Foreign Investment in Cuba
Cuba Place to invest and do business.

Updating the Cuban economic model.

Decision to carry out transformations for socialism that we are building to be successful, efficient and sustainable.

Definition of strategic issues such as:

- The **Conceptualization of the Economic and Social Cuban model of socialist development**; and
- The preparation of the **Program of Socioeconomic Development of the country long term**. Strategic vision of development until 2030 to ensure structural changes.
Foreign investment is one of the aspects for updating model that have had greater significance.

<table>
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<tr>
<th>Policy</th>
<th>To consider foreign investment as an important source of development. <strong>Objective:</strong> To attract foreign investment flows between 2 and 2.5 billion dollars a year.</th>
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</thead>
<tbody>
<tr>
<td>Regulatory Framework</td>
<td>A new law and a package of complementary standards was issued. Updating the legal framework.</td>
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<td>ZED Mariel</td>
<td>Creation of a Special Development Zone with special systems that encourage the attraction of foreign capital and new technologies.</td>
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<td>Foreign Investment Portfolio</td>
<td>The Portfolio was unveiled in November 2014 and has been widely spread.</td>
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</table>
The ZEDM is placed 45 km west of Havana and has an area of 465.4 km².

- It is located in the center of trade in the Caribbean and the Americas.
- Its port is designed with an integrated approach which includes the application of best practices of port marine development and environmental protection.
Foreign Investment Policy
FOREIGN INVESTMENT POLICY

SOME GENERAL PRINCIPLES

• Foreign investment is an active and fundamental component for the growth of certain sectors and economic activities.

• Foreign Investment is focused on export and import substitution industries, and to eliminate bottlenecks in production lines, favoring modernization, infrastructure development and technological change pattern.
SECTORIAL PRINCIPLES

The main objectives for attracting foreign capital in selected sectors, are expressed in sectorial policies. Prioritized activities are mentioned and, in some cases, those in which we have not planned foreign investments. In addition, these policies contain other details of interest.

- Agricultural and Forest
- Food Industry
- Sugar Industry
- Pharmaceutical and Biotechnological
- Tourism
- Construction
- Energy and Mines
- Wholesale
- Health
- Industries: Metallurgical, Light manufacturing, Chemical and Electronics,
- Transport
The new legal framework for foreign investment consists of:

- Law No. 118/2014 “Law of Foreign Investment”.
- Decree No. 325/2014 “Regulations of the Law on Foreign Investment”.
- Resolutions No. 46/2014 and No. 47/2014.
- Central Bank of Cuba.
- Resolution No. 16/2014 and 42/14 Ministry of Labour and Social Security.
- Resolution No. 920/14 Ministry of Economy
- Resolution no. 535/14 Ministry of Finance
- Agreement No. 7567 of the Council of Ministers in May 2014.

It is published in the Official Gazette of the Republic of Cuba (Special Issues No. 20 and No. 53) from April and December 16th, 2014.
Some peculiarities of Law

Foreign investment may be authorized in all sectors except health care and education to the population and the armed forces. The exceptions do not include their enterprise systems.

Foreign investors can make their contributions in cash or in tangible and intangible assets.

Foreign investments shall adopt one of the following modalities:

- **Joint Ventures**
- **Totally foreign capital companies** (subsidiary, branch, natural person)
- **International economic association agreement**
# Special tax system *

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<th>SPECIAL REGIME LAW 118/2014</th>
<th>TAX SYSTEM ACT LAW 113/2012</th>
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<tbody>
<tr>
<td><strong>Profit tax</strong></td>
<td>0% for 8 years, and exceptionally for a longer period. Then 15%. 0% for reinvested profits. If natural resources are exploited, it can rise up to 50% (maximum 22.5%)</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Taxes on the use of labor force</strong></td>
<td>0%</td>
<td>Progressive reduction from 20% (2013) to 5% (2017)</td>
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<tr>
<td><strong>Customs taxes for the imports of equipment, machinery and other means</strong></td>
<td>Exempt for the investment process.</td>
<td>It is fixed in the Customs Tariff</td>
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<tr>
<td><strong>Sales and Service tax</strong></td>
<td>0% for the first year, then 50% bonus on wholesale (1%) and services (5%).</td>
<td>2% wholesale and 10% services. Gradual implementation until 2016.</td>
</tr>
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<td><strong>Environmental taxes</strong></td>
<td>Reduction of 50% over the period of payback.</td>
<td>5 taxes</td>
</tr>
<tr>
<td><strong>Land tax to contribute to local development</strong></td>
<td>0% during the payback</td>
<td>It is gradually setting in the Budget Act.</td>
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</tbody>
</table>

* Applies only to joint ventures and foreign partners involved in International economic association agreement. Excludes Totally foreign capital companies.
to investors

The Cuban State shall see to it that the benefits granted to foreign investors and their investments are maintained throughout the entire period for which they were granted.

- They enjoy all-out protection and legal security and could not be expropriated, unless such action is executed for reasons of public or social interest as previously stated by the Council of Ministers.

- The State shall guarantee foreign investors the free transfer abroad, in freely convertible currency, free from taxes or any other fees associated to said transfer, of dividends or profits.

- They shall be protected against legal claims by third parties or the extraterritorial implementation of other States’ laws.

- The term of the authorization granted for the development of operations could be extended by the very authority that granted it.
New Opportunities Portfolio
...larger and more diverse

It considers projects in all sectors which are defined as priority for attracting foreign investment.

It contains 326 projects. 80 more than in 2014.

20 opportunities in ZEDM

306 opportunities in the rest of the country

40 projects listed in the 2014 portfolio have been removed.
The estimated investment amount of the projects contained in the portfolio exceeds 8.173 billion dollars.
Each project has a specification sheet showing its main features: description, modality of foreign investment, Cuban counterpart, the estimated investment amount, location, potential market, expected results and contact details.

The Portfolio of Opportunities will be updated at the next International Fair of Havana.
The projects included in the portfolio are distributed in all provinces, including the special municipality Isla de la Juventud.
FOREIGN INVESTMENT OPPORTUNITIES
BY SECTOR

HEALTH: 3
AGRO-FOOD: 15
MINING: 40
(2 at ZED Mariel)

CONSTRUCTION: 14
TOURISM: 94
RENEWABLE ENERGY: 22
(1 at ZED Mariel)

BUSINESS: 4
INDUSTRIAL: 86
OIL: 21
(9 at ZED Mariel)

TRANSPORTATION: 15
TRANSPORTATION: 3

TOURISM: 9
AUDIOVISUAL: 3
BIOTECHNOLOGY AND MEDICINE: 9
(8 at ZED Mariel)

TOTAL: 326
Conclusions

We are in a new phase of the insertion of Cuba in the international economic scenario, which introduces increased opportunities for direct foreign investment.

Cuba will continue to strengthen economic and trade relations with all countries and maintains a policy of market diversification. We invite investors of all markets to do business in Cuba.

We believe that there are real opportunities to achieve concrete results in the coming months.
Cuba

New investments opportunities
CONTACTS OF INTEREST

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