

On 1 May 2026, the president of the US signed an executive order entitled “Imposing Sanctions on Those Responsible for Repression in Cuba and for Threats to United States National Security and Foreign Policy” ([Executive Order](#)), marking an unprecedented expansion of US sanctions on Cuba. Prior to 1 May 2026, Cuba sanctions were almost entirely limited to Cuba as a country and Cuban persons.

Unlike most modern US sanctions authorities, Cuba sanctions did not authorise the sanctioning of foreign persons for their dealings with Cuba or Cuban persons. With the issuance of the Executive Order, the US now has the authority to deploy sanctions against a wide swath of foreign persons engaging in a variety of economic activities involving Cuba – a scope similar to what has been imposed upon Iran and Russia. Foreign financial institutions and foreign companies engaging in transactions involving Cuba are now potentially at risk.

Background

The US sanctions framework for Cuba, as it stood before the Executive Order, was largely limited to blocking Cuba as a country and Cuban persons wherever located and enforcing the resulting prohibitions on US persons. There were certain measures that extended the scope of sanctions to foreign actors, or otherwise sought to discourage foreign persons from engaging with Cuba, such as extending the Office of Foreign Assets Control’s (OFAC) enforcement jurisdiction to foreign subsidiaries of US companies; the Helms-Burton Title III private right of action and the Title IV entry-exclusion regime; and the 10% *de minimis* threshold for US-controlled content under the Export Administration Regulations. However, in the absence of a modern sanctions authority for Cuba, foreign commercial actors with no US nexus were largely insulated from US sanctions risks for their dealings with Cuba.

The Executive Order of 1 May 2026

Section 2 of the Executive Order now authorises the secretaries of state and the treasury to sanction any foreign person determined to satisfy a wide variety of criteria. These criteria largely fall into three buckets. First, it authorises the sanctioning of any foreign person determined to operate in the energy, defence, mining, financial services or security sectors of the Cuban economy.

As we have seen in other contexts, this would include, for instance, foreign companies simply engaging in the exchange of goods or services with Cuban companies, either private or public, in these sectors of the economy, or even engaging in ordinary correspondent dealings with Cuba’s Central Bank. Second, it authorises the sanctioning of any foreign person determined to have engaged in virtually any transaction with the government of Cuba, or any other person that has been sanctioned by the Executive Order. Third, it authorises sanctions on foreign financial institutions determined to have conducted or facilitated any significant transaction(s) with any person subject to sanctions under the Executive Order.

While the entire Cuban government is already subject to existing Cuba sanctions, we anticipate that the US will start sanctioning individuals and entities throughout the Cuban government and, even simultaneously, sanctioning foreign companies and foreign financial institutions for their dealings with the Cuban government. If the US intends to follow a roadmap similar to that of its Iran sanctions, we would anticipate aggressive sanctions actions in the near future covering a variety of foreign companies alongside domestic actors in Cuba.

One of the primary targets of these new measures is likely Cuba’s *Grupo de Administración Empresarial S.A.* (GAESA) and foreign persons dealing directly or indirectly with GAESA. GAESA is the holding company associated with the Cuban military and the principal commercial vehicle of the Cuban military leadership. GAESA’s subsidiaries (e.g. Gaviota S.A., tourism and hospitality; CIMEX, retail and financial services; Orbit S.A., remittance processing; Fincimex’s successor; and the BFI, TRD Caribe and Almacenes Universal) span the breath of the Cuban economy, particularly in the sectors highlighted by the Executive Order. The US Department of the Treasury has previously described GAESA as a Cuban government enterprise with interests in tourism, financial investment, import/export and remittances in Cuba. Many of GAESA’s companies are incorporated in countries outside of Cuba.

No designations were made on the day the president signed the Executive Order. While OFAC posted the document online, it did not list any specific names or issue any general licences or guidance at the time.¹ Despite this quiet start, this is very likely a warning of significant sanctions in the near future. Major news outlets are calling this the most significant move against foreign companies since the Cuba embargo began.²

The structure of this new framework mirrors the aggressive toolkit used against Iran. It gives the US the power to either restrict bank accounts or completely block assets, leaving no middle ground for those caught in its reach.

¹ Office of Foreign Assets Control, [Issuance of Executive Order Imposing Sanctions on Those Responsible for Repression in Cuba and for Threats to United States National Security And Foreign Policy](#), 1 May 2026; Federal Register publication pending as at 4 May 2026.

² Reuters reporting carried by CBC News, [Trump signs executive order to broaden sanctions against Cuban government](#), 1 May 2026.

EU Law Implications

For operators from the EU, the Executive Order presents a familiar but intensified version of the conflict between US extraterritoriality and the protective architecture of the EU Blocking Regulation. Article 5 of Council Regulation (EC) No 2271/96 prohibits EU operators from complying with the US Cuba measures listed in its Annex;³ the Annex currently captures the Helms-Burton Act, the Cuban Democracy Act and the Cuban Assets Control Regulations. Whether the European Commission will add the Executive Order to the Annex is an open question. The Court of Justice of the EU, in *Bank Melli Iran v. Telekom Deutschland GmbH*,⁴ held that Article 5 prohibits compliance with US secondary sanctions even in the absence of a specific US enforcement action, and that an EU operator terminating a contract for reasons connected with US sanctions must, in principle, be able to demonstrate that the termination is unrelated to those sanctions. The practical position of European institutions since *Bank Melli* has been one of formal resistance combined with substantive de-risking, in which termination decisions are framed by reference to antibribery, human-rights or commercial criteria rather than by reference to US sanctions.

This history of enforcement shows why banks have been so quick to pull back. In 2014, BNP Paribas paid nearly US\$9 billion in total penalties, with almost US\$1 billion of that going to the OFAC to settle thousands of violations involving Cuba and other sanctioned countries.⁵ A few years later, Société Générale reached a US\$1.34 billion settlement, largely because of a credit facility for a Dutch client that dealt with Cuba.⁶ The Executive Order changes the math for future cases. In the past, a Cuba-related enforcement action required some kind of direct link to the US within the transaction. Now, the US only needs to find that a foreign actor operated in a certain sector of the Cuban economy or engaged in commercial activities with the Cuban government, to include companies like GAESA, or that a foreign bank handled a significant transaction for someone blocked under the Executive Order. This shift makes it much easier for the US to step in and impose sanctions on foreign persons in contexts where there is no US nexus.

Outlook

Three areas warrant very careful monitoring and consideration in the coming weeks. First, the initial round of sanctions designations will likely signal how US authorities intend to use the Executive Order, as will any follow-up guidance that OFAC might render. It has yet to be seen if any European companies will be specifically targeted early on. Second, the US may issue “general licences” to allow some companies to wind down their existing businesses. Similar instruments were issued in the past with regard to operations in Russia and Iran. Any new guidance defining what a “significant transaction” is will be critical for foreign banks gauging their risk exposure. Finally, the US Supreme Court is expected to rule soon in *Havana Docks Corp. v. Royal Caribbean Cruises et al.* That decision will clarify the legal risks for hotel and cruise operators accused of using confiscated property.

How We Can Help

Our International Trade & Foreign Investment team advises EU, Asian, Latin American and Caribbean clients on the practical implications of US restrictive measures, including those directed at Cuba. This includes the current Executive Order, as well as its predecessors. We help our clients ensure their operations remain fully compliant with the evolving US framework, including conducting detailed risk assessments for businesses involved in correspondent banking, trade finance, shipping, insurance, hospitality and energy supply. We evaluate your specific exposure under the new Executive Order, focusing on the criteria for sectoral activity, material support, human rights and corruption. We can assist companies in utilising general licences that would permit a wind-down of their existing businesses in Cuba.

Our team also helps you manage the difficult tension between US law and the EU Blocking Regulation. This includes preparing authorisation requests to the European Commission when necessary and defending against Helms-Burton lawsuits. As we wait for new regulations and guidance from OFAC, we are ready to help you update your compliance programmes. For any matters that require direct contact with US regulators like the Bureau of Industry and Security, OFAC or the Department of State, we work seamlessly with our colleagues in the US to protect your interests.

³ [Council Regulation \(EC\) No 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom](#), OJ L 309, 29.11.1996, p. 1, as amended by Commission Delegated Regulation (EU) 2018/1100, OJ L 199 I, 7.8.2018, p. 1.

⁴ Case C-124/20, *Bank Melli Iran v. Telekom Deutschland GmbH*, EU:C:2021:1035, judgment of 21 December 2021.

⁵ Office of Foreign Assets Control, [Settlement Agreement between the U.S. Department of the Treasury's Office of Foreign Assets Control and BNP Paribas SA](#), 30 June 2014.

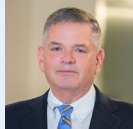
⁶ Office of Foreign Assets Control, [Settlement Agreement between the U.S. Department of the Treasury's Office of Foreign Assets Control and Société Générale S.A.](#), 19 November 2018.

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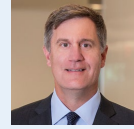
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