W.O. MITCHELL: Prairie Godfather • **PAUL MARTIN:** Balancing Act

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THE FINAL HOURS

Does a doctor have the right to end a patient's life?

Dr. Nancy Morrison gave two mysterious injections to Paul Mills on his Halifax deathbed. Last week, a judge threw out the murder charge against her.

Cooling on Cuba

Many Canadians may detest it, but Helms-Burton is having an impact

BY NOMI MORRIS

With hammers clanging and drills whining, laborers at Havana's José Martí airport are rushing to finish an airy new terminal building by the end of this month. Overseen by Intelcan Technosystems Inc. of Nepean, Ont., Terminal 3 is the largest construction project now under way in Cuba. On completion, it will triple traffic through the capital's airport, says Zvi Glanz, a Canadian who heads the firm's Cuba operations. Intelcan also managed a $9.9-million expansion of an airport near the Varadero vacation resort south of Havana, doubling its capacity. "Tourism is expanding so quickly that the old facilities couldn't keep up," said Glanz.

But behind a flurry of mostly small-scale projects, the fire has largely gone out of the Canada-Cuba economic relationship. American legislation penalizing Canadians and others who do business with Cuba has had an impact—especially on larger firms with exposure in the United States. So has simple frustration over the sometimes slow pace of getting things done in the Caribbean nation. And some of the cooling off may be due to factors unrelated to politics. But without doubt, the island has lost its status as the hot spot in Latin America for Canadian investment. "Let's face it, there's more interest when you talk about Mexico, Chile and Brazil," says former Mulroney transport minister Doug Lewis, now a director of Holmer Gold Mines Ltd., of Toronto, which has been active in Cuba for five years.

Lewis should know. He was the spark plug for a Canada-Cuba business committee that promoted trade and organized visits to Canada for Cuban government ministers in 1995 and 1996. But that group is dormant now—due to lack of interest. Lewis and other Canadian executives say a "Helms-Burton chill" is keeping larger Canadian corporations from investing in the Communist nation. Known by the names of its Republican sponsors, Senator Jesse Helms and Representative Dan Burton (and officially called the Cuban Liberty and Democratic Solidarity Act), the law provides penalties for foreign companies doing business in Cuba, especially those using property that American citizens claim was illegally seized from them during Cuba's 1959 revolution. The act's continuing pressure was underscored last week, when U.S. officials confirmed that they were investigating Calgary-based Genoil Inc., a petroleum company, for possible Helms-Burton violations. "Anyone from a telecommunications company or bank turns deathly white when you mention Cuba to them," says Lewis. "They see their expansion in the U.S. and do not want to run afoul of U.S. regulatory authorities."

It is not only banks and infrastructure firms that have balked. The giant Saint John, N.B.-based J. D. Irving Ltd., which had been selling pulp to Cuba, has closed its Havana office. Heenan Blaikie, the Montreal law firm of former prime minister Pierre Trudeau—a personal friend of Fidel Castro—won permission to open an office in Cuba, but then decided against it. Most Canadian firms that had already invested in Cuba have stayed on—and many have expanded. But they have been double-checking land titles to assure shareholders that they are "clean"—not property confiscated from American owners—and thereby safe from U.S. reprisals under Helms-Burton.

The island is still attractive to small companies with no U.S. ties. Toronto-based Pizza Nova has opened four Cuban outlets, with two more planned this year. Calgary's Cubacan Exploration Inc. drilled its first exploratory well in the southeast of the island in February. Canadians are now involved in 40 of Cuba's 300 joint ventures, and final figures for two-way trade are expected to near $700 million for 1997, up from $550 million a year earlier. Sixteen small Canadian businesses are among 190 firms that have set up operations in three new free-trade zones designed to lure foreign investors. That makes Canada's presence second only to Spain, which has 50 companies in the zones, according to Octavio Castillo, the Cuban minister responsible.

And many of the Canadian executives on a so-called list of shame circulated by anti-Castro forces in the United States just laugh off Washington's wrath. Pizza Nova president Sam Primucci says he is "fascinated and flattered" that his small southern Ontario chain of pizza parlors has been singled out by Helms in his anti-Castro speeches. Primucci sells $60,000 monthly in cheese, tomatoes and other supplies to its Cuban franchise, and takes in royalties on every slice sold. "Helms-Burton hasn't touched us at all," he says. "If the market was open, little guys like myself wouldn't have a chance."

Some of the cooling off of Canadian activity is merely coincidental. For more than a decade, Redpath Sugars of Toronto imported 10 to 50 per cent of its raw sugar from Cuba. But it was forced to switch suppliers in 1995 after the loss of Soviet markets led the Cubans to dramatically reduce the crop. In mining, an industry-wide downturn has dried up much of the funding for exploration companies that were highly optimistic just a few years ago. Allan Kent, president of Cubacan, says Helms-Burton is not a key factor in mining, but it is an inconvenience: many American suppliers refused to rent or ship equipment to Cubacan and it became difficult to find insurers. "We paid a significantly higher price for insurance," said Kent. "It's simply part of the cost of doing business in Cuba."

A measure of blame also goes to the Cubans themselves, who executives say still have trouble grasping business notions as basic as a set closing date for a deal. Castro has slowed economic reform, and is increasingly suspicious of promises from foreigners after some bad experiences with corporate carpetbaggers—and history. Memories are still sharp of 300 years of domination by Spain, 60 by the United States and 30 by the former Soviet Union, underpinning a longstanding fear of doling out too much of Cuba's economy to any one country—or conglomerate.


Serving up Canadian pizza in Cuba: smaller firms shrug off American legal threats

PHILL SNEL/MACLEAN'S

That fear has even affected the undisputed leader of the Canadian pack, Sherritt International Corp. of Toronto, which earlier shrugged off a Helms-Burton order barring its senior executives from visiting the United States. Sherritt operates a nickel mine in eastern Cuba, and raised $675 million in 1996 to get involved in other sectors of the Cuban economy—including the Cuban telephone company. But insiders have told *Maclean's* that negative reaction to Sherritt chairman Ian Delaney's aggressive business style has raised obstacles to the company's expansion in the past year. The logjam appeared to break last month, when Delaney announced that Sherritt would invest $150 million in a project to convert natural gas from fields east of Havana to electricity. Three weeks later, the company acquired 37.5 per cent of Cuba's cellular phone company for $54 million. But such deals had reportedly been stalled by Cuban decision-makers. "They're very suspicious of monopolies," says one Canadian official, "and rightly so." Adds a Canadian businessman with substantial dealings in Cuba: "Delaney made the mistake of saying he was going to be the CPR of Cuba. They didn't like the sound of that one bit." Delaney declined to discuss his Cuba operation with *Maclean's*. "Things are not quite the yellow brick road, but slower may be better," offered Sherritt spokeswoman Patrice Merrin Best. "From our point of view, it's business as usual."

Another major Canadian player is still waiting for a return on his mega-investment. Vancouver-based entrepreneur Wally Berukoff, whose path to Castro was smoothed by Trudeau, put $142 million into mining, hotels and pharmaceuticals. Undaunted, he has signed new commitments for five times that amount. His Miramar Mining Corp., which has one gold mine in western Cuba, recently struck gold on the Isla de Juventud, off Cuba's southern coast, as well. Berukoff also has a major stake in York Medical Inc., which has the rights to market six Cuban anti-infection and anti-cancer drugs, but has yet to license the pharmaceuticals abroad.

Fortunately, Berukoff has placed most of his money in the tourism sector, the cash cow which Castro may soon open to unprecedented foreign ownership of real estate. In partnership with state-owned Gran Caribe, Berukoff is planning an 11-hotel resort east of Havana. He also holds several long-term land leases that he believes will eventually turn to ownership. "If it's 10 years from now, it's 10 years—but the situation will eventually normalize," Berukoff says. Toronto lawyer Jeffrey Burns, who is helping Havana reform its tax law, confirms the government is working on a plan to sell holiday condominiums in order to lure repeat visitors. "They are trying to set up a system of private ownership of land," says Burns. "That used to be absolute heresy." When it happens, he laughs, it will be only a matter of time before Cuban exiles in Miami begin to buy up vacation homes for their children.

Until then, the American presence in Cuba remains strictly unofficial. Pizza Nova reports that U.S. diplomats, who work in Havana out of the Swiss Embassy, are among their best customers. American appliances can be seen in many Havana homes. And American hotel companies are getting in the back door by partnering with Canadian chains such as Delta and Journey's End. Few doubt that one day corporate America will re-enter Cuba. Until Washington drops its trade embargo and the coconut curtain cracks wide open, Canadian entrepreneurs will reap the rewards of their early-bird status. But for now, Canada's large corporations have decided that it is still too risky to invest in Fidel Castro's Cuba.

With ANDREW PHILLIPS in Havana