Miami

Miami — Gateway to the Caribbean

With its close geographic and cultural ties with the Caribbean and Latin America, Miami has often been called the *Capital of the Americas*. Miami International Airport processes the bulk of air cargo destined for the region and ports in Miami, Fort Lauderdale, Palm Beach and Tampa all serve distinct Caribbean markets.

Appropriately, Miami was the site of the Summit of the Americas in December 1994, where heads of government agreed to pursue a Western Hemisphere Free Trade Agreement by the year 2005, and which will be followed by a second meeting in Cartagena, Colombia, this month.

The state of Florida is a popular destination for Canadian tourists, with over 2 million Canadians visiting the state each year. It also presents excellent market opportunities for Canadian products and services, particularly in the food and beverage, computer, telecommunications, medical and health care, construction and services sectors.

The Canadian Consulate in Miami seeks business opportunities throughout Florida and the Caribbean for Canadian firms. Canadian exporters should contact the Canadian Consulate for information on the market.

Cuba

The break-up of the U.S.S.R. has led to significant economic repercussions in Cuba. The value of Cuba's imports has fallen from its zenith in 1989 of US$8.1 billion to approximately US$2 billion in 1993. Nevertheless, Cuba is Canada's second-largest trading partner in the Caribbean (two-way trade of $309 million in 1994) and can potentially be the largest.

Canada-Cuba Relations

Despite its economic decline, Cuba is a worthwhile market for Canadian business. Canada and Cuba enjoy an excellent commercial relationship and there is high regard for Canada as a reliable trade and investment partner. In 1994, Cuba purchased $114.6 million worth of Canadian exports, nearly half of which were agri-food products. And in the first six months of 1995, Canada-Cuba trade almost doubled, from $136 million to $250 million, over the same period in 1994.

Following the fall of the centrally planned economies in Eastern Europe and the U.S.S.R., Cuba began to accelerate its economic reform plans. Decree Law 50, passed in 1982, laid the foundation for economic associations and joint ventures with foreign companies. Ten years later, the Constitution was amended and laws were passed to provide guarantees to foreign investors, including repatriation of profits, to eliminate the state's monopoly on foreign trade, and to modify labour legislation, particularly for tourism.

New Economic Measures

In 1993-1994, a number of significant additional reforms were adopted, designed to:

- open all productive sectors of the economy to foreign investment, and allow foreign partners to hold majority interest in joint ventures;
- allow Cubans to hold foreign currency;
- permit self-employment in over 100 occupations;
- convert the majority of state farms to co-operatives or collectives;
- establish free farm and manufactured goods markets where prices are set by supply and demand; and
- open commercial real estate to joint-venture investment.

Foreign Investment Law

And on October 6, 1995, Cuba introduced its new Foreign Investment Law, replacing Decree Law 50 and strongly confirming the Government's commitment to facilitate and encourage foreign investment. For the first time, this law allows for 100-per-cent foreign ownership of businesses in all sectors except education, health and the military, and promises considerable scope for real estate investment. The Law, by codifying regulations concerning joint ventures and streamlining foreign investment approval procedures, intends to give investors greater security while encouraging Cuba's economic development.

Of the many new features of the Foreign Investment Law, special emphasis has been placed on: guarantees to foreign investors against expropriation and third-party claims; allowing the establishment of wholly-owned Cuban subsidiaries of foreign companies; codification of the foreign investment tax regime; and the creation of free trade and industrial zones to stimulate export manufacturing. Potential investors should follow how these new features will be applied and how they will affect partnership arrangements with Canadian firms.

Continued on page III
– Cuba