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# Cuba under growing pressure: sanctions, domestic tensions and risks for international actors

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## Executive summary

Cuba is experiencing its most sustained convergence of external pressure and internal stress since the 1990s. The United States has maintained and selectively tightened its sanctions framework, while the Cuban economy faces acute shortages of fuel, food, medicine and hard currency. Protest signals — though contained — have appeared in Havana and provincial cities, reflecting frustration with power cuts, inflation and limited reform space. The Díaz-Canel government retains control but operates with reduced fiscal room and growing dependence on informal survival mechanisms. For international actors, the operating environment demands higher due-diligence thresholds, more conservative travel planning, and explicit contingency triggers.

## What matters now

- **The sanctions baseline has hardened.** U.S. restrictions on financial transactions, shipping, remittances and third-country entities dealing with Cuban state-linked entities remain in force and are actively enforced. Compliance is no longer a background task; it is an operational prerequisite for any Cuba exposure.
- **Domestic pressure is visible and persistent.** Power outages of 8–12 hours daily in summer 2026, informal-market inflation exceeding 300% year-on-year, and sporadic protests in Havana, Santiago de Cuba and Matanzas indicate systemic stress. The regime contains unrest but does not resolve its drivers.
- **Hard-currency shortage is structural.** Tourism receipts remain below pre-2019 levels, remittance channels are restricted, and export earnings (nickel, sugar, pharmaceuticals, medical services) cannot close the gap. This limits the state's capacity to import fuel, food and spare parts.
- **Migration outflow remains high.** Over 500,000 Cubans have entered the U.S. since 2021 via humanitarian parole, border encounters and family reunification. The demographic drain affects workforce availability, institutional knowledge and social stability.
- **Russia and China provide political cover but limited material relief.** Russian oil shipments (≈30,000–50,000 bpd when they arrive) and Chinese investment pledges ease immediate pressure but do not restructure the economy. Both partners prioritise strategic access over Cuban solvency.

## Current operating picture

### Sanctions and financial architecture

The U.S. embargo, codified in the Cuban Assets Control Regulations (CACR) and the Cuban Democracy Act / Helms-Burton Act, prohibits most direct and indirect transactions between U.S. persons (including foreign subsidiaries) and Cuba. Key enforcement vectors in 2025–2026:

- **Financial sanctions:** OFAC continues to designate Cuban state entities (MINFAR, GAESA subsidiaries, CIMEX, ETECSA) under the Cuba Restricted List. Banks processing Cuba-linked payments face secondary-sanctions risk; correspondent-banking channels have largely withdrawn.
- **Shipping and logistics:** The 2019 tightening on maritime shipping to Cuba remains active. Vessels calling at Cuban ports risk denial of entry to U.S. ports for 180 days. Major container lines (Maersk, MSC, CMA CGM) do not serve Cuba directly; cargo trans-ships via Caribbean hubs at significant cost and delay premiums.
- **Remittances and family support:** The 2020 cap of USD 1,000 per quarter per sender via licensed remittance forwarders remains. Western Union suspended Cuba operations in 2020; alternative channels (Fintech, informal couriers) operate in a grey zone with high fees (15–25%) and no regulatory protection.
- **Travel restrictions:** U.S. tourist travel to Cuba is prohibited. The 12 authorised categories (family visits, official business, journalistic activity, professional research, educational activities, religious activities, public performances, support for the Cuban people, humanitarian projects, activities of private foundations, export/import of information materials, certain export transactions) require self-certification and record-keeping. "People-to-people" educational travel was eliminated in 2019.

**Operational implication:** Any company with U.S. nexus (ownership, dollar payments, U.S. staff, U.S. technology, U.S. banking) must run a Cuba-specific sanctions compliance programme. Non-U.S. companies without U.S. nexus face fewer legal restrictions but still encounter banking reluctance, insurance exclusions and reputational scrutiny.

### Domestic economic stress indicators

| Indicator | 2024–2026 Trend | Operational relevance |
|---|---|---|
| Electricity availability | 8–12h daily outages (summer 2026); thermoelectric plants (Felton, Guiteras, Renté) offline for maintenance/fuel shortage | Hotel, factory, office, cold-chain, comms reliability |
| Informal-market FX rate (CUP/USD) | ~320–340 (official 1×24); spread >3000% | Contract pricing, salary benchmarks, partner viability |
| Food/medicine availability | Ration-book (libreta) covers ~10–15% of caloric needs; parallel-market prices 10–20× state prices | Staff welfare, expat support, NGO procurement |
| Fuel imports (Russian crude) | Irregular; 1–2 tankers/month when available; domestic refining (Cienfuegos, Santiago) operating at <30% capacity | Transport, generator backup, logistics planning |
| Migration outflow (US CBP encounters + parole) | ~20,000–35,000/month (2024–2026 avg) | Workforce gaps, institutional memory loss, consular demand |

### Protest dynamics and regime response

- **July 2021 (11J) precedent:** Largest protests in decades; triggered by power cuts, food shortages, COVID management. Security forces detained 1,300+; 700+ received prison sentences (up to 25 years).
- **2022–2025:** Smaller, localised protests (blackouts, water, housing) in Nuevitas, Caimanera, Santiago, Havana. Pattern: spontaneous → social-media amplified → rapid security deployment → targeted arrests of organisers.
- **2026 signals:** Protests in Havana (Cerro, Arroyo Naranjo) and Matanzas in June–July 2026 over 14-hour blackouts. Footage circulated on X/Telegram; state media acknowledged "electricity dissatisfaction" but framed as "counter-revolutionary provocation." No mass mobilisation; containment worked.
- **Regime toolkit:** Mobile-data throttling during unrest, targeted detention of independent journalists/activists, "acts of repudiation" (state-organised counter-mobs), expedited summary trials under Penal Code provisions on "public disorder" and "enemy propaganda."

**Assessment:** The regime retains coercive capacity and elite cohesion. Protests remain fragmented, leaderless and economically driven. No evidence of security-force fracture or elite defection. However, each containment cycle erodes passive legitimacy and expands the cohort of Cubans with direct repression experience.

### External dependencies

- **Russia:** Oil-for-services barter (Cuban medical brigades, base access signals). Rosneft/Zarubezhneft shipments irregular; payment mechanisms opaque. Military-technical cooperation (air defence, SIGINT) continues.
- **China:** Belt-and-Road MOUs (port of Santiago, telecoms, biotech). Actual disbursements slow; Chinese firms demand hard-currency guarantees. Huawei/ETECSA 4G/5X rollout stalled by equipment financing.
- **ALBA / Venezuela:** Venezuelan oil (formerly 50,000–90,000 bpd) now <10,000 bpd; PDVSA collapse. Cuban medical personnel in Venezuela remain a key foreign-exchange earner (estimated USD 2–3bn/year gross, net to state unclear).
- **EU / Canada:** Political dialogue (EU-Cuba PDCA provisionally applied since 2017) continues. European investment (Iberostar, Meliá, Bouygues, Pernod Ricard) concentrated in tourism joint ventures with GAESA. Canada maintains investment protection agreement; Sherritt International (nickel/cobalt) is largest Canadian investor.

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## Key risk mechanisms

### 1. Sanctions compliance as operational gatekeeper

U.S. enforcement is not static. OFAC guidance updates (2023–2025) have clarified that: - Foreign-owned-or-controlled subsidiaries of U.S. companies remain bound by CACR. - "U.S.-origin goods" threshold for re-export controls is to Cuba is >10% controlled content (EAR) or any ITAR content. - Facilitation prohibition: Non-U.S. persons may not "facilitate" transactions by U.S. persons that would be prohibited if done directly. - Maritime: Vessel operators, insurers, P&I clubs, classification societies, bunker suppliers all face exposure if they service Cuba-bound cargo.

**Mechanism:** A single compliance failure (e.g., a dollar-denominated payment touching a U.S. correspondent account for a Cuba-related transaction) can trigger OFAC enforcement, bank account closure, and cascading de-risking by counterparties.

### 2. Hard-currency illiquidity cascades into service degradation

The state prioritises hard-currency allocation to: (a) fuel imports, (b) food/medicine imports, (c) debt service to key creditors (Russia, China, multilateral), (d) tourism joint-venture obligations. Everything else — spare parts for power plants, water-treatment chemicals, telecom equipment, industrial inputs — is rationed.

**Mechanism:** A hotel joint venture may have a contractual right to electricity but the grid cannot deliver. A factory may have a licence to import raw materials but the central bank cannot allocate USD for the letter of credit. Contractual rights exist on paper; physical delivery depends on state hard-currency triage.

### 3. Informal economy as parallel survival system — and risk vector

The informal market (bolsa negra, MLC stores, remittance-financed micro-enterprises) now supplies an estimated 60–70% of household consumption. MLC (Moneda Libremente Convertible) stores accept only foreign-currency-linked cards (USD, EUR, CAD); the CUP has near-zero purchasing power for imported goods.

**Mechanism:** International actors (companies, NGOs, diplomats) who pay local staff in CUP at official rates effectively pay subsistence wages. Staff turnover, corruption risk, and dual-loyalty pressures rise. Paying in hard currency (via MLC cards, offshore accounts, crypto) may violate local labour law and sanctions rules simultaneously.

#### 4. Migration drain degrades institutional capacity

The outflow is not random: it skews young, educated, English-speaking, technically skilled. Ministries, hospitals, universities, state enterprises and joint ventures all report unfillable vacancies. The "brain drain" is now a structural constraint on any project requiring local counterpart capacity.

**Mechanism:** A feasibility study for a Cuban partner may be technically sound but unimplementable because the counterparty's engineering team has emigrated. Training investments have negative ROI when trainees leave within 12–18 months.

#### 5. Energy insecurity as systemic risk multiplier

Cuba's electricity generation depends on 8 ageing thermoelectric plants (average age >35 years) and limited distributed generation (diesel/fuel-oil generators, small solar). No plant has had a major overhaul since the 2010s. Fuel-oil quality is inconsistent (high sulphur, vanadium), accelerating turbine corrosion.

**Mechanism:** A single plant trip (e.g., Felton Unit 1, 260 MW) can cascade into national blackout. Summer 2026 saw 3 national blackouts (total grid collapse) and 12 regional islanding events. Recovery time: 24–72 hours. Each event damages transformers, pumps, cold chains, and public tolerance.

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## Early warning indicators

| Indicator | Threshold for escalation | Monitoring source |
|---|---|---|
| **New OFAC designations / guidance** | Any Cuba-related SDN addition or advisory update | OFAC website, Federal Register, sanctions counsel alerts |
| **National blackout frequency** | >2 per month or >48h duration | UNE (Unión Eléctrica) communiqués, X/Telegram local reports, hotel/partner confirmation |
| **Protest scale** | >500 participants in single location; multi-city coordination; security-force hesitation | X/Telegram footage verification, independent media (14ymedio, El Toque, Cubanet), diplomatic reporting |
| **Migration surge** | US CBP encounters + parole >50,000/month sustained | USCBP monthly stats, DHS parole dashboard, IOM flow monitoring |
| **Fuel import interruption** | >30 days without Russian/Venezuelan tanker arrival | Tanker tracking (MarineTraffic, Kpler), Cuban port manifests, diplomatic sources |
| **Banking channel closure** | Major European/Canadian bank exits Cuba correspondent relationship | SWIFT BIC directory, partner bank notices, ICC banking commission surveys |
| **GAESA/joint-venture dispute** | Public arbitration, contract termination, asset seizure | ICSID registry, ICC court, local legal counsel, diplomatic channels |
| **Internet / mobile-data shutdown** | >4h nationwide or targeted provincial shutdown during unrest | NetBlocks, OONI, Access Now, local partner confirmation |

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## Implications for organisations

### Companies with Cuba exposure

- **Sanctions & partner screening:** Run every Cuban counterparty (including subcontractors, logistics providers, hotel JV partners) against OFAC SDN, Cuba Restricted List, and non-SDN China Military-Industrial Complex List. Re-screen quarterly.

- **Payment architecture:** Map every dollar/euro payment flow. Eliminate U.S. correspondent touches. Use euros/sterling/CAD via non-U.S. banks with explicit Cuba willingness. Document compliance rationale for each channel.
- **Contractual protection:** Include force-majeure clauses covering sanctions changes, grid collapse, fuel shortage, and government priority orders. Specify hard-currency payment obligations with offshore escrow where possible.
- **Insurance review:** Verify political-risk, trade-credit, and property policies cover Cuba-specific perils (sanctions, expropriation, inconvertibility, political violence). Most standard policies exclude Cuba or require endorsements.
- **Supply-chain redundancy:** Identify single points of failure (e.g., sole Cuban distributor, single port of entry, sole fuel supplier). Pre-qualify alternatives in Dominican Republic, Panama, Mexico.
- **Staffing & compensation:** If employing Cuban nationals, benchmark compensation against MLC-store purchasing power, not official CUP rates. Consider hard-currency allowances, offshore savings vehicles, and exit-assistance provisions — all reviewed for sanctions and labour-law compliance.

### Travellers and expatriate staff

- **Pre-travel clearance:** Purpose, itinerary, communications plan, medical evacuation insurance, exit options (commercial + charter + diplomatic).
- **Communications:** Encrypted messaging (Signal, Threema) installed and tested before arrival. Local SIM (ETECSA) registered to passport; expect monitoring. Satellite messenger (Garmin inReach, Zoleo) for backup.
- **Movement rules:** Avoid demonstrations, government buildings, military/police installations. Curfew compliance (if imposed). No photography of infrastructure, security personnel, queues at stores.
- **Medical:** Identify Cira García (diplomatic clinic) and nearest functional hospital. Carry personal meds + 30-day buffer. Medevac insurance with Cuba-specific clearance (many insurers exclude or require prior approval).
- **Exit triggers:** Agree with manager/security on thresholds (e.g., "depart on next commercial flight if national blackout >48h" or "if protest within 5km of hotel").

### NGOs and development/humanitarian actors

- **Registration & banking:** Operate under authorised category (humanitarian projects, support for the Cuban people). Maintain separate USD/EUR accounts outside Cuba for donor funds. Local CUP account only for locally incurred expenses.
- **Partner protection:** Cuban civil-society partners face harassment, travel bans, bank-account freezes. Minimise their exposure: no names in public reports, encrypted comms, no foreign-funding documentation left on local devices.
- **Project design:** Build for low-tech, off-grid operation (solar chargers, offline data collection, printed materials). Assume power/internet outages.
- **Compliance:** OFAC general licence for humanitarian activities (31 CFR §515.575) covers food, medicine, disaster relief. Document every transaction against licence conditions. Legal review before new programme lines.

### Diplomatic missions and consular posts

- **Consular surge planning:** Migration crises (e.g., 2022 Nicaragua visa-free entry → 300,000+ Cubans transiting Central America) generate passport, visa, repatriation, and welfare demands. Pre-position staff, forms, and local-service contracts.
- **Public messaging:** Coordinate with EU/Canada/Latin America partners on joint démarches for detained dual nationals, NGO workers, journalists. Avoid isolated bilateral statements that the regime can dismiss.
- **Intelligence sharing:** Pool protest monitoring, migration flow data, and sanctions-evasion typologies with like-minded missions. Havana diplomatic corps is small; burden-sharing is essential.

## Recommended actions

### Within 72 hours

- **Sanctions re-screen:** Run all Cuba counterparties, banks, vessels, and beneficial owners against current OFAC/EU/UK/Canada lists. Flag any new matches for legal review.
- **Payment-channel audit:** Confirm each active Cuba payment route has a documented sanctions rationale and a backup channel. Test one backup transfer end-to-end.
- **Travel-review queue:** Identify all staff with planned Cuba travel in next 90 days. Apply pre-travel clearance checklist. Defer non-essential trips.

### Within seven days

- **Contract review:** Legal to flag Cuba contracts lacking sanctions force-majeure, hard-currency payment, or offshore dispute resolution. Draft amendment templates.
- **Insurance endorsement check:** Broker to confirm political-risk/trade-credit/property endorsements for Cuba are current and cover sanctions, inconvertibility, and grid collapse.
- **Partner resilience assessment:** Ask top 5 Cuban partners for their fuel/energy contingency plans, staffing status, and hard-currency access. Score 1–5; deprioritise <3.

### Within thirty days

- **Scenario planning workshop:** Run three scenarios with ops, legal, security, finance, comms: (a) sanctions tightening (secondary sanctions on non-U.S. banks), (b) national blackout >72h + protests, (c) migration surge >100k/month triggering regional crisis. Define decision triggers, comms lines, and resource allocation for each.
- **Local staff compensation reform:** Pilot MLC-card salary supplement for 10–20 key Cuban staff. Measure retention, morale, compliance. Document legal/sanctions opinion.
- **Supply-chain mapping:** Produce visual map of all Cuba-bound physical flows (goods, spares, fuel, data). Identify single-source nodes. Initiate dual-sourcing for top 3.
- **Diplomatic/NGO coordination:** Join or initiate quarterly Havana security-info sharing group (diplomatic missions, INGOs, chamber of commerce). Standardise incident-reporting template.

## Selected sources


- U.S. Department of the Treasury, Office of Foreign Assets Control, *Cuban Assets Control Regulations* (31 CFR Part 515) and *Cuba Restricted List*, updated through 2026-06-30.
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- NetBlocks / OONI / Access Now — internet disruption reports, Cuba 2024–2026.
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- ICSID / ICC case dockets — arbitration cases involving Cuba (Sherritt, Coral Capital, EU investors), 2020–2026.
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## Method note

This report is based on open-source material reviewed up to 7 July 2026 and analytical assessment by SF Custos Global. It does not replace legal, insurance, sanctions, medical or country-specific professional advice.