

FIHAV 2023 trade fair: Old problems and new approaches



Cuba's President Miguel Díaz-Canel (left) and Minister of Foreign Trade Ricardo Cabrisas at the opening of the 39th FIHAV on November 6 (Source: [OnCuba](#))

The 39th edition of the Havana International Trade Fair (FIHAV), which ended last Friday, was not under a good star this year. The mood among investors is poor, the main problem being the ongoing payment difficulties on the Cuban side. However, the second FIHAV since Corona also broke completely new ground for the first time. As always, "Cuba Today" has the details...

Largest German-Cuban investment in years

As announced by the Cuban Ministry of Foreign Trade (MINCEX), 844 companies from 63 countries took part in the trade fair this year, almost twice as many as last year.

Nevertheless, the number of foreign guests is likely to have been lower: many pavilions at the Expocuba exhibition center were emptier than last year, including the German pavilion. Next year, for the first time in a long time, companies from Germany will therefore have to make do without their own hall at the trade fair. Funding from the Federal Foreign Office has been canceled, according to business circles.

In its last year for the time being, the German pavilion has a major new deal to report: On November 8, the German-Cuban joint venture Envapel S.A. was launched between the Cuban Sociedad Mercantil Cubana Química Internacional S.A., representing the Cuban company Empresa Cubana del Papel (CUBAPEL), and the German Profümed Karlheinz Lohr e.K.. The new company will focus on the production of paper packaging for Cuban industry. Its first products will include multiwall sacks, bags, and cartridges, which are not currently produced in the country. To this end, the joint venture plans to set up three new production lines at its headquarters in the "Andrés Luján Vázquez" factory in the industrial area of Havana's Boyeros suburb. As the director of the Cuban joint venture partner

Cubapel, William Marrero Chi, told the state newspaper *Granma*, the investment volume amounts to the equivalent of 31.4 million US dollars. The investment is to be completed in 14 to 16 months so that the new production lines can be put into operation next year.



The joint venture Envapel S.A. was founded on November 8 as part of FIHAV (Source: [Trabajadores](#))

When a joint venture is established between Cuban and foreign companies, the Cuban partner usually contributes the rights to use existing installations, such as an old factory building or an industrial estate, for a limited period of 20-40 years. The foreign partner, on the other hand, must contribute capital and provide the necessary financial resources. The foreign partner is usually also responsible for acquiring and guaranteeing international loans and financing the joint venture's projects. Since Cuba was once again added to the US list of terror-sponsoring countries in January 2021, German banks have been very reluctant to lend for investments in Cuba and most projects have to be financed with private capital. The planned investment of the new joint venture is the largest known investment with German participation in recent years.

However, the overall increase in the number of companies at the trade fair is probably not least due to the increased Cuban presence. For the first time, all 15 of the country's provinces were represented with their own stands. While Europe almost seemed to be on the retreat, new stands from traditional partners and countries from the Global South were present: Bolivia, China, Vietnam, India, and Russia were able to expand their presence. The participation of the private sector also increased significantly. The latter is playing an

increasingly important role in the economy, particularly in the area of imports. On the last day of the fair, the Ministry of Economy announced the approval of 55 additional small and medium-sized enterprises (SMEs), whose number has grown to 9178 since the relevant laws came into force in September 2021. Relations with the United States will play an important role in the future of the sector, with much more happening in the economic sphere than in politics these days.

"deCancio Food": The first Cuban-American food brand

Cuban-American entrepreneur Hugo Cancio, founder of Fuego Enterprises Inc., which operates the online store Katapult, had an announcement to make at FIHAV that made people sit up and take notice: his mail order business, which covers a wide range of products from food to, more recently, motor vehicles of all kinds, will in the future be expanded to include his own food brand "deCancio Food". "From next month, Cancio products will be open to all types of sales in Cuba, both in state-owned companies, as we already have a license for this, and in non-state-owned stores," announced Cancio at the launch event at FIHAV. While the business model has so far been based on imports, in a second phase Cancio also wants to have its food produced in Cuba itself "in collaboration with independent producers". The aim is to "supply the national market from within the country and, why not, also export," says Cancio. This is made possible by exemptions from the US trade blockade that has been in place for more than 60 years, of which - at least according to the rumor mill - more are to come in the future that will apply to the private sector.



Hugo Cancio (left) at the presentation of his food brand (Source: [Otmaro Rodríguez/OnCuba](#))

In December 2021, Cuba removed legal and ideological barriers to investment by the exile community. The island is now working on getting other projects rolling in addition to Katapult, to move the ball further into Washington's court to ease sanctions. Cancio, who emigrated from Mariel in 1980 at the age of 16 as part of the boat crisis, plays an important role as a pioneer. "There are a lot of Cuban-American businessmen who are already in Cuba, some are even at the fair right now," he said, "and that's what it's all about: Building bridges, building collaborations, contributing to this necessary process of economic opening, with the will of the authorities, for those of us who live outside the island and want to contribute to the country."

Cuba's Deputy Minister of Foreign Trade, Ana Teresita González, described the presentation of deCancio Food at FIHAV 2023 as "a very important moment". "What Hugo Cancio has started, first with marketing and then with the idea of producing here, is an example of what we can do, what can be achieved when we work together; based on the political will of the Cuban government and with the contribution of Cubans living abroad," González explained.

New minister, new approaches

Elsewhere at the trade fair, the panorama looked less hopeful. Long-standing partners of state-owned companies and joint ventures in particular are complaining about the ongoing shortfalls on the Cuban side. Since the start of the current economic crisis as a result of the coronavirus pandemic and stricter US sanctions in 2020, the island has had to turn over every dollar twice; imports by the state sector slumped by a good 40 percent in 2021 and have remained at a low level ever since. The same can be said about the inflow of investment funds, which is far below target.

According to the latest MINCEX data, there are currently 334 joint ventures and foreign companies in Cuba, 52 of which are located in the Mariel Special Economic Zone (ZEDM), which opened in 2014. 56 are wholly foreign-owned and 106 are joint ventures. There are also 172 contracts for international business associations, most of which are in tourism, energy, mining, and food industries. This is precisely where the island is most urgently looking for new partners. The new investment portfolio ("Cartera de Oportunidades") comprises 729 projects (+21 compared to the previous year) with a total volume of 34 billion US dollars, almost three times more than in 2021 (12.5 billion US dollars). Since January, 30 projects have been approved and 45 more are in "advanced negotiations", explained Cuba's new Foreign Trade Minister Ricardo Cabrisas (age 86). "We are working to eliminate internal obstacles and to minimize the negative effects of the blockade, which is real and whose effects are the main violation of the human rights of the Cuban people," said Cabrisas in his opening speech.

Cabrisas already served as Minister of Economy in the mid-2010s and gained a reputation as an accomplished negotiator in the talks surrounding Cuba's old debt. In April, he took over MINCEX from his predecessor Rodrigo Malmierca (66), who failed to implement the repeatedly promised reduction in bureaucracy during his 14-year term of office. This year, for

the first time, 139 projects have been put out to tender by the provincial governments, and almost at the same time as Cabrisas took office, some powers in the approval of contracts with foreign partners were decentralized.



A forum for young entrepreneurs was held for the first time at FIHAV this year (Source: [ProCuba](#))

As Cabrisas announced at the end of last week, 150 new contracts and letters of intent were signed during the fair, "including 24 export and 10 import contracts." For example, the French organic and fair trade company Malangó wants to join forces with the eastern Cuban state-owned company Gran Piedra Baconao to invest in the cultivation and export of coffee from the area around Santiago de Cuba. Other projects are already being implemented: under the name RusMarket, a store for Russian goods is set to open in Havana before the end of the year for the first time since the end of the Soviet Union. It could be located in the "Cuatro Caminos" shopping center, which opened in 2019 and offers plenty of space. The new Dutch-Cuban beer brand Parranda (see Cuba Today, 21 November, 2022) is now being produced in Mariel (price: 1.2 MLC [dollar equivalent] for a 500 ml bottle) and received an award at the trade fair for its good marketing.

For the first time this year, FIHAV hosted a forum for young entrepreneurs from Cuba and around the world. Numerous SMEs presented their products and ideas there. In addition to topics such as Industry 4.0, innovation management, and digitalization, the focus was also on the fight against climate change and social entrepreneurship. It is now important to seize existing opportunities, even if they are associated with obstacles, summarized economist Juan Triana from the University of Havana in a workshop. He called for "courage and perseverance" in order to "break down the door" and "convince authorities instead of

defeating them". "The opportunities for start-ups are endless in Cuba today," said Triana.
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