

## Foreign companies' accounts frozen



*Headquarters of the state-owned Banco Financiero Internacional (Source: [Alexis de la Cruz/FB](#))*

The Cuban government has informed all foreign companies that they can no longer withdraw foreign currency from their existing bank accounts or transfer it abroad. This was confirmed by several corporate and diplomatic sources to the Spanish news agency [EFE](#).

At the same time, the government is offering companies the opportunity to open new bank accounts, referred to as “real” accounts. These must be fed with fresh foreign currency from abroad and should, in theory, enable foreign transfers and cash withdrawals. However, some foreign companies report that problems are also arising here.

### Diplomatic missions also affected

The Cuban Foreign Ministry apparently also informed the diplomatic corps of similar restrictions on Wednesday. Embassies were told that a deadline for their accounts would be announced shortly. Foreign currency received from abroad after this date could theoretically be withdrawn and transferred abroad. However, the availability of previous balances was not guaranteed, it said.

Foreign and state-owned companies have been suffering from significant liquidity problems for several years, exacerbated by exchange rate distortions. While legal entities are officially required to operate at a rate of 24 pesos per dollar, the street rate is currently around 480 pesos per euro. In addition, a few months ago, all foreign companies were required to pay rent for real estate and salaries for their employees in US dollars.

The move could be a harbinger of a comprehensive reorganization of the currency market, as envisaged in the recently [published](#) “Government Program for Correcting Distortions and Revitalizing the Economy.”

There are currently 334 joint ventures and foreign companies based in Cuba, 56 of which are 100 percent foreign-owned. The country imports 80 percent of all consumer goods and suffers from a huge current account deficit. Experts suspect that the authorities have used the foreign currency from the frozen accounts for foreign payments, similar to what happened during the liquidity crisis of 2008/9. ([Cubaheute](#))