



Food and Agriculture Organization
of the United Nations

Investment opportunities in Cuba for rice, grains, sugar and fruit chains.

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Foreign Investment in the Cuban Agricultural Sector

“...an important source for economic and social development of the country ...”



- ✓ Definition of General Policy and sectoral policies (2013)
- ✓ Updated regulatory framework (Law 118 Foreign Investment Law) (2014)

General Overview



Population density
91.5 inhabitants per km²



Urban Population
75.5 % (2023)
Rural Population
24.5% (2023)



Working age population
6.1 millions:
53% men
47% women



Infant Population
20.3 % (2023)
Elderly population
24.4 % (2023)



GDP at current prices in millions of Cuban pesos
869 234 (2023)



GDP growth rate at constant 1997 prices
-1,9 % (2023)



Agriculture, Livestock and Forestry Activity
2% of GDP at constant prices (2023)



Cropped Areas within priority value chains
Grains: 256 Mha
Rice: 228 Mha
Fruits: 132 Mha
Sugar Cane : 835 Mha



10 055 968 million inhabitants

Country Surface: 10.9 Mha
Agricultural Surface: 6.3 Mha

Source: National Statistics and Information Office

Advantages for investment in the agricultural sector



Plenty of available land

Industrial, productive & hydraulic infrastructure

Well developed human capital and scientific capacity

Guarantees for investors in national law

Special Tax Regime

Polítical, legal and social stability

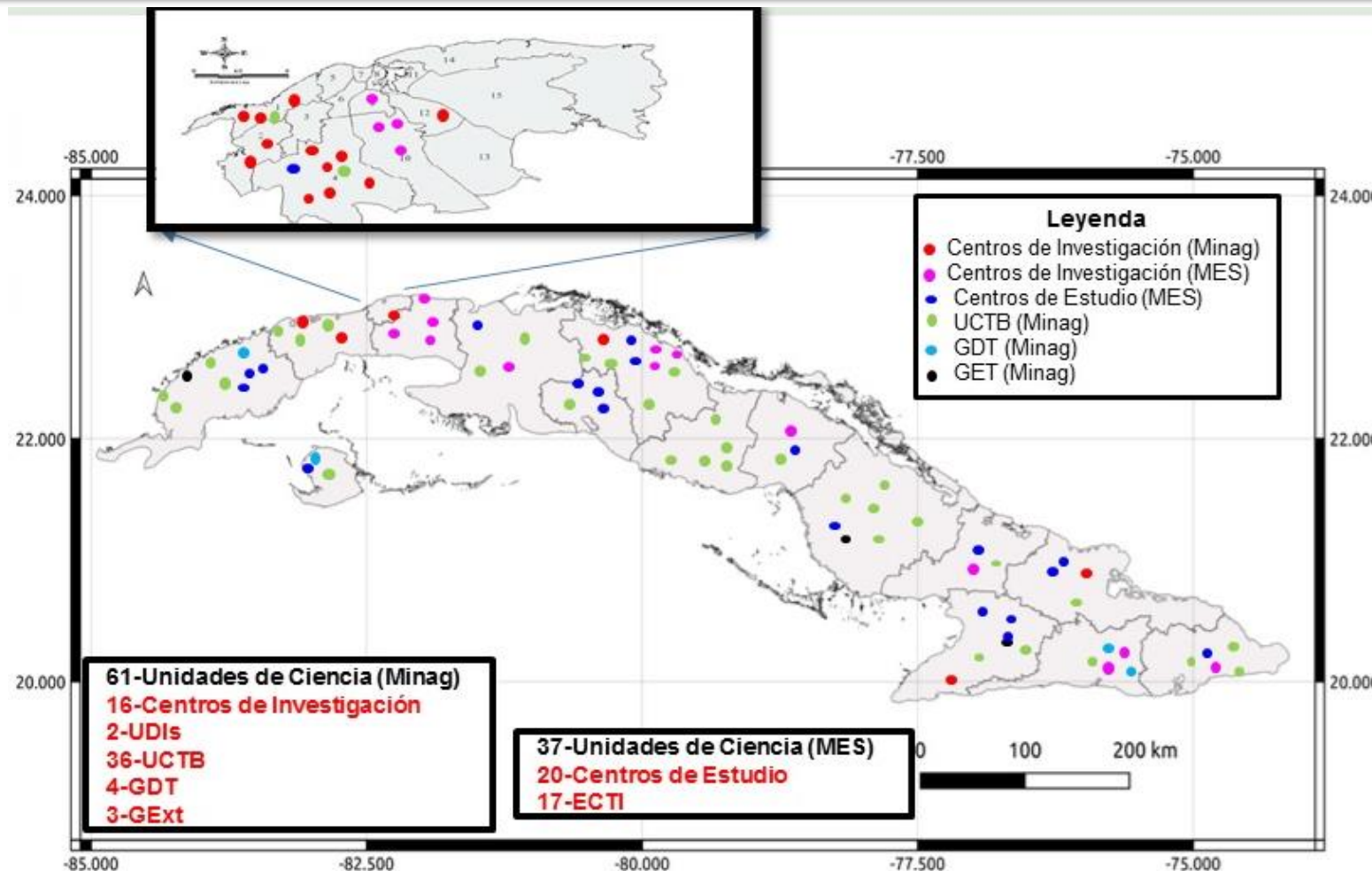
Privileged geographical location

Existing local and export Markets of interest in the region and beyond

Creation of the Special Development Zone Mariel

Diverse Opportunities

Cuba – a strong science, innovation and agricultural extension system



Leyend

- Research Centers (Minag)
- Research Centers (MES)
- Study Centers (MES)
- UCTB (Minag)
- GDT (Minag)
- GET (Minag)

61- Science Unit (Minag)
 16- Research Center
 2- UDIs
 36- UCTB
 4-GDT
 3- GExt

37 – Science Unit (MES)
 20 – Study Centers
 17 - ECTI

Doing business in Cuba?

Business modalities to attract direct foreign investment



JOINT VENTURE

Characteristics :

- Creation of a legal person different from that of the parties

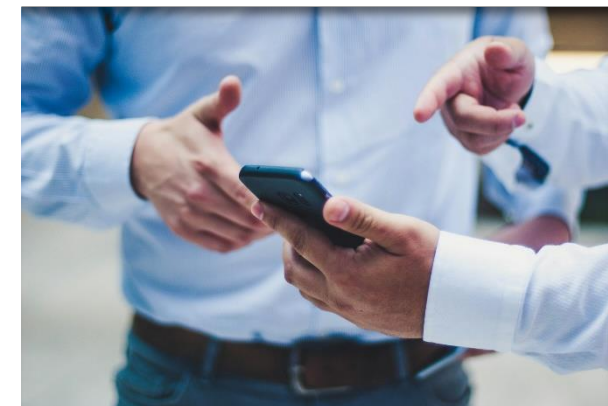


INTERNATIONAL ECONOMIC ASSOCIATION CONTRACT

- WITH COMMON FUND
- CONTRACT FARMING

Characteristics :

- Does not imply the creation of a legal person different from that of the parties
- Common Fund
- Revenue distribution



FULL FOREIGN CAPITAL COMPANY

Characteristics :

- The foreign investor is directly established via a branch or a rep office

Tax incentives for Foreign agrifood investment in Cuba

Taxes	Law 118/2014 for Foreign Investment	Law 113 for the Tax System
On sales or services	0% during the first year of operations, later a 50% bonification on wholesale and services	2% on wholesales and 10% on services . New taxes will be gradually incorporated
On personal incomes to foreign partners or foreign parties	Exempt	15%
Custom taxes on equipment and inputs for investment	Exempt during investment process	It is applied on the custom tax
Taxes on labour force use	Exempt	5%
Contribution to local development	0% during investment recovery	It is gradually set on the budget law yearly
Taxes on revenues	Exempt during investment recovery	It is applied on the custom tax
	0% during the first 8 years and excepcionally for a longer period. Later 15%. 0% on reinvested profits	35%

Alignment of national priorities for sustainable development and promotion of the agricultural sector

National Plan for Economic & Social Development up to 2030

- Increase agricultural production in order to guarantee food security.
- Promotion of sustainable agricultural practices and agroecology.
- Improvement of rural infrastructure and the irrigation systems
- Fostering research and development in the agricultural sector .

National Plan for Food Sovereignty and Nutrition Education (SAN)

- Promotion of agroecology and crop diversification.
- Strengthening of cooperatives and small farms.
- Nutritional education in order to improve feeding habits of the population.

Government Plan to face Climate Change ("Tarea Vida")

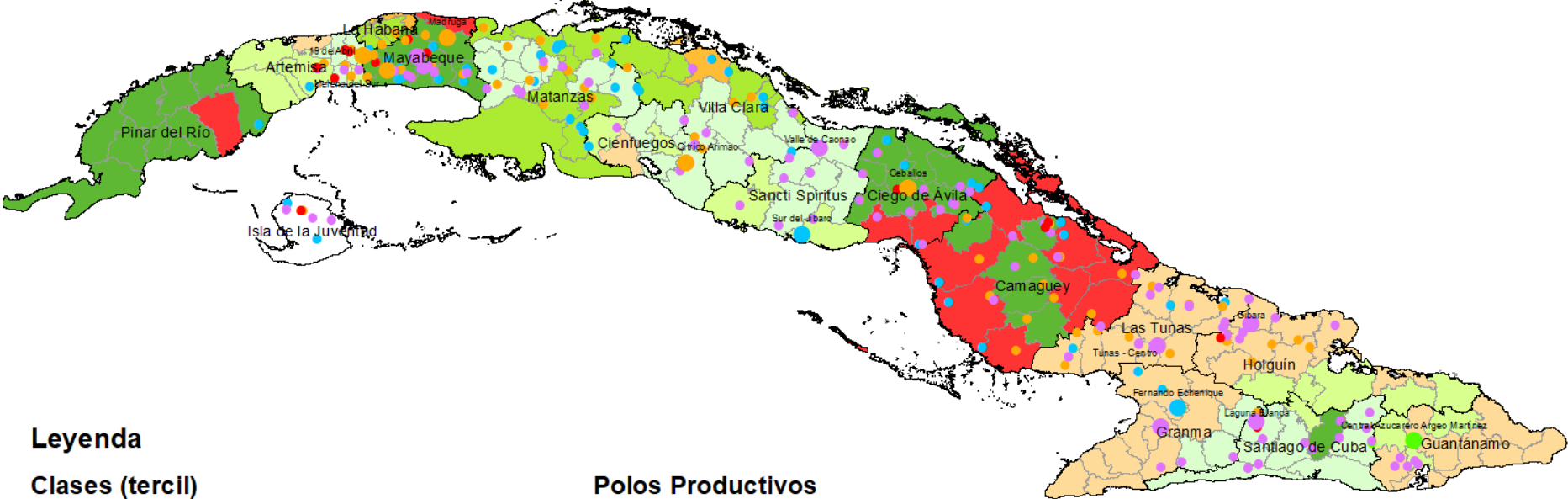
- Evaluation of the vulnerability of agricultural zones to climate change.
- Implementation of resilient agricultural practices such as direct planting and water efficient use.
- Protection and rehabilitation of soils and hydrographic basins.



First Contribution determined at National level

- Promotion of Agroecology
- Preservation and sustainable management of soils
- Efficiency improvement on water usage.
- Strengthening of climate resilience in agriculture
- Reduction of greenhouse gases emissions .
- Fostering urban and suburban farming
- Strengthening research and institutional capacity

HH typology map (2024) including principal productive areas for rice, grains, fruits and sugar



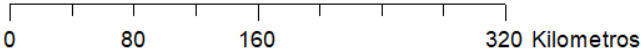
Leyenda

Clases (tercil)

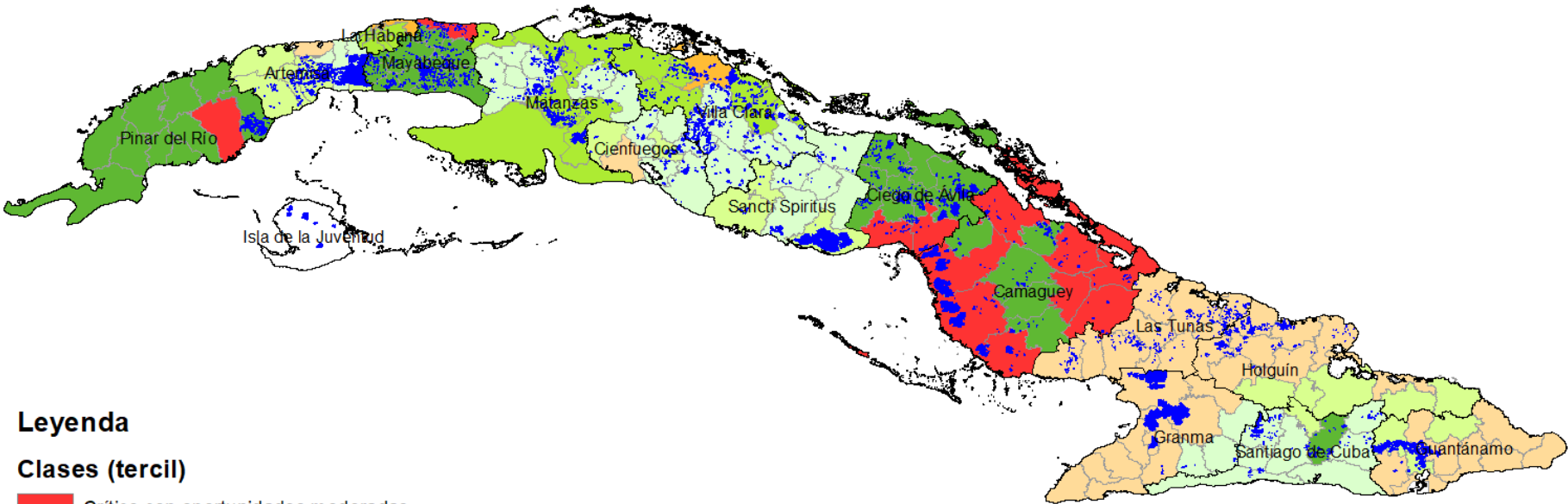
- Crítico con oportunidades moderadas
- Prioridad media con oportunidades agrícolas moderadas
- Baja prioridad
- Alta prioridad
- Prioridad media con altas oportunidades agrícolas
- Baja prioridad con altas oportunidades agrícolas
- Rendimiento alto

Polos Productivos

- GRANOS
- ARROZ
- CÍTRICOS
- FRUTALES
- CAÑA DE AZÚCAR



HHH typology map (2024) including national proposals per investment case



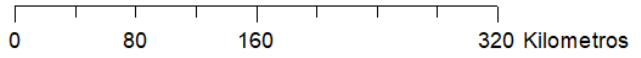
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Focalización de la Inversión Agropecuaria

- Polos Productivos de Arroz, Granos, Frutales, Cítricos y Caña de Azúcar





Investment Opportunities based on 2024 typologies

- Rice
- Fruits
- Sugar
- Grains

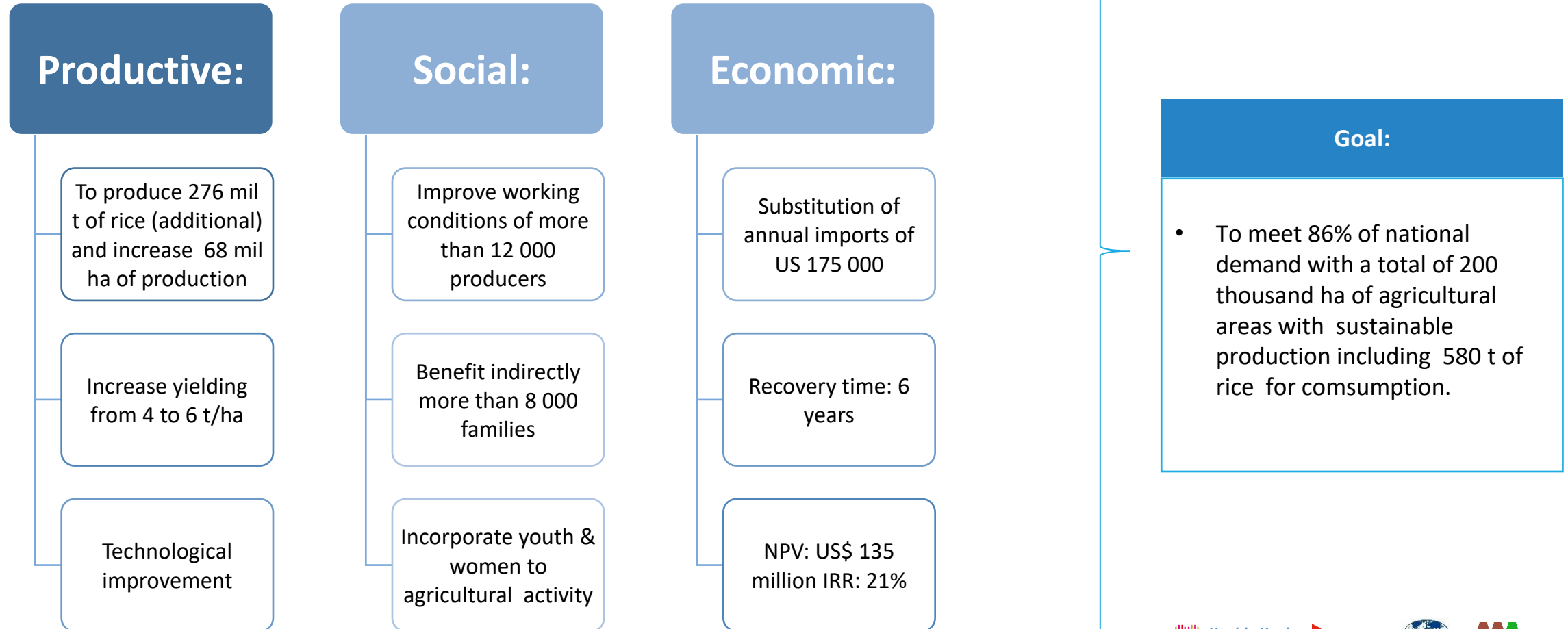
Investment Program for the development of the rice value chain at national level

Opportunities to invest in rice production in Cuba

- Existence of an agricultural infrastructure that allows the introduction of sowing or harvesting technology
- Hydraulic infrastructure created in all rice-growing areas of the country that allows the supply of water to the crop
- Drying capacity available: 4,635 tons of wet rice/day in 69 units.
- Milling capacity available: 3,654 tons/day in 33 units.
- There are 9 seed classification and treatment plants.
- Existence of trained personnel

Investment Program for the development of the rice value chain at national level

Expected results

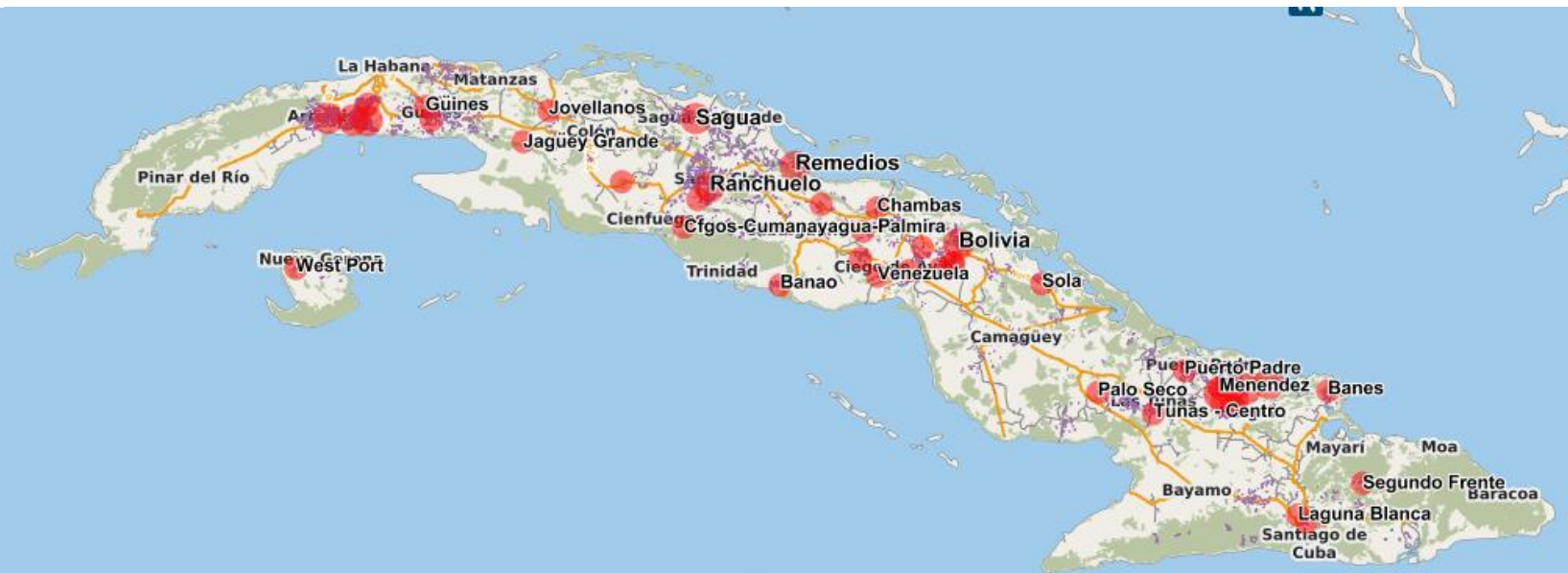


Investment Program for the development of the grain chain value at national level

Opportunities to invest in grain production in Cuba

- There are 5 grain drying and processing plants with a capacity of 280 tons per day.
- Existence of trained personnel.
- Possibility of implementing the program in a greater number of stages, integrating the agroindustry.
- Availability of labor.
- Potential savings on imports.
- Installed capacity in research and development.

Investment Program for the development of the grain chain value at national level



Investment required

- Phase 1- Production & processing in 35 000 hectares (corn 20 000 ha, soy beans 5 000 ha and beans 10 000 ha)
- Phase 2 –New production poles
- Total investment: 418.28 millions US\$ in 6 years

Bottlenecks

- Insufficient volume in primary production due to low agricultural yielding and poorly used areas.
- Limited access to inputs and high dependency on external ones
- Unused capacity in agroindustry
- No access to financial resources

Risk Mitigation

Risks

- Challenges in machine and equipment maintenance
- Access to fuel and energy sources for production and processing

Mitigation

- International cooperation
- Possibility of implementing the program in multiple phases at each of the production poles, using new business modalities
- Integration of new technologies to increase resilience and sustainability

Investment Program for the development of the grain chain value at national level

Expected results

Productive:

260 000 additional tons for grain production & 69 000ha in production (additional)

Reaching a sustainable production area of 156 625 ha and a volume of 357 704 t

Yielding increase of 5 t/ha in corn and 1.5 t/ha in beans

Introduction of new planting technologies

Social:

Improve working conditions for more than 22 000 producers

Indirect benefit for more than 40 000 families

Incorporate youths and women to agricultural activity

Economic:

Investment return period 7 years

NPV (7% discount for 10 años): US\$ 289 millions IRR: 24%

Potential US\$ 135 to 175 million annual GVP (in years 7 to 10)

Goal:

- Meeting demand at the national level
- Corn 440 thousand tons (50%)
- Soybean 36 thousand tons (14%)
- Beans 81 thousand tons (100%)

Investment Program for the development of fruits value chain at national level

Investment opportunities in fruits production in Cuba

- Existence of an agricultural infrastructure that allows for the introduction of sowing or harvesting technology.
- Export potential.
- Potential to integrate production and processing in new stages.
- Installed capacity in research and development.
- There are 4 large industries and more than 110 mini industries.
- Existence of trained personnel.

Investment Program for the development of fruits value chain at national level



Required investment

- Phase 1- production of 3 100 ha of citrus fruits and 1 879 ha of other fruits
- Phase 2 – New stages, integrating production and processing in other provinces
- Total investment :US\$ 386 million in 10 years

Bottleneck

- Poor use of agricultural area for byproducts and primary production
- Low integration of primary production and agroindustry
- Low Transport & logistic capacity
- Limited access to inputs and high dependency on external ones
- No access to financial sources

Risk Mitigation

Risks

- Complex Systems
- Challenges in the use and maintenance of irrigation systems
- Access to fuel and energy sources for production and processing

Mitigation

- Possibility of implementing the program in multiple phases at each of the associated sites, using new business modalities
- Integration of new technologies to increase resilience and sustainability

Investment Program for the development of fruits value chain at national level

Productive:

277 000 additional tons of fruit products and 18 000 additional ha for production

for a sustainable area of production of 156,625 ha an volume of 357.704 t

Introduction of new planting technologies

Social:

Improve working conditions for more than 22 000 producers

Indirect benefit for more than 40 000 families

Incorporate youths & women to agricultural activity

Economic:

Increase income per export of fresh and processed product

Return period: 7 years

NPV (7% discount, 15 years): US\$ 287 million and IRR: 18%

Goal:

- National coverage to supply domestic market, tourism and export in 19 000 ha with sustainable production.

Promoting sustainable development of sugar cane agroindustry in Guantánamo province.

Sugar mill Argeo Martínez

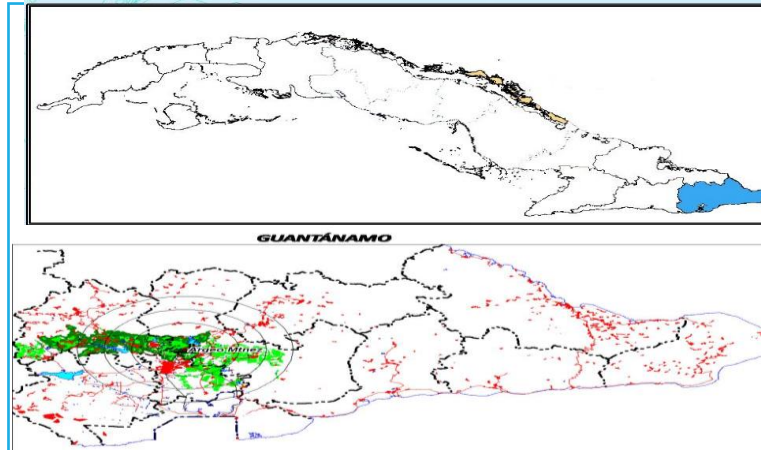
Bottleneck

- Low agricultural yield
- Poor use of byproducts
- Low integration of primary production and agroindustry
- Low Transport & logistic capacity
- Limited access to inputs and high dependence on external ones

Opportunities

- Potential to generate energy and byproducts
- Export potential
- Installed capacity for reasearch and development

Location



Expected Results

- **Additional production:** 33 705 t of sugar, 3.45 million of other products (sugar honey and others), 3 397 MWh electricity, 3887t forage and 38 453 t of organic fertilizers
- **Additional income:** Export volume by year 3 up to 28 179 by year 9. Income per export of **0.19** millions US\$ by year 3 to **11.6** millions by year 9
- **Goal:** In 3 years 14 000 t to supply domestic consumption and the surplus is exported up to reaching 28 000 t, moving from 3450 ha to 7680 ha of agricultural surface with sustainable production.

Investment required

- Phase 1- Recovery of agricultural areas and improve yields(technologies, inputs, fuel)
- Phase 2 – Modernization & agroindustry
- Total investment: US\$ 39.52 millions in 60 months
- Investment return period: 7 years
- NPV: US\$ 8,88 millions & IRR: 16%
- Potential of US\$ 11 millions NPV annually by year 10.

Risk Mitigation

Risks

- On investment within agroindustry sector
- High dependency on external inputs.
- Delays in increasing agricultural production.

Mitigation

- Guarantees connected to short, medium and long-term export contracts.
- Sequential investment with further development and recovery of agricultural area in phase 1.
- Cost reduction and greater sustainability as a result of the increase of energy generation and the production of organic fertilizers.

Investing in the Sugar cane value chain in Guantánamo Province.

Sugar mill Argeo Martínez

Preferential Modality : JOINT VENTURE

Benefits for Investors

- **Export foreign currency flow is guaranteed in contracts with buyers (up to US\$ 15 million annually)**
- **7 years for investment return**
- **Sequential investment (US\$ 5 million for production in year 1- inputs cluster)**

Benefits for Cuba

- **18 000 persons benefit from it**
- **14 000 t for the domestic market supplied by year 3, at an import replacement price.**

HiH investment notes - Investment areas

Program	Total investment (USD Millions)	Indicators of financial performance	Coverage	Investment required in phase 1
Rice	160.87	IRR 21% NPV US\$ 135 MM	Whole country (meeting 86% national demand)	US\$ 15 MM Rice program Sancti Spíritus & Rice Program Granma
Grains	418.28	IRR 16% NPV US\$ 289 MM	Whole country (covering demand on corn by 50%, soybean by 14% & beans by 100%).	US\$ 3 MM inputs cluster, US\$ 3 MM machinery & equipment cluster, US\$ 1 MM industry cluster, covering 35 000 ha of grains
Sugar	39.52	IRR 16% NPV US\$ 8.8 MM	Guantanamo Province (34% of production for the domestic market & 64% export)	US\$ 5 MM inputs cluster US\$ 6.5 MM machinery cluster
Fruits	386.13	IRR 18% NPV US\$ 287 MM	Whole country (15% of production for the domestic market & 85% export)	US\$ 2 MM inputs cluster US\$ 50 MM machinery and equipment cluster covering 3 100 ha of citrus fruits & 1 879 of other fruits

Investment Plan Summary

USD 1.004.723.170
Total Investment

20%
IRR average

USD 719.800.000
Total NPV

74 000
Direct
Beneficiaries
102 000
Indirect
Beneficiaries

USD 2 345
Av. Income
increase
per family
yearly

-1741 kt CO2
eq/ha/year
Reduction of
emissions

Sugar

Cost: **USD 39.427.500**

Investment cost Phase 1: **USD 19.387.500**

IRR: (%) **16**

NPV: **USD 8.8 million**

Hectares: **3450 to 7680**

Incremental income/family: **USD 1,284**

Guantánamo

Rice

Cost : **USD 160.876.530**

Investment cost Phase 1:
USD 15.000.000

IRR: (%) **21**

NPV: **USD 135 million**

Hectares: **131.807 to 200.000**

Incremental income/family: **USD 508**

Whole country

Grains

Cost : **USD 418.282.073**

Investment cost Phase 1:
USD 14.000.000

IRR: (%) **24**

NPV: **USD 289 million**

Hectares: **87.189 to 156.625**

Incremental income/family: **USD 550**

Mayabeque, Sancti Spíritus, Las Tunas, Holguín, Granma, Santiago de Cuba

Fruits

Cost : **USD 386.137.067**

Investment cost Phase 1:
USD 52.041.544

IRR: (%) **18**

NPV: **USD 287 million**

Hectares: **de 450 a 18.797**

Incremental income/family: **USD 7 040 in a year of full production**
Cienfuegos, Ciego de Ávila & Mayabeque provinces