Cuba perfects system allocating liquidity from the National Economic Plan

Havana, August 18 (RHC)-- Resolution 115 of the Ministry of Economy and Planning was issued today, approving the general bases for the improvement of the liquidity allocation system of the National Economic Plan, measures that stimulate exports, import substitution and productive chaining.

The regulation clarifies that, for the purposes of this regulation, the allocation of liquidity is understood to be both that which is made by the market, based on collection and payment relations between entities, and that which is centrally allocated by the Ministry of Economy and Planning.

It points out that the system is governed, among others, by the principles of providing greater autonomy to entities to manage foreign exchange and assume responsibility for their economic and productive results; guaranteeing real financial autonomy to businesses with foreign investment; favoring indirect methods of conducting the economy, including the interest of entities in releasing foreign exchange to central liquidity, which includes replacing administrative methods with financial ones; and achieving greater opportunity for financing linked to ensuring exports and national industry.

Resolution 115 establishes that the system of liquidity allocation is composed of the following sources:

-Exports, which includes online sales (e-commerce) with payments from abroad (according to the income retention applied)

-Sales to entities based in the Mariel Special Development Zone, ZED Mariel (80 percent retention)

-Sales of goods and services in freely convertible currency (100 percent retention)

-Sales to joint ventures in the goods and services to be defined (100 percent retention)

-International collaboration projects (100 percent retention)

-Sales to exporters of goods and services that replace imports (withholding of agreement between the parties)

-Centralised allocation mainly for production destined for the budgeted sector and the non-exporting business

-any other lawful source defined by the competent authority, or by legal rule

The withholdings mentioned refer to the percentage of liquidity received from the income derived from the mentioned sources, and are conceived at the level of the entity that produces the good or service that generates the income.

It explains that all the state and mixed export entities obtain all the income from their exports in Cuban convertible pesos, and retain a percentage of the liquidity of the income they receive, releasing the rest to central liquidity.

The resolution specifies that when reference is made to state-owned export entities, it includes trading companies with entirely Cuban capital and that the regulation foreseen for this is applicable to the rest of the plan subjects that export, with the exception of mixed companies.

The percentage of liquidity to be retained is:

-Exporting entities of goods and services: retention of 80 percent of liquidity by income from abroad and release of 20 percent to central liquidity

-Professional services exporters: 60 percent retention of liquidity by income from abroad and 40 percent release to central liquidity.

It explains that the retention percentage is automatically credited by the Central Bank of Cuba to the entities' liquidity capacity (LC) accounts for income from exports, and for the rest of the regulated sources, transfers are made between accounts indicated by the parties.

The entities are responsible for requesting the Ministry of Economy and Planning to open such accounts, prior to generating income.

State-owned and mixed exporters may allocate liquidity from their CL accounts or make advance payments with liquidity support to other entities to finance production that is acquired by the entity providing the liquidity, he notes.

They can also finance, in compliance with current legislation, micro-investments that tax exports, import substitution and production chains.

It also provides that those who apply for loans with liquidity backing repay their debts with their own resources, with liquidity backing.

With the balance from retained earnings, state-owned exporters, in addition to import expenses and debt payments with and without banking instruments, pay for local purchases of import-substitute products with a percentage of liquidity support of the total invoice value, to be determined by the parties.
