

Companies take wait-and-see approach to Cuba

Companies dust off their Cuba plans and take a wait-and-see approach for doing business with Cuba now that the nation's leadership is in question.

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All eyes on the island

Just hours after Cuba announced that Fidel Castro turned over the government to his younger brother Raúl, Nicolás Gutierrez's phone started ringing.

Almost 24 hours later it was still going.

"Everybody is kind of calling and saying 'What's going on?' " said the Miami lawyer, a long-time advocate for businesses that lost property during the Cuban revolution. "The easy answer is nothing. . . . But we can be guardedly optimistic as long as we're patient."

News that Castro was ceding power for the first time since he became leader in 1959 sent revelers into the streets of Little Havana. But beneath the din was the more subtle sound of U.S. companies, banks and law firms dusting off contingency plans for doing business on the island.

Most are taking a wait-and-see attitude, predicting a long road before Cuba opens to private enterprise and the U.S. embargo is lifted. But some companies are watching events especially closely, in part because Raúl is viewed in some corners as more willing to consider reform and open up the island's tightly state-controlled economy.

"Most of my clients who have met with the government came away with the impression that once Fidel is gone, there is a lot more possible on the business side," said Augusto E. Maxwell, a lawyer at Akerman Senterfitt in Miami. "There is a thought that if Raúl can hold onto power that this could be an opportunity."

Craig Jacobs, the co-owner and vice president of Splash Tropical Drinks of Fort Lauderdale, is hoping that's the case.

In 2001 his company won the right to sell frozen drink mixes, and cola and juice concentrates to the Cuban government under an exclusion created in the U.S. embargo of the island. At one point, sales to the island reached \$1 million a year.

But over the past 12 months, business has been dismal, Jacobs said. Particularly in the past six months, he hasn't had any orders, as Castro has clamped down on some imports.

"I get calls every week from people that are doing business in Cuba and there has just been nothing happening for anybody," he said.

For the past 45 years the United States has imposed an economic embargo on the island that lies just 90 miles from Florida. But in 2000 the U.S. government created provisions allowing the export of food and agricultural products to Cuba on a cash basis.

In 2005, those exports came to \$350 million. But they are expected to be lower this year, as Cuba has been turning down what it considers non-essential imports.

Fears have been expressed that trade might cease altogether during a political transition on the island. But Kirby Jones, the president of the U.S.-Cuba Trade Association, said that's unlikely.

"What people will have to realize is that this is a government made up of institutions and structures, it's not made up by one person," he said. "Trade will go on irrespective of whether or not he's in the hospital."

In fact, some industries -- among them, tobacco growers and Caribbean tourism companies -- hope a transition will lead to a growth in trade. So too, the likes of large U.S. corporations, which have long protected trademarks and copyrights in Cuba that so far they have not been able to use, such as the Coca Cola brand name or Nike swoosh.

"All entities that will be impacted by an open market on the island are very interested," said Jorge Espinosa, a lawyer at Kluger Peretz in Miami who has overseen trademark cases on behalf of U.S. clients in Cuban courts.

"But even if Fidel were to die tonight, you are still looking at a lengthy span of time before there is a sufficient transition and the U.S. government is satisfied that it's time to relax the embargo rules."

Under the Helms Burton Act of 1996, it's Congress -- and not the president -- that has ultimate control of whether the embargo is lifted. The government has also said that the embargo will not be lifted without free elections and a government devoid of both Castro brothers.

"The U.S. has backed itself into a corner with some of these laws," said Jones, of the U.S.-Cuba Trade Association.

In Little Havana Tuesday, it was business as usual.

As cars drove by flying Cuban flags, Maria Estupinan-Arche, 65, the owner of Galeria Arche art gallery on SW 16th Ave., said she doubts she or her neighbors would move their business back to Cuba even if relations did normalize.

She would welcome the opportunity to travel there and boost her gallery's collection of Cuban art. But even that's not certain, she said:

"There are many Cuban painters right here, now."