



CUBA

Economic Outlook and Business Opportunities

The Cuban Revolution



After more than 100 years of struggle against Spanish colonialism and then against neo-colonial domination of the United States of America, Cuban people conquered freedom, independence, self-determination and social justice with the triumph of the Revolution on January 1, 1959.

The Cuban Revolution

- All the population has full and free access to education, healthcare, culture and sport.
- Cuba's Human Development Index is High and ranks 68th out of 188 nations (UNDP 2016 Report).
- Infant mortality per 1,000 live births: 4.3
- Life expectancy: 79 years
- Doctors per 1,000 inhabitants: 7.7
- 100% literate adults.

The Cuban Revolution



- More than 50,000 Cuban aid workers, mostly doctors, provide services in 68 countries, mainly in Africa, Latin America and the Caribbean.
- More than 40,000 doctors from 121 nations have graduated from Cuban universities.

U.S. economic, commercial and financial blockade against Cuba

- Since 1962, has been and still is the main obstacle to the economic development of Cuba.
- Economic damage: **753 billion dollars.**
- Still in force, despite the universal rejection expressed year after year, since 1992, in the UN.
- Measures adopted by the government of President Barack Obama were positive, but insufficient.
- The laws of the blockade (Helms-Burton, Torriceli Act and others) have to be repealed by the US Congress.

Update of the economic model

- **Since 2011, after a broad popular consultation.**
- **Aim: to improve the socialist system and make it prosperous and sustainable, with emphasis in:**
 - 1. decentralization of the economy,**
 - 2. more faculties and autonomy to state enterprises,**
 - 3. more openness and facilities for foreign investment,**
 - 4. expansion of the sector of small private enterprises and cooperatives.**

Economic outlook

GROSS DOMESTIC PRODUCT	2015	2016
GDP at current prices (Millions of pesos or US dollars)	87,132.7	89,688.7
GDP at constant 1997 prices (Millions of pesos or US dollars)	54,499.8	54,030.2
Growth rate of the GDP at constant 1997 prices (percent)	4.4	-0.9
GDP per capita at current prices (Pesos or US dollars)	7,753	7,980
GDP per capita at constant 1997 prices (Pesos or US dollars)	4,849	4,807

Economic outlook

- It was possible to preserve the rigorous fulfillment of the obligations resulting from the reorganization of the Cuban external debt with our main creditors, including Switzerland.
- Despite multiple efforts, we have not yet been able to catch up on the current payments to suppliers, to whom we ratified our gratitude for their trust in Cuba and our willingness to honor each one of the overdue accounts.

Economic outlook

Financial tensions and challenges persist that complicate the performance of our economy.

Economic outlook

- **US economic, commercial and financial blockade is almost intact and has continued to intensify in its financial and extraterritorial dimensions.**
- **This reflects in the imposition of millionaire fines on banks and financial institutions for making transactions with Cuba.**
- **The use of the US dollar in international transactions with Cuba is still forbidden.**
- **US banks are not allowed to provide credits to Cuban importers of the limited authorized American products.**

Economic outlook

- This also has negative effects in Switzerland, where some of the most important banks suspended some years ago their operations with Cuban entities.
- On June 16, President Trump announced, in a speech full of cold war rethoric, that he will continue to strengthen the economic, commercial and financial blockade against Cuba.

Economic outlook

- **Difficulties in fuel supply from Venezuela, despite the invariable will of the government of that country to comply.**
- **Although the process of updating economic model continues forward, it is a complex process in whose implementation we have made mistakes and we have not been able to advance to the desired rhythm.**

Economic outlook

- **Huge damages caused by hurricane Irma to infrastructure and agriculture will have a negative impact in the expected growth of the GDP.**

Economic outlook

CUBA TRADE OF GOODS (Billion pesos or US dollars)

	2015	2016
Total	15.0	12.6
Export	3.3	2.3
Import	11.7	10.3

Economic outlook

- **The export of services, mainly health services and tourism, is the major source of income.**
- **More than 4 million tourists visited Cuba in 2016, mostly from Canada (1.2 million) and Europe.**
- **38,296 Swiss citizens visited Cuba last year.**
- **Tourism Income: 3.068 billion pesos.**

Economic outlook

FOREIGN INVESTMENT

- **New (2014) Foreign Investment Law provides more facilities, advantages and guarantees to foreign entrepreneurs.**
- **Direct Foreign Investment of 1.3 billion dollar in the last two years.**

Economic outlook

Foreign investment in Cuba is mainly oriented to:

- diversification and expansion of export markets,
- access to advanced technologies,
- imports substitution,
- obtaining external financing,
- creation of new sources of employment,
- catchment of management methods and linking it with the development of production chains,
- change in the energy matrix of the country through the use of renewable energy sources.



Cuba- Switzerland economic-trade relations and cooperation

- In 2016, Switzerland ranked 30th among Cuba's trading partners in the world and 13th place in Europe.

TRADE OF GOODS (million pesos)

	2015	2016
Total amount	71.7	47.5
Cuban export	19.5	15.1
Cuban import	52.2	32.4



Cuba- Switzerland economic-trade relations and cooperation

- **The Swiss Agency for Cooperation and Development (SDC) finances and implements 13 projects for the development of local management in the agri-food, housing, education, energy and environment sectors, for an amounting to approximately 24 million Swiss francs.**



Swiss business and investment in Cuba

- There is scarce business and investment of Swiss enterprises in Cuba.
- The main limitation for Swiss investments in Cuba are the extraterritorial implications of the blockade.
- Besides that, the interests of Swiss companies do not always coincide with the priorities of our development plans and, on the other hand, our approval mechanisms are still complicated and slow.



Swiss business and investment in Cuba

- **2 successful joint ventures formed more than 20 years ago between the Cuban Corporación Alimentaria S.A. (CORALSA) and Nestle:**
 1. **CORALAC S.A. for the production of ice cream,**
 2. **Los Portales S.A for the production of mineral water and soft drinks.**
- **An agreement was recently signed with Nestle for the construction of a plant for production of coffee and foodstuffs in the Mariel Special Development Zone.**



Swiss business and investment in Cuba

- Mediterranean Shipping Company (MSC), began shipping cruises to Cuba by the end of 2015.
- The German-Swiss hotel chain Kempinski has signed a management contract for the 5-star Gran Hotel Manzana Kempinski in Havana, inaugurated last June.
- Several investment projects are under evaluation in the tourism, agriculture, chemical, textile and food industries, among others.

Bussines opportunities in Cuba

Our main interest is to establish joint ventures and receive Swiss investments for the development of the pharmaceutical and biotechnology industry and renewable energy sources.

Bussines opportunities in Cuba



Cuban Business Group BIOCUBAFARMA seeks partners to establish joint ventures for the production and commercialization of advanced pharmaceutical products, such as:

- recombinant proteins,
- monoclonal antibodies and cytostatics,
- vaccines for Hepatitis B and porcine cholera,
- biomaterial products for sealing skin wounds and regeneration of bone tissue.

Bussines opportunities in Cuba



- We also seek partner for financing the clinical trial and registration of Heberprot-P in Switzerland, and contributing to its distribution in the European market.
- Heberprot-P is a novel and unique medicine indicated for diabetic foot ulcer treatment (DFU), that accelerates healing of deep and complex ulcers and reduces diabetes-related amputations.

Bussines opportunities in Cuba

Special Economic Development Zone of Mariel



- Huge project, covering an area of 465.4 square kilometers, surrounded the port of Mariel, located 45 Km west of Havana.
- It has its own regulatory framework, special policies and regimes, targeting national and foreign investments contributing to the sustainable development of Cuba.

Bussines opportunities in Cuba

Special Economic Development Zone of Mariel



- The container terminal is operated by Singapore's PSA International and is designed to receive New Panamax ships.
- Since its inauguration in January 2014, traffic has significantly increased and it is on track to become an important regional logistic hub.


Bussines opportunities in Cuba

CHAMBER OF COMMERCE OF THE REPUBLIC OF CUBA

www.camaracuba.cu

You can download:

- 1. Cuban Portfolio of Opportunities for Foreign Investment 2016-2017.**
- 2. Law No. 118/2014 - Foreign Investment Law.**
- 3. Cuba Investor Guide.**



**We wish all of you future success in doing
business and promoting further
development of the economic and
commercial relations between our two
countries.**

Thank you very much for your attention!