

Cuba's Military: A Business Conglomerate with a Weapons Division



The holding company Gaesa controls large parts of the state-run retail sector in Cuba
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A guest column by Andreas Hesse.

According to the *Miami Herald*, Cuba resold approximately 60 percent of the oil it received from Venezuela in 2025. A high-ranking U.S. government official is said to have leaked this information to the newspaper. The newspaper's interpretation—constructed without any evidence—is that the military enriched itself through these sales at the expense of the population.

With the *Miami Herald*, you never know what's fact and what's fake. Have there ever been resales on this scale? If so, couldn't they have served to generate much-needed foreign currency for basic economic and social services? These considerations never crossed the newspaper's mind; the news, with its skewed interpretation, went around the world.

Just six months earlier, the *Miami Herald* had reported something spectacular. Leaked documents allegedly revealed the GAESA holding company's fabulous wealth of nearly \$18 billion, while the population starved. A scandal, indeed. If only that were the case. ACERE, an NGO composed of prominent U.S. scholars and public figures advocating for reconciliation with Cuba, sees fake news at work. It quotes British economist Emily Morris, who claims that the Herald has grossly misinterpreted the sparse data.

According to Morris's understanding of Cuba's accounting system, GAESA's total assets should be estimated at 17.9 billion Cuban pesos (approximately 750 million USD at the time) and not at the same amount in US dollars. ACERE then asks why such alleged wealth is not at all reflected in the state of the Fuerzas Armadas Revolucionarias (FAR). Cuba is not heavily armed.

In 2020, the trade journal *Aviation Week* described the Cuban Air Force as a flying museum that is somehow kept in the air only thanks to brilliant engineering. According to *GlobalMilitary.net*, there were over 200 combat aircraft in the 1980s; by 2026, not a single one was operational anymore, and there were only eleven combat helicopters left. According to the Statista Research Department (November 2025), defense spending fell from 3.9 percent of GDP in 2012 to 2.9 percent in 2024 (U.S. 3.4 percent, Israel 8.8 percent; in Cuba's case, the figure does not represent corresponding state funding).

Yet the Miami Herald's sloppily researched article went viral. The underlying message was: If the military leads a lavish lifestyle at the expense of the people, then even a blockade or invasion to liberate the people is legitimate.

Who is GAESA?

GAESA was founded in 1995 and is based on the previously held, not unsympathetic vision that the military should not squander the country's gross national product as elsewhere, but rather generate value itself. Consequently, it became involved in retail, tourism, finance, and agricultural production; it operates a chain of gas stations and controls the Mariel Free Port.

The military holding company grew larger and larger until it eventually became too big. However, estimates that GAESA controls up to 70 percent of the Cuban economy—as claimed by the exiled author Amir Valle—represent, according to Arturo López Levy and other scholars specializing in Cuba, an unsubstantiated exaggeration.

Emilio Morales of the Havana Consulting Group in Miami, who previously held a senior position at a GAESA company, estimated to the BBC in 2017 that the group accounted for about one-third of economic output. That is still a significant amount. Today, the armed forces, with their economic holding company, resemble a conglomerate with an attached arms division.

Military personnel certainly enjoy privileges based on the revenue they generate themselves. For example, part of their pay can be paid in foreign currency, there are apartments for military personnel, and shopping opportunities with price discounts. (1) On the other hand, the armed forces support projects—rather unusual in a military context—such as providing technical equipment for the Fructuoso Rodríguez Orthopedic Clinic in Havana, along with the establishment of vegetable gardens there to supply patients and staff.

The sheer size of the holding company leads to systemic misalignments. Its particular interests as an economic actor take precedence over the overall economic needs of the nation. This is nothing unusual, but the military holding company is too massive for this to end well. The public's lack of understanding regarding the imbalance caused by years of prioritizing tourism in investment decisions is partly due to the bloating of the GAESA tourism group Gaviota—driven by confidence in the industry's perpetual growth—while the island's infrastructure slowly deteriorated.

The warning signs that have been present since the pandemic were ignored. Even the death of the powerful GAESA chief Luis Alberto Rodríguez López-Calleja in 2022 did not bring about a change in course. Earlier assessments by international observers, according to which the only functioning enterprise in Cuba was the military, are no longer tenable today. Not all GAESA companies are operating at a loss. Yet at the bloated Gaviota Group,

investments are met with declining revenues year after year. This makes conspiracy-theory claims about fabulous wealth accumulated behind the people's backs all the more absurd.

But the question of power arises. Which political subsystem is stronger: the Ministry of Economy or the opaque power factor GAESA, which eludes external control? However, this secrecy regarding financial statements is also due to the external threat posed by the empire to the north.

The weight of the military-economic factor is often interpreted as evidence of a militarized society. This possible narrative is countered by another that emphasizes the weakness of the FAR and parts of GAESA. And Raúl Castro's dictum that the army will never be deployed against its own people still holds true, while Donald Trump is happy to send the U.S. Army in the form of the National Guard to "pacify" major U.S. cities.

Pirates of the Caribbean

To maintain vigilance, the defense system relies on self-generated resources, as nothing comes from the state anymore. On February 25, heavily armed Cuban exiles planning a violent uprising fired from a [boat off the Cuban coast](#) at a local coast guard vessel. The coast guard returned fire, killing four of the intruders.

This pirate mentality is not unique to this terrorist group. Donald Trump boasts that he can do whatever he wants with Cuba. And Marco Rubio declares that he will now put an end to Cuba's dysfunctional system. He does not mention what the U.S. government has done to ensure that things go badly in Cuba. Since when does an alleged dysfunction justify the strangulation of a country or a military strike? With such a justification, any country could intervene in any other country at any time.

The U.S. Army would overrun the Cuban Army in an emergency. But President Díaz-Canel has announced fierce resistance in such a case. Guerrilla warfare would be an expected scenario. According to Ambassador Juana Martínez in an interview with the *Berliner Zeitung* on March 13, 2026, Cuba is counting on a people's war. A simple decapitation strike without a popular uprising against the invaders, as in Venezuela, would be unlikely in Cuba. The unsubstantiated claim, spread by dissident circles, that virtually no one supports the system anymore can be viewed—despite the government's loss of popularity—as wishful thinking, which can ultimately only be explained by the human tendency to move within bubbles of like-minded people. The dialectic of criticism of the government on the one hand and loyalty to the revolution on the other is ignored in this context. Marco Rubio, who perhaps already sees himself as a future president (or governor?), might yet be in for a surprise.

1) Hans Jürgen Frieß: "Castro and No End – On Political Stability in Cuba," p. 181, Potsdam 2009.

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