

INVESTMENT IN CUBA SUPPORTED BY THE REMOVAL OF MAJORITY RULE IN JOINT TOURISM VENTURES



Cuba will suspend its majority stakeholder rule in joint ventures related to tourism, as reported by the Ministry of Foreign Trade. The aim is to boost investment in Cuba.

The requirement of the majority participation of the State in joint ventures will remain only for sectors of extraction of natural resources and provision of public services, explained Rodrigo Malmierca, Minister of Foreign Trade and Foreign Investment of Cuba.

Malmierca explained that **in tourism, biotechnology, pharmaceuticals and wholesale trade, “the projects can have equitable or even minority participation of the Cuban side”**. The Minister did not specify if the new ruling has already entered into effect or will do so soon.

Joint Ventures since the 1990s

In the 90s, Cuba authorized joint ventures, including hotel complexes owned by the State and operated by Spanish companies, such as Meliá or Iberostar. Since then, these projects have functioned as one of the main engines of the island’s economy, although until recently Cuba reserved the majority stake in the company.

Malmierca pointed out the need for a “more active” foreign participation in the Cuban economy, with smaller businesses and investment that have a marked export character being projected to promote local development.

New Business

Malmierca presented the island’s new portfolio of business opportunities, which has 503 foreign investment projects (43 more than the previous one), and an estimated investment of 12,070 million dollars.

The tourism industry - considered the main engine of Cuba’s economy - is the one with the greatest number of opportunities, currently having 131 projects.

Mariel Special Zone

The Cuban minister also announced that the Mariel Special Development Zone (ZEDM, in Spanish), the country’ main project to attract foreign investment in Cuba, raised more than 730.5 million dollars in 2020.

In the ZEDM, a modern business project and a trading port located in the west of the island, there are 55 approved projects, 8 with Cuban capital, 30 with foreign investment, 15 joint, and 2 international economic associations.

With this project, founded in 2013 along and the trading port, Havana expects to encourage comprehensive proposals that allow the replacement of imports, promote exports of national products with high added value, and generate jobs.

The ZEDM occupies an area of 465.4 square kilometers in a strategic point for maritime traffic due to its geographical location around Mariel, one of the main ports on the north-western coast of Cuba.

Foreign Investment in Cuba

Cuba, according to official figures, **needs to sustain more than 2 billion dollars a year in foreign investments allocated in strategic sectors in order to generate exports, substitute imports and promote supply chains.**

Between 2018 and 2019, the country raised more than 1.7 billion dollars in 25 new foreign investment projects.

Cuba is currently facing a harsh economic crisis aggravated by the coronavirus pandemic, which has hit tourism, a key industry for the island, and by the tightening of the US embargo during the last two years.

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