Will The Trump Administration Object To Marriott Hotels Purchasing Products From New Hotel Supply Company Affiliated With Cuba’s Military?

The Same Company Owns Hotel Marriott Manages And The Hotel It Will Manage

Palma de Mallorca, Spain-based Iberostar Group has commenced operation of Logistica Hotelera del Caribe S.A. (LHC), a 32,000 square foot hotel product distribution center located within the Mariel Special Development Zone (ZEDM), forty minutes south-west of the city of Havana, Republic of Cuba. Link to Iberostar Media Release

LHC is providing products to the nine (9) properties in the Republic of Cuba that are managed by Iberostar Group. Eventually, LHC will offer products to hotels throughout the Republic of Cuba. Initially, LHC has approximately five hundred (500) products from fifty (50) suppliers.

The partner in LHC is A.T. Comercial S.A., a subentity of Grupo de Administracion Empresarial S.A. (Enterprise Management Group), or GAESA, which is, in turn, controlled by the controlled by the Revolutionary Armed Forces of the Republic of Cuba (FAR).

Managed by the United States Department of State: “The Cuba Restricted List contains entities and subentities controlled by the Cuban military, intelligence, and security services or personnel. Direct financial transactions with these entities and subentities are generally prohibited because they would disproportionately benefit those services or personnel at the expense of the Cuban people or private enterprise in Cuba. For more information on the Cuba Restricted List, please refer to Treasury regulations at 31 Code of Federal Regulations (CFR) part 515, here, and to Commerce regulations at 15 CFR parts 730-774, here. Link To List: https://www.state.gov/e/eb/tfs/spi/cuba/cubarestrictedlist/287349.htm” A.T. Comercial is on the Cuba Restricted List.

From Iberostar:

Question: Does LHC also sell its products to non-Iberostar-managed properties in the Republic of Cuba? Meaning, can Starwood, Accor, Sol Melia, Gaviota, etc. also purchase products from LHC at the same prices as Iberostar properties?

Yes, although in a first phase we will focus on hotels managed by Iberostar. The reason is to guarantee the correct functioning of the operation.

Question: May I have a list of the 500 products and 50 suppliers to LHC?

The importer can import any item a hotel requires. Nowadays, it has focused on the improvement of buffets, working with suppliers that the Iberostar Group traditionally works.

Will the United States Department of State authorize Bethesda, Maryland-based Marriott International (2018 revenues exceeded US$23 billion), whose subsidiary manages one property in the Republic of Cuba and will add a property in December 2019, to purchase products from LHC?
Since Gaviota S.A. owns both properties in the Republic of Cuba and Gaviota S.A. is a shareholder in LHC, are activities with LHC considered “grandfathered” and thus permitted due to shared ownership? Will LHC be permitted to import hotel products (including food products and agricultural commodities) from the United States for use exclusively at Marriott/Starwood-managed properties or for any property in the Republic of Cuba?

Since 2016, Marriott International, initially through Stamford, Connecticut-based Starwood Hotels and Resorts Worldwide LLC which was acquired by Marriott International in 2016, has managed the 186-room Four Points By Sheraton Havana in the Republic of Cuba. The property is owned by Gaviota S.A.

In March 2016, Marriott International reported that the company would manage the 83-room Hotel Inglaterra, also owned by Gaviota S.A. Subsequently, the company reported that the property would be under management in December 2017 and then in December 2019. No reason(s) have been provided for the thirty-six (36) month delay. The Hotel Inglaterra will be amongst the company's 122-property The Luxury Collection.

On 16 March 2016, the company reported signing a Letter of Intent to manage a third property, the 27-room Hotel Santa Isabel, also owned by Gaviota S.A. There has been no mention of the property by the company since the 16 March 2016 announcement.

Due to the acquisition of Starwood Hotels and Resorts Worldwide, Marriott International gained control of certified claims in the Republic of Cuba. Marriott International is now the second-largest certified claimant against the government of the Republic of Cuba.