

“Ley de tierra”: Cuba opens agricultural land to foreign investors



The law brings innovations for small farmers and foreign investors (source: [lezumbalaberenjena/Flickr](#))

On Tuesday, the Cuban Ministry of Agriculture [presented](#) a new law “on ownership, possession, and use of land” (*Ley de propiedad, posesión y uso de la tierra*), which is intended to reform the legal framework for the management of agricultural land in Cuba.

The end of a legal vacuum

The key change is the possibility for foreign companies and investors (both legal entities and natural persons with permanent residency) to lease agricultural land. As Mayra Cruz, head of the ministry's legal department, [explained](#), land has already been leased to foreign companies – for example, as part of the ongoing [cooperation with Vietnam on rice growing](#) – but in a “legal vacuum”. The new regulation is now intended to officially recognize this practice. However, sale and transfer remain excluded and each transaction must be approved by the Council of Ministers.

According to Cruz, there are many foreigners living in the country who are interested in leasing land and have so far had to apply through Cuban relatives. The bill would allow them to lease land in their own name, as is already possible for cars and real estate.

At the beginning of the year, the state leased land to a foreign company for independent cultivation for the first time since 1959. An unnamed Vietnamese company has been given land from state-owned agricultural enterprises in the Los Palacios area (Pinar del Río province) to grow rice for domestic consumption. This year, the first 1,000 hectares are to be cultivated, and later the area is to be expanded to 5,000 hectares. Initially, the license is valid for three years ([Cuba heute reported](#)).

SMEs are left out

The ministry hopes that the change in the law will increase agricultural production and “recognize all economic actors” in the face of the serious crisis in the agricultural sector.

Oniel Díaz, head of the consulting agency *Auge*, which specializes in small and medium-sized enterprises (SMEs), also [attaches great importance to](#) the law. It is “one of the most important laws to be discussed this year,” says Díaz. He sees the biggest problem with the draft in the disadvantage for Cuban companies: private SMEs are excluded from leasing land. “Small and medium-sized agricultural businesses will continue to be non-existent,” says Díaz.

In practice, too, no steps have been taken in this direction so far. To date, no private SME in Cuba has been granted agricultural land for usufruct. “This is one of the biggest contradictions to the general criticism that ‘SMEs do not produce anything’,” says Díaz, who sees this as an untapped opportunity to boost food production.

Further innovations

Apart from that, the law is intended to bring about improvements for private farmers through minor adjustments. For example, inheritance issues and other legal disputes can now be resolved by the courts instead of directly by the Ministry of Agriculture, which is known for its bureaucratic structures. In addition, tenants who cultivate land for usufruct will in future be allowed to build utility buildings on larger areas and their contracts will be automatically renewed as long as they cultivate the land properly. In addition, organic farming is to be promoted, decisions are to be transferred to the municipal level, and a land registry is to be introduced. However, some unpopular restrictions remain: for example, Cuban farmers are not allowed to use their land as collateral for loans, which makes it difficult for them to access investment.

There are currently 128,683 owners and 275,762 tenants of agricultural land in Cuba. Since the beginning of the leasing of fallow land to small farmers in 2008, a total of 2.2 million hectares of land has been handed over, with 401,767 hectares still lying fallow. Twenty percent of Cuba's agricultural land is used for growing crops, 24 percent for permanent crops and 56 percent for animal husbandry.

A lack of investment and a scarcity of fertilizers and fuel have led to a severe decline in agricultural production in recent years. Cuba currently has to import around 80 percent of the food consumed in the country.

The 60-page draft is to be publicly discussed by May 1 and submitted to parliament for approval in December. ([Cubaheute](#))