

Tampa company hopes to open warehouse distribution center in Cuba



U.S. Secretary of Agriculture Thomas Vilsack looks at vegetables as he visits a market in Havana Friday, Nov. 13, 2015. Vilsack was on a four-day official visit to Cuba to try to boost agricultural trade. A Tampa company wants to stock foodstuffs in Cuba. **Ramon Espinosa** - AP

BY MIMI WHITEFIELD

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A Tampa company is trying to win approval from the Cuban government to open a warehouse distribution facility in Cuba that could potentially supply the island's budding private sector and would stock U.S. products allowed to be exported to Cuba under exceptions to the embargo.

Florida Produce, a veteran of exporting food to Cuba, first presented the plan to Cuban officials in October and plans to head to Havana in late January in hopes of winning approval

to establish the warehouse operation in a free zone on the outskirts of Havana. Initially the company was interested in the Mariel Special Economic Zone, the centerpiece of Cuban government efforts to attract foreign investment, but was told that it was reserved for manufacturing only.

“They’re cautiously looking at this,” said Mike Mauricio, president of Florida Produce. “The Cubans move very slowly; they don’t move quickly for anything.” But he’s optimistic that Florida Produce will be able to reach a lease agreement on an existing warehouse after the company’s next meeting with Cuban officials.

The idea would be to stock the warehouse with food products, drinking water, beer, wine and liquor, telecommunications, building, restaurant and agricultural equipment and construction materials that would be available for purchase at wholesale prices. Mauricio said the company’s license from Treasury’s Office of Foreign Assets Control stipulates that food and beverages must be sold in by-the-case quantities.

All the products Mauricio and partner Manuel Fernandez are proposing to stock are legally allowed to be exported from the United States to Cuba. “We want to bring in everything currently permitted under U.S. regulations but with a focus on food and beverage,” said Tim Hunt, Florida Produce’s lawyer.

Florida Produce and Cleber, an Alabama-based company that makes small tractors, both applied for licenses in early 2015 to have a physical presence in Cuba. “We received a formal green-light letter from OFAC — I believe the only one,” Hunt said Thursday.

Although Florida Produce now has a U.S. license in hand, a change in U.S. regulations means that a specific license is no longer required for companies that fall into categories authorized to do business with Cuba. The new regulations announced in September not only allow U.S. companies in certain categories to establish a physical presence in Cuba but also permit them to open bank accounts there, hire Cuban nationals and employ U.S. citizens to work in Cuba.

If the Cubans approve Florida Produce’s proposal, it would be the first such warehouse operation by a U.S. company in Cuba in more than five decades.

“If we find success, we’ll be helping the Cuban people,” said Mauricio. Private entrepreneurs have long complained about the dearth of wholesale outlets in Cuba and the problems they have finding the products and materials they need to run their businesses.

The Obama administration’s limited commercial opening toward Cuba is designed to engage and empower the Cuban people, but Treasury has said it will allow trade with Cuban government importing agencies for many products as long as they end up in the hands of the Cuban people.

The Florida Produce proposal calls for the Tampa company to operate the warehouse facility itself, but initial conversations with Cuban officials indicate they might be more interested in a

joint venture, said Hunt. “The question is whether the Cuban government wants to be the gatekeeper and stay in control,” he said.

Although U.S. regulations allow companies such as Florida Produce to sell to private individuals and the Cuban government, Hunt said he expects sales will probably be handled through government importing entities.

Florida Produce is looking to lease a 75,000- to 100,000-square-foot warehouse and has said it will cover the cost of warehouse refurbishing, refrigeration units and trucks that would deliver the products, said Hunt.

“We’re ready to come and negotiate. If it’s a short-term lease what does the Cuban government have to lose?” asked Hunt. “You’ve got to start somewhere. Food and beverage to me is the easiest starting point. This is a pretty straight-forward request.”

But he said he’s a bit concerned that some Cuban officials seem to have taken the attitude that if U.S. companies can’t get into Cuba to take advantage of opportunities allowed under the new U.S. regulations, they will go to Washington and put more pressure on Congress to lift the embargo.

“I personally think if the Cubans make it too difficult, U.S. companies will go elsewhere,” he said. “Time will tell but if they don’t show some willingness to give U.S. business a chance, I think a lot of people will run out of gas.”

But Mauricio has been selling food to Cuba, everything from fresh produce and rice to beans, cereal and canned goods, since 2001 under the Trade Sanctions Reform and Export Enhancement Act that allows U.S. exports of humanitarian shipments. “He’s pretty persistent,” said Hunt.