

IAADFS assesses impact of U.S. Cuba trade restrictions on travel retail

By **Ronnie Lovler** on November, 14 2017 | Industry News



The Trump Administration has released its new rules and restrictions in its relations with Cuba that will make it more difficult for U.S. businesses to set up shop in Cuba and for U.S. citizens to visit the island.

But it is still difficult to say how much of an impact the new regulations, made public November 8, will have on the travel retail industry in Cuba, which may see a drop in U.S. customers, but not in terms of tourists from other parts of the world.

“It is difficult to go with a quantifiable answer,” said Michael Payne, executive director of the International Association of Airport Duty Free Stores (IAADFS) in an interview with *Americas Duty Free*. “The ability for individuals on their own to travel is obviously quite restricted. ... There are ways for people to go, but can’t just go on their own.”

Under the new rules, U.S. citizens can only travel to Cuba as part of a group registered with the U.S. government and on a “people-to-people” trip with an educational component.

“Any restrictions on freedom of travel is troublesome for the travel industry,” said Payne. “This obviously creates negatives for people. It limits choices.

“It takes away a freedom of choice for people; they can’t go easily (to Cuba). They will probably go elsewhere in the Caribbean or Latin America,” he said.

The U.S. State Department published its “Cuba Restricted List last week, naming 180 entities with links to the Cuban military, including 83 hotels that are now off limits.

The Cuban military is strongly enmeshed in the Cuban economy and is a key player in many of Cuba’s larger companies.

Instead, the Trump Administration is encouraging those U.S. citizens who do go to Cuba to do most of their dealings with private citizens operating small restaurants or small guests houses or bed and breakfast establishments, including working with Air BnB, the online hospitality service.

The Trump Administration has put the new regulations in place is to keep U.S. dollars out of the hands of the Cuban military. The norms have grandfathered in business relationships already in place such as Marriott International’s Four Points Hotel owned by the Cuban government.

Payne said he does not anticipate the regulations will have much of an impact on IAADFS per se since the norms only affect U.S. companies in their dealings with Cuba and IAADFS’s membership is

international. Some IAADFS members are already doing business in Cuba, while others are looking at expanding their undertakings.

“They would have a bit of an advantage, because they are not restricted the way U.S. firms will be,” Payne said.

However, few if any organizations doing business with Cuba are happy with the restrictions. James Williams, president of Engage Cuba, a U.S. business coalition that seeks to expand trade and travel, called the measures a “more convoluted, confusing and counterproductive approach to Cuba policy. This 'Keystone Cops' Cuba policy hurts those it claims to help and helps those it claims to hurt. “

Williams said in a news release the regulations “will hurt the Cuban private entrepreneurs it claims to be helping, and abandon U.S. leadership to Russian efforts to regain influence in the hemisphere.”