as the Helms-Burton Act, imposes potential liability

on persons who “traffic” in property confiscated by the Cuban government. Title III of the Act, which had been suspended for decades by successive administrations before being activated by President Trump’s first administration in 2019, provides a cause of action under U.S. federal law pursuant to which U.S. nationals may sue any person who “traffics” in property that was expropriated from a U.S. national by the Cuban Government on or after January 1, 1959. See our previous alert memo, *End of Suspension of Title III of the Helms-Burton Act: Authorization of Claims Under U.S. Law for “Trafficking” In Certain Cuban Properties*, available [here](#).

<sup>6</sup> See OFAC FAQ 1252, available [here](#).

<sup>7</sup> See OFAC GL 1, issued May 1, 2026, available [here](#). See also OFAC FAQ 1253, available [here](#).

(*i.e.*, designation on the SDN List) on individuals or entities determined:

- to “operate in or have operated in” the energy, defense and related materiel, metals and mining, financial services, and security sectors of the Cuban economy, as well as any other sector as determined by the Secretary of the Treasury in the future
- to be acting on behalf of the Government of Cuba
- to be engaged in serious human rights abuses or corruption related to Cuba; or
- to be an adult family member of a designated person.

In addition, the Secretary of the Treasury is authorized to impose correspondent or payable-through account restrictions and blocking sanctions against foreign financial institutions determined to conduct or facilitate “significant” transactions on behalf of designated persons.<sup>8</sup>

**Scope of Targeted Sectors.** Although the scope of the sectors identified in the E.O. is not yet defined, OFAC previously has taken a broad view of “operating” in such sectors under guidance for other sanctions programs, including the “metals and mining,”<sup>9</sup> “energy,”<sup>10</sup> “financial services,” “defense and related materiel,” and other sectors.<sup>11</sup>

**Wind-Down Period.** OFAC stated in written guidance that the U.S. government “does not intend to target” non-U.S. persons, including foreign financial institutions, for engaging in transactions ordinarily incident and necessary to the wind-down of dealings involving GAESA or any entity in which GAESA owns, directly or indirectly, a 50% or greater interest, through June 5, 2026.<sup>12</sup> However, OFAC has cautioned that non-U.S. persons should proceed carefully during

this period. For example, actions to return assets to GAESA or its affiliates or transfer them to another jurisdiction for potential use by GAESA or its affiliates could still expose non-U.S. persons to “significant sanctions risk.”<sup>13</sup>

### Additional Considerations

The issuance and implementation of the E.O. is part of a larger Trump administration policy of engagement with Cuba, including public reports of potential negotiations between the U.S. and Cuban governments.

**Forthcoming Designations.** The State Department’s announcement that further designations “can be expected in the following days and weeks” suggests that the initial designations of GAESA, MNSA, and security-related entities and individuals are the start of a broader pressure campaign. As a general principle, OFAC historically has taken the position in other sanctions programs that companies do not risk exposure to U.S. secondary sanctions risks for engaging in activities that are otherwise exempt or authorized for U.S. persons. Because the E.O. expressly preserves the validity of licenses issued under the CACR, reinforced through the issuance of GL 1, existing authorizations or exemptions under the CACR may serve as one reference for evaluating sanctions risks. Nevertheless, because OFAC has not formally endorsed this position with respect to the E.O., companies should continue to exercise caution in evaluating sanctions risks on a case-by-case basis.

**Foreign Claims Settlement Commission Claims.** The expansion of blocking sanctions under the E.O. also raises questions regarding whether assets blocked under the E.O. potentially could be leveraged in negotiations with Cuba or allocated toward satisfying outstanding claims previously certified by the Foreign

<sup>8</sup> See E.O. 14404 Sec. 4 (b)(i-ii). The E.O. does not define “significant;” however, in other sanctions programs OFAC has assessed “significance” under a totality-of-the-circumstances framework (e.g., size/frequency, nature/purpose, awareness by management, and any deceptive practices). See, e.g., OFAC FAQ 671 interpreting

the term “significant” in the context of the Iranian Financial Sanctions Regulations, available [here](#).

<sup>9</sup> See OFAC FAQ 1115, available [here](#).

<sup>10</sup> See OFAC FAQ 1213, available [here](#).

<sup>11</sup> See OFAC FAQ 1126, available [here](#).

<sup>12</sup> See OFAC FAQ 1254, available [here](#).

<sup>13</sup> See OFAC FAQ 1254, available [here](#).

Claims Settlement Commission (FCSC),<sup>14</sup> as resolution of such claims is considered a prerequisite<sup>15</sup> for the full restoration of ties between the United States and Cuba, *i.e.*, terminating the economic embargo and permitting financial assistance to Cuba.<sup>16</sup> To the extent that the E.O. or further U.S. government action results in additional Cuban government property becoming blocked as a matter of law, there is a question of whether such property could serve as a source of value or collateral against FCSC claims. Blocked assets have previously been used to satisfy, in whole or in part, certified FCSC claims.<sup>17</sup> Whether the blocked property can meaningfully apply toward outstanding FCSC claims ultimately will depend on the trajectory of U.S.-Cuban negotiations, the Trump administration's policy priorities, and the actual volume of Cuban government or government-related assets blocked within U.S. jurisdiction and subject to enforcement. While the E.O. casts the net of U.S. sanctions wide, the longstanding U.S. embargo has left few Cuban government assets remaining in U.S. jurisdiction to be blocked.

**Foreign Blocking Statutes.** Non-U.S. companies with operations in the European Union, United Kingdom, or Canada should be aware that each of these jurisdictions maintains blocking legislation that restricts local persons from complying with certain extraterritorial U.S. sanctions relating to Cuba. While E.O. 14404 itself is not currently listed as a proscribed measure under these frameworks, a practical tension may arise where companies are required to balance

U.S. sanctions designation risk against compliance obligations under their respective jurisdictions, as adherence to both regimes may be difficult to reconcile. Companies subject to these jurisdictions should evaluate both U.S. sanctions risk and potential blocking statute exposure when assessing their Cuba-related activities.

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Cleary Gottlieb's international trade team is continuing to track developments in the Cuba sanctions landscape and is available to provide guidance on navigating the evolving regulatory environment.

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<sup>14</sup> The FCSC has administered two Cuba claims programs, certifying over 5,000 claims with a principal value of \$1.9 billion, and those claims have accumulated several billion dollars worth of interest since the original certification. *See* FCSC, Cuba Program Overview, available [here](#).

<sup>15</sup> 22 U.S.C. Ch. 69A § 6066(6); 22 U.S.C. § 2370 (a)(2).

<sup>16</sup> *See e.g.*, 22 U.S.C. Ch. 69A §§ 6062(b)(2)(B), 6064(c).

<sup>17</sup> For example, the International Claims Settlement Agreement signed between the United States and Vietnam in 1995 provided for the liquidation of blocked Vietnamese assets to repay FCSC claims certified against Vietnam. *See* AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM CONCERNING THE SETTLEMENT OF CERTAIN PROPERTY CLAIMS (1995), art. 2,

available [here](#). The roughly \$203.5 million in liquidated assets permitted FCSC claimholders to receive 100% of principal plus 80.3% of interest on their claims through the payment of funds derived from the blocked assets. *See* Vietnam Program Overview, U.S. Dep't of Justice (2018), available [here](#). The Bulgaria and Hungary FCSC Programs likewise involved the liquidation of blocked assets to partially repay FCSC claims. In addition to the settlement funds derived from the liquidation of blocked assets, Hungary and Bulgaria also signed international claims settlement agreements providing for additional settlement funds. *See* Bulgaria Claims Program, U.S. Dep't of Justice (2014), available [here](#); Hungary Claims Program, U.S. Dep't of Justice (2014), available [here](#).