LIFTING US EMBARGO WOULD LEAD TO MAJOR REGULATORY CHANGES IN CUBA - OLLEROS ABOGADOS

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The Cuban government could potentially introduce monetary unification as well as measures aimed at encouraging investment in infrastructure

The Cuban market will experience significant regulatory changes in the next two years if the US government responds to calls for its embargo against the country to be lifted, according to Jaime Olleros, founding partner of Olleros Abogados.

Among the potential changes, Olleros highlights the Cuban government's intention to bring about monetary unification, followed by measures to attract international investors in the infrastructure sector. "At the beginning these changes will happen in the context of a centralised economy and then the Cuban government will be forced to open gradually," he says. However, Olleros reckons that the pace at which changes have been made so far has been very quick. "No one would have predicted all of the changes that have occurred since 17 December last year," he says.

In anticipation of this gradual opening up of the Cuban economy, Olleros Abogados recently announced a collaboration with McDermott Will & Emery that will involve "coordinating efforts" to

provide advice to clients on their interests in Cuba.
"We have a well-established relationship with McDermott Will & Emery in the corporate, tax, international arbitration and litigation areas," says Olleros. "Therefore, it was only natural to join forces to advise American, European and Asian clients on their entry strategy into the Cuban market through the creation of a Cuban desk," he adds.

Client 'avalanche' expected

Olleros continues: "A lift of the embargo from the US will ultimately prompt a series of regulatory changes from Cuba – if that happens, we will reap the rewards of our first-mover advantage."
Olleros is confident that the two firms are well equipped to handle the "avalanche" of clients he predicts will come as a result of changes in the US' policy on Cuba. Olleros leads the firm's Cuban desk in conjunction with fellow partners Ignacio Aparicio and Javier Mata.
Providing effective advice to clients with interests in Cuba is reliant on "practical knowledge involving a deep understanding of Cuba's decision making processes, culture and language, working style and senior officials", says Olleros. "These are key to operating in that market," he adds. "If you add McDermott's strong network of US and international offices and client base, we have a distinct advantage."
Although the Cuban government has not made significant regulatory changes to allow international law firms to open offices in the island, Olleros states his firm's intention to establish offices in Havana as soon as the opportunity arises. Traditionally, Olleros Abogados has been very active in Cuba advising tobacco and sugar producers, as well as clients in the hospitality and automotive industries. More recently though, Olleros says a number of clients have shown considerable interest in the intermediate market, specifically supplying the internal market as well as exporting products.

US politicians apply pressure

"The US has realised the importance of lifting the embargo so that American companies can compete on a level playing field with European and Chinese investors and take advantage of the many opportunities this untapped market offers," says Olleros. "There is a lot of pressure from both Democrats and Republicans in the US to lift the embargo soon, as they have become conscious of the fact that European competitors have gained ground in their own backyard."
As for other cross-border investments, Olleros' says foreign investors are buying into Spanish real estate as well as into mid-size companies as a way to gain size. In particular, English, French and German investors are looking for deals in the Spanish metal-mechanic and biochemistry industries. Also, Olleros notes that clients are showing a keen interest in the Portuguese manufacturing sector. "Portugal is of great interest to our clients because of its proximity to Spain and so is Florida, in the US, because it is the perfect pathway for reaching Latin American investors".