

U.S. businesses carefully eyeing Cuba tourism

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Cuba was once a haven for sun-seeking American tourists. Beautiful beaches, lively casinos and late-night dancing made it the perfect getaway, only an hour's flight from Miami.

The Caribbean nation also exported nickel and limestone to the U.S. and imported American rice.

But the Cuban revolution led by Fidel Castro and the subsequent Cold War embargo of the Communist island nation put an end to that.

President Barack Obama's announcement Wednesday of plans to re-establish diplomatic ties with Cuba doesn't suddenly lift the ban on U.S. tourism and trade. It does, however, give hope to airlines, hotel chains, cruise companies and commodity traders — all which have been quietly eyeing a removal of the embargo — that they soon will be able to conduct business on the island.

"Cuba is the largest country in the Caribbean, so there (are) some exciting possibilities," said Roger Frizzell, spokesman for Carnival Corp. He said "some infrastructure for cruising already exists in the country," although other issues "need to be taken into consideration if this market opens up."

"We will take our cues from the U.S. government but look forward to opening hotels in Cuba, as companies from others countries have done already," Marriott International CEO Arne Sorenson

said via e-mail.

Others eager for access to a Cuban market are U.S. farmers, energy producers and importers of rum and cigars.

"We've been positioning ourselves for this day for many years," says Erik Herzfeld, co-portfolio manager of the Herzfeld Caribbean Basin Fund, which has been investing in "the cruise lines, infrastructure (companies), any company that we think will eventually have a role in Cuba."

Gary Hufbauer and Barbara Kotschwar of the Peterson Institute for International Economics estimate that exports of U.S. goods to Cuba could reach \$4.3 billion a year, compared with less than \$360 million last year.

And Cuban merchandise imports to the U.S. could go to \$5.8 billion a year from nothing now.

Detroit automakers would seem to have an opportunity to replace the 1950s American jalopies that now rattle down Cuban streets, but they weren't saying much Wednesday. "We're encouraged by the announcements today, and we'll evaluate the opportunities," said General Motors spokesman Pat Morrissey, who declined comment to comment further.
