



IGNACIO APARICIO

due to the reactivation of investments in startups in our country, “as during the last quarter of 2020 it was observed that the number of operations in investments by Venture Capital funds grew by 312.9 per cent. In total, according to some sources, some 154 Private Equity and 453 Venture Capital operations were recorded.”

CUBA, INVESTMENT DESTINATION?

In addition to being the managing partner of Andersen’s Corporate and M&A department in Spain, Ignacio Aparicio heads the firm’s Cuban Desk. So we took advantage of the opportunity and asked him about the situation there at the

ABOUT ANDERSEN IN SPAIN

Andersen is an international firm providing Legal and Tax services in over 200 locations in 100 countries worldwide through Andersen Global. In Spain it has offices in Madrid, Barcelona, Valencia and Seville, from where it advises its clients, accompanying them in their national and international projects. The more than 250 professionals and 40 partners that make up the team in Spain offer services in all law practices, providing a high degree of specialisation and experience that has led to a distinction in important international directories.

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Offices

195

Lawyers

40

Members

€25 million

Turnover 2019

Main areas of practice:

- Corporate/M&A
- Tax
- Litigation
- Restructuring and Insolvency
- Banking and Finance
- Arbitration
- Labour
- Public and Regulatory
- Urban Planning
- Privacy, IT & Digital Business

Main sectorial areas:

- Real Estate
- Culture
- Agri-food
- Energy
- Transport and logistics
- Family business

THERE IS NO DOUBT THAT THE ESG CRITERIA WILL BE OF GREAT IMPORTANCE IN 2021 WHEN IT COMES TO INVESTMENT DECISIONS. IN SHORT, THE PRIVATE EQUITY SECTOR WILL KNOW HOW TO FIND INVESTMENT OPPORTUNITIES, TRANSFORMING ITSELF TO ADAPT TO THE NEW POST-COVID PANORAMA AND BECOMING THE GREAT ALLY OF THE BUSINESS FABRIC, AS IT HAS ALWAYS DONE

investment level. We offer his analysis below.

“2020 has been a very hard year for the world economy and also for Cuba. In addition to the effects of the pandemic and a low level of tourism, there is a lack of liquidity in foreign currency, a widespread shortage of supplies, the problem of delayed payments and the strangulation it has suffered as a result of the US Government’s continuous measures - among others, cuts in the sending of remittances from the USA, the limitations on travel by Americans, the disappearance of American flights and cruises to the island, as well as the effect that the activation of Title III of Helms Burton (the possibility of suing in the US entities that ‘traffic’ in assets confiscated by the Revolution) has generated in the investment climate.

As for relations with the US, we will have to wait for developments and new measures from Biden, who has anticipated that he will return to Obama’s policies and will probably lift many of the sanctions imposed by Donald Trump who, before leaving the White House, again included

Cuba among the countries that sponsor terrorism this January, a list from which Obama removed it in 2015, which will make it even more difficult for the country to gain access to international financing.

The official figures for 2020 are not bad compared to other years. According to the Cuban Ministry of Foreign Trade and Investment, in 2020 the country obtained foreign investment of over \$2 billion through 30 businesses authorised on the island (an amount that corresponds to the average of the last three years according to official figures).

But Cuba faces 2021 full of uncertainties. In addition to the 2020 effect and COVID, it remains to be seen how the monetary reunification that is underway will develop, which will undoubtedly have a major social impact, generating price increases and inflation.

In addition, necessary reforms need to be undertaken to boost the private and cooperative sector and to encourage foreign investment. The replacement of Raúl Castro as leader of the Communist Party as his mandate expires in 2021 is yet

another element in the new scenario the island will find itself in.

If, among others, due to the particularities of its economy and legal regime for foreign investment, Cuba is not a recurrent market for Private Equity, it nevertheless offers many opportunities for medium or long term development in investments linked to production. The Government’s priority is that investment projects should contribute to increasing exports. Sectors such as infrastructure, renewable energies and environmental transition (water management, waste management, biotechnology or clean energies) are some of the sectors that the Cuban Government considers strategic and promotes in its portfolio of opportunities that it publishes periodically and in which it may be interesting to position itself.

The government is seeking to concentrate investment in these strategic sectors, adding that of food production, since considerable sums of foreign currency are spent every year on the purchase of supplies that are insufficient and do not correspond to the population’s demand. In short, another objective is import substitution; domestic shortages also encourage investment in these basic and/or traditional sectors, such as the agri-food industry, but also logistics, technology and industrial equipment, among others. This is without forgetting tourism, recreation and the hotel industry, an industry which is currently in disarray, but which still has great potential for development and growth.” 