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**2008 UNIVERSITY OF FLORIDA LATIN AMERICAN
BUSINESS SYMPOSIUM: THE PAST 10 YEARS, THE NEXT 10 YEARS**

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Business Opportunities for Floridians in a Post Embargo Cuba

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- Specializes in International Law & Foreign Investment, with more than fifty percent of his current practice dedicated to Cuba and Cuba related matters.
- Conducts professional research in Cuba since 1995.

Author of:

- Cuba's New Foreign Investment Law 1996
- Real Estate Investment in Cuba: Back to the Future 1997
- Foreign Investments in Cuba: a US Perspective 2000
- Cuba's Business Enterprises 2003

Business Opportunities for Floridians in a Post Embargo Cuba

Author of (continued):

- The Political Evolution of the Cuban American Community
2005
- How Cuba's Legal System Will Adapt to a Business Opening
2006
- Cuba's Real Estate Under Its Succession Government
2008
- Real Estate Development in Cuba: Present and Future
2009

Lectured on Cuba issues at:

- University of Miami, University of Tampa, University of Florida, Rutgers University, University of Wisconsin, University of Havana, New York University, St. Thomas University, and others.

President, US/Cuba Legal Forum, Inc.

Professional Research

- **Who may go (to Cuba)?** The following persons are authorized to travel to Cuba, under the Office of Foreign Assets Control (OFAC) **general license**, to engage in travel to Cuba:
- **Journalists**;
- **Government Officials**;
- **Members of International Organizations**; and
- **Full time professionals** whose travel transactions are directly related to **professional research** in their professional areas, provided that their research (1) is of a noncommercial academic nature; (2) comprises a full work schedule in Cuba; and (3) has a substantial likelihood of public dissemination.

Cuba Facts

- Area: 114,524 KM2 (about 76% the size of the State of Florida).
- The largest island of the Caribbean, three times the size of the Dominican Republic.
- Population: 11.4M (about 65% the population of the State of Florida).
- GDP: \$46 billion.
- Per Capita: \$4,100.
- Labor force composition: Services 60%; Agriculture 20%; Industry 20%.
- Natural resources: Cobalt, Nickel, Iron, Copper, Oil and Gas, Timber, Arable Land, etc.
- Export: \$3 billion: Nickel, sugar, tobacco, medical products, fish, agricultural products, etc.
- Import: \$10 billion: Oil, food, machinery and equipment, chemicals, etc.

What business activities are now open to US companies?

1. Sales of agricultural products. More than one billion dollars of US agricultural products have been purchased by Cuba since 2001.
2. Sales of medical products and equipment are allowed, but sales have been very limited by market conditions.
3. Certain types of telecommunications, mostly consisting of telephonic traffic between Florida and Cuba. About \$150 million per year (AT&T).
4. Remittances about \$800 million per year (Western Union).

What business activities are now open to US companies? (continued)

5. Charter flights / travel agencies, about 100,000 passengers per year (previously exceeded 200,000). (American Airlines / Continental)
6. Art (paintings, sculptures, music, and others), educational and cultural items may be purchased in Cuba to be sold in the United States.
7. Investments in third country companies doing business in Cuba: 49/49 Rule: Non-controlling interest and less than 50% of the company's revenue must be from other than Cuban sources.

Professional and Educational Activities

1. Large multinational accounting firms have played a role in Cuba, representing foreign clients and even the Cuban government. For instance, Price Waterhouse Canada has done work for the Cuban government and for clients; Coopers & Lybrand via Spain also operates in Cuba. Same as Grant Thornton via Mexico and the Dominican Republic. Ernst & Young has a small office in Havana.
2. A small number of South Florida attorneys are involved on a regular basis in inheritance cases, family law, immigration, and criminal matters. There has also been issues involving legal opinions, expert witnesses, title searches, and others, that Florida attorneys obtain for their clients from their Cuban counterparts. Also, in several occasions depositions have been taken in Havana for litigation in the US.

Professional and Educational Activities

3. US attorneys have participated in representing clients involved in some of the authorized areas such as agricultural sales, telecommunications, and remittances. All legal activities by US attorneys must be authorized by OFAC.
4. Other Florida attorneys are involved in the registration of trade names and trademarks, copyright issues, and the registration of patents. Intellectual property registrations are permitted under the embargo rules.
5. Although severely curtailed in 2004, US educational institutions and religious organizations can still apply for and obtain specific licenses for travel and activities in Cuba.

Note: The State of Florida tried to impose additional restrictions to academic travel to Cuba but the effort was recently found unconstitutional, last August, with respect to travel using other than State funds.

Potential Business between Florida and Cuba under the present embargo

(amounts expressed per year)

Existing Business	Present	Future
Agriculture	400 M	1.0 B
Remittances	800 M	1.0 B
Telephone Service	150 K	200 K
Travel	150 K	250 K

Potential Business between the United States / Florida and Cuba under a post-embargo situation:

(amounts expressed per year)

- \$5.1 billion of additional annual trade for the US economy: \$1.65 billion of imports, and \$3.40 billion of exports.
- \$1.2 billion of additional agricultural exports per year, generating \$3.6 billion of additional GDP and 30,000 new jobs.
- \$1.3 billion of additional GDP from lifting travel ban to Cuba and 20,000 new jobs. \$1.2 billion of additional GDP for Florida and 21,000 new jobs.

Source: Stephen O. Morell, PhD. Florida Tax Watch Senior Research Fellow and Professor of Economics and Finance, Barry University. November 22, 2007.

Note: In 1959, Cuba was Florida's largest trade partner. Forty percent of all cargo routed through Miami was destined for Cuba. Eighty-five percent of Cuba's exports were destined to the United States, and most of it entered through Miami.

Specific Areas of Potential business in a post-embargo situation.

Tourism, agriculture, real estate, infrastructure, biotechnology / healthcare, energy and mining.

Source: Florida Trade Data Center.

- Agriculture will see a substantial increase, telephone service will increase slightly, and remittances will remain about the same.
- Travel. At least 3 to 4 M tourists will travel to Cuba on a yearly basis, about fifty (50) flights per day from Florida. Practically all cruise ships based in Florida will stop in the Island. Florida gets more than 85M tourists per year according to a survey conducted by the travel sector, 35% expressed an interest in going to Cuba: more than 29M persons.

Specific Areas of Potential business in a post-embargo situation. (Continued)

- Real Estate. According to Cuban government's estimates, there is a housing deficit on the Island of 500,000 homes. After hurricanes Gustav and Ike crossed the Island, the situation is much worse. In addition, the government is studying a number of large residential developments for foreigners based on golf and marinas. Finally, Cuba could be the next retirement heaven in the Caribbean (after Costa Rica, the Dominican Republic, and others).
- Infrastructure and Environment. Travel and real estate would certainly require infrastructure work to grow on both sectors. For instance, improvement to airports, cruise ship terminals, utilities for new houses and residential developments, etc. Environmental work would also be needed.

Specific Areas of Potential business in a post-embargo situation. (Continued)

- Biotechnology and Healthcare. Cuba has one of the best, if not the best, biotechnology industry in the developing world. Healthcare tourism to the Island already established would be attractive to Americans.
- Energy and Mining. Cuba has substantial oil and gas reserves. Oil is mostly located in the Northwest waters of Cuba. Canadians, Spaniards, Brazilians, and others, are exploring in those waters. Gas is found in large quantities on shore. Eventually, the US energy companies will get involved perhaps ahead of the embargo with the passing of a law similar to the one that allowed agricultural trade.

Predicting the future of US/Florida - Cuba relations.

1. For the first time, **changes** are taking place in Cuba, Miami, and Washington.
2. The **Obama** Administration will:
 - (a) Open family travel and remittances; and
 - (b) Engage in negotiations with the Cuban government.
- **Note:** A poll conducted by Zogby Interactive for The Americas Conference, sponsored by The Miami Herald about a month ago, indicates that:
 - 59.4% Americans (81.8% Democrats) favor a revision of US policy towards Cuba.
 - 67.5% Americans (85.3% Democrats) favor freedom to travel to Cuba.
 - 61.5% Americans (80.8% Democrats) favor allowing trade with Cuba.

Predicting the future of US/Florida - Cuba relations.

3. Cuba has no other alternative but to open the economy as in the early 90's and negotiate with the US because of the damage caused by hurricanes Gustav and Ike, and the world economy crisis.

US travel is the fastest and the best way to provide economic growth and higher standard of living to the Cuban people.

4. The “*Sucesión Sí Transición No*” (Translation: Yes to Sucesión, No to Transition) already happened. A “China or Vietnam model” with some variations is likely in Cuba. Therefore, we should not expect to see a fully democratic and capitalistic country in the near future.

The most likely scenario, at short term, is an economic/market opening with some concessions, such as release of political prisoners; and, at medium term, a limited political opening.