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## President Putin Visits Cuba

by LADB Staff

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Russian President Vladimir V. Putin held talks with Cuban President Fidel Castro in Havana Dec. 14-15. He is the first Russian leader to visit Cuba since President Mikhail Gorbachev of the former Soviet Union visited in 1991. The primary purpose of Putin's visit was to re-establish Russian economic presence in Cuba, particularly in retrieving some benefit from Soviet-era investments and projects such as in the energy and nickel industries. After the Soviet disengagement in Cuba in the 1990s, Soviet and Eastern European cooperation was replaced with capital from Spain, Canada, Mexico, Italy, and other nations. Few areas are left in the Cuban economy where Russian capital can easily enter the economy.

Arriving in Havana, Putin made it clear he had not come to revive the old Cold War relationship. Where the Soviet Union subsidized Cuba by as much as 20% of its annual GDP, Putin came with "warm feelings," but little else. Since Gorbachev cut subsidies in 1991, bilateral trade, then worth US \$3.6 billion per year, has dropped to US\$1 billion. "We decided we will build a relationship between our countries based upon the warm feelings and high-level relations that already exist," Putin said. During the visit, a Cuban-Russian intergovernmental commission negotiated several economic agreements that promise joint ventures, but little concrete progress was made on any of the issues most important to Putin.

Russia's co-chair of the commission, Sergei Shoigu, said the talks in Havana proceeded "with difficulty." "It is now important to identify those guidelines laid down in the Soviet era that we shall follow in our cooperation and those that no longer appear promising either to us or to the Cubans," said Shoigu. "We would like the interests of Russia, its enterprises and regions, to be taken into consideration as much as possible." In the 1980s, the Soviets helped build a nickel-ore processing plant in Las Camariocas in eastern Holguin province, but it was left unfinished when the Soviets pulled out of Cuba.

Now a Russian firm, Norilsk Nickel, is interested in completing construction of the plant, and Putin came to Havana with a commitment from the company to invest US\$300 million. The proposal would have Norilsk take all the plant's production, crediting some of it to Cuba's debt with Russia. Cuban officials turned down the offer. Shoigu reported no progress on Russian entry into Cuba's promising oil industry either. But with most of the 90 oil-extraction concessions yet to be distributed, he said Russia had a good chance of entering the field.

The two sides agreed on a contract for delivering 3,000 VAZ cars to Cuba and made another agreement on a joint venture to build diesel equipment for use in the sugar industry. They also signed a trade agreement for the period 2001-2005 covering the exchange of Cuban sugar, rum, medicines, and medical equipment for Russian oil, machinery, and chemicals.

### *Cuba cancels plans to finish building nuclear plant*

One of the Soviet-era projects of interest to the Russians was the nuclear generating plant at Juragua near Cienfuegos in southcentral Cuba. The plant has been a costly failure. Construction was begun with Soviet help in 1976 but halted in 1992 after the cubaSource - Political & Economic News on Cuba that the plant posed an environmental threat to the southeastern US and took steps to block international funding of its completion (see EcoCentral, 1997-05-01, 1997-12-11). In remarks to the media, Putin said, "Our Cuban friends are not showing any interest in continuing the construction of this plant." An alternative proposal was for a joint project for generating plants near Havana. "We are thinking of the need for some compensation if a decision is made to discontinue building the nuclear plant," he said.

After Putin's departure, Castro said that, instead of finishing the nuclear plant, Cuba's electrical-energy policy would be based on domestic oil production. A gas-powered plant, already operating, was built in a joint venture with Sherritt International of Canada. Though he did not rule out nuclear energy in the future, Castro said it was faster and cheaper to stick to fossil fuels.

Another major Russian concern is to pin Cuba down to a definite debt-repayment schedule. Russia inherited Cuba's debts to the Soviet Union, and they are variously estimated at between US\$11 billion and US\$27 billion. While Cuba does not accept the Russian estimate of US\$27 billion, it does not entirely repudiate the debt either. Cuba argues that the Soviet abandonment of its support in 1991 caused damages to the Cuban economy that were greater than the value of the debt. Thus, it is not clear what figure the Cuba government is willing to accept. Putin wants to write off part of the debt and negotiate the rest through the Paris Club, but a Cuban official said that was "not acceptable." The two leaders did not resolve the debt issue, but Putin promised to offer a repayment agreement under the best possible terms for Cuba.

Meanwhile, Putin agreed to reopen an existing loan arrangement worked out in 1993. Russian Deputy Finance Minister Vladimir Chernukhin said Cuba could draw on the US\$50 million credit line until the end of 2001 provided it makes a scheduled US\$12.3 million payment on the balance of its obligation this year. Lourdes center to continue Castro and Putin visited the electronic intelligence station at Lourdes, near Havana, which is run by Russian technicians. Russia pays US \$200 million in goods as annual rent for the Lourdes station, used to track US missile launches, monitor US compliance with test-ban treaties, and communicate with Russian embassies in Latin America. Anti-Castro hard-liners in Congress have tried to force Russia to abandon the station, calling it a potential center for cyber warfare against the US (see CubaSource, 2000-06-09). Russian sources say the station is no longer of strategic importance because of advances in intelligence-gathering technology.

A Kremlin official said that for intelligence purposes, Cuba was no longer irreplaceable. In other agreements, Russia will supply Cuba with equipment for its sugar industry and provide technical assistance in railways and air-traffic control. Also signed were agreements on a variety of commercial, legal, scientific, and health matters.

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