

# South Florida BUSINESS JOURNAL

May 21, 2007

## **Preparing for a change in Cuba is worth \$100,000 to some businesses**

Some Fortune 100 companies are paying the University of Miami \$100,000 for help developing business plans for Cuba.

A Cuba expert at a Miami law firm says his phone rings daily with potential clients interested in the island nation.

There have been many false starts about doing business in Cuba, but these days, "everyone is poised, positioned and ready," said Jerry Haar, an international business professor at Florida International University.

"There are a lot of U.S. companies that are salivating to do business in Cuba."

The revitalized interest comes as Fidel Castro's health wavers, his brother is perceived as more open to change and Congress considers further easing the trade embargo.

Jorge Piñon, director of the University of Miami's Cuba Business Roundtable program, a year-old consulting and research service, said he is already helping more than 20 Fortune 100 clients plan to access a post-embargo Cuba. Piñon would not name the clients - trade with Cuba is a touchy subject, especially in Miami - but said they represent some of the biggest names in the cruise, construction and logistics industries.

"There is a high probability that a change in U.S. policy toward Cuba could be debated with a new Congress and a new administration in 2009," Piñon said. "Opportunities will exist for both large corporations and for small and mid-size entrepreneurial enterprises."

Piñon said that since Castro's health scare last summer, he has seen a spike of interest, both from local business and major corporations willing to pay \$10,000 for a subscription to information about Cuba's politics and economy. Some of the companies are paying into the six figures for confidential focus reports and profiles of sectors such as tourism, agriculture, natural resources, infrastructure, biotechnology and health care.

As Cuba rebuilds after a half-century of isolation, construction companies have the potential to build homes, telecommunication companies to lay wires, and ports and logistics companies to incorporate Cuba into the global network. How rapidly that happens, though, could come down to how much outsiders want to invest in a nation that is being economically propped up by cut-rate oil from Venezuela.

Transshipment potential

FedEx spokesman Camilo Pino said the carrier will "definitely be in Cuba when it's legal and when American companies can operate there."

Ralph Puga, president of the Florida Free Trade Association, said the process of bringing information and modernity to Cuba will provide built-in business for almost any sector.

"Cuba is in pieces," he said. "Every time I go to Home Depot, I think it would be flooded with people if we were in Cuba."

South Florida's proximity to Cuba gives it an added bonus because it will serve as a transshipment and distribution point for most goods entering the island.

Port Everglades already has a post-embargo entry plan, Director Phillip Allen said. The port will start by facilitating trade in food products and medicine, then move on to building materials trade and finally to cruise operations, he said.

"Cuba, as a destination in itself, isn't a major cruise market," Allen said. "But Cuba can be a port of call for cruise passengers."

Law firm opportunities

Alfredo Jose Estrada, founder of Hispanic Magazine and author of "Havana: Autobiography of a City," said lawyers will have a "bonanza" dealing with more than 6,000 claims that were filed when Castro nationalized U.S. properties.

Squire, Sanders & Dempsey LLP just hired an expert in Cuban law and policy to help the firm prepare for the anticipated opening of the Cuban market. Tony Zamora, who recently joined the firm's Miami office from Hughes Hubbard & Reed LLP, said he gets calls every day from clients in the cruise, airline and agricultural sectors looking at potential on the island.

Zamora said he also gets calls from energy companies looking to explore Cuba's natural gas, ethanol and oil capabilities: The country has an estimated 6 billion barrels of oil, and Congress has a bill that would allow U.S. companies to drill for this oil.

Law firms also see potential in helping clients reclaim nationalized territory, prosecuting human rights violations and bringing together separated families.

Miami-based law firm Zumpano Patricios & Winker, P.A. has started looking at legal opportunities in Cuba, said managing partner Joe Zumpano, who anticipates opportunities for real estate, immigration and corporate law.

But he said the law firm won't enter Cuba until it is a true democracy, has an established rule of law and freedom of expression.

"Even if the embargo were to lift, we would never assist a client to do business in Cuba so long as Cuba continues to be oppressed by this Communist dictatorship," Zumpano said.

Zumpano is not the only one worried about the pitfalls of entering Cuba. Estrada said businesses entering Cuba will face a regulatory maze full of unclear foreign investment laws, possible organized crime and a workforce that is used to working under socialism, not capitalism. Haar said the biggest barriers to entry will be transparency, investor protection and access to financing.  
Liberation could create competition

Furthermore, many local businesses don't realize that Cuba will create competition, especially in the areas of tourism, hospitality, housing and agriculture, Piñon said.

Despite the difficulties, experts agree that free trade with Cuba will be good for South Florida businesses, so long as they proceed with caution.

"The possibilities of business are endless, in terms of tourism, investment and construction," Puga said. "When the U.S. says it's OK to trade with Cuba, the gold rush in the West will be little compared to what will happen."

#### THE DETAILS

##### Best bets for entering Cuba

- \* construction
- \* infrastructure
- \* telecommunications
- \* tourism
- \* hotels
- \* fast-food
- \* agriculture
- \* medical care

jneyman@bizjournals.com | (954) 949-7511