Cuba's Foreign Investment Act Provides Guarantees and Special Taxes

03/11/2014

The Law No. 118 on foreign investment is more transparent, an essential element to attract capital, and it also provides guarantees to investors and special taxes as fundamental incentives, according to an official source.

In an interview with Prensa Latina, the Cuban minister of Foreign Trade and Foreign Investment (MINCEX), Rodrigo Malmierca, noted that this new legislation clearly expresses the Cuban Government's will to promote it and the objectives of interests, which are priorities for the country's sustainable development.

That gives the law more transparency, an essential element to attract foreign investment, and it also provides guarantees and special taxes as fundamental incentives. As established by Law No. 77, the new Foreign Investment Act remains committed to stability for investors to enjoy the previously granted benefits.

We always say that a law, no matter how good it is, does not attract the foreign resources that we need by itself, noted the minister, who pointed out that it demands a favorable atmosphere for investment, which consists of good quality of the legal framework, and political and social stability.

It also demands security, the country's infrastructure, the good quality of public services and the labor force, as well as the absence of administrative and financial obstacles.

In our case, said Malmierca, we think that this favorable climate I have mentioned exists. In addition, we have the will to correct the errors committed in the past and to strengthen the investors' trust, based on the follow-up and solution of the problems that may hinder the operations with business with foreign investment.

The main foreign investments that have been made in the country so far come from Spain, Canada, Italy, Venezuela, France and the United Kingdom, and the most strategic sectors in which investments have been made are energy and mines, tourism, the food and light industries, and agriculture.

Regarding the contribution that the business portfolio that has been created can make in this field, Malmierca pointed out that there are very important objectives to fulfill and they are reflected in the projects contained in the portfolio: exporting, joining international value chains, producing more food, modifying the country's productive structure using new technologies. In addition, he noted, considering the country's demographic transition, diversifying the energy matrix, generating high-quality jobs and productive links with the domestic economy, all of which must be done while protecting the environment.

It is important to say, explained the Cuban minister, that the portfolio will be updated annually, a process that starts in the first semester of every year and ends with its launch at the International Fair of Havana in November.

Malmierca added that in order to design new investment opportunities, as well as to realize business, it will be necessary to make the process of negotiations and approval more rapid and efficient, and it will also be indispensable that we train experts in economic and legal matters related to foreign investment.

These issues, in addition to the quality in treating foreign investment, are fundamental aspects to achieve the objectives, Malmierca stressed.