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A Cuban-American Take on Business Opportunities in Cuba

Mario A. Iglesias, Daily Business Review

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As a first-generation Cuban-American who has practiced law in Miami since 1984, I get a lot of questions from colleagues and friends about how to take advantage of business opportunities in Cuba now that the American flag flies over our new embassy in Havana.

While I haven't been involved in any business deals involving Cuba, I offer the perspective of someone whose parents fled the Castro regime when I was 3 years old and who grew up among family members who always had their homeland on their minds. As a lawyer, I've facilitated business deals between U.S. clients and companies in other Latin American countries as well as Spain.

Nothing Will Change in The Short Term

Until the U.S. embargo against Cuba is lifted, very limited business opportunities will emerge. Currently, there are narrow exceptions to the embargo for some categories of goods or services, including medical supplies, certain agricultural products and education projects. But if you want to build a resort, buy property or invest in a sugar plantation, you can only plan for the day when the embargo is lifted.

The embargo will end eventually. A Pew Research Center poll in January showed that 66 percent of Americans support ending the embargo, with 28 percent opposing such a move. Republicans were evenly split on the question, while Democrats and independents overwhelmingly support it.

Until Congress lifts the restrictions, U.S. companies would do well to get to know Cuban culture. This means traveling to Cuba and starting to build relationships with its people. Like anywhere else in the world, business in Cuba is highly dependent on who you know. In a country where the government and its bureaucracy will continue to have a strong hand in all trade matters, it's vital to get to know the officials who will make or break any deal.

Opportunities Will Be in Selling to Americans

When the embargo is lifted, the initial opportunities will be in selling to those with disposable incomes, and that will be American tourists. Cuba is one of the poorest nations on the planet, with the average worker earning the peso equivalent of about \$20 per month and struggling just to have enough to eat. No doubt a more open relationship with the U.S. and gradual concessions to a watered-down socialist version of free markets will help lift the island's economy, but such progress will be slow.

Long-term opportunities will depend on how much Cuban authorities are willing to loosen their grip on business and influx of foreign capital. The government currently allows some private micro-enterprises—essentially home businesses—that are a flirtation with a market economy. But any major business deal comes with many strings attached by the government. If you do business in Cuba, the government is going to be your partner.

Tread Lightly On Politics

First-generation Cuban-Americans who revile Fidel Castro and shape the debate here don't represent the average Cuban. While we see Castro's revolution as an abject failure, many Cubans blame the economy's failure, at least in part, on the U.S. embargo.

"The revolution never had a chance," is a common belief among many Cubans, and no doubt that view is reinforced in schools and in the media. That is not to say that Cubans view their revolution as failed. On the contrary, they take pride in persevering their sovereignty and self-determination in the shadow of a hostile super power, while eliminating illiteracy and installing superior health care.

And while not all Cubans love Castro, like most people in the U.S., they have a measured perspective toward politics. Their feelings toward their government are a contradictory mix of national pride and contempt for some government policies and leaders. Americans should tread lightly on politics when they go to Cuba, and eventually younger generations may usher in change.

Accept that Cuba may never be democratic

I have a cousin who came to the U.S. on a raft in 1997. He and two other men took two years to build a raft, working at night to avoid being detected and turned in by neighbors. When they finally launched their craft, they encountered 6-foot seas, capsized and nearly drowned.

On their third day at sea, they were picked up by a fisherman who brought them to Key West, where we picked him up and brought him to Miami. I remember taking my cousin to Versailles restaurant in Miami's Little Havana when he first arrived. He asked the waitress for a beer, and she asked what kind? He didn't understand, and I pointed to the back of the menu listing dozens of beers to choose from. He was incredulous. He had never been in what we would consider a real restaurant, had never tasted a meal that wasn't replete with diluted beans and rice, and he was floored by the idea of having a choice of beers.

Today, he is a successful businessman, and he is living the American dream. He loves life here, and he loves America. But you might be surprised to know that he never shed his love for Cuba and he—a man who risked his life to escape his homeland—still professes admiration for Castro.

I suspect it will be a long time, if ever, before Cuba gives up completely on Marxism. Perhaps Cuba will follow the path of China, a country that holds onto its ideological anchor and rejects Western democratic values even as it prospers with its own hybrid form of capitalism. We've built a productive commercial relationship with China while we may continue to spar in the political sphere. I think we can do the same with our neighbors to the south.

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