

Cuba freezes accounts of foreign companies



Cuba is facing major changes to its foreign exchange and exchange rate policy (source: [PickPik](#))

Cuban authorities have informed several foreign companies with branches on the island that they cannot access their Cuban foreign currency accounts. This was [reported](#) by the Spanish news agency *EFE* on Thursday, citing company and diplomatic sources who wished to remain anonymous.

The accounts, some of which are said to contain tens of millions of dollars, are said to be funds that the companies have accumulated in the course of their business activities on the island. According to the report, some of the companies affected have already lodged complaints with their governments. Among those affected are [large hotel chains](#).

“We absolutely disagree. This is not Cuban government money, but company money,” *EFE* quotes an entrepreneur who claims that his account has been ‘frozen’ and that he can now only use the funds for business within Cuba.

New foreign currency account as an alternative

In return, the Cuban authorities are offering the affected companies the opportunity to open a new foreign currency account in individual discussions. This is a pilot project with a limited scope. However, some sources suspect that its use could be extended to mixed companies.

Unlike the previous accounts, the new accounts are to be backed by real foreign currency, so that companies could theoretically operate with them without restriction. However, only fresh capital will be accepted. It will not be possible to transfer funds from the old accounts to the new ones; only transfers from abroad will be accepted.

As *EFE* further reports, some foreign companies on the island have already started to open and use such accounts. Companies belonging to the military economic conglomerate GAESA are also said to already have such accounts. GAESA controls strategic sectors of the Cuban economy, from telecommunications and retail to gas stations and real estate, as well as the majority of the country's foreign exchange flows.

A harbinger of a new exchange rate regime?

Some of the foreign companies affected see the measure as a painful but necessary step. They argue to *EFE* that the restrictions have already been in place for years and hope that the new accounts will allow them to resume international business and repatriate profits.

However, many entrepreneurs are skeptical about the offer. Given the ongoing economic crisis in the country and bad experiences with instruments such as the virtual freely convertible currency (MLC), which has not been backed by foreign currency for years, there is doubt among business circles that the current conditions of the new accounts will be permanent.

The move may be related to new currency measures. At its latest meeting last week, Cuba's Council of Ministers [announced](#) progress in the introduction of a new exchange rate regime. According to the announcement, the relevant decree has already been drafted, with final details regarding the timetable still to be clarified. At the beginning of March, the exchange rate [was already adjusted](#) for a select group of foreign companies. ([Cubaheute](#))