

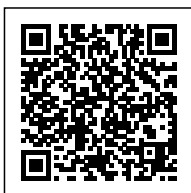
# SPANISH COMPANIES CONSULT LAWYERS OVER CUBA

*Posted on 11/05/2015*

Foreign investment business in Cuba by type in 2013	
51%	Joint venture company
28%	Hotel management contracts
12%	International economic association contracts
4%	Management production contracts
4%	Full foreign capital company
1%	Cooperated production contracts

Source: Hunton & Williams and Uría Menéndez

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## **Businesses in Spain and Latin America want to take advantage of potential business opportunities such as those offered by the Mariel Special Development Zone**

Spanish and Latin American companies are consulting their legal advisers about how best to capitalise on investment opportunities in Cuba in a bid to fend off any potential competition from US rivals.

Following the recent announcement by the US Treasury Department and the US Commerce Department regulations relating to Cuban assets and exports would be relaxed, lawyers say Spanish and Latin American companies are anxious to exploit potential markets before US investors arrive. Eduardo Rodríguez-Rovira, partner at Uría Menéndez, says companies are starting to look at Cuba with renewed enthusiasm. "There is interest from Spain and other Latin American countries – they are saying 'we must be there before US investors arrive'."

Uría Menéndez has advised a lot of tourism-related businesses on investment in Cuba, and Rodríguez-Rovira says there is a "portfolio of opportunities" for investors in the tourism and real

estate sectors. He highlights the Mariel Special Development Zone, an area of 465 kilometres squared – 45 kilometres to the west of Havana – as representing one of the most significant investment opportunities in the country. The zone has special tax, banking, insurance, labour, customs and migration control laws that have been designed with the aim of attracting foreign investment. “The government has in mind the gradual opening of the market,” Rodríguez-Rovira says. “They are betting on the zone to gradually open the Cuban market to the world.” Speaking at a recent Hunton & Williams event on Cuba, the firm’s M&A partner Uriel A Mendieta said there was now a good opportunity for many companies to “undertake a feasibility study” with regard to potential investment in Cuba. “It’s time for companies to look at their policy on Cuba – they need to think about what they want to do,” he said. And this is exactly what companies are doing – one Spain-based partner at one of the ‘Big Four’ auditing firms echoes Rodríguez-Rovira’s view when he says: “We have clients we advise on Cuba – they want to understand how they can be in Cuba before their competitors from the US.”

### **Political risk**

However, Rodríguez-Rovira says there is considerable political risk associated with Cuba. He adds: “Cuba has always been difficult, it is considered in the lower half of Latin American countries with regard to political risk associated with honouring contracts.” Another worry is whether public officials will be able to handle a sudden flood of foreign investment. “There is concern that if the country opens up, officials will not be able to cope with a wave of investment and potential investors wait a long time for approvals.” Not all law firms are in a position to capitalise on opportunities in Cuba. Baker & McKenzie partner Jorge Adell says law firms are hampered by “trade and commerce restrictions” resulting from international sanctions against countries such as Cuba.