

## Major changes: Cuba relaxes rules on foreign investment



*Cuba's Minister of Foreign Trade, Oscar Pérez-Oliva Fraga, presenting the new measures on November 25th (source: [Cubadebate](#))*

The Cuban government has announced comprehensive easing measures for foreign investors. At the [FIHAV trade fair](#) in Havana yesterday, Foreign Trade Minister Oscar Pérez-Oliva Fraga presented far-reaching steps designed to create a “simpler, more agile, and more transparent” business climate. The announced changes also include measures that investors have been demanding for years.

### Dollar transactions and direct personnel selection

One of the most important innovations is the introduction of a differentiated functional scheme for foreign investment. In the future, companies will be able to operate in both national currency and foreign currency, depending on their needs. This change is intended to help investors generate external revenue through exports or sales in foreign currency.

A key point of criticism from foreign companies has long been the state employment agencies, through which workers must be exclusively hired. From an investor's perspective, this restricted autonomy in personnel selection and also resulted in higher wage costs.

There has now been a paradigm shift in this area: while the state employment agency will continue to be involved in the selection process, the investor will make the final decision on hiring – which in future can also be done directly. In addition, companies can pay their employees bonuses in foreign currency, provided these come from profits and are processed through the banking system.

## Less bureaucracy and shorter waiting times

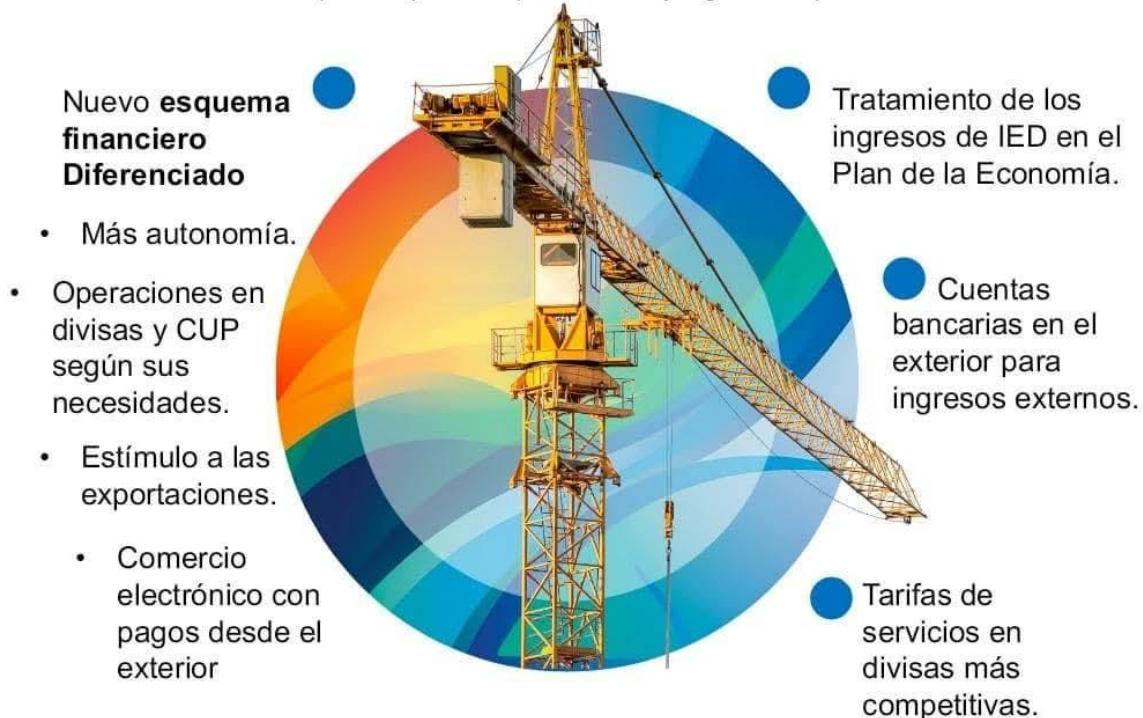
The government also plans to drastically simplify the approval process. Instead of the feasibility studies that were previously required, investors will now only have to submit a business plan. The evaluation commission will only have seven days to make its decision, instead of the previous 15. If a government agency does not respond within the specified period, this will automatically be considered approval. This is intended to counter institutional inertia in getting projects off the ground.

Pérez-Oliva Fraga explained that ten of the 32 transactions approved this year have already been processed using new, simplified procedures that are administered directly by heads of state organizations. These new transactions have a total investment volume of US\$1.1 billion.

## New business models

Cuba is introducing a new model in the tourism sector: foreign companies can lease hotel facilities and automatically receive foreign investor status with all the benefits of the investment law, including foreign trade rights. After signing the contract, companies should be able to start management within 60 days.

### NUEVAS DECISIONES DINAMIZAR LA INVERSIÓN EXTRANJERA Decisiones que amplían capacidades y agilizan operaciones



For the first time, the government is now also explicitly promoting real estate transactions with foreign financing, which must, however, meet certain requirements. For example, the

projects must be self-sustaining and meet requirements for asset protection, energy efficiency, and the use of renewable energies. “We cannot irresponsibly create investments that are high energy consumers,” the minister emphasized.

The cooperation between foreign companies and the private sector, first announced in 2021, is expected to [become possible](#) “shortly.” A corresponding decree-law is currently being discussed in the State Council. The minister explained that the government is actively promoting foreign capital participation in the banking and financial sector in order to strengthen economic development. In addition, smaller special development zones are to be established for specific activities such as real estate projects or technology parks, which are intended to stimulate growth with more flexible special regulations.

## **Operational facilitation**

In the future, foreign investors will be able to sell their products and services without restrictions to “all solvent economic operators” as wholesalers. In addition, they will be allowed to import fuel themselves if it is unavailable, which should cushion the impact of the current energy crisis.

Furthermore, underutilized plants and factories are to be proactively made available to foreign investors for continued economic operation, with the facilities reverting to the state after an agreed period of time.

In order to mitigate the effects of US sanctions, the legislation also provides for the possibility of opening accounts abroad in the future. The minister left open the extent to which this would also address the [ongoing liquidity problems](#) with corporate accounts, but [acknowledged](#) payment difficulties that had been exacerbated by the “difficult weeks” [following Hurricane Melissa](#). In this context, he expressed his gratitude for the continued trust of investors represented in Cuba and promised “more concessions and guarantees” for those who are betting on the country’s future.

Pérez-Oliva Fraga made it clear that all the measures announced also apply to Cubans living abroad. “There are no obstacles or differences in treatment for them,” he said. The government is actively promoting the growing participation of Cubans abroad in the country’s development.

## **Extensive easing of restrictions under difficult conditions**

After several years of crisis, Cuba still faces considerable economic problems. Daily power outages lasting several hours, ongoing emigration, and the sharp fall in the value of the peso have not improved the investment climate this year either. Added to this is the massive tightening of the US economic blockade since US President Donald Trump took office. With the renewed [classification of the island as a “state sponsor of terrorism.”](#) both state and private economic actors are affected by massive restrictions. Relaxations from the Biden era with regard to remittances and tourism have been scrapped.

Once implemented, the announced measures would be the most extensive easing of restrictions for foreign investors since the [current investment law](#) came into force in 2014. At

that time, 100 percent foreign-owned companies were permitted and tax rates for investors were reduced, among other things.

Cuban-American investor [Hugo Cancio](#), who operates an online wholesale market on the island, among other things, [described](#) the measures in an initial reaction as “positive, necessary, and hopeful.” Now, he said, it is important to implement them in a coherent manner. As Cuba’s Deputy Minister of Foreign Trade Yanet Vazquez [explained](#), the acceleration of the process will be initiated in the short term with a legislative decree. The direct hiring of workers without employment agencies is also to be implemented quickly “as a gesture toward a long-standing demand of the sector.” However, other “more profound, structural changes” will still have to wait: these are to be decided only as part of a revision of the entire investment law in December 2026.

The [investment portfolio](#) (*Cartera de oportunidades*), which is updated annually as part of FIHAV, comprises 426 projects this year with an estimated investment volume of over US\$30 billion, spread across 13 sectors. The focus is on food production, industry, tourism, and energy, with oil exploration and production being specifically promoted in the energy sector. According to the latest figures announced at the fair, 376 foreign companies from 40 countries are currently operating on the island, 56 of them in the Mariel Special Economic Zone (ZEDM). ([Cubaheute](#))