Government restricts private wholesale

A wholesale warehouse in Cuba (source: [Cubadebate](#)/AI-scaled to fit)

Cuba's government wants to “reorganize” the country's wholesale trade. A corresponding decree-law appeared on Thursday, imposing restrictions on the private sector. In the future, private companies will have to team up with state actors to continue operating in the wholesale trade.

Wholesale trade only through the state

“Resolution 56” is part of the ongoing program to ‘correct distortions’ and ‘update’ the private sector framework, the biggest of which came into force at the end of September (Cuba Today reported).

Under the new law, wholesale activities for private actors are restricted. Small and medium-sized enterprises (SMEs) and production and service cooperatives can no longer pursue this as their primary business objective, and self-employed persons can no longer do so at all. An exception is the sale of products from one's own production – these can continue to be marketed independently in wholesale. Private retailing also remains possible.

Only licensed wholesalers are allowed to sell goods “from company to company” (B2B) in Cuba with a proper invoice.

After the law comes into force – which happened on the day of publication, December 5 – affected SMEs and cooperatives have 90 days to confirm to the commercial registry that they will continue their wholesale activities together with a state actor. Companies that do not do so must sell off their stock within 120 days and can continue to operate in retail thereafter.

Recapitalization of state-owned enterprises

As the state news portal *Cubadebate* reports, the law is intended to promote “cooperation between state and non-state actors.” The latter could benefit from the state sector's infrastructure and logistics.

The idea behind the law is to capitalize on the state-owned enterprise sector by directly participating in profitable wholesale trade while at the same time applying market mechanisms in the state sector. The step can therefore also be seen as a possible precursor to the announced (and repeatedly postponed) corporate reform, which puts the state sector in a better position.

Foreign investors, some of whom have announced plans to expand or establish their presence in the wholesale sector, are also likely to benefit from the re-centralization.

Economists are critical of the move

However, the measures have been met with criticism from economists. They fear that the already strained economic situation will further restrict opportunities for the development of the productive forces, and that more private companies will file for bankruptcy or leave the country.

“The state is trying to recover some of the foreign currency that used to come into the country in the form of remittances and is now missing,” explains economist Tony Romero of the University of Havana to Cuba Today. However, this also limits ‘the private sector's room for maneuver and profitability’ – with consequences for the economy as a whole.

Former Cuban diplomat and analyst Carlos Alzugaray, who is otherwise known for his cautious judgments, commented on X: “It seems as if someone wants to lead Cuba directly to economic suicide. In reality, this is political suicide.”

Economist Pedro Monreal is also critical of the move and raises two questions: “How would a state-private liquidity chain for foreign exchange and domestic currencies actually work?” The second question that has not been answered is “what the official assumption is that the alleged advantages of state intermediation (infrastructure, transport, etc.) would be sufficient to contain inflation in a chronically underserved market”.

We will soon find out the answers to both these questions. One thing is certain: the environment for Cuban SMEs is not likely to get any easier in the coming year. (Cubaheute)