



Embassy of Cuba



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9th June, 2014

Dear Colleague,

**Cuba Initiative Business Conference: Cuba – New Opportunities for Investment and Business
Monday 23rd June (9.30-2.00pm), British American Tobacco, Globe House, 4 Temple Place, London WC2R
2PG**

We are delighted to invite you to a major business event in London on Monday 23rd June at which a high level delegation from Cuba touring European Capitals will be setting out the new opportunities arising from the new Cuban foreign investment law, and also informing UK companies and investors about the opportunities associated with the new Mariel port. Hosted by the Cuban Embassy in London and the UK side of the Cuba Initiative, we are very grateful to British American Tobacco for facilitating the event at their London office.

The conference will offer UK businesses and investors a unique opportunity in London to hear about recent developments relating to:

- a) The new foreign investment law passed in April 2014 which substantially improves and updates the terms for foreign investors considering entering Cuba and;
- b) the opportunities to invest or work on the new US\$900 million port, transshipment and logistics centre at Mariel, 45 miles to the west of Havana. The port is being built by Odebrecht and will be operated by Ports of Singapore group. Importantly, it has sufficient depth to be able to handle the super-post-panamax vessels which will be transiting the Panama Canal once the third locks are complete and offers a large development zone for assembly and manufacturing.

The delegation to the UK from Cuba will include as key note speakers and panellists:

- Ileana Nunez, Vice Minister for Foreign Trade and Investment, and leader of the delegation
- Deborah Rivas, Director General for Foreign Investment, Ministry for Foreign Trade and Investment (MINCEX)
- Yanet Vázquez, Deputy Director, The Mariel Special Development Zone
- Celia Labora, Director for International Relations at the Cuban Chamber of Commerce
- Adriana Barceló, Director General, Industrial Management, Ministry for Industry
- Jose Daniel Alonso, Business Director, Ministry for Tourism
- Vivian Hichtman, Director of Regulation and Control, Ministry for Energy and Mines

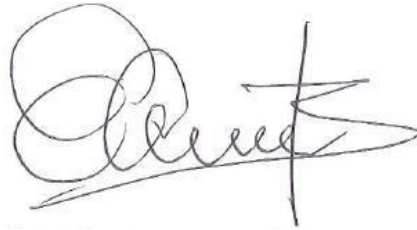
A programme for the event and more information about the new investment law and the Mariel port are attached for your reference.

We very much hope that you will be able to join us for this important event and would be grateful if you could confirm your attendance by contacting Julie Phillips, Programmes and Events Coordinator, at the Cuba Initiative on email. Julie.phillips@caribbean-council.org or tel. 020 7583 8739.

Yours sincerely,



Rt. Hon. Lord Hutton of Furness
Chairman of the Cuba Initiative



H.E. Esther Armenteros Cardenas Ambassador
for the Republic of Cuba to the UK

Cuba Initiative Business Conference: Cuba – New Opportunities for Investment and Business

Monday June 23, 2014, London

- 0900-0930** **Registration and coffee**
- 0930-0940** **Chairman’s Welcome, Rt Hon Lord Hutton of Furness, Chairman of the Cuba Initiative**
- 0940-0955** **Cuba’s new policy approach to inward investment, Ms Ileana Núñez Mordoche, Vice Minister of Foreign Trade and Investment**
- 0955-1015** **Cuba’s new climate and regulations for foreign investment and partnership in trade, Ms Déborah Rivas, General Director for Foreign Investment, Ministry of Trade and Foreign Investment**
- 1015-1030** **Investment opportunities in the Special Development Zone of Mariel, Ms Yanet Vázquez, Deputy Director, Special Development Zone, Mariel Office**
- 1030-1115** **Question and answer session**
- 1115 -1130** ***Tea and Coffee networking break***
- 1130-1200** ***Chairman’s introduction of other panellists***
- Tourism: Mr Jose Daniel Alonso, Business Director, Tourism Ministry (10 min)**
 Manufacturing: Ms Adriana Barceló, General Director, Ministry of Industry (10 min)
 Alternative Energy: Ms Vivian Hichtman, Director, Energy and Mining Ministry (10 min)
- 1200-1230** **Questions and answer session**
- 1230-1240** **Closing remarks from the Vice Minister of Foreign Trade and Investment and the Chairman of the Cuba Initiative**
- 1240- 1400** ***Lunch and networking opportunities***

The New Investment Law (Law 118)

Cuba's National Assembly agreed on 29th March a wide ranging and far reaching new foreign investment law. The new law allows foreign investment in all sectors except education, health and 'armed institutions' and will offer tax exemptions to overseas companies.

The new legislation modifies the existing foreign investment law that dates back to 1995, bringing it in line with the government's broader project of 'updating' its socialist economic model with the aim to raise rates of economic growth and increase funds for investment to 'accelerate the development of prosperous and sustainable socialism'.

The law is the result of a long process of analysis and consultation with parliamentarians, experts and agencies, entities and institutions and the comparative study of legislation in other countries.

The new law in effect establishes foreign investment as a priority for the future development of Cuba. It aims at reviving local industry and making Cuban goods competitive on the world market through new financing and access to advanced technology and know-how in key areas, such as agriculture, industry, tourism, biotechnology and renewable energy.

Key changes in the new law include the following:

- Under the new law, investors will be exempted from paying tax on profits for eight years upon the signing of an agreement; investors will be exempted from income tax;
- On taxation the new law cuts the tax on profits by half to 15% and eliminates the labour tax. As far as taxes on profits in mining, oil and other raw material ventures are concerned, these will be limited to 22.5%.
- 100% foreign ownership will be allowed but such companies will be denied the same tax benefits afforded to joint ventures with the Cuban state or associations between foreign and Cuban companies; the new law does not specifically exclude Cubans living abroad; and state-run companies, private farm and non-farm cooperatives can be authorised to form ventures with foreign investors.
- Smaller joint ventures will be approved at the ministerial level within 45 days, but larger ventures still must go through a more lengthy process of passing the Council of State or Council of Ministers.
- It is reported that it is likely that disputes will continue to be settled by Cuba-based arbitration unless specified otherwise in agreements;
- Joint ventures and other forms of association will have to continue to hire labour through state-run companies, paying agreed-upon wages in convertible currency. The hiring organisation then pays Cuban workers in the local peso and will handle labour disputes.
- Companies must use Cuban citizens and residents in all positions, with the exception of high-level management, but such companies may import and export directly, bypassing the state's trading companies.

- The new Cuban foreign investment law offers guarantees to investors that include the free transfer abroad of profits in convertible currency. The new legislation 'aims to provide foreign investors with full protection and legal certainty', guaranteeing that their investments 'will not be expropriated except for reasons of public or social interest previously declared by the Council of Ministers'.
- The Mariel Special Development Zone will continue to retain more favourable tax laws.

According to Minister for Foreign Trade and Investment, Rodrigo Malmierca, the country needs to attract US\$2-2.5bn in foreign direct investment per year to reach its economic growth target of 7%. Areas such as agriculture, infrastructure, sugar, nickel mining, building renovation and real estate development are considered ripe for investment.

The detailed regulations were published in mid-April and can be downloaded from:
[Nueva ley de Inversión Extranjera](#) (*English*)

The Mariel Project

Principally with Brazilian finance, the Cuban Government is investing some US\$900 million in creating a major new port, transshipment and logistics centre and associated special economic development zone at Mariel, just outside Havana. The project is the biggest of its kind in Cuba today.

Operated by the second-largest port operators in the world, PSA International, the new container terminal will be already semi-operational in time for the scheduled opening of the Panama Canal to post-panamax shipping in 2014.

The special economic development zone which is being developed next to the port will be exceptionally large (400km²) and is now having the necessary road/rail/energy/water infrastructure put in place. The Zone will not be fully completed until 2022 but will form an important part of the Government's new emphasis on Special Economic Development Zones as they seek to put in place new joint ventures with foreign companies.

The Port of Mariel for many years was a naval and submarine base making use of the deep waters in the natural harbour. The naval base has long since been decommissioned and has in more recent years operated as free trade zone under the control of Almacenes Universales S.A. On the east side of the bay are a port, cement works and a power station.

The new project at Mariel will be a deep water port which will be able to accommodate the new larger vessel size and will aim to allow Cuba to take advantage of its geographic position to become a regional centre for the movement of goods, particularly containers. The Port of Mariel will be able to handle between 800,000 to 1 million containers annually compared to the 350,000 containers which the Port of Havana currently handles.

Mariel is just 45 miles west of Havana and is the nearest port to the United States, approximately 235 miles to Miami or 200 miles to Port Everglades. Mariel is ideally situated to handle US cargo if the American trade embargo is eventually lifted, and in the immediate future will receive US food exports which already flowing into the country. In the past, various ports in the Southern States of the US have shown interest in

using Cuba as a back-up container terminal because of the excess demand they face. Obviously at present, this will not be possible until US economic and trade sanctions are lifted.

Alongside the Port of Mariel, a "Mariel Integral Development Zone" is being developed which will comprise some 400 km² and cover the areas that include the Bay of Cabanas and the Bay of Mariel.

The final project is intended to have all the facilities and infrastructure needed to encourage and promote industry and foreign investment and is expected to act as a major free zone, centre for light manufacturing, and hub for servicing Cuba's offshore oil industry.

Initially, the Port of Mariel will have a container terminal and a 700-meter pier able to handle ships with a draft of 15metres. Once the project is completed, the pier will be 2,000 meters long with a container terminal that will be able to handle 3 million containers a year. Mariel Bay is being dredged from its current depth of 10 metres down to a depth of 17 metres and the material which has been dredged up will be used to build up the container pier.

The pier will have 16 cranes for loading and unloading containers, four railroad cranes, and four portico cranes.

Once the project has been completed the Port of Mariel will be able to accommodate post-Panamax ships that can carry 8,000 to 12,000 containers, ships that will sail Cuban waters once the expansion of the Panama Canal has been completed in 2014. The terminal will be ready to operate before then, on a partial basis, in 2013. The Panama Canal is some 1,130 miles away from Mariel.

The administration of the port is in the hands of the ZDIM, a subsidiary of Almacenes Universales, S.A. Once the second phase of the Mariel Integral Development Zone, ZDIM, is complete this will handle goods for distribution nationally as well as international trade.

The Mariel Integral Development Zone is expected to include:

- a) A Logistics Zone: with open and covered warehouses as well as cold storage facilities. Base Logistics will be built in the area between Punta Sebicu and Gallego Cove
- b) An Oil Logistics Support Zone is under development and is already providing support services to offshore exploration in the Gulf of Mexico.
- c) A Special Zone for Economic Development: a free zone for the import, manufacturing, and export of products.
- d) A general cargo area will also be built for warehousing and transshipment.
- e) Agricultural Goods Terminal: Between Cayo Raton and Punto del Rosario, they will build an Agricultural goods terminal to handle agricultural primary products.

The project will involve an upgrade to roads, rail road, electricity, and water supply across the local area and it is understood that the project includes a Cuban-Russian joint venture to expand a thermoelectric power plant at the port.

The full project is expected to conclude in 2022.