

The Cuba Summit

A new chapter

Washington DC

December 3rd 2015

President Barack Obama's December 17th announcement that the US is seeking to normalise relations with Cuba marked a historic shift after more than 50 years of hostility. Progress since then has been gradual, but significant. Business leaders across the world are now watching closely to assess new market opportunities that could arise as a result. Cuba will undoubtedly face challenges as it moves towards ironing out problems in its own domestic economy – a vital step before investors take the plunge – but the untapped opportunities that result will have a revolutionary impact.

To date, foreign businesses operating in Cuba have faced many restrictions, which have prevented them from responding quickly to emerging opportunities. A 2014 reform to the foreign investment law improved some terms for foreign investors and signalled an increase in official interest in expanding the scale and scope of foreign business involvement. In this context, a shift in US-Cuban relations will give a further boost to Cuba's integration with the global economy, opening a new frontier for international companies.

Several pillars make Cuba stand out relative to its regional counterparts. The country boasts one of the best educational systems in Latin America, generating not only one of the highest literacy rates in the hemisphere but also exceptionally high college graduate rates of PhDs in the natural sciences. Crime rates are low, its port infrastructure has recently been upgraded and it has close relations with its neighbours in the Caribbean and Latin American region. All these factors create a solid foundation for a knowledge economy and strong trade growth, ready to take advantage of new opportunities offered by foreign investment.

At The Economist Events first Cuba Summit in the US, our editors, business and policy leaders and industry experts will explore Cuba's changing economic, social and political future and what it means for business. The interactive one-day conference will identify the opportunities offered by the market and the risks that need to be considered. We will tackle questions such as: What can US companies learn from European and Canadian companies that are already operating in the market? Which sectors stand to benefit the most from the changes under way? What are the limits on business opportunities now? What are the prospects for the expansion of the Cuban market in the medium and long-term?

Chairs and moderators:

Beñat Bilbao-Osorio, Regional director for Latin America and the Caribbean, The Economist Intelligence Unit

Irene Mia, Global editorial director, The Economist Intelligence Unit

Michael Reid, Senior editor and columnist, Latin America, *The Economist*

Confirmed speakers:

Lorena Barberia, Associate professor, department of political science, University of São Paulo

Bill Belt, Senior director, technology and standards, Consumer Technology Association

Tomas Bilbao, Executive director, Cuba Study Group

Matthew Borman, Deputy Assistant Secretary of Commerce for Export Administration, US Department of Commerce

Devry Boughner Vorwerk, Vice-president of corporate global affairs, Cargill

Hiram Centelles, Co-founder, revolico.com, fonoma.com, yagruma.com

Hazel Denton, Population economist, Georgetown University

Marta Deus, Founder, Deus Financial Services

Jessica Faieta, Regional Director for Latin America and the Caribbean, UNDP

Dr. James Fitzgerald, Director, health systems and services, Pan American Health Organization

Jeff Flake, Arizona Senator, US Senate

Pedro Freyre, Partner, Akerman

Elio Lopez, “El transportador,” el paquete semanal

Fernando Funes Monzote, Agroecologist, farmer-entrepreneur, Finca Marta

Yondaine Guterrez, Co-founder, AlaMesa

Ernesto Hernández-Catá, Treasurer, Association for the Study of the Cuban Economy

Paul Johnson, President and owner, Chicago Foods International Group

William Lane, Senior director, global government and corporate affairs, Caterpillar

Scott Laurence, Senior vice-president, airline planning, JetBlue

Alex Lee, Deputy assistant secretary for South America and Cuba, US Department of State

Andrew Macdonald, CEO, Esencia Group

Doug Madory, Director of internet analysis, Dyn Network

David Pathe, President and chief executive, Sherritt International Corporation

Matthew Pickles, Country managing partner, EY

Dave Seleski, President and chief executive officer, Stonegate Bank

John Smith, Acting director, Office of Foreign Assets Control, US Department of the Treasury

Ricardo Torres, Associate professor, Centro de Estudios de la Economía Cubana (CEEC),
University of Havana

José María Viñals Camallonga, Partner, Lupicinio International

8 30 am Opening Remarks

Michael Reid, Senior editor and columnist, Latin America, *The Economist*

8 40 am Eyes on Cuba

Navigating a renewed relationship

This two part session will first look at the macroeconomic, domestic and foreign policy and demographic shifts shaping Cuba. As we look ahead to the seventh party congress in April, what changes to policy should be expected in the near and long term? Who are the new leaders that will emerge? How do Cuba's shifting political ties with Venezuela and emerging markets change the equation? And what is the outlook for US policy towards Cuba beyond Obama? The second part will explore the impact on business and FDI. What are the prospects of trade and foreign investment flows as a result of these changes? What are the sectors that will drive Cuba's future growth now and in the next five years? What does an influx of business and investment from the US mean for existing foreign players in the market?

Part I

Jeff Flake, Arizona Senator, US Senate

Moderator: Michael Reid, Senior editor and columnist, Latin America, *The Economist*

Part II

Matthew Borman, Deputy Assistant Secretary of Commerce for Export Administration, US Department of Commerce

Jessica Faieta, Regional Director for Latin America and the Caribbean, UNDP

Alex Lee, Deputy assistant secretary for South America and Cuba, U.S. Department of State

John Smith, Acting director, Office of Foreign Assets Control, US Department of the Treasury

Moderator: Michael Reid, Senior editor and columnist, Latin America, *The Economist*

9 45 am Foreign models

Drawing parallels from international experiences of economic reform

Foreign experts gather to draw parallels with Cuba, Vietnam and Eastern Europe-- countries that have gone through similar cases for economic reform. How can history help predict Cuba's path to integration with global markets? What lessons do foreign models offer for investors navigating a communist business environment in transition?

Ernesto Hernández-Catá, Economist

Scott Laurence, Senior vice-president, airline planning, JetBlue

José María Viñals Camallonga, Partner, Lupicinio International

Moderator: Irene Mia, Global editorial director, The Economist Intelligence Unit

10 15 am Dia Cero

The future of monetary and economic reform

Dia Cero is the long-awaited day when the Cuba's dual currency system will be unified. But, for the economy at large what looks like a relatively simple book-keeping exercise could have devastating consequences due to the parallel exchange rate that is used in accounting by state-owned firms and foreign joint-ventures. Who will benefit from devaluation? And what are the potential pitfalls? What does this mean for new businesses entering the market? How will the finance sector be affected? How will this impact others sectors that are projected to drive the most FDI to the country? How will this impact patterns of consumerism?

Lorena Barberia, Associate professor, department of political science, University of São Paulo

Marta Deus, Founder Deus Financial Services

Dave Seleski, President and chief executive officer, Stonegate Bank

Moderator: Michael Reid, Senior editor and columnist, Latin America, *The Economist*

11 00 am Networking break

11 30 am Perspectives from Abroad

Insights from one of Cuba's largest foreign investors

David Pathe, President and chief executive, Sherritt International Corporation

Moderator: Michael Reid, Senior editor and columnist, Latin America, *The Economist*

11 45 am Infrastructure overhaul

The outlook for rebuilding

Improving Cuba's creaking infrastructure is critical to the country's future productivity and growth. The Mariel port, a free-trade zone, that is Cuba's largest infrastructure project has great potential expand infrastructure, increase exports, reduce imports and develop high-tech projects that will also create jobs. What will be the economic impact of the free-trade zone? This session will look at which areas are likely to offer the most interesting potential opportunities for construction contracts and investment, regulatory obstacles (on both US and Cuban sides) that obstruct development and the specific changes in the coming months and years that will open up the opportunities.

William Lane, Senior director, global government and corporate affairs, Caterpillar

Andrew Macdonald, CEO, Esencia Group

Matthew Pickles, Country managing partner, EY

Moderator: Irene Mia, Global editorial director, The Economist Intelligence Unit

12 15 pm Feeding Cuba

Solving the productivity problem

Cuba spends around US\$2 billion a year on food imports. Although the government has taken a number of steps to increase domestic food production, productivity is still far from a sustainable level needed to keep up with its growing demand. The sector's output has only been growing 2% a year for the past decade, much owed to primitive processing, weak distribution and undeveloped export markets. Hear from companies on the ground about the prospects for enhanced private enterprise engagement in Cuba's agricultural sector. How can foreign companies work closely with local farmers to increase productivity and capitalise on the opportunities offered by this sector?

Paul Johnson, President and owner, Chicago Foods International Group

Fernando Funes Monzote, Agroecologist, farmer-entrepreneur, Finca Marta

Devry Boughner Vorwerk, Vice president of corporate global affairs, Cargill

Moderator: Beñat Bilbao-Osorio, Regional director for Latin America and the Caribbean, The Economist Intelligence Unit

1 00 - 2 30 pm Lunch

Spotlight on health in Cuba

Cuba – which currently has the lowest birth rate in Latin America – is a developing country with the age structure of a high-income country. As its population continues to age, how will this

impact the country's health care system? How does Cuba currently rank on health indicators and is this progress sustainable without private sector participation and a more open innovation cycle?

Hazel Denton, Population economist, Georgetown University

Dr. James Fitzgerald, Director, health systems and services, Pan American Health Organization

Moderator: Beñat Bilbao-Osorio, Regional director for Latin America and the Caribbean, The Economist Intelligence Unit

2 30 Connecting Cuba to the world

Going digital

Earlier this year, a frenzy of some of America's most innovative tech companies rushed in to claim their market share of Cuba. But for companies whose business models are based around connectivity, the lack of connectivity in Cuba (25% internet penetration, according to the International Telecommunications Union), remains a huge impediment to any future growth. What will welcoming foreign investment mean for IT infrastructure in Cuba? What are the challenges and opportunities facing technology companies in the near and long term? How will the outlook for connectivity impact private investment in other industries entering Cuba, such as tourism and agriculture? And what lessons can Cuba learned from other markets that have leapfrogged?

Bill Belt, Senior director, Consumer Technology Association

Doug Madory, Director of internet analysis, Dyn Network

Moderator: Irene Mia, Global editorial director, The Economist Intelligence Unit

3.15 Tapping top talent

Human capital and market regulation

Though Cuba touts one of the best education systems in Latin America, the country's precious talent is tucked away in the state sector. Will an influx of foreign investors continue to grow the class of self-employed entrepreneurs known as *cuenta propistas*? What are the prospects for growth of the non-state sector in both size and the scope of activities that will results from an increased flow of foreign private investment? Panelists from existing foreign investors talk about strengths and weaknesses of the labour force, work practices, training and regulation.

Tomas Bilbao, Executive director, Cuba Study Group

Pedro Freyre, Partner, Akerman

Ricardo Torres, Associate professor, Centro de Estudios de la Economía Cubana (CEEC), University of Havana

Moderator: Beñat Bilbao-Osorio, Regional director for Latin America and the Caribbean, The Economist Intelligence Unit

4 00 pm Next generation Cuba

The future of pluralism and debate

What is Cuba's next generation going to demand, both in terms of a more open society and as consumers and wider opportunities as economic innovators?

Hiram Centelles, Co-founder, revolico.com, fonoma.com, yagruma.com

Yondaine Guterrez, Co-founder, AlaMesa

Elio "El transportador," Lopez, Cuentapropista, distributor, El paquete semanal

Moderator: Michael Reid, Senior editor and columnist, Latin America, *The Economist*

4 30 pm Closing remarks and cocktail reception