

# THE COLLAPSE OF CUBAN TOURISM



According to experts, Cubans are not only experiencing a severe shortage of electricity, which has become increasingly common on the island, but they are also witnessing a downturn in tourism, which was once a vital part of their economy.

In the first ten months of 2024, the number of tourists declined by 48.23% compared to the same period in 2019, the year before the pandemic. Additionally, **hotel occupancy rates hovered around 25%, highlighting the significant collapse of what has been Cuba's economic engine for many years.**

Cuban tourism industry's revenues have drastically decreased over the past five years, falling from USD 3,185 million in 2019 to USD 1,216 million in 2023, a staggering 61.82% decline.

The collapse of Cuban tourism is closely linked to the significant decline in North American travelers, dropping from 452,835 in 2019 to just 118,038 in 2024, representing a decrease of 73.93%. Additionally, the number of visitors from Spain, Germany, Mexico, Argentina, and Colombia has decreased. In contrast, there has been a slight increase in visitors from Portugal and Russia.

Another crucial segment that no longer travels to Cuba is the diaspora, which has previously returned to spend vacations and connect with their loved ones. Despite more than 800,000 Cubans emigrating to the U.S. in the last three years, less than half of those who visited their families five years ago are making the trip to the island today.

The government encouraged the recent wave of Cuban migration to create a rebound effect. The government aims to increase remittances in the future and attract more exiled travelers, which would, in turn, benefit the local economy.

This diaspora segment typically rents the most cars. It also fosters domestic tourism by including relatives living on the island in their holiday stays at hotels in tourist areas.

However, the strategy did not go as intended. The main reason is that Cubans living abroad, particularly in the U.S., tend to favor traveling to tropical destinations like Punta Cana in the Dominican Republic and Cancun in Mexico, often inviting their relatives to join them on vacation.

The decline in Cuban tourism can be attributed to several factors: the control exerted by the Grupo de Administración Empresarial S.A. (GAESA) over the country's finances and governance, surpassing even the state's power. Furthermore, GAESA's poor investment strategies have compounded the issues.

For instance, over the past 15 years, it has allocated US\$24 billion to tourism while neglecting critical sectors such as electricity generation, transportation, healthcare, agriculture, and drinking water supply. Despite this significant investment, the expected results have yet to materialize.

For the third consecutive year, the country is set to fall short of its tourism goals. **The target of attracting 3.5 million tourists by 2024 is now unattainable.**

Several factors contribute to this decline in Cuban tourism. These include the collapse of the energy infrastructure, epidemics such as dengue fever, a struggling healthcare system, rising crime rates, inadequate transportation, food shortages, and the withdrawal of airlines and tour operators like Touristik Union International and Sunwing Vacation.

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