

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

CUBA

America Caribbean

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Mariel Special Development Zone (ZEDM)	Cuba's flagship foreign-investment zone, with over 60 approved projects and more than \$3 billion in committed investment from 21+ countries, hosting logistics, biotech and advanced-manufacturing operations; development has slowed amid the broader national crisis	Logistics/port services, biotechnology and biopharmaceuticals, advanced manufacturing, agro-industrial processing
Havana (capital, tourism & commercial core)	Historic tourism anchor (Old Havana, UNESCO site) and seat of government, though now also the epicenter of mass emigration (57,000+ net departures in 2025 alone) and recurring blackouts	Heritage/boutique tourism, hospitality renovation, private-sector (cuentapropista) retail and services
Varadero & northern coastal resort zone (Matanzas)	Cuba's principal beach-resort tourism belt, historically the backbone of hard-currency tourism revenue, now constrained by energy shortages and reduced visitor confidence	Resort/beach tourism, hospitality, tourism-support services
Agricultural usufruct zones (nationwide, incl. rice-growing regions)	Government-prioritized sector for foreign investment under state-land/usufruct-rights models, with Vietnamese-style rice-production partnerships cited as the template	Agriculture (rice, food production), agro-processing, agricultural technology and inputs
Santiago de Cuba & eastern provinces	Second major population and economic center, also among the highest-emigration provinces (21,700+ net departures in 2025), with mining and some manufacturing presence	Mining-adjacent services, light manufacturing, regional logistics
National electrical grid and energy-generation sites	Site of Cuba's acute energy crisis: five islandwide blackouts in 2026 alone amid a severe fuel shortage following a US oil blockade; aging 1960s-80s-era infrastructure is now a national emergency	Power generation (renewable/distributed), grid rehabilitation, emergency energy infrastructure
Diaspora-linked small and medium enterprises (nationwide)	New target segment following the March 2026 announcement permitting Cuban exiles and other foreign nationals to invest in and own Cuban businesses, not just resident Cubans as under the 2021 reform	Private retail, food service, light manufacturing, remittance-linked small business

INVESTOR ENTRY ROUTES

- **MARIEL SPECIAL DEVELOPMENT ZONE (ZEDM) LICENSING:** Cuba's primary vehicle for large-scale foreign direct investment, offering tax and customs incentives under a dedicated zone authority
- **FOREIGN INVESTMENT LAW (LAW 118) FRAMEWORK:** The general statutory basis for joint ventures, international economic association contracts, and wholly foreign-owned enterprises outside the ZEDM

- **MARCH 2026 DIASPORA/EXILE INVESTMENT OPENING:** A newly announced (not yet fully codified in a specific decree, per available reporting) pathway allowing Cuban exiles and other foreign nationals to invest in and own businesses on the island, extending the 2021 private-enterprise (cuentapropista/MSME) reform
- **USUFRUCT-RIGHTS AGRICULTURAL PARTNERSHIPS:** State-land-based joint ventures modeled on Vietnamese rice-production arrangements, where land remains state-owned but investors hold operating rights
- **MSME (MICRO, SMALL AND MEDIUM ENTERPRISE) REGISTRATION:** The formal private-sector vehicle introduced in 2021, now open to a broader base of domestic and diaspora capital
- **MINISTRY OF FOREIGN TRADE AND INVESTMENT (MINCEX) PROJECT APPROVAL:** The central-government gateway for vetting and approving all foreign investment proposals

MARKET-ENTRY OBSERVATION

Cuba enters this guide as the most acute humanitarian and economic crisis in this series to date, and any investment case must be read against that reality rather than around it. The country is enduring its worst economic crisis in decades: the economy contracted an estimated 1.5% in 2025 with only 0.1% growth projected for 2026 (regionally, only Haiti forecasts worse), inflation has run as high as 238%, and nine consecutive years of population decline have left Cuba with roughly 9.4 million people - down 16% officially (as much as 24% by independent estimates) from 11.2 million in 2017, with 245,000 net departures in 2025 alone. The proximate trigger for the sharpest recent deterioration is energy: following the US removal of Nicolas Maduro's government in Venezuela in January 2026 and a subsequent US oil blockade that cut off Cuba's primary subsidized fuel supply, the island suffered five nationwide grid collapses in 2026 through mid-July, each leaving roughly 10 million people without power for extended periods, and scattered 'turn on the lights' protests have broken out in Havana.

Against this backdrop, the Cuban government has moved - explicitly under external pressure rather than by original design, according to independent economists - to widen its foreign-investment opening. In March 2026, officials announced that Cuban exiles and other foreign nationals may now invest in and own businesses on the island, extending beyond the island-resident-only private-enterprise reform of 2021, with agriculture (modeled on Vietnamese-style usufruct rice partnerships) named as a particular priority. The long-standing US embargo continues to bar US persons and companies from most Cuban investment regardless of this opening, and the Trump administration has paired the oil blockade with new sanctions on Cuba's tourism ministry and state enterprises, explicitly tying any relief to democratic elections and the release of political prisoners - while separately voicing rhetoric about Cuba being brought under US influence 'in some form.' This guide treats Cuba as a jurisdiction to watch rather than one to enter at scale today, given the depth and breadth of the current crisis.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Acute energy crisis and grid collapse	Five nationwide blackouts in 2026 alone, driven by a US oil blockade following Venezuela's change of government and decades-old, poorly maintained generation infrastructure; outages have each lasted 24+ hours and affected the entire population	Treat reliable power as unavailable without dedicated backup/distributed generation; any near-term investment must build in independent energy infrastructure as a precondition, not an add-on
US embargo, sanctions and the Helms-Burton framework	The decades-long US embargo bars US persons and firms from most Cuban investment and trade, now reinforced by new 2026 sanctions on Cuba's tourism ministry and state-owned enterprises tied to political demands	US-linked investors should seek specialized OFAC-compliance counsel before any Cuba-related activity; non-US investors should assess secondary-sanctions and correspondent-banking exposure
Severe hyperinflation and currency instability	Inflation reached an estimated 238% in 2024, among the highest in the hemisphere alongside Venezuela and Haiti, severely eroding real incomes and distorting pricing for any commercial venture	Structure any transaction in hard currency with explicit inflation and convertibility risk premiums; avoid peso-denominated long-term commitments
Mass emigration and demographic collapse	Nine consecutive years of population decline, with a 16-24% total population loss since 2017 and 245,000 net departures in 2025 alone, is eroding the domestic consumer base and skilled labor pool	Plan workforce strategies assuming continued skilled-labor scarcity; consider diaspora-linked remote or distributed business models given the new exile-investment opening
State ownership of land and centralized investment approval	All land remains state-owned, and all foreign investment proposals require central-government (MINCEX) approval, with no fully independent private property or market-based land-allocation system	Structure investment around usufruct/partnership models from the outset; budget realistic timelines for state approval processes

Issue	Potential Impact	Possible Mitigation
Political uncertainty and external pressure for regime change	The Trump administration has explicitly linked sanctions relief to Cuban democratic elections and political-prisoner releases, and has used rhetoric suggesting ambitions beyond sanctions pressure, adding geopolitical unpredictability	Treat the US-Cuba relationship as a live, fast-moving variable; avoid long-dated capital commitments premised on current policy settings remaining stable
Underdeveloped institutional and data transparency	Cuba's economic statistics are considered unreliable enough that regional bodies like ECLAC exclude it from standard comparative averages, complicating standard due diligence	Rely on independent, cross-verified sources (ECLAC, IEA, diaspora economists) rather than official Cuban statistics alone when underwriting any Cuba-related exposure

INVESTOR RISK NOTE

Cuba represents the most severe risk environment covered in this guide to date, combining an acute, ongoing energy-system collapse, hyperinflation, a geopolitically volatile relationship with the United States following Venezuela's change of government, and a demographic crisis that has seen the country lose roughly a sixth to a quarter of its population since 2017. The government's genuine, if externally pressured, move to open investment to the Cuban exile community and expand usufruct-based agricultural partnerships should be read as a sign of how acute the crisis has become rather than as evidence of a stable new investment climate. This guide does not recommend active capital deployment into Cuba at this time for most investor profiles; any engagement should be exploratory, hard-currency-denominated, energy-self-sufficient by design, and built around the expectation that the current US-Cuba relationship, sanctions regime, and domestic economic conditions could change materially and quickly in either direction.

MARKET ACCESS

Cuba operates a non-convertible, centrally managed currency system with a history of multiple exchange-rate regimes and severe hyperinflation, offering none of the currency stability seen elsewhere in this guide's Caribbean coverage. The US embargo remains the dominant market-access constraint for American investors specifically, while non-US investors operate under Cuba's Foreign Investment Law (Law 118) and Mariel Special Development Zone frameworks, subject to central MINCEX approval. Cuba's trade relationships with Venezuela (historically its main subsidized-oil supplier), China, Russia and other non-US partners provide alternative channels, though these too have become less reliable following Venezuela's 2026 change of government and the resulting fuel-supply disruption.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Ministry of Foreign Trade and Investment (MINCEX)	Central government body responsible for vetting, approving and overseeing all foreign investment proposals in Cuba	The mandatory first point of contact for any foreign investment project, large or small
Mariel Special Development Zone Authority (ZEDM)	Administers Cuba's flagship investment zone, offering the most established (if currently slow-moving) foreign-investment framework with tax and customs incentives	Primary channel for logistics, biotech, manufacturing or agro-industrial investment seeking zone-level incentives
Ministry of Energy and Mines	Manages the national electrical grid now in acute crisis; central to any assessment of power-availability risk for commercial operations	Essential reference point for understanding current and near-term grid-reliability conditions
US Office of Foreign Assets Control (OFAC)	US Treasury body administering embargo and sanctions rules that constrain US-person investment and, increasingly, third-country financial-institution dealings with Cuba	Required compliance reference for any US-linked investor or financial institution considering Cuba exposure
Council of State / Office of the President (Miguel Diaz-Canel)	Sets overall economic and political direction; the subject of ongoing speculation (including on political-prediction markets) about leadership stability amid the crisis, though no confirmed succession process is underway	Monitor official Cuban state communications and credible independent reporting for any leadership or policy-direction signals
ECLAC (UN Economic Commission for Latin America and the Caribbean)	Provides the most credible independent macroeconomic forecasting on Cuba given unreliable official statistics	Preferred reference source for GDP, inflation and comparative-regional economic analysis

Actor	Why It Matters	Waverley Engagement Angle
Cuban diaspora business networks (US, Spain, Latin America)	Newly enabled (as of March 2026) as direct investors and business owners under the exile-investment opening, representing an estimated 3 million-plus Cubans abroad	Potential source of relationship-based market intelligence and co-investment partners for diaspora-linked ventures

CURRENT INTERNATIONAL BUSINESS CHANNELS

All formal foreign investment must be routed through MINCEX for central-government approval, with the Mariel Special Development Zone Authority serving as the principal channel for larger-scale, incentive-linked projects. Given Cuba's centralized system, government relationships are not optional but structurally necessary for any investment to proceed, and engagement typically requires specialized Cuba-focused legal and compliance counsel, particularly for US-linked investors navigating OFAC rules. The new diaspora-investment opening suggests informal, relationship-based channels through exile business networks may become increasingly relevant, though the formal legal mechanics of this opening were still being clarified as of mid-2026.

INVESTOR PROFILE BEST SUITED

Given the severity of Cuba's current crisis, this guide does not recommend active capital deployment for most institutional or private investor profiles at this time. The narrow set of investors for whom cautious, exploratory engagement might be warranted includes: diaspora-connected entrepreneurs with direct family or community ties enabling realistic on-the-ground partnership and risk management; specialized agricultural investors comfortable with usufruct-rights structures and willing to accept Cuba's institutional constraints; and energy-infrastructure investors (particularly renewable/distributed generation) who see the current crisis itself as the opportunity, given the government's acute need for grid-independent power solutions. All others should treat Cuba as a watch-list market pending material improvement in energy reliability, currency stability, and US-Cuba relations.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Engage MINCEX and assess the formal opening's current scope

Before any commitment, confirm directly with the Ministry of Foreign Trade and Investment what legal instrument (if any) has formally codified the March 2026 diaspora-investment announcement and what it permits in practice.

STEP 2: Secure specialized OFAC/sanctions compliance counsel

Any US-linked investor must obtain dedicated Cuba-sanctions legal advice before proceeding, given the embargo, Helms-Burton provisions, and new 2026 sanctions on Cuban state entities.

STEP 3: Build energy self-sufficiency into any physical investment

Treat reliable grid power as unavailable; budget for dedicated generation, storage and fuel-logistics capacity as a precondition for any on-the-ground operation.

STEP 4: Denominate and structure transactions in hard currency

Avoid peso-denominated long-term exposure given 238%-plus historical inflation rates; structure partnerships (especially agricultural usufruct deals) with explicit currency and convertibility protections.

STEP 5: Monitor the US-Cuba relationship as a live variable

Track US sanctions policy, any Cuba-US talks, and domestic Cuban political developments continuously, treating the current policy environment as subject to rapid change in either direction.

WAVERLEY'S ROLE

- Independent, continuously updated monitoring of Cuba's energy crisis, US sanctions policy and the diaspora-investment opening's legal codification
- Specialized introductions to Cuba-focused OFAC/sanctions compliance counsel for any US-linked investor
- Due-diligence support for agricultural usufruct and Mariel Special Development Zone project structuring
- Scenario planning for investors considering energy-infrastructure opportunities tied to Cuba's grid crisis

INVESTOR CALL TO ACTION

Waverley Gateway's guidance on Cuba at this time is caution first: this is a watch-list market defined by an acute energy crisis, hyperinflation, mass emigration and a volatile US relationship, not a market for near-term capital deployment outside narrow, carefully structured exceptions (diaspora-linked ventures, usufruct agriculture, and energy-infrastructure plays built around the crisis itself).

Acute multi-dimensional crisis + genuine but pressured economic opening → narrow, carefully structured exceptions only → hard-currency and energy-self-sufficient design → Waverley-vetted specialized counsel → cautious, monitored Cuban market engagement

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

The only credible near-term opportunities are narrowly scoped: renewable/distributed energy generation addressing the grid crisis directly, diaspora-linked small and medium enterprises under the new March 2026 investment opening, and agricultural usufruct partnerships in food-security-priority sectors. Mariel Special Development Zone projects remain technically open but have shown slowing momentum amid the broader national crisis. Any broader tourism, real estate or large-scale manufacturing opportunity should be considered contingent on material improvement in energy reliability and US-Cuba relations, neither of which is assured on any particular timeline.

POSITIONING

Cuba should be positioned in this guide as a 'crisis-and-opening' market unlike any other in this series: a government under acute, externally reinforced economic distress has begun to open previously closed doors - diaspora investment, expanded agricultural partnerships - not from strength but from necessity, following Venezuela's 2026 change of government and the resulting fuel-supply collapse that has driven five nationwide blackouts in a single year.

Waverley's value for clients considering Cuba is disciplined realism: naming the full severity of the current crisis (hyperinflation, demographic collapse, energy-system failure, an unpredictable US relationship) without dismissing the genuine, if narrow, opportunities the crisis itself has created for energy-infrastructure and diaspora-linked investors prepared to engage on a carefully structured, hard-currency, energy-self-sufficient basis.

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