

## Cuba set for tourist invasion

18% ANNUAL GROWTH

By JOHN GRAHAM

Every few years, Fidel Castro announced to his 10 million citizens that, if they could just haul down enough sugar cane, they would finally pay off the Soviet oil bill.

Patriotic citizen armies marched out into the sub-tropical humidity and scythed away hopelessly at the national debt.

This dedicated workforce has been the engine of the Cuban economy since the revolution.

It never came close to meeting any of its economic goals.

Today, a far more lucrative harvest, led by senior Canadian investors, is under way: Tourism.

This is one cash crop that *will* pay the grocery bills.

While Mr. Castro has often been a demanding leader, he is a respected one, who has rewarded his citizens with progressive social services — which have, in effect, trained the population to serve the wave of tourists. Cuba has a highly literate population, almost no crime, and advanced medical services.

Today, the island has 25,000 hotel rooms, a number projected to



double by the year 2000. Cuba's vice-president, Carlos Lage, one of the leaders of this new Cuban establishment, notes that 43% of the island's assets and exportable services now come from tourism.

The size of the business opportunity is illustrated by one fact: Cuba has three times the land mass of all other Caribbean islands in total. The cigar shape of Cuba translates that into thousands of miles of picture-perfect beaches, islands, and lagoons.

Rather than building sun-fun clubs, the three government tourism development agencies, and international partners are formulating 20-year plans for extensive recreation and retirement communities in key locations.

"The current rate of tourist growth has surprised most. We are talking 18% growth last year alone," says Charles Suddaby, president of Charles Suddaby & Associates Ltd., a Toronto-based industry consultancy.

"Cuba is not for everyone. They have long-term revenue goals in

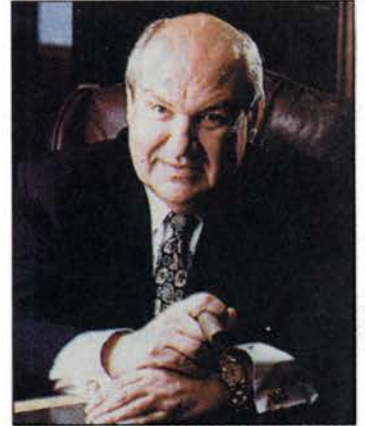
mind. They want to use tourism to kick start the economy."

"A lot of quick profit-takers have gone home empty handed."

Mr. Suddaby rates Leisure Canada Inc. with its \$400-million plan for major developments around the island, as the market leader.

Walter Berukoff is Leisure Canada's chairman. Mr. Berukoff, a Vancouver-based Canadian mining executive, gained the respect and trust of the Cuban establishment by profitably developing their gold- and copper-mining operations. The Cubans have entered into 75-year leases with him on four prime tourist locations. Robertson Stephens and Co., a subsidiary of Bank of America Corp., has a substantial interest in Leisure Canada. Other investors include LCF Rothchild and Société Générale.

I ask Mr. Berukoff why the Cubans offered his consortium such plumb locations. "The new Cuban establishment likes me for one reason: I bring my money here — along with my friends and



"The new Cuban establishment likes me for one reason: I bring my money here — along with my friends and investment credentials," says Walter Berukoff, above, chairman of Leisure Canada Inc. Hotel in downtown Havana, left: The island has 25,000 hotel rooms, a number expected to double next year.

investment credentials," he says.

The first project put forward by Leisure Canada and Cuba's Gran Caribe joint venture, in partnership with the prestigious Le Méridien Hotels & Resorts and Glen Eagles golf club, is a \$200-million resort, with two ocean-side, 18-hole golf courses, several hotels, guest houses, a marina, and equestrian operations, all just an hour from Havana.

The major question governing growth in tourism is: When will the U.S. tourist restrictions come off? Despite the Helms-Burton law, which prevents U.S. companies from doing business in Cuba, more than 120 major U.S. firms are doing business in Cuba, using U.S. Trade Department-approved affiliations with Canadian and European countries, according to the New York based U.S.-Cuba Trade and Economics Council.

"Should the U.S. travel restrictions come off, we can foresee millions of new visitors a year," says a tourist development officer.

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