

July 2021

DOING BUSINESS IN CUBA

YOUR GUIDE TO THE CUBAN MARKET





PREFACE

Cuba started reforming its economic model in 2011, with the aim to attract more foreign direct investment, increase national production by making the state-owned companies more efficient and widen the space for gradual development of private entrepreneurship.

More than ten years after the announcement of economic transformations, the establishment of a special economic development zone and a major container terminal in Mariel port have improved Cuba's investment regime. A new constitution was approved that recognizes private property, and the areas where private entrepreneurship is allowed have been extended significantly.

Living in this country made me appreciate the creativeness and perseverance of Cuban entrepreneurs and their dynamic cooperation with foreign investors and companies. Relations in Cuba might sometimes build slowly, but are apparently much less futile than in other places! This makes me believe that Cuba is a country offering long term results rather than short term profits.

Cuban policy plans for the next decade aim for innovation in almost every thinkable area, herewith undoubtedly creating interesting markets for foreign investors and importers.

Nevertheless, as one of the last remaining centrally planned economies in the world, Cuba remains a unique and challenging market. The socialist revolutionary model and the state's leading role in the economy remain uncontested and trading with and investing in Cuba involves engaging with state institutions, which continue to dominate and organize the market. The US trade embargo remains in place although its implementation is under review by the Biden administration. At the Embassy of the Kingdom of the Netherlands in Cuba, we are dedicated to support companies – big, medium and small - with knowledge and advice on their business venture. We facilitated successful economic missions and helped many companies to find a foothold in Cuba. Our team of economic experts is dedicated to providing all necessary information on approaching the market, defining business opportunities and identifying potential partners.

So much to do and so much to offer! I am fully committed to bridge needs and opportunities and I hope you will not hesitate to contact the enthusiastic economic team at this embassy with your questions and ideas.

I wish you all the luck in your endeavors in Cuba!

Yours sincerely,

Eric Strating,

Ambassador of the Kingdom of the Netherlands





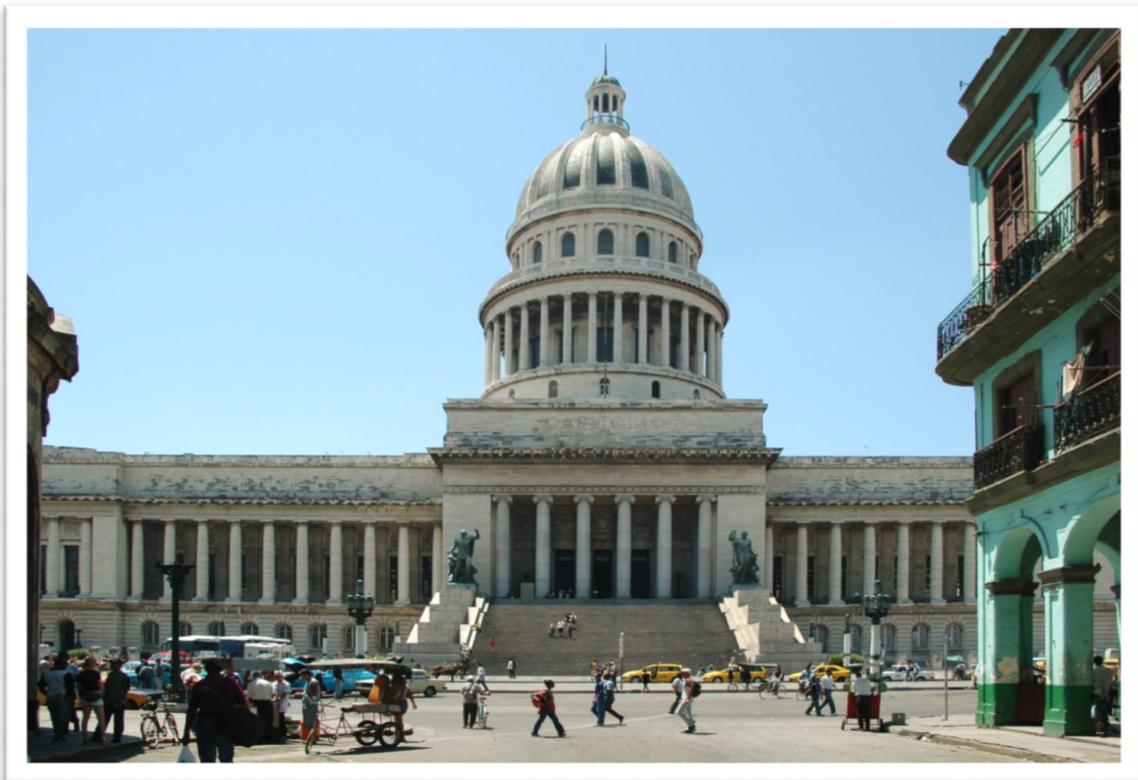
I. MACROECONOMIC PROFILE & OUTLOOK

Cuba is a centralised socialist economy dominated by state-owned enterprises (SOEs). Around 90% of the economy is run by the state, which employs 70% of the workforce.

Since 2011, the Cuban government has been carrying out a reform programme, which aims to improve the sustainability and performance of the economy through the introduction of some market elements.

The programme includes measures to substitute imports by national production, in particular in agriculture; to move corporate decision making from the state to the company level; attract Foreign Direct Investment (FDI); foster a domestic private sector to take over functions and labour of the SOEs; and boost export industries and eliminate bureaucratic red tape. While the speed of reforms is subject to ebbs and flows, the process is seen as beneficial for the overall efficiency and performance of the economy.

Sustained by the impact of the US Embargo versus Cuba and other factors, Cuba remains a cash economy. In January 2021, Cuba started the reform of its monetary system, by phasing out one of the two local currencies, the Cuban Convertible Peso (CUC), and unifying the exchange rate of the Cuban Peso (CUP) with respect to the USD dollar, for all actors in the economy. The official exchange rate is 24 CUP for 1USD, but in informal markets the USD sells at twice this value.





In recent years Cuba reported low or negative economic growth. The combined impact of very low production rates of the national state-owned companies, worsened by the stronger trade measures imposed by former US President Trump, the deterioration of the economy of Venezuela, and the COVID pandemic further disturbed the Cuban economy and catalyzed existing weaknesses in the economic system. The economy appeared vulnerable as well to climate change and ligated extreme weather events, the decrease in imports due to lack of liquidity and the consequent decrease in exports. The year 2020 was closed with a negative growth rate of -11%.

The future will prove whether the reform plans may be sufficient to restore the economy. Expectations are that tourists from Canada, Europe and probably the US may return to Cuba after the COVID crisis, providing the necessary funding for recovery. These tourists as well as the country itself, may benefit from the reform as it facilitates foreign investment and ownership in the tourist sector.

Cuba is highly dependent on food imports, for about 70-80% of its demand. Other imports include machinery, oil, manufactured goods and cereals. Its main trade partners are: Venezuela, the European Union, China, and Brazil. The Netherlands is Cuba's fifth European trading partner. Overall, Cuba runs a large trade deficit. Despite past efforts for reconciliation, the US trade embargo against Cuba remains in place. The embargo and associated US regulations prohibit direct trade between the US and Cuba and – through so-called extraterritorial effects - the export to Cuba by third countries of goods and services entirely or partially produced in the US. The economic reforms allow farmers to buy directly basic material in dollar-shops in the country and to sell their produce at local markets without intervention of the Government.

In 2019 US President Trump decided to activate Title III of the Helms-Burton act, which allows former owners (US citizens, including naturalized Cubans) to sue companies that benefited from private properties that were nationalized by the Cuban revolution without proper compensation. Title IV of this act even restricts access to US territory to representatives of companies related to unresolved claims under Title III. The current US administration may loosen the pressure somewhat but a rigorous change of rules is not expected. It is relevant to keep track on the extraterritorial application of the acts that enforce the US embargo against Cuba, which could threaten third-country companies doing legitimate business in Cuba, to be exposed to liability in US courts. Dutch and other European firms have been exposed to risks resulting from the embargo's extra-territorial effects. US subsidiaries of European firms are subject to the same fines for doing business in Cuba. The US Treasury has issued fines against European companies and banks for doing business with and processing transactions to Cuba.

The European Commission has formally proposed an EU-wide anti-boycott regulation to neutralize the extraterritorial impact of the US Embargo on European economic interests. Pursuant to the anti-boycott regulation, European companies are not allowed to follow the US sanctions. Nevertheless, the US sanctions have still led to risk-avoiding behavior of many firms in the European Union. Among others for that reason financial services from most international banks and insurance companies are absent in Cuba.



STRENGTHS

- Highly educated workforce, practical and can-do mentality.
- Large nickel reserves.
- Possibilities for further development of tourism.
- Low levels of crime
- Political stability.
- Government committed to gradual economic reforms.
- Location in Central America

WEAKNESSES

- Very limited access to external financing with existing loans only available at premium and short term rates.
- Low hard currency reserves limit import capacities.
- Old or lacking infrastructure.
- High levels of bureaucracy slow down approval process for investments and import operations.
- Government price controls can constrain profitability of investments.

OPPORTUNITIES

- Economic reforms may, in the long run, improve overall efficiency and growth outlook.
- Modernisation needs in almost all sectors will require supplies, technology and expertise.
- Tourism will increase and diversify demand in new product segments.
- US suppliers and investors cannot compete on the market until embargo is lifted.
- Little competition in most sectors.

THREATS

- Extraterritorial nature of US sanctions.
- Macroeconomic shocks influencing nickel prices, tourism, oil shortages) directly affect the solvency of a business partner.
- Political and economic dependence of Venezuela.
- Natural disasters risk.
- Migration affects long-term labour stock.
- Risk of payment delays.



BUSINESS ADVICE

- On February 24th 2019, Cuba accepted a new constitution which led to modification of legislation. It is recommendable to closely study current rules and regulation.
- Consult the most recent US sanctions against Cuba available here: <https://www.state.gov/cuba-sanctions>
- If your company has considerable business interests or entertains an important presence in the US, we recommend to seek legal advice to be well informed on how these sanctions could harm you and your company.
- Transactions in USD are forbidden by the US government. Process all payments between you and your business partner in other currencies, such as Euros.

II. EXPORTING TO CUBA

Approaching the market

Generally speaking, large modernisation needs in infrastructure, stagnating investment rates in industry, low agricultural output, an important lack of internal supply in consumer segments and a booming tourism industry create wide-ranging export opportunities in virtually all sectors of the economy.

The main characteristics of Cuba's import regime are the following:

- **Only public entities can import** and companies need to be licensed by the Ministry of External Trade and Foreign Investment ([MINCEX](#)).
- Sales involve an **elaborate administrative procedure**, similar to public sales in other countries.
- Before bidding in a public tender for a sales contract, suppliers need to be **registered in the Suppliers Portfolio**. The whole process can take three to six months. [More information](#).
- Ultimately, sales volumes, the selection of products/suppliers and payments depend on the **availability of annually fluctuating hard-currency reserves** and their allocation according to a complex administrative process in which some sectors might be privileged over others.

Identifying your Partner

One main characteristic of Cuba's economy is that the state has a monopoly on all import operations. As a result, **your business partner has to be a public entity**, either in the form of a fully state owned enterprise (*empresas estatales*, SOE) or a joint venture (*empresas mixtas*, JV) between a Cuban SOE and a foreign company. JVs, usually present in strategic sectors such as nickel mining, oil and tourism, tend to have a greater degree of autonomy in purchasing their own supplies in a direct and autonomous fashion.

Import operations are centralised for each productive sector under the authority of the ministry responsible for that particular sector. Under each ministry, one or several import



firms (*empresas importadoras*) centralise purchasing operations. These are the only counterparts mandated to sign contracts and will be the Cuban counterpart liable to contractual obligations. Each sector or product segment has at least one import firm to purchase supplies.

The capacity of each Cuban company to purchase from foreign suppliers depends on the country's annual hard currency earnings and the subsequent allocation process. Each year, a committee formed by the Cuban Central Bank and the Ministry of the Economy and Planning (*Ministerio de Economía y Planificación*, MEP) endows each ministry and government entity with an allocated amount of hard currency to pay for imports. The responsible ministries then assign their allocated currency to state-owned enterprises according to government priorities and sectorial needs. As a result of hard currency deficiencies there have been delays in payments to foreign suppliers.

Getting your product registered in the Portfolio of Suppliers (*Cartera de Proveedores y Clientes*)

Before entering a purchasing agreement with a Cuban firm, your company and product need to be registered in the Portfolio of Suppliers of the relevant import firm. For this, your business is expected to present the following documents:

- Certificate of incorporation;
- Certificate of the company's entry in the commercial register of the chamber of commerce;
- Bank statement;
- A document, certified by the Cuban Embassy, which authorises travelling representatives of your company to sign contracts on the company's behalf;
- Sometimes certain documents need to be translated and certified by the Cuban Embassy;
- Some import firms might require additional documentation including certificates of the existence of a valid bank account, used currency, etc.;
- For animal or vegetable products, additional documentation may be required.

Upon registration, a Cuban firm can contact your company to participate in a tender for a public sales contract. An entry into the registry is valid for three years after which renewal is necessary.

According to existing regulations, Cuban import firms need to base their purchasing decision on a comparison of three offers from at least three suppliers. The buyers set of criteria include price of the product, shipping costs, insurance, payment modality, packaging, and others. However, the most important variable for Cuban business partners is financing. Being able to offer flexible payment facilities is usually what makes a great difference in purchasing decisions.

For information about the investment opportunities by sector see the *Cartera de Oportunidades de Inversion Extranjera* published by Cuba's Ministry of Foreign Affairs at: <https://www.mincex.qob.cu/index.php/site/data/?lang=es&location=Inversi%C3%B3n+Extranjera&title=Cartera+de+Oportunidades>





Finance

Cuba relies heavily on its business partners acquiring the necessary finance to cover commercial transactions. The country is largely cut off from international financial markets, both commercial banks and development banks tend to avoid the country as a consequence of the US Trade Sanctions. Cuba runs substantial international debts even though it has been able to improve its reputation on financial markets through successful renegotiations with its main creditors. Cuba is not a member of any international financial institution such as the World Bank, IMF or regional development banks. The Dutch development bank FMO is reviewing its investment strategy in Latin America, but actually Cuba is not eligible for most of its funding.

Thus, finance for your exports might only be accessible in the form of short-term finance at premium rates. Even within joint ventures, foreign associates usually provide funding through its subsidiaries for operations in Cuba.

The development cooperation from the European Union (https://ec.europa.eu/international-partnerships/where-we-work/cuba_en) is an important financial source for Cuba. Actually the EU programme focuses on priority areas such as climate change, agriculture, decentralization and health.

TRADE TOOLS

The Embassy in Havana can present you an overview of possible business partners with their contact information in Cuba.

The *Starters International Business Arrangement* helps you discover export opportunities in Cuba, either by coaching or by participating in a trade mission.

The Partners For International Business (PIB) supports market entrance and helps with the long-term positioning of SME clusters in emerging markets.

The Demonstration Projects, Feasibility Studies & Investment Preparation Studies facility (DBI) support the early phases of defining an investment opportunity.

The *Dutch Trade and Investment Fund (DTIF)* offers loans, guarantees and export financing for Dutch companies seeking to invest in or export to foreign markets.



Export credit insurance (*Exportkredietverzekering* (EKV))

Dutch companies can call upon export credit insurance via the so-called *exportkredietverzekeringsfaciliteit* (EKV). This request is handled by Atradius Dutch State Business: [Atradius Dutch State Business - Exportkredietverzekering](#).

However, caution should be taken in calling upon this insurance as Atradius is currently providing coverage for Cuban cases by exception only.

For more information see: [RVO - Exportkredietverzekering](#)

Trade fairs

Participation in trade, agro and industry fairs are good entry points into the Cuban market. The Havana Trade Fair (FIHAV, taking place yearly at the beginning of November) allows foreign suppliers to present their products and services to a wide audience of Cuban companies and to enter into first contacts with industry representatives, import firms and SOEs, as well as to screen potential competition. The Embassy often has stands at these trade fairs and could assist in the participation of others.

Others specialized fairs are taking place all over the year, in sectors such as tourism, renewable energy and agro.

For more information contact the economic department at the Embassy: HAV-EA@minbuza.nl)

Tariffs regime for imports

Cuba is a member of WTO. For WTO members, the tariffs applied to imports amount to 10% of the total value. Cuba applies reduced tariffs to certain countries under the Global System of Trade Preferences (GSTP) as well as to Latin America and the Caribbean countries.





EXPORTING TO CUBA: STEP-BY-STEP ADVICE

- Cuba is a state-driven economy. Make sure to be aware of the government's priorities in your sector/product segment.
- The country's overall hard currency stock is an important variable to take into account for all operations in Cuba. Monitor Cuba's macroeconomic situation and make sure that the given sector or product segment is endowed with a sufficiently high hard currency allocation (Capacidad de Liquidez en Divisa) by the Cuban authorities.
- Undertake a thorough market research to identify potential demand for your product, sales volumes in comparable product segments, competition, financing opportunities. The Embassy could assist you here.
- Reach out to potential business partners via the Cuban Chamber of Commerce. Make sure to present your product to the whole range of parties involved in the appraisal of your bid: the import firm, the SOE that will be the end consumer of your product and the responsible ministry.
- Trade fairs such as FIHAV provide opportunities to interact and present your products to a wider variety of interlocutors.
- Identify your partner. If it is an import firm, make sure it is authorized to import products and services in your sector/product segment, find out the deferred payment terms they request and the payment modality and guarantees they offer (letters of credit, bills of exchange, promissory notes).
- Register your product in the relevant import firm's product and supplier portfolio. Several documents are needed for this step.
- Be patient. Cuban companies might take up to a week to reply your emails. It is common that they do not confirm the receipt of emails and generally they will not contact you until they have a definitive answer.
- If possible, meet in person. In Cuba meeting in person gets things done faster and social contact is considered important to doing business successfully.



III. INVESTING IN CUBA

Attracting Foreign Direct Investment (FDI) is at the centre of Cuba's economic policy to boost growth, contribute to economic development and modernise infrastructure. Since 2014, the Cuban government has substantially improved the operating environment for FDI in Cuba through a new law on Foreign Investment and the creation of the Special Development Zone in Mariel, 45 km west of Havana. The country also publishes an annually updated Portfolio of Opportunities, the [Cartera de Oportunidades de Inversión Extranjera](#) which includes a list of investment projects in priority sectors of the economy.

The Legal Framework: Cuba's 2014 Foreign Investment Act

Cuba's Foreign Investment Act ([Ley de Inversión Extranjera, No. 118/2014](#)) entered into force in June 2014. Key elements introduced by this act include:

- All sectors of the economy are open to FDI excluding health and education services, as well as the Armed Forces except for their business sectors.
- Priority sectors include: Agriculture and forestry; food industry; energy and mining; sugar industry; light, chemical and electrical industries; pharmaceutical industry; wholesale trade; export of health services and health tourism; construction; tourism; and transport.
- Foreign firms may seek collaborations with state owned companies and possibly cooperatives, but not privately owned Cuban businesses.
- FDI may take the form of three separate modalities:
 - Minority or majority joint venture companies (JVs, Empresas Mixta) in cooperation with state-owned enterprises. Cuba generally prefers JVs with a majority holding by the Cuban partner.
 - International Economic Association Contracts (IEAC, *Contratos de Asociación Económica Internacional*), for production or management of facilities, usually in tourism.
 - Full foreign-owned ventures (*Empresa de Capital Totalmente Extranjero*).
- FDI enjoys full protection against expropriation except for reasons in 'the public interest'. In these cases the law foresees compensation. In case of conflict, investors are entitled to appeal to a mutually agreed upon international investment dispute resolution entity.
- FDI firms can import and export directly without having to rely on state wholesale companies.
- The Cuban government will notify foreign investors of the approval or rejection of an application within a period of 60 days.
- Investors' transfers of profits and dividends as well as the revenues of a sale of business are tax-exempted.
- A special corporate tax-rate is set at 15% for joint ventures down from 30% under the previous regulatory provision. During the first 8 years, all foreign JVs and IEACs are exempted from taxes on profit, except for hotel, production and services management contracts to which normal tax rates apply. After the 8-year period, re-invested income can be exempted from taxation if authorised by the government. Fully foreign-owned investments are subject to the general tax law with corporate tax of 35%, even though



exceptions can be made by the Council of Ministers. Investments in the field of natural resource extraction are subject to a corporate tax rate of 50%.

- Decree 347 (in effect since September 2018) related to the foreign investment law has **eliminated the need to provide a laborious feasibility study as part of the application procedure**, therewith somewhat speeding up the negotiation process.

Mariel Special Economic Development Zone (ZEDM)

The Mariel Special Economic Development Zone (ZEDM) was inaugurated in January 2014.

It is located 45km from Havana and encompasses over 465,4 km² of land around a newly upgraded container port with a total capacity of 824.000 TEU. It was established with the clear objective of becoming a major industrial and logistic hub in the region. The Cuban government wants to attract operators in the fields of logistical services, biotechnology and pharmaceuticals, and advanced manufacturing (such as food, packaging, construction materials, steel and consumer goods).

Mariel has a **special regime for investments** with the following main characteristics:

- **Higher tax exemptions.** Foreign investments in Mariel will be exempted from corporate tax for 10 years. After this a 12% corporate tax rate becomes applicable. During the first year, investments are exempted from income tax, thereafter a 1% tax is applicable. The 14% social insurance tax is applicable in Mariel too but there is no tax on the use of labour (11% outside Mariel).





- Foreign ventures can pay higher wages to workers. However, they still need to pay salaries via an employment agency.
- The approval process is expedited. ZED Mariel Office is mandated to take approval decisions autonomously. Decisions on applications will take between 45 to 90 days.
- The Council of Ministers retains authority over fully foreign-owned investments, as well as over natural resources, renewable energy, and public services (such as transport, communications, electricity, water, food production, health, and education).
- The zone is integrated with the rest of the economy. There are no import costs related to goods that are produced in the zone and no extra tax is paid on exports from the zone.
- Recently, Cuba opened a one-stop-shop for foreign investment (VUINEX). This is expected to facilitate new investors in presenting their projects and acquiring necessary permits and licenses from different public entities.



IV. SECTORS OF INTEREST FOR DUTCH BUSINESSES

The Dutch government has identified five priority sectors, which have the biggest potential to quickly scale up cooperation and trade between The Netherlands and Cuba. It also offers trade and investments tools and programmes that are developed for parties seeking to participate in the Cuban market.

Agriculture, Food & Beverages

Of its subsidized food rationing system 80% is currently supplied by imports. Import substitution by national agricultural production and food security are top priorities of the Cuban government but will require time, expertise and investment.

Opportunities: Therefore Cuba is seeking participation in many projects in the agrofood sector including joint ventures in cattle; pork and poultry production; citrus, peanuts, and shrimp farming; developing a leading coffee brand; greenhouses for vegetables; honey production; hog production; soy processing; confectionery facilities and dry yeast production; sugar mills open to foreign management contracts.

The agricultural counselor at the Embassy can tell you about it on <http://www.agroberichtenbuitenland.nl/landeninformatie/cuba> you may find more information on opportunities for the agrosector in Cuba. See also the chapter on 'Sector productor de alimentos' in the *Cartera de Oportunidades*.





Energy

Cuba's energy matrix results in important external dependency. Cuba uses fossil fuels to cover 96% of its energy needs, of which a large extent comes from Venezuela. Venezuela's instability is a risk for Cuban energy supply. The use of renewable energy sources remains marginal (4.3% for electricity generation). The government aims to reach 25% of renewable energy use by 2030.

Opportunities: Foreign participation is being sought for projects biomass and solar energy. Possible markets include renewable energy projects; power and electricity industry. Wind-farm projects have been exceptionally authorized to be of 100% foreign ownership. See the chapter on 'Sector electroenergético' in the *Cartera de Oportunidades*.

Health & Biotechnology

Due to the availability of highly trained human capital, extensive public health infrastructure, numerous research and training institutions, and a competitive pharmaceutical industry, the health and biotechnology sector is seen as a high-growth sector with important export potential. Exports of health services already represent around 60% of total Cuban exports and are an important source of hard currency earnings. Domestically, public health services represent 9% of Cuba's GDP. The health system relies heavily on imports (USD 110 million) of medical devices and supplies, mainly from Europe, China, and Japan. Cuba's pharmaceutical and biotechnological sector produces 580 types of medical drugs locally. Due to its domestic and external importance, the sector has privileged access to hard currency allocation to import supplies.

Opportunities: Sales opportunities exist in the field of high-tech products, laboratory supplies, and medical technologies. Foreign participation is sought in production and distribution of medicine. See the chapter on 'Sector industria farmacéutica y biotecnológica' in the *Cartera de Oportunidades*.

Infrastructure & Logistics

Cuba's infrastructure stock has deteriorated because of low investment rates. The government has recognized the need to modernize and expand infrastructure to support the economy's long-term development. Infrastructure development will be key to promote domestic trade and distribution; support a growing tourism sector; address a growing domestic demand for passenger and cargo transport. Also, the country's strategic location in the Caribbean creates opportunities for developing transport services and products, especially in the naval sector.

Opportunities: Cuba is seeking foreign investment for projects in the transport and logistics sector such as; developing port facilities; expanding existing airports; road construction; shipbuilding and repair; passenger and cargo transport. Opportunities for importers exist in selling equipment, vessels, vehicles, and spare parts. Foreign participation is sought in production and distribution of medicine. See the chapter on 'Sector industria farmacéutica y biotecnológica' in the *Cartera de Oportunidades*.



Tourism

Tourism offers the best medium-term growth perspectives and will continue to be a privileged sector of the economy due to its contribution to Cuba's hard currency earnings. The sector has a privileged access to hard currency, which means that operators in this sector present exceptional solvency profiles. International tourism arrival numbers are rising continuously since 2014 and Cuba is expected to successively break its arrivals record over the coming years. To meet the rising demand, the Cuban government aims to attract investments in the sector to build an additional 20.000 hotel rooms by 2020.

Opportunities: Cuba is seeking participation in many projects in the tourism sector including new building projects, reconstruction, the establishment of complementary infrastructure and seeking management contracts by renowned chains. There are associated opportunities in providing supplies for the hotel operators and restaurants. Foreign participation is sought in production and distribution of medicine. See the chapter on 'Sector turismo incluyendo salud' in the *Cartera de Oportunidades*.

Trade Tools offered by the Dutch Government

The Dutch state and its Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*, or RVO) have developed several tools to help you approach foreign markets.

A detailed outline of support programmes available for Cuba can be found on the website of the Netherlands Embassy in Havana: [Netherlands Enterprise Agency - Instruments for Cuba](#)





ANNEX I

Frequently Asked Questions (FAQ)

My company wants to sell our products in Cuba, is that possible?

Yes, Cuba relies heavily on imports from foreign suppliers for a variety of sectors. But be aware that you will not have direct access to retailers or end consumers. Imports are processed by import firms, which are state-owned companies with a license to import products for a whole sector or product segment. Importers are affiliated to a ministry, a government institution, or a corporate group (*grupo empresarial*).

For further information see the Chamber of Commerce of Cuba: www.camaracuba.cu

A Cuban company is interested in our products and is requesting a number of documents to be translated to English and/or Spanish, is this standard practice?

To sell a product to a Cuban company you must first be registered as a supplier. To register as a supplier a representative of the marketing department of the importer will contact you with a few forms requesting information about your company. You might be requested to have certain documents legalized in the Cuban consulate and to have them translated to English or Spanish. If you are planning to sell products of animal origin, you must also fulfil the requirements of the relevant authorities.

Our company is interested in selling a product to a Cuban company. Do we need to be registered in the Cuban Chamber of Commerce for that?

No, you do not. To sell your products you only need to be registered in Cuba as a supplier. This is done via the Importer with the Ministry of Foreign Trade and Foreign Investment (MINCEX). Once your company has been assigned a *supplier code*, and your product certified by the responsible regulatory body (e.g. veterinary and/or phytosanitary authorities for vegetable or animal products), you can sell your product to Cuba.

Our company wants to open a registered branch office in Cuba. What are the requirements?

The Cuban Chamber of Commerce issues licenses for the opening of a branch office. The minimum requirements for your company to establish a registered office in Cuba are a) five years of business history; b) to have a share capital of USD 50.000 and c) to have been conducting business with Cuba for three years with an annual average business volume of 500.000 USD. However, in the past years, Cuban authorities have been very reticent to grant foreign companies the possibility of opening a branch office in Cuba. Licences are issued for 5 years and renewable for 3 year terms. Bear in mind that operating a branch office will not allow your company to undertake wholesale or retail distributions in Cuba.

What are the duty rates applicable to the import of goods?

The tariff applied range from 1 to 10 percent of the total value of goods. A reduced tariff, around 50% of the regular tariff, is applied to most favored nations. In principle, it is the origin of the product which determines the rate tariff and not the company's home country.

Check the website of the General Customs of the Republic of Cuba for the import taxes for a specific product: www.aduana.gob.cu



Has the US embargo been removed?

Als under the new administration in the US, the embargo remains in place. In April 2019, US President Trump decided to activate Title III of the Helms-Burton act, which allows former owners (US citizens, including naturalized Cubans) to sue companies that benefited from private properties that were nationalized by the Cuban revolution without proper compensation. At the end of his presidency President Trump added Cuba to the US list of countries supporting international terrorism. For updated information on sanction we refer to the website of the US Department of State (<https://www.state.gov/cuba-sanctions/>).

Which obstacles come forth of the embargo for Dutch companies?

The embargo poses important obstacles on companies willing to do business with Cuba, also when the firms are European and do transactions in other currencies than USD. For example, banking institutions in the EU regularly block payments to Cuban accounts. European companies with extensive interests and presence in the US may become subject to fines by the US Treasury for operations in Cuba. This is why we recommend companies with important presence and exposure in the US market to seek legal advice and consult the latest updates on US regulations concerning the embargo against Cuba.

We would like to travel to Cuba to conduct our business. Can we travel with a tourist visa?

If you are going to Cuba on business you must apply for a *business visa* at a Cuban Consulate. Cuban government entities or companies will otherwise not receive you. For further details on required documents, duration of the process, and fees involved please contact the Cuban Consulate in Rotterdam (contact details in Annex II).

I am interested in the Cuban start-up scene – what are the opportunities?

Since 2011, the Cuban government created the possibility for Cubans to become self-employed, i.e. to obtain a license to produce goods or offer services. Until today, around 600.000 Cubans made use of this modality and engage in a wide variety of sectors, ranging from gastronomy, business services, IT, homestays for tourists, personal transport, etc. A law for small private companies has not yet been approved, so small businesses do not have legal personality. Besides the sector is experiencing several obstacles, which limit its ability to engage with foreign business. For the moment, the private sector does not have direct access to foreign trade, it is not possible to import or export as private entrepreneur and not authorised to receive Foreign Direct Investment.



ANNEX II

List of Contacts

At the Embassy of the Kingdom of the Netherlands in Havana, Cuba

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Tel. +53 7204 2511 / 2512
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Rodney Bustamante	Sr. Policy Advisor, Economic Affairs	rodney.bustamantesalazar@minbuza.nl
Yuhina Mangly Lopez	Policy Advisor, Agriculture and Health.	yuhina.manglylopez@minbuza.nl
Erik Plaisier	Agricultural Counselor. Based in Mexico	MEX-LNV@minbuza.nl

In Cuba

Ministry for External Trade and Foreign Investment

(Ministerio Del Comercio Exterior y la Inversión Extranjera, MINCEX)
Calle Infanta No 16 esq. 23, Municipio Plaza de la Revolución, La Habana
Tel.: +53 7838 0400
Website: www.mincex.cu

Chamber of Commerce of Cuba

(Camera de Comercio de Cuba)
Calle 21 No. 661 e/ Paseo y A, Municipio Plaza de la Revolución, La Habana
Website: www.camaracuba.cu

Centre for the Promotion of Cuba's Foreign Commerce

(Centro Para la Promoción del Comercio Exterior de Cuba)
Calle 10 No 512 e/ 31 y 5ta Ave, Municipio Playa, La Habana
Tel.: +53 7214 4345
Website: www.procuba.cu



In The Netherlands

Netherlands Enterprise Agency

(Rijksdienst voor Ondernemend Nederland (RVO))

Tel. +31880424242

Email: klantcontact@rvo.nl

Website: <http://www.rvo.nl/cuba>

Cuban Embassy in The Hague

Koninginnegracht 37, 2514 AD, Den Haag

Tel.: +31 6 13092225

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