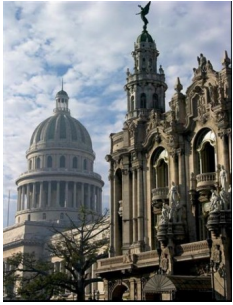


CUBA'S TOURISM INDUSTRY TO HIRE PRIVATE CONTRACTORS



Tourism is Cuba's largest industry and in 2012 it attracted over 2.8 million visitors and raised revenue of about 3 billion dollars. However until recently, the industry was solely run by the state and despite most other industries being allowed to contract private businesses in 2012, the tourism sector remained off limits.

The new regulation that authorizes the industry to issue contracts on excursions, meals, accommodation as well as other activities was published recently in the country's official gazette, which can be accessed at www.gacetaoficial.cu. **It is meant to facilitate growth of the private sector, and tourism agencies now have the authority to use over 1700 private restaurants, 5000 beds as well as private entertainment and transportation companies.** Private companies can now also offer meals for workers, gardening and any other services to state owned hotels and tourism facilities.

Currently there are over 450, 000 people in Cuba either operating or working in small businesses in the accommodation, entertainment, transportation and other sectors. There are also 200 cooperatives and although tourism agencies owned by the state have been reaching out to restaurants and lodging owners in the past year, most of them, especially those operating in Havana, have expressed no interest in the contract, while very few saw it as a great business opportunity.

A Cuban economist attributed the negative reaction to the fact that during peak seasons, most private restaurants and accommodation facilities are always fully packed despite most of them having not signed a contract with the state.

This decision by the government was however celebrated by many people, who viewed it as a great leap in the tourism industry. Tania Rodriguez who runs a rooms business in Havana termed the move not only as key to attracting more tourists to the country but also a way to diversify the industry and improve on the quality of services offered.

Former British ambassador to Cuba and current lecturer at Boston University, Paul Webster Hare also acknowledged the fact that **the current move would greatly boost the industry, which has for so long been confined into a 'one size fits all' by the Cuban state and military owned companies who have been running the sector.**

Raul Castro, who took over as Cuban President from his ailing brother Fidel in 2008, has been encouraging growth of the private sector as a way to create job for the 1 million employees that he plans to drop from government during the next few years in a bid to strengthen communism. He has done this through creating retail services to small businessmen in the private sector and believes that this effort will modernize the country's economy style which had up to 2010 been run by the state government in all tasks including the simple ones such as shoe shining. This provides a great opportunity for those who want to venture into the private sector.

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