

“Prospects for Normalization of U.S.-Cuba Relations and Potential Business Opportunities”

Center for International Business
Education and Research
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Various United States laws - commonly known as the embargo - impose certain commercial, economic, financial and travel restrictions between the United States and Cuba. **The University of Florida** encourages all individuals and or corporations interested in doing business in a post embargo Cuba to familiarize themselves with the current regulations and seek legal advice. Among the current regulations in effect, but not limited to are:

- Trading with the Enemy Act; 12 U.S.C. § 95a, enacted in 1917 to restrict trade with countries hostile to the United States. Cuba is the only country restricted under the act.
- The Cuban Democracy Act; the 1992 “Torricelli Law” which prohibits foreign-based subsidiaries of U.S. companies from trading with Cuba, travel to Cuba by U.S. citizens, and family remittances to Cuba.
- The Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (Helms-Burton Act, Pub.L. 104-114, 110 Stat. 785, 22 U.S.C. § 6021–6091); is a United States federal law which strengthens and continues the United States commercial embargo against Cuba. The act extended the territorial application of the initial embargo to apply to foreign companies trading with Cuba, and penalized foreign companies allegedly "trafficking" in property formerly owned by U.S. citizens but expropriated by Cuba.
- Trade Sanctions Reform and Export Enhancement Act; passed by Congress in October 2000 allows the sale of agricultural goods and medicine to Cuba for humanitarian reasons.
- The Foreign Corrupt Practices Act of 1977; (FCPA) (15 U.S.C. §§ 78dd-1, et seq.) is a United States federal law which primarily addresses accounting transparency requirements under the Securities Exchange Act of 1934 and bribery of foreign officials.
- The Cuban Assets Control Regulations; 31 CFR Part 515 (the “Regulations”) were issued by the U.S. Government on 8 July 1963 under the Trading With the Enemy Act. They are still in force today and affect all U.S. citizens and permanent residents wherever they are located, all people and organizations physically in the United States, and all branches and subsidiaries of U.S. organizations throughout the world. The Regulations are administered by the U.S. Treasury Department's Office of Foreign Assets Control.

OFFICE OF FOREIGN ASSETS CONTROL
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W. - Annex 2
Washington, D.C. 20220
<http://www.treas.gov/ofac>
202/622-2520

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Future Political Scenarios/Processes

**Institutionalization of New Leadership
(Succession)**

**Change of Current Political Model
(Transition)**

Regime Collapse

Events Impacting Pace of Transition

Change in U.S. Cuba Policy

Collapse of the Venezuelan Regime

Failure of the New Leadership to Deliver

Possible Future Economic Scenarios

Efficiency and Bureaucracy

**Gradual & Experimental de-Centralization
of the State Economy**

De-Collectivization of the Agricultural Sector

Single Currency, Market Prices & Subsidies

Economic Transition Challenges

US-Cuba Trade and Economic Policies

Role of Cuban Military in the Economy

Resolution of Outstanding Property Claims

Agricultural Land Tenancy

Creation of Free Market Economic Enablers:

Legal-Monetary-Tax-Labor-Judiciary

Capitalization of State Enterprises

Society's Fears-Ethics-Values-Attitudes

2008 Imports Value Profile

Top 5 Imports

Petroleum	32.0%
Machinery/Trans.	22.0
Food Stuffs	15.0
Manufct. Goods	11.0
Chemicals	8.0

Top 5 Origin

Venezuela	31.0%
China	10.0
Spain	9.0
USA	6.0
Canada	5.0

\$14,249 mm 07/08 + 41%

2008 Exports Value Profile

Top 5 Exports

Metal Ore	41.0%
Pharmaceuticals	8.0
Tobacco	6.0
Sugar	6.0
Machinery	5.0

Top 5 Destinations

Canada	21.0%
China	18.0
Venezuela	11.0
Holland	8.0
Spain	5.0

\$3, 680 mm 07/08 Unch.

Major Foreign Investments

Nickel	Canada	Sherritt
Telephone	Italy	Telecom Italia
Tobacco	UK	Imperial/Altadis
Rum	France	Pernord Ricard
Oil	Canada	Sherritt
Hotels	Spain	Various
Beer	Belgium	Interbrew
Bottled Water	Switzerland	Nestle

Economic Transition
Business Development Windows

**Entrepreneurial Startups Small and Medium
Size Enterprises – Exports - Low Risk 1 Year**

**Distribution & Marketing of Goods & Services
Low-Med Capital Intensive – Med Risk 1 Year**

**Asset Based Manufacturing Capital Intensive
High Risk 3-5 Years**

Sector Opportunities

Infrastructure

Tourism

Agriculture

Health Care

Natural Resources

Communications

Housing & Real Estate Development

Consumer Products & Services

“We believe open and fair trade is one of the most efficient tools for generating prosperity and social justice. It generates growth. It creates jobs. It promotes peace and stability. It’s a win-win proposition for both trading partners. The goal (of trade) is to help put into place effective laws that will increase transparency at all levels and promote the inalienable rights of citizens – among these life, liberty and the pursuit of happiness – that are the foundation of strong and prosperous societies.”

*Carlos M. Gutierrez
U.S. Secretary of Commerce
Hanoi, Vietnam
November 6, 2007*