Foreign Investment in Cuba: Obstacles and Progress

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Cuba promotes at present 525 projects for over 11.6 billion dollars in order to attract direct foreign investment (DFI), in adverse circumstances due to the siege by the United States, the circumstantial delay in payments to foreign suppliers and domestic bureaucracy.

Recent voting at the United Nations on the need to put an end to the blockade confirmed the almost universal rejection to the economic, commercial and financial siege on the part of Washington, but nothing is expected to change in the near future on the part of the U.S. government.

After almost six decades, damages blamed on the blockade total 993 billion 678 thousand dollars, taking into account the depreciation of the greenback regarding gold value in the international market, point the official data.

At this moment, there are no diffiuculties to comply wuith obligations contracted in the different processes of reordering the external debt, but there persist delays in payments to providers, recognize the minister of Foreign Trade (Mincex) , Rodrigo Malmierca, who repeated the will to settle the debts.

Although the U.S. government pursues and usually punishes an increasing number of companies, States and regional economic blocs show interest in trading and investing in Cuba.

That is why at the 36th International Havana Fair (Fihav 2018) gathered more than three thousand exhibitors of 65 countries and 20 official delegations, was visited by Cuban president Miguel Diaz-Canel and his Panamanian peer Juan Carlos Varela, while hosting a business forum between Russia and Latin America and the Caribbean for the first time.

Through his Twitter account, Diaz-Canel shared his visión of the issuwe: 'We inaugurate today #FIHAV2018 as expression that #We are Continuity of the ideas of #Fidel Castro. International interest for trade with #Cuba despite the #Blockade'.

Under those restrictive conditions, in 2017 the country attracted FDI foro ver two billion dollars, and in 2018, another 40 investment projects were added for some 1.5 billion, informed Malmierca at the Fair.

The opening to the FDI started during the â€˜80s last century, and for a long time considered a complementary element. It was not until 2013 a change of vision could be clearly seen through the establishment of the Special Developmwent Zone of Mariel (ZEDM) and the approval in March, 2014 of a new Foreign Investment Law.

In November that year, was presented a business portfolio with 246 investment projects for over 8.7 billion dollars.

Evaluations of the executive estimated that 2 to 2.5 billion dollars a year in foreign investment would be necessary to stabilize an accumulation rate between 20 and 25 percentage points, in order to reach economic growth rates above 5.0 percent.

From the passing of the Foreign Investment Law in 2014 until this date, several projects of foreign capital were approved for 5.5 billion dollars, confirmed the Minister of Mincex. In those initiatives, he referred, companies of over 28 countries in branches such as agroforestry and food, industry and oil, mainly.

From October 2017 to the same month of 2018, 40 new businesses were approved for an approximate amount of 1.5 billion dollars, while negotiations are on the way including another 30 projects, he confirmed.

Malmierca esteemed as important success the constitution of the first joint venture Cuba-United States between the Center of Molecular Immunology and thwe Roswell Park Comprehensive Cancer Center, with the

objective to develop and produce biotech for cancer treatment, located in the Mariel zone.

That cooperation in a so sensitive field as human health

is a recognition to progress reached by the Cuban biotech field and an example of what can be done when there is real will to work on common objectives between both countries, he stressed.

To the U.S. enterprises, he asserted, we repeat they are welcome to the Cuban market and offer our support.

According to Mincex, in 2018 there are investment advances in priority sectors, among them renewable energies, infrastructure, tourism, industry and agriculture and food. Nevertheless, in June this year Diaz-Canel advised to make a detailed analysis to find the internal obstacles that limit FDI and exports, said daily Granma.

The President insisted on considerations made by the First Secretary of the Central Committee of the Cuban Communist Party, Raul Castro, when he called to dynamize foreign investment, do away with needless delays in negotiating processes and 'strip us of false fears regarding foreign capital'.

During the present year, confirmed Mincex, were modified several complementary norms to simplifuy and hasten the procedures for FDI and they are working uin the creation of a single window of foreign trade, to promote procedures in 2019.

Another relevant fact is the evolution of ZEDM, which has at present 41 Users and an increasing investment amount to one billion 663 million dollars, informed the

director there of the single-window, Wendy Miranda.

The approved entities, she said, are five enterprises with 100 percent Cuban capital, 23 totally foreign, 11 joint ventures and two international economic associations from 19 nations.

In Miranda's opinion, 2018 has been the best year for the Mariel Zone, after five years of existence, by the incorporation of 10 new businesses whose initiatives represent the attraction of investment for 474 million dollars.

'Even though it is still under the amount we need, foreign investment in Cuba grows despite thwe U.S. blockade. Our model of socialist development is transforming, for which the Government defends and includes the foreign economic relations', resumed Malmierca in Fihav 2018.

(Taken from 'Negocios en Cuba', publication of Prensa Latina).