Spanish exports to Cuba could raise $ 200 million a year

Solunion, an expert in credit insurance company, analyzes the latest survey of its shareholder Euler Hermes on the future of Cuba after the embargo ended. United States became the main beneficiary thanks to increased exports to the island worth 1,000 million dollars a year. This would mean an export volume would reach 6,000 million in 2020, 25% of total Cuban imports (currently 3%).

The traditional trading partners of Cuba also benefit from the situation:

· China, +360 million a year.
· Spain, +200 million a year.
· Brazil, +120 million a year.
· France +100 million a year.

After GDP growth of 2% on average in five years, an acceleration of 5-6% annual expected 2016 to 2020. This increase is mainly driven by foreign investment will increase from 15 to 20% in the coming years.

New investment opportunities

In November 2014, the Cuban government presented a comprehensive list of the most desired investors foreign countries. His "Held opportunities for foreign investment" includes 246 projects that aims to get 15,000 million. The list includes critical sectors such as energy, food, construction, pharmaceutical and biotechnology.

It also puts the focus on the momentum of the Special Development Zone Mariel. Cuban officials hope to turn Mariel Bay (located 28 miles west of Havana and 112 miles of Florida) in a center of trade in goods, with a free trade zone and a container port able to accommodate some of the World's largest freighters. With a policy of low taxes and lax regulation, the Cuban government hopes to attract enough capital to build industrial factories and increase import and export services to the Special Development Zone Mariel.

The risks remain

Due to its exchange rate system, extremely complex, the risks related to financing and currency. The government has expressed interest in unifying the two currencies of the country (and the Cuban convertible peso weight), but so far has not taken any concrete steps. The increase of foreign tourism and the inflow of capital, make it an inevitable long-term issue, but could push the country towards a monetary collapse. Access to credit will remain limited in the short term.

Political and business climate risks remain high. Foreign investment will continue to be tightly controlled by the state and, in general, foreign companies need that Cuba has the majority ownership of the business. Despite economic improvements, it is expected that the private sector is gradually develop.

Also, short-term risks of default of Cuban companies will remain high.

Source: Solunion