

Client Update

U.S. to Remove Cuba from List of State Sponsors of Terrorism

WASHINGTON, D.C.

Satish M. Kini
smkini@debevoise.com

David A. O'Neil
daoneil@debevoise.com

NEW YORK

Carl Micarelli
cmicarelli@debevoise.com

On April 14, 2015, President Obama announced that the United States would be removing Cuba from its list of designated "State Sponsors of Terrorism." By law, the change takes effect in 45 days. Congress may disapprove the change by joint resolution within that 45-day period; however, any such joint resolution would be subject to presidential veto.

Removal from the State Sponsors of Terrorism list will not significantly change the scope of the existing U.S. sanctions against Cuba, which were relaxed in some respects in January of this year. However, it may help alleviate the difficulties that the Cuban Interests Section in Washington, D.C., has experienced in opening a bank account in the United States. Banks were reportedly unwilling to take the risk of dealing with the Cuban government, even at the urging of the State Department, as a result of laws concerning terrorist financing.

In addition, Cuba's designation as a State Sponsor of Terrorism potentially exposed it to suits by U.S. nationals claiming to be the victims of Cuba-sponsored acts of terrorism. A number of individuals used the terrorism exception to the Foreign Sovereign Immunities Act (FSIA) to obtain default judgments against Cuba, principally in Florida state courts, and have been attempting to enforce those judgments against blocked Cuban assets in the United States. Under the FSIA, the time for bringing new terrorism-related suits against a foreign state expires six months after the foreign state is removed from the State Sponsors of Terrorism list.

Apart from its practical implications, the symbolism of Cuba's designation as a terrorist-supporting country, alongside Iran, Sudan and Syria, has been an obstacle to improved Cuba-U.S. relations. The United States originally placed Cuba on the list in March 1982 as a result of its support of insurgent groups in Latin America. In later years, the U.S. State Department justified Cuba's retention on the list based on concerns that it sheltered insurgents from

Colombia, Basque militants from Spain and fugitives from justice in the United States. More recently, however, the State Department has credited the Cuban government with helping to broker talks between the Colombian government and the insurgent group FARC and with taking steps to distance itself from the Basque separatist group ETA.

The recent announcement suggests that the liberalization of relations between the United States and Cuba is moving forward. We will continue to monitor further developments and provide updates to our clients.

* * *

For e-mail updates on sanctions developments, please subscribe to the Debevoise & Plimpton LLP Sanctions Alert, a semi-monthly summary of developments in economic and trade sanctions. To subscribe, please e-mail sanctions@debevoise.com or sign up [here](#). The Firm's sanctions-related publications may also be found at [The Sanctions Resource](#).

* * *

Please do not hesitate to contact us with any questions.