The Door Opens
(Adapted from Ferrell, O. C., Hirt, G. A., and Ferrell, L. (2019). Business Essentials: A Changing World, 12e. New York: Pearson.)

In July 2015, the United States and Cuba officially restored diplomatic relations after 54 years of hostility. President Obama argued that the embargo, rather than supporting democracy and opportunity for the people of Cuba, had instead resulted in support of the existing Cuban regime and isolating the U.S. from the rest of the Americas (White House, 2015).

Making Cuba accessible once more to U.S. business presents considerable opportunity for U.S. firms. One of the more immediate results is increased travel by U.S. citizens to Cuba. During the embargo years, travel was restricted to educational and humanitarian activities. Travel now can occur across twelve categories that include athletic events and people-to-people programs and no longer requires a special license prior to travel.

Under the socialist system in Cuba, most hotels, like many other businesses, are owned by the government. They provide only the most basic hospitality services and lack the amenities typically sought by U.S. travelers. Starwood Hotels and Resorts has negotiated an arrangement with the government of Cuba to renovate and manage three government-owned hotels in Havana, and San Francisco-based Airbnb offers an overnight stay in a private Cuban home for as little as $25 per night (Sampson, 2015).

Despite the restoration of diplomatic relations and the easing of travel restrictions, the U.S. embargo on exports from Cuba remains in place and can be repealed only by Congress. The embargo, imposed initially as a response to appropriation of U.S.-owned assets by the revolutionary communist government which took over Cuba, prohibits any transactions by U.S. citizens that directly or indirectly benefits Cuba. In the meantime, firms from other countries have filled the void with their own products. Nestle, Unilever, and many other non-U.S. firms have established strong footholds in the Cuban consumer market.

Thanksgiving Coffee Company, a California-based purveyor of specialty coffee, sees new business opportunity due to the high quality of Cuban coffee beans. The firm's founder, Paul Katzeff, sees the U.S. embargo as ineffective, since it has not accomplished its goals, and immoral, contending that it supports the status quo doing more harm than good to the Cuban people. He has begun building relationships with Cuban coffee growers through existing cooperatives among growers. While the firm cannot officially buy and sell in Cuba until the embargo is lifted, the foundation laid by Thanksgiving Coffee Company should pay dividends once the firm is allowed to engage in commerce in Cuba having already established supply chain relationships.

References

Sampson, Hannah. “Sampson, Hannah. “U.S.-based Airbnb adding private Cuban homes to listings.” Miami Herald, April 2, 2015.” Miami Herald, April 2, 2015. Accessed January 7, 2019. https://www.miamiherald.com/news/business/article17152853.html

The White House, Office of the Press Secretary. (2015) Statement by the President on the Re-Establishment of Diplomatic Relations with Cuba, https://obamawhitehouse.archives.gov/the-press-office/2015/07/01/statement-president-re-establishment-diplomatic-relations-cuba, accessed March 1, 2016

Please answer the questions below, the first two of which address Essential Studies Element, Human Systems within a Global Context and the third of which addresses social responsibility.

1. Identify and describe differences between the economic system of Cuba and that of the United States. Explain how these differences in economic systems affect ownership and control of business assets, competition, and incentive to make a profit.
2. What are some key events during the past 60 years that occurred at the global level (affected multiple countries in various ways) that have impacted the relationship between Cuba and the U.S.?
3. Explain the two dominant arguments for the continuation of the U.S. embargo on Cuba. How would you evaluate these two modes of thought using the terminology and thinking of social responsibility?

PAVES OF Instruction

Purpose: Describe human organizational systems using a variety of disciplinary and interdisciplinary perspectives OR (for question 3) Describe the roles and responsibilities of citizens at all levels

Audience: College-educated readers interested in global markets and the opportunities created by opening Cuba to U.S. markets.

Voice: Third person, active voice. Avoid uses of I and you.

Emphasis: Use the terminology and thinking developed in the course to explain the differences in economic systems in Cuba and the U.S.

Support: Use any resources at your disposal and cite them using appropriate style.

Organization: Your composition should include an introduction, main body, and conclusion.

Format:

Length—300-500 words (1-2 double-spaced pages).

Report format—Times New Roman 12-point type; 1” margins; name, assignment, date, and class on page one; running head with name and page number on page 2 to end.

Source citations—In-text citations and references list should be in APA format.