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# Why the United States and Cuba Collaborate

Jorge Piñon

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# *Hemisphere*

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## Energy Challenges in the Americas

# *Hemisphere*

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### Cover Image:

Ribeirao das Lajes dike with its forest bordering the reservoir, an example of Light S.A.'s reforestation program. Light, a subsidiary in Brazil of the French company EDF (Électricité de France), distributes electricity to 80% of the State of Rio de Janeiro and implements environmental protection programs. ANTONIO SCORZA/AFP/Getty Images.

# Why the United States and Cuba Collaborate (and What Could Happen If They Don't)

*By Jorge Piñón*



If Cuba's suspected but yet undiscovered hydrocarbon reserves are proven real, it will take between three and five years to develop them fully. Production volumes would have to reach more than 200,000 barrels per day to have the same positive economic impact currently derived from foreign oil subsidies. If this occurs, significant revenues from oil, natural gas and sugarcane ethanol would integrate Cuba into global and regional markets within the next five years.

International oil companies such as Spain's Repsol, Norway's Statoil Norsk Hydro and Brazil's Petrobras are actively exploring Cuba's Gulf of Mexico waters. Cuban authorities have invited United States oil companies to participate in developing the island's offshore oil and natural gas resources, but US law does not allow this. Although US oil, oil equipment and service companies have the capital, technology and operational know-how to explore, produce and refine Cuba's potential reserves in a safe

and responsible manner, the almost five-decade old unilateral political and economic embargo keeps them on the sidelines.

Cuba currently relies on heavily subsidized oil from Venezuela for two-thirds of its petroleum needs. This supply contributes to the Cuban government's ability to maintain a politically antagonistic and belligerent position towards the US.

The collapse of the Soviet Union in 1991 made Cuba aware of the political and economic risks and consequences of depending on a single source of imported oil. Only when Cuba diversifies suppliers and develops its offshore hydrocarbon resources, estimated by the United States Geological Survey at 5.5 million barrels of oil and 9.8 trillion cubic feet of natural gas, will it have the economic independence to consider political and economic reforms. It is in the US interest to develop a new policy toward the island based on constructive engagement to support the emergence of a Cuban state in which Cubans themselves can determine the political and economic future of their country through democratic means.

Cuba is about to embark on an 18-month oil exploration drilling program to validate the presence of recoverable hydrocarbon reserves. US support of such endeavors would be beneficial in the framework of a constructive engagement policy.

The Deepwater Horizon drilling semi-submersible incident and the resulting catastrophic oil spill demonstrate the urgency of developing a policy of energy and environmental cooperation between the United States and Cuba. As Cuba develops its deepwater oil and natural gas potential, the possible consequences of a spill call for proactive planning by both countries to minimize or avoid an environmental disaster.

To respond effectively to an oil-related marine accident, any company operating in Cuba would require immediate access to US oil services companies for the near-instant technology and know-how needed to halt and limit damage to the marine environment. Obviously, the establishment of working relations between the US and Cuba in the area of marine environmental protection would assist enormously in the contingency planning and cooperation necessary for an early and effective response to an oil spill.

The United States and Cuba are already parties to a number of multilateral oil pollution agreements, such as the 1973 International Convention for the Prevention of Pollution from Ships (MARPOL) and the 1983 Convention for the protection and Development of the Marine Environment in the Wider Caribbean Region (Cartagena Convention). Both agreements address prevention of pollution of the marine environment by ships from operational or accidental causes. The 1990 International Convention on Oil Pollution Preparedness, Response and Cooperation also offers a precedent for cooperation. The convention is designed to encourage and facilitate international cooperation and mutual assistance in preparing for and responding to major oil pollution incidents. Signatory



nations are tasked with developing and maintaining adequate capabilities to deal with such an emergency. In the case of Cuba and the United States, the capabilities must be transnational, as there is no barrier to the movement of oil from one country's waters to another's. The United States, therefore, must develop appropriate regulatory and procedural frameworks for the free movement of equipment, personnel and expertise between the two countries as part of any oil spill response.

The 1980 Agreement of Cooperation between the United States and Mexico Regarding Pollution of the Marine Environment by Discharges of Hydrocarbons and Other Hazardous Substances (MEXUS Plan) provides the foundation for a similar protocol with Cuba. This would include the establishment of joint response teams, coordinating roles, rapid incident notification mechanisms, joint operations centers and communication procedures, along with regular exercises and meetings. The United States government, irrespective of the current embargo, has the power to license the sale,

lease or loan of emergency relief and reconstruction equipment and the travel of expert personnel to Cuba following an oil spill.

Cuba's long-term energy challenges will be a consequence of its future economic growth and rising standard of living within a market environment. This anticipated growth will depend largely on the development of a competitively priced, readily available and environmentally sound long-term energy plan. Cuban energy policy should embrace energy conservation, modernization of the energy infrastructure, and balance in sourcing oil/gas supplies and renewable energy sources that protect the island's environment. The country would benefit from the guidance of a variety of partners, including the United States. ■

*Jorge R. Piñón is a visiting research fellow at the Latin American and Caribbean Center's Cuban Research Institute at FIU. The opinions expressed in this paper are among the recommendations resulting from the Brookings Institute April 2010 seminar, "U.S. Policy toward a Cuba in Transition."*