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Exporter wants presence in Cuba



TRIBUNE FILE PHOTO

Manuel Fernandez, left, and Michael Mauricio's Florida Produce is licensed to trade in agricultural products with Cuba.

Florida Produce's partners in Havana for negotiations

BY PAUL GUZZO
Tribune staff

TAMPA — Exporter Florida Produce made history in 2001 when it became the first company in the Sunshine State licensed to conduct food sales in Cuba after the U.S. imposed a travel and trade embargo in the early 1960s.

Now, Florida Produce

is seeking to become the first company in the U.S. to establish operations on the island nation since the embargo was imposed, with an eye toward distributing and storing a variety of goods allowed under new federal regulations.

Such a venture is permitted under general U.S. trade licenses established Sept. 18.

Florida Produce pitched a proposal Monday to representatives of the Cuban government at the new

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Cuba

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Cuban Embassy in Washington, D.C.

"To my knowledge, we are the first to have actually met with the Cuban government and are further along with our proposal than any other company," said Tim Hunt an attorney with Tampa law firm Hill Ward Henderson, representing Florida Produce.

Today, Florida Produce partners Manuel Fernandez and Mike Mauricio visit Havana to continue negotiations.

In January, through executive orders, President Barack Obama expanded the list of exportable items to Cuba to include telecommunications, restaurant and agricultural equipment as well as construction supplies. Florida Produce wants to store and distribute all of those goods.

"We know what our government will allow us to do," said Florida Produce partner Fernandez. "Now we need to see what Cuba will allow."

U.S. agricultural sales to Cuba have been allowed since 2001.

Cuban officials with whom the local businessmen have met were receptive and excited over the proposal yet sent a mixed message by steering discussions into politics, attorney Hunt said.

"They candidly spent a lot of time talking about the embargo, or as they call it the blockade," he said. "They are not happy that it continues. And they are upset that U.S. companies are still forbidden from selling anything to Cuba on credit and all deals are payment upon transfer of goods. Other countries can extend credit to Cuba."

Despite the restoration of diplomatic relations between the two countries for the first time in five decades, the island nation is buying fewer American goods than it has in years. The reason, in the view of some analysts, may be the continuing embargo and denial of credit.

Through October, total Cuban purchases of U.S. goods for calendar year 2015 was \$124.7 million, according to the New York-based U.S.-Cuba Trade and Economic Council Inc. That's on pace with 2002, the first full year American agricultural products could be sold to Cuba again, when the total was \$138.6 million. But it's far below the peak of \$710 million in 2008.

Still, ending the embargo or allowing sales on credit might not improve trade, John Kavulich, president of the economic council, told the Tribune earlier. Cuba may still

prefer to do business with nations like Vietnam that allow up to two years for payment of goods.

Kavulich said it is unlikely U.S. companies would allow such extended credit lines.

Florida Produce is licensed to trade in agricultural products with Cuba but hasn't done much lately because there has been little interest in Cuba.

But partners Mauricio and Fernandez have kept their hand in trade with Cuba as founders of the Ybor City gallery Habana Art, which imports art from Cuba for sale. In May, they promoted a dinner show in Havana's Hotel Nacional featuring the Fabulous Rockers, a nine-piece Tampa rock band from the 1950s and 1960s.

Improved relations between the U.S. and Cuba prompted Florida Produce to take the initiative again.

"It made sense to have some sort of warehouse and distribution center there," Hunt said, "as opposed to bringing a ship to Cuba and dropping the stuff off on the dock."

Florida Produce applied for a warehousing license in March from the U.S. Treasury Department and continued talks with the federal government over the next few months. At the time, it was not yet legal to operate a business in Cuba so they hoped to obtain a federal exception.

Then in September, the change in regulations allowed the business model proposed, including maintaining bank accounts there, employment of U.S. citizens working in Cuba, and employment of Cuban nationals.

Their endeavor might get another boost if Cuba decides to open a consular office in Tampa.

Among duties of a consulate is helping with trade and other business in the country it represents.

The Tampa City Council, Greater Tampa Chamber of Commerce and Hillsborough County Commission have approved resolutions to bring a consulate to Tampa. So has the St. Petersburg City Council.

It's not clear when Florida Produce will hear back from the Cuban government on its warehouse proposal.

While he prefers a warehouse in Havana, Fernandez said, the company would not do any serious scouting for locations until the Cuban government gives them a thumbs up.

Still, Fernandez is confident.

"We have an opportunity to change the course of history by further opening up business between U.S. and Cuba. Florida Produce wants to be at the forefront."

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