

Changes in Cuban foreign policy in the tourism sector 2008-2017. after the process of normalization in bilateral relations between Cuba and the United States

Abstract

The processes of change that countries are experiencing according to the exhaustion of discourses and practices after the iron curtain and the establishment of a global village are worthy of analysis. That is why this article wants to inquire about the changes in the tourism agendas by two countries that have been found and blocked for more than 60 years United States and Cuba. After the disposition to end the economic blockade and the creation of new international agendas in bilateral matters, both Cuba and the United States have benefited. Here we care to see the advances in cultural, social and tourism based on the measures of international relations developed by these two nations.

Keywords: Cuban foreign policy, trade and culture, tourism

Volume 3 Issue 6 - 2018

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Received: May 11, 2018 | **Published:** November 27, 2018

Introduction

Since Cuba and the United States began the process of normalization of diplomatic relations, agreed to by both countries, many changes have given so much in the way of relating among them, as to the interior of Cuba. These changes are reflected mainly in the promotion of trade between the two countries after the Elimination of some commercial and cultural barriers that have occurred in recent months, an example of this is the opening of commercial flights between the two countries that have allowed the approach of both cultures and increasing income from tourism to the island. "GDP in 2016 and is forecast to rise by 3.6% in 2017, and to rise by 5.0% pa, from 2017-2027, to CUC3, 487.6mn (USD3, 487.6mn), 3.0% of total GDP in 2027"¹

In order to understand where these changes come from and its importance for both parties, we must analyze three important aspects: the agenda of negotiation; trade and culture in Cuba; and finally impacts on tourism. However in this research is handled a cross shaft which in turn is a variable; this will be the tourism, which will be analyzed in the study of both the agenda, and trade between the United States and Cuba. The present research work aims to understand how does the current agenda of negotiation, which includes the interests of each country, affects Cuban foreign policy in terms of trade and tourism? To answer this question, we will take into account the negotiation agenda, in order to see how each one of the points has been reflected in the change of the diplomatic relationship between the aforementioned countries and if they have been achieved the objectives intended by Cuba and the United States in economic and cultural terms.²

Taking into account the foregoing we argue that: the current agenda of negotiation that includes the interests of both countries, and additionally has a commercial and cultural approach will generate significant changes in Cuban foreign policy; This is due to the structural changes which have to pass through the country in order to return to the international system. In addition, it is possible that

Cuba enter in a process of social and economic modernization, which will bring many changes in the dynamics of the local Cuban trade; the tourism sector is where this transformation, given thanks to the normalization of relations between the two countries, will be more clearly. For this analysis of the situation we will rely on the study and interpretation of current press, official records and releases of both parties about the evolution of the process; in order to analyze the recent events as objectively as possible. This work will be divided into three sections: the first part consists of the analysis of the negotiation agenda and the progress that it has generated in the policies of Cuba; the second part will analyze the changes in trade and culture is facing Cuba and the momentum that has taken the sector of trade, from the year 2015, which is related to trade liberalization and the restoration of flights and between the United States and Cuba trade cruise product of negotiations between the two countries.³

Finally we will analyze how the tourism sector has been affected or benefitted with the normalization of bilateral relations; this sector is chosen since it is the second major source of income for Cuba. It is in fact called "the locomotive of the Cuban economy because it maintained active commercial sector of the island and at the same time allows the relationship of people of other cultures with Cuban society, enriching it and being source of change for it. Only in 2017 "revenues from this sector increased to 2,800 million dollars" being the most productive sector or in words of Feinberg & Newfarmer,³ "the hopeful key sector" that will encourage Cuba's stagnant economy through the input of foreign currency"

As we will see in the next section, by means of the negotiation agenda, both countries noted their objectives and interests in the approach and the construction of cordial relations, because many of the points proposed, either Cuba or by the United States, have allowed performing the actions necessary for the normalization of the diplomatic relations between these countries. However, and due to the blockade, Cuba will have to go through a process of change, since its foreign policy must transform to be integrated into the international system; an important point of this is to integrate their neighboring

country in decisions regarding trade to the interior of the country, in order to increase the profits that could have this relation.³

Agenda

The relationship of these countries, has been stressful and at once cordial, even before the start of the negotiations, which can see through certain events, an example of this is the fact that “Cuba was the first country which offered its support to United States to face the ravages of Hurricane Katrina in 2005: Cuba offered the dispatch of a medical Brigade, at the same time United States has helped in issues of food donations and sending dollars to the island for economic support. Notwithstanding the foregoing, we can see the topics that each country proposed in the prior agenda of negotiating certain disparities and sensitive points. Points of interest of each of the parties are named below:

Cuba proposed five points that are in negotiation, which we listed below in order of importance:

1. The lifting of the economic blockade.
2. The Elimination of Cuba from the list of terrorism that handles U.S.
3. Establishment of diplomatic relations on equal terms
4. Cessation of any kind of subversive activity by the United States towards Cuba.
5. The release of the five Cubans imprisoned in U.S. jails, also called “the liberation of the five heroes”

The agenda proposed by Cuba is clearly focused on achieving United States to see his counterpart as a legitimate State, giving to understand even if they want to take a diplomatic relationship with the United States; this will not be favorably while this country has still an interventionist mentality with Cuba. This message has also been reflected in the firmness with which Castro asserts that restoring relations with the neighboring country is not synonymous with renouncing communism. On the points referred to above also can highlight the care with which Cuba is handling the United States approach, so not again fall on economic dependence that has characterized the relationship of these countries over time. For this reason, Cuba has made special emphasis throughout the negotiations, the need for treatment among equals to make it fruitful both for internal and external terms Cuba and United States.

That demand the release of five Cuban citizens on condition of political prisoners and the Elimination of Cuba on the list of terrorist countries of United States, It shows that Cuba expects that its counterpart accept, recognize and follow communism as a valid form of Government and do not attempt to, as on previous occasions, impose their model of democracy on the island. The lifting of the economic blockade, will allow Cuba to create a new relationship with the United States. With the change of leadership in Cuba from Fidel to Raul, is the opportunity to begin a relationship with Western countries that could potentially provide them with imports that will help the island in the development of its economy. This would be beneficial as, taking into account that the main commercial partners of the island during the past 50 years have been China, Canada and Spain; Cuba should diversify its imports and expand its list of commercial partners.

On the other hand, the United States proposed three points, which help to give an idea of what to expect from Cuba at the end of the negotiation:

1. Political openness of Cuba to the world, this means to modernize its traditional political system so that it can establish good relations with other countries that have different ideologies.
2. Elimination of barriers to investment, trade and private property imposed by Cuba to United States.
3. Release of U.S. Security agents arrested in Cuba.

The points of the agenda put forward by the United States, are based on the idea that the restoration of diplomatic relations with Cuba will assist in the transformation of the political system of the island, and promote European and American industries within the island. After trying with the embargo, a strategy that didn't work the States sought to pressure the international system for promoting a more capitalist environment. The interest of the United States by the Cuban market and the Elimination of barriers to the same, is due to three main reasons according to Arboleya which are: economic potential; this from the perspective of competitiveness and a better performance in financial terms that would give American investors, an example of this is that “for many American companies trading with Cuba is part of their natural market, implying that practically the existing infrastructure serves as to sell or buy in Cuba, than anywhere else within the” own United States.”

The second is the importance in the US market due to its geographical location; since previously United States needed at Cuba in military terms by its strategic position on Latin America. However, now its importance lies in the ease of trade across the Atlantic, since ports can be used as the Mariel to increase profits in value chains, which means less cost of import and export, in addition to giving a comparative advantage in the world market.

The third and last is the tourism, given that propel other branches of the economy in the United States, “an example of this is the oil exploration in adjacent seas” at the same time, the implications in Cuba are technological modernization, infrastructure development and the creation of networks of social service. As we have seen, the agenda of negotiation about several topics that are vital to both countries both in internal and external policies, which include a political and economic approach between the two countries, as we shall see in the next section, These approaches have been supported with cultural exchanges, driven by both parties, in order to create a proper and cultural environment within which they can negotiate.

Culture and trading

Before you begin the analysis of this part, it is appropriate to clarify that we decided to analyze both aspects jointly, since in this case, changes in the Cuban trade imply involvement in the social dynamics that are managed to the interior of the island, When opening trade to Rio exter allows that certain cultural symbols (music, fashion, internet) from entering the country and change the way in which the society expressed its being.; Similarly, when you certain cultural practices are created among Cubans, it creates an environment in which the changes that occur in the way in which trade is handled in the country to be better accepted and can be implemented successfully. In summary these are two interdependent aspects in this context and cannot be parsed one without considering the other.

In recent years we have seen several approaches between Cuba and the United States, which have been reflected not only in the change of diplomatic relations, but in the effort that both countries have to establish a beneficial relationship for both parts; an example of this is the lifting of tariffs on cigarettes and rum brought from Cuba

imposed by United States in 2014, in advantage to show their good faith during negotiations; Another example is the use of dollars in banking transactions on the island, this allows the travel of Americans to Cuba to be accessible in economic terms, Besides this the Cubans may have accounts in U.S. banks, which will help to promote Cuban enterprises and encourage the arrival of tourists to the island. This also marks a change in the thinking of the inhabitants of the island regarding the handling of their finances and shows the dollar not only as an important financial item, but also as a cultural symbol.

A significant event for the United States has been the entering of internet in the island, companies such as Apple and Google have opened offices in Havana; this opens doors for companies with platforms in line to help boost the Cuban economy, in mid-2016 the company PayPal has worked in the transfer of goods between the two countries. with the advent of the internet, the Cubans have begun to enter into E-commerce, or commerce on the internet, which has allowed them to begin to acquire goods from other countries and has helped the modernization of trade on the island. On the other hand Cuba created new standards of import from the General customs of the Republic (AGR) for non-commercial products, this is aimed at people who come to the country or received shipments from abroad. This is part of an update of the rules implemented from 2011; this is due to the high impact of imports in the country.

This openness to trade has begun to affect the Cuban culture in many ways, one of the commercial changes that has most affected the cultural dynamics of certain parts of Cuba has been the restoration of commercial flights from the USA towards Cuba, This path interrupted more than a half century ago demonstrates the announcement that President Barack Obama gave "the reopening of embassies, the operation of direct mail, and now, a cruise line attached to both countries." the restoration of relations has allowed unrestricted income tourists to the island, this has caused satisfaction in passengers given that several procedures and additional time is required to reach Cuba; reserves of commercial flights to Cuba from the internet can currently be made. (DOT's decision and other documents in the case are available online at regulations.gov, Docket DOTOST-2016-0021).

While relations between these two countries have brought benefits to both, has also been full of obstacles and little encouraging situations; one of them is how the qualification of Cuba as a country at high risk for investments according to the COFACE. This is due to the political instability that exists on the island and can have a negative long term business impact these indicators are the basis for the start of negotiations; This can put at risk the plans of United States increase investment on the island, so if the U.S. private sector sees it as a risky excess market likely they decide not to invest in Cuba. On the other hand, without the increase of foreign investment and foreign trade income, the island won't have large benefits of the negotiations, trade. The Cuban economy has been stagnant and has had to reduce their salaries because of the lack of foreign investment and the obstacles to private enterprise, However this problem can be solved with the approach to the United States, Since this could empower the reformist camp to help Cuban businessmen with a source of external financing and business training that will help them to upgrade.

After the announcement by both Governments and the acceptance by Cubans toward negotiations we can see that the Cuban culture has been changing or evolution, which is expressed in the two countries baseball major league exhibition game, where the re-establishment of relations between the United States and Cuba was confirmed since both Presidents presented themselves to the party, making it thus an

historical event. On the other hand we have the concert that gave the band Rolling Stones on March 25, 2016; this is significant since it has been the most famous rock band to play on the island since the triumph of the revolution. In addition to the above, we can see that at various international events including aspects that represent the culture of the island; has also been one of them is the reproduction of two films of Cuban origin in the New York film festival, one of them shows the development of the social dynamics into the interior of Cuba during Fidel Castro's Government and the second tries to reflect the current state of the Cuban society; Another important event that has taken place since the announcement of the restoration, was the parade that Channel made in Havana; This parade was intended to finish with the cliché that has Cuban fashion and show other facets of it, expressed in clothes designed by recognized worldwide designers as Louis Vuitton, Gucci and Dior; This event was controversial because it was the first parade that made this company on the island, giving you global visibility not only to the advancement of the opening of Cuba to the world, but his change in the view of private enterprise.

To conclude we can say: even though a change in Cuban trade was necessary to see an evolution in Cuban culture which in turn is given according to international incentives that have entered the country; Similarly, we have managed to demonstrate the reasons why changes in the socio-cultural dynamics were necessary so that the Cuban people will change their way of seeing the trade and could adapt to the transformations experienced inside of the island. As we will see in the next section the tourism plays an important role both in cultural and trade liberalization of Cuba and similarly, trade liberalization has caused changes in the tourism sector which have influenced the cultural changes that have been taking place in Cuba.

Impacts of the negotiations in the tourism sector

In the tourism sector we have found several things that have changed since the opening, the most notorious, is that the United States has become the second issuer of tourists to Cuba which has driven the economy, strengthened local businesses and the improvement of infrastructure of tourist cities such as the old Habana; Therefore, the number of tourists received from United States to Cuba was 61.2%, despite this Canada is still the country that brings more tourists to the island; This in general terms "the number of visitors from the United States to Cuba grew up 83.9% in the first half of 2016, according to data from the Cuban Ministry of tourism".¹

While tourism has always been one of the larger sectors of the Cuban economy before the approach with United States, the island billed 2,000 million dollars annually with the approach, the entry of tourists grew by 16% in 2015, the increase income through tourism, will allow Cuba to have more resources to invest in the island's economic and social development, and at the same time opens the door to expand its foreign trade from this sector, in fact, in recent years tourism has become the sector of Cuba to received more foreign investment and the second largest source of income for the island. According with a study of foreign investment in Cuba, Travel & Tourism is expected to have attracted capital investment of CUC 1,479.8mn in 2016. This is expected to rise by 0.2% in 2017, and rise by 5.0% pa over the next ten years to CUC 2,414.9mn in 2027. Travel & Tourism's share of total national investment will rise from 20.9% in 2017 to 25.7% in 2027.¹

Currently, business portfolio includes: "110 opportunities, 19 of them for hotel development under the mode of joint venture, and 75

hotel administrative contracts.” this Government compounded by cultural tourism, and the promotion of Cuba as attractive destination for lovers of diving. Due to the high tourist demand for the island, this has been increasing in recent years, increasingly more hotel chains have been encouraged to enter the Cuban market, even to have greater participation in the market that the State hotel chains, who used to handle most of the tourism before the rapprochement between the two countries as we will see in the following table.

According to Roca the hotel market has “65 thousand rooms in hotels [...] of which 65% are category 4 and 5 star” which are managed on the basis of the Cuban foreign investment law 118/2014 which allows three different models of operation for foreign companies:

1. Joint ventures: they involved both Government and foreign investors in the percentage who both agree.
2. International Economic Association: it is dominant in the tourism sector; in this model the income to get the Manager is directly related to the obtaining of gross operating income.
3. Fully foreign capital enterprise: this figure is exclusive to specific projects that are considered important by the Cuban Government.

67% of the rooms are managed under any of these modalities being the international economic association the most used for the management of international hotel chains in the country, and of these the 85.7% are operated under international economic Association. It should be noted that while there is a large foreign investment in the tourism sector, the property of hotels in Cuba is still Government-why the procedures given in the law of foreign investment include government participation in investment in one way or another (Figure 1).

PARTICIPACIÓN DEL MERCADO HOTELERO EN CUBA (%)

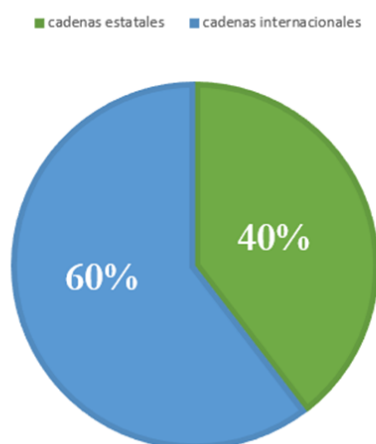


Figure 1 Participation of the hotel market in Cuba.

Conclusion

On the agenda of negotiation we can see that both countries have

tried to make clear its position on how they want to develop it, so it is clear the dichotomy in the way to consider the agenda of both countries; While Cuba is focused on generating conditions where the island can have a relationship between equals with the United States, which is because of the historical rivalry between the two countries thanks to the insistence of the United States in controlling the island somehow. On the other hand, United States has more focused on allowing and helping Cuba opens back to the traditional dynamics of foreign trade and become a trading partner of the United States, for this, also give a good geostrategic point to negotiate with the rest of Latin America and the Caribbean, will allow the States to reduce the cost in terms of import and export of products that can be traded directly with the island, thanks to its geographical proximity. In addition to the above, we can conclude, based on the way in which the negotiations have been developed if good economic opening has been successful and given at a good pace, political and cultural rapprochement has been slow because both sides have worked for this, what has confused and disenchanted the Cuban people that don't work in tourism, because it has not been mostly benefited by these changes, that the increase in tourists despite hasn't already taken no significant investment by the United States in Cuba, because the U.S. employers take into account the high risk this implies due to the type of Government that Cuba has.⁴⁻⁷

Acknowledgments

None.

Conflicts of interest

Author declares that there is no conflicts of interest.

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