

Cuba allows joint ventures between state and private sectors for the first time



Cuba permits joint ventures between state-owned and private companies (source: [Jorge Royan/Commons/CC-BY-SA 3.0](#))

“I have the workshop and the mechanics, but not the spare parts. And you, from the small company, have the financing to repair machines, start up together, and share profits.” Two years ago, Cuban Prime Minister Manuel Marrero used this image [to describe](#) what frustrates him about the Cuban economy: state-owned enterprises and private entrepreneurs coexisting instead of working together. Now, the Council of State has created the legal basis to change this.

On March 3, [Decree 114/2025](#) was published in the Cuban official gazette (*Gaceta Oficial*), creating the legal basis for mergers between state-owned enterprises and private actors for the first time in the country's recent economic history. The Council of State had already passed the decree on December 10, 2025, and it will come into force 30 days after publication.

The core of the law is the introduction of the so-called “mixed limited liability company” (Sociedad de Responsabilidad Limitada mixta, or S.R.L. mixta for short), a legal form that did not previously exist in Cuban commercial law. In addition, the decree regulates the acquisition of shares in existing private companies by state-owned enterprises, the takeover of private companies by state-owned companies, and the conclusion of economic association agreements that do not establish a new legal entity.

Four years of delay

The need for such a regulation has long been recognized. Decree 34 of 2021, which regulates Cuban state-owned enterprises, already provided in Article 10.2 that state-owned enterprises could merge with non-state actors to form new legal entities. However, the necessary implementing regulation was never issued.

In March 2024, economist Omar Everleny identified the absence of such a norm as one of the biggest obstacles to productive links between the state and private sectors. Prime Minister Manuel Marrero had already announced the plan at the National Assembly meeting in December 2023, criticizing the practice of state-owned enterprises leasing their workshops to private individuals instead of merging with them.

What the law allows

State-owned enterprises, state-owned limited liability companies, joint-stock companies with 100% Cuban capital, and budget-financed entities with special status are eligible to become shareholders on the state side. On the private side, small and medium-sized enterprises (SMEs) as well as agricultural and non-agricultural cooperatives can participate.

Contributions can be made in cash or in kind. The shareholders are free to determine their shareholdings; there is no minimum capital requirement. However, in the case of state-owned real estate or intangible assets, an appraisal certified by the Ministry of Finance is mandatory.

The new mixed companies are granted extensive entrepreneurial powers: they are allowed to export and import directly, set their own prices within the guidelines of the Ministry of Finance, determine salaries, maintain bank accounts, and open branches throughout the country and even abroad.

A noteworthy detail: the mixed companies are not subject to the central economic plan, but must report key figures of national interest – such as energy sources, foreign exchange, or food production.

Approval requirements and bureaucratic hurdles

Every establishment, merger, split, takeover, or change in the shareholder structure requires approval by the Ministry of Economy and Planning.

The ministry has 30 days to review the application; if public property is involved, the period is extended to 60 days. The National Institute for Non-State Economic Actors (Instituto Nacional de Actores Económicos no Estatales) is consulted as an advisory body in all proceedings.

A clause is intended to prevent bureaucratic blockages: if a consulted authority does not respond within ten days, this is deemed to be approval, and the authority in question bears responsibility for its inaction. The supplementary Resolution 8/2026 published by the Ministry

of Economy establishes an internal commission headed by a deputy minister to assist the minister in evaluating and approving applications.

Mixed companies wishing to establish themselves in the Mariel Special Development Zone (ZEDM) west of Havana are exempt from the regular approval procedure: they go through the “one-stop shop” system already established there, in which all administrative procedures are handled by a single point of contact.

Autonomy with limits

Article 29 of the decree proclaims the “entrepreneurial autonomy” of the new companies. At the same time, the norm reflects the tension that has characterized Cuban economic policy for years: the pursuit of greater productive dynamism within a centralized economic management system.

As economist Omar Everleny [explains](#) to OnCuba magazine, mixed companies typically have advantages that purely private SMEs do not have, such as access to foreign currency or export capacities. At the same time, however, they are subject to price and margin restrictions that are not always compatible with the economic viability of a business.

Activities in the health and education sectors and in areas related to the armed forces are also excluded, unless they involve the corporate systems of these sectors. Furthermore, the companies are not allowed to claim centrally allocated resources and must prove that they can finance themselves and generate profits.

Article 24 expressly allows state-owned companies to absorb private companies—and in doing so, to take over their entire assets. In theory, this mechanism could also be used to gradually transfer successful private companies back to the state sector if a state partner acquires a majority stake and then applies for a takeover.

Economic urgency

The decree comes at a difficult economic time: Cuba is struggling with high inflation, an ongoing energy crisis, and an urgent need to mobilize production capacities that the state cannot activate on its own. Although the [small private enterprises licensed since 2021](#) have established themselves as a dynamic economic factor, the lack of a legal bridge to the state sector has so far prevented formal cooperation.

Once the decree comes into force, interested companies can submit their applications to the Ministry of Economy and Planning to establish the first mixed domestic companies in Cuba's recent economic history.

Whether the regulation will actually produce the hoped-for productive interconnections in practice will depend not least on how quickly and unbureaucratically the ministry handles the approval process – and how the current situation surrounding the US energy blockade develops. A tanker expected at the beginning of March with a shipment apparently originating in Russia recently [turned back](#).

One day before the decree was published in the official gazette, President Miguel Díaz-Canel called on the Council of Ministers [to](#) significantly accelerate economic reforms. He explicitly named cooperation between the public and private sectors as one of the priorities.

According to the president's wishes, local authorities are to play a key role in this process — from the administration of foreign direct investment to the management of local production systems and cooperation with Cubans living abroad. Prime Minister Marrero added that the approval of new non-state economic actors could possibly be transferred to the municipal level in the first half of 2026. ([Cubaheute](#))