

U.S. Tourism to Cuba in the New Scenario of Bilateral Relations

DR. JOSÉ LUIS PERELLÓ CABRERA
Faculty of Tourism Studies, University of Havana

MARCH 11, 2015

The development international tourism in Cuba was envisioned in the context of a scenario of confrontation and travel restrictions that have characterized relations between Cuba and the United States since the beginning of the Revolution.

The strategy for the growth and development of Cuban tourism since the 1990s was built upon the construction of beachfront hotels catering to issuing markets of Western Europe and especially Canada, which has become consolidated as the principal country of origin of tourists to Cuba, representing 40% of total international arrivals.

In all these years, the policy of the US government toward Cuba has wavered from rapprochement and suspension of some travel restrictions during the Carter administration, to the intensification of the measures and laws of the embargo under the administrations of George W. Bush and William Clinton.

This unstable conduct of US policy, from the point of view of international tourism, contributed to a certain consolidation of other tourist markets in the Caribbean region. Thus, three destinations receive 55% of US tourists to the Caribbean: Dominican Republic (40%), Jamaica (63%) and Bahamas (84%); while Canada preferred Cuba as its principal Caribbean tourist destination.

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Table 1. Arrival of visitors from North America to Cuba 2009-2014

	2009	2010	2011	2012	2013	2014
United States (US)	52.455	63.055	73.566	98.051	92.346	91.254
Cuban-Americans (CA)	163.019	262.963	284.942	268.803	261.084	258.837
Subtotal (US+CA)	215.474	326.018	358.508	366.854	353.430	350.091
Canadians (CN)	914.884	945.666	1.002.318	1.071.692	1.105.729	1.175.077
Subtotal North America	1.130.358	1.271.684	1.360.826	1.438.546	1.459.159	1.525.168
Total arrivals	2.429.806	2.530.368	2.716.317	2.838.607	2.852.572	3.002.745
% part. US+CA	8,87	12,88	13,20	12,92	12,39	11,66
% part. CN	37,65	37,37	36,90	37,75	38,76	39,13
% part. North America	46,52	50,26	50,10	50,68	51,15	50,79

Despite the economic difficulties that the country has endured, which have impacted on the quality of many services offered by tourist hotels, the tourist room stock has created accommodations in every one of the tourist destination. Beach hotels make up 47% of the total while 39% are city hotels.

Currently some 17 international hotel chains operate in Cuba, of which 13 are Spanish. These chains administer 71 hotels under management and marketing contracts, which represent 21% of the tourist hotel stock (339 hotels), and 52% of all rooms (60,552 total rooms). Sixty-eight percent hold the category of 4—5 stars. In addition to these capacities in the State-owned hotel sector, there are 18,740 rooms in the private sector, typically rooming houses and bed-and-breakfast establishments, many of which offer personalized attention and quality service.

Spanish hotel chains make up 76% of those present in the island, managing 58 establishments or 82% of those of those operating under this management. Eighty three percent of the hotels are under management contracts in the niche of Sun & Beach, which continues to predominate in the Cuban tourism setting despite strategies to diversify the offer.

Due to the embargo, travel restrictions, limited commercial and financial relations and the impossibility of participating in Cuba's tourism development, it is logical that no US hotel chains are present in Cuba.

CUBAN TOURISM IN THE 17D SCENARIO

The array of measures announced by the Presidents of Cuba and United States leading to the reestablishment of diplomatic relations between both countries, leave open the possibility of discussing various topics relevant to Cuban tourism.

The expansion of the licensed categories include practically the gamut of travel motivations for which any traveler journeys from his or her place of residence to become acquainted with other lifestyles. The accepted definition of experiential travel is one of the major market trends in the modern tourism industry. It is an approach

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to travelling which focuses on experiencing a country, city or particular place by connecting to its history, people, food and culture. The twelve authorized categories for travel to Cuba are in keeping with this definition.

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General licenses will be made available for all authorized travelers in the following existing categories:

1. family visits;
2. official business of the U.S. government, foreign governments, and certain intergovernmental organizations;
3. journalistic activity;
4. professional research and professional meetings;
5. educational activities;
6. religious activities;
7. public performances, clinics, workshops, athletic and other competitions, and exhibitions;
8. support for the Cuban people;
9. humanitarian projects;
10. activities of private foundations or research or educational institutes;
11. exportation, importation, or transmission of information or information materials;
12. certain export transactions that may be considered for authorization under existing regulations and guidelines.

Travelers satisfying the authorized categories will be able to travel to Cuba and carry out related transactions under general licenses, which implies that they will not have to request a specific license to do so, or file trip reports with OFAC (Office of Foreign Assets Controls), on the understanding that each traveler attests to fulfilling the requirements.

While continuing to require a specific license, the category “*people to people*” has been reserved for cultural, educational and social organizations, and particularly for specialized tour operators, to organize group tours, with the condition of maximizing relationships with the Cuban people. In this regard, the majority of international tourists have among their principal motivations, relating as much as possible with the individuals and communities that they visit, with the exception of sun and beach tourism. All of the other would be covered under these general license categories.

On the other hand, with respect to the potential “social impact” of tourism, negative or positive, for Cuban society, it must be said that this impact has already occurred. Since the country was opened to international tourism twenty year ago, Cuba has received 41,150,315 international visitors, of these 1,204,712 from the US and 12,000,779 from Canada.

Another relevant article of the new regulations reads:

Licensed U.S. travelers to Cuba will be authorized to import \$400 worth of goods from Cuba, of which no more than \$100 can consist of tobacco products and alcohol combined.

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If we take as reference the travelers from the US that visited Cuba last year, under all of the licenses granted by OFAC, direct income from these sales could reach \$140 million, assuming that the country can meet the increment in demand for these autochthonous products—tobacco, rum, handicrafts, textiles—without affecting the current market, national and tourist.

PROFILE OF US TRAVELERS

According to the *National Travel and Tourism Office* (NTTO) of the *U.S. Department of Commerce*, the size of the US market for foreign travel is 113 million persons, of which 60.7 million have a passport. Seventy percent of overseas trips (excludes Canada and Mexico) are generated by eight states. The top four of these are New York (21%), California (15%), New Jersey (10%) and Florida (7%).

Of the “overseas” travelers, 36% travel to Europe; 19% to Asia and 24% to the Caribbean, where the main destinations are Dominican Republic (8%) and Jamaica (5%). In 2013, some 6,480,800 Americans traveled to the Caribbean, not including those who did so on cruises.

With respect to accommodations in the country of destination, 62% prefer hotels with an average overnight stay of 9.8 nights, while 43% prefer private homes with an average of 21.2 nights.

When it comes to the composition of the trips, 66% travel alone, 21% with their partner and 4% with friends. It is significant that only 1% travel in tour groups. Only 12% of the travelers do so in prepaid packaged tours, while 52% prefer to make direct reservations via the internet. By 2015, 25% of all trip bookings will be made from mobile phones generating \$40 billion in sales: 91% of the US population owns a cellular phone, and 58% utilizes *iPhone* or *Android*.

According to the NTTO, the activities that US travelers prefer in the places that they visit are: *Sightseeing* (78%); *Shopping* (76%); *Small Towns-Countryside* (43%); *Experience Fine Dining* (41%); *Historical Locations* (40%); *Guided Tours* (35%); *Cultural/Ethnic Heritage Sights* (31%); *Nightclubbing/Dancing* (26%); *Water Sports* (18%); *Concert/Play/Musical* (14%);

The average amount spent outside the US—excluding air fare and lodging—is \$ 1,575 per traveler, or \$86 per day. Fifty-three percent pay by credit card and 20% by travelers check.

Studies undertaken at Florida International University’s (FIU) Cuba Research Institute (CRI) indicate that once diplomatic relations are reestablished and the travel restrictions lifted, some one million Americans will visit Cuba. A national survey carried out by *Visit Florida* revealed that 51% of Americans would be interested in spending a vacation in Cuba when diplomatic relations are reestablished and travel restrictions lifted.

Of those who would travel to Cuba, 60% would be interested in visiting as part of a cruise, versus 13% that would prefer a stay. The average preferred overnight stay is 2.9 nights. Those with the most interest in visiting Cuba are persons of high income (48.2%) and young people (57.5% between the ages of 18 and 24).

The surveys carried out by *Visit Florida* among Hispanic-Americans suggest a great interest within this market segment, which would be eager to explore the island as soon as restrictions were lifted.

If American, Delta or United Airlines, who have obtained “carrier service provider” licenses to operate flights to Cuba, would use them to establish regular routes, and those flights could be booked on the Internet and through mobile phones, this could provide a significant boost to the number of American travelers to Cuba.

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According to studies carried out by Figueras and Perelló, if the bilateral contacts between Cuba and the US show advances in the course of the current year, some 800,000 Americans and 380,000 Cuban-Americans could visit Cuba in 2016. For Cuba, this figure could represent \$1,858,500 in income associated with tourism.

This is nevertheless limited by the shortages and condition of the infrastructure of accommodations and other services for city travelers in Cuba. According to Díaz Medina (*Catalejo Temas*, February 2015), “if this deficit is not surmounted in the short run, beginning with the recuperation of a large percentage of hotel rooms that today are out of service, the abovementioned figures will be unreachable”.¹ In this new scenario it is worth emphasizing the role that small private, family and cooperative businesses can play, both in accommodations as well as in tourist services.

Díaz Medina estimates that “the increase in travel, be it in groups or individually, will be significant, although gradual”, possibly reaching 150,000 non-Cuban Americans this year—an increase of 65% over the previous year—and 200,000 in 2016. The possibility that a new Republican administration assumes power in 2017 and reverts the measures adopted by Obama “prevents venturing further”.



DR. JOSÉ LUIS PERELLÓ CABRERA

PhD in Economics. University of Havana Full Professor, University of Havana Faculty of Tourism Studies, and Chairman of its Academic Council. Masters in Tourism Management, University of Havana, and Diploma in Upper Management of Tourism Enterprises, ESADE, Barcelona. Visiting professor in various universities in Central and South America. He has taught numerous postgraduate courses and published various books and articles in specialized journals, in Cuba and abroad. Also, he has presented papers in various national and international conventions and congresses.

He currently specializes in topics of international migration and tourism development.

¹ <http://temas.cult.cu/blog/?p=2029#more-2029>

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