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SOVIET-CUBAN ECONOMIC RELATIONS

Note by the Secretary General

At its meeting of 23rd July, 1980(1) the Council agreed that an unclassified version of C-M(80)34 should be prepared for use by the NATO Information Service and Allied governments.

2. The Economics Directorate has reviewed the document in response to the Council's wishes, and an unclassified version of the paper concerned is attached. The delay for issuing it was due to the reservation by one delegation which was very recently lifted.

(Signed) Joseph M.A.H. LUNS

NATO,
1110 Brussels.

(1) Summary Record C-R(80)29, Item II, paragraph 25(2), dated 11th August, 1980

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SOVIET-CUBAN ECONOMIC RELATIONSA. SUMMARY

1. During the 21 years since the Revolution which led Castro to power on 1st January 1959, Soviet trade with, and aid to Cuba has grown to such an extent that the Soviet-Cuban relationship has a client-patron nature. Very little scope is left for independent economic decision-making by Cuban leaders: key economic policies are established by the powerful "Intergovernmental Commission for Economic, Scientific, and Technical Co-operation", which ensures that no major undertaking proceeds without Soviet accord. If for any reason the flow of Soviet resources and subsidies were suddenly cut, the Cuban economy would be completely disrupted: in this sense Cuba is almost totally dependent on the Soviet Union.

2. Initially ill defined and hardly logical in objective economic terms, the economic relationship went through three distinct phases. In the years of "economic revolution" (1959-1963) it developed in an ad hoc fashion and was interpreted by Cuban leaders as a countervailing force to the US influence. When economic relations with the latter were severed the Soviet Union promptly presented itself as an alternative partner, inspiring at the same time fundamental changes in the structure of ownership, and in the principles of management to central planning. In a second phase, 1964-1970, the Cubans went on with their socialist experiment, but proved to be resistant to Soviet advice in both the economic and political fields: precedence was given to moral rather than material incentives and planning was irrational. These factors, together with the huge "brain drain" caused by Castro's harassment of the middle classes, were responsible for the spectacular economic misco of 1970. The third phase (1971 to the present) marks the complete Sovietization of the Cuban economy. Soviet advisers were successful in partially rationalizing economic planning and management. Material incentives were also restored, as well as profitability and the relationship between the circulation of goods and money. All in all, the Cuban economy increasingly resembles the Soviet model with key planning decisions made under close tutelage of Soviet advisers.

3. The Soviet patron rôle is nowhere more evident than in the size of the Soviet economic assistance programme. Soviet economic support to Cuba over the 1960-1978 period has amounted to the equivalent of \$13.6 billion, including a record \$3 billion in

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1978. About 40% of the total, or \$5.3 billion, consists of repayable loans provided as balance of payments and development aid. The remaining 60% consists of subsidies in the form of artificially high Soviet prices for Cuban sugar and nickel exports to the USSR, and artificially low Soviet prices for Cuban petroleum imports from the USSR.

4. Although in overall terms, i.e. including political and military considerations, the picture would be more balanced, in strictly economic terms the Cuban-Soviet relationship is such that almost all benefits appear to be for Cuba and almost all costs for the Soviet Union. Cuba's general lack of economically exploitable natural resources, its semi-developed status, and its intensely nationalistic Marxist development strategy seriously impinge on Cuba's ability to generate adequate domestic investment capital or attract Western foreign investment. In recent years the magnitude of Soviet support has been greater and more crucial than ever because of Cuba's deteriorating foreign payments situation and its ambitious foreign policy initiatives. The bleak long-term prospects for the island's economy, in conjunction with the prospects for expanded Soviet political dividends from its relationship with Cuba argues for continued large scale and probably increased Soviet subsidy of the Cuban economy. Indeed, Soviet economic aid in 1979 might have reached the equivalent of \$3.2 to \$3.5 billion and Soviet hard currency costs \$1.5 billion.

5. Moscow does not seem to be able to afford other clients requiring similar levels of economic support. For example, if Vietnam were to ask for the same per capita aid as Cuba received in 1978 (\$309), the cost to the Soviet Union would amount to \$15.6 billion. In general, the difficulties and the limitations of their economy constitute a barrier to the expansion of the Soviet empire by economic means. Indeed Moscow is likely to face a difficult choice in the mid-1980s balancing massive subsidies required by the Cuban economy (especially oil) with increased demand for resources from its Eastern European allies. As a result, Moscow may opt for other means to effect domination.

6. For all the political, ideological, and prestige benefits both Cuba and the USSR might have derived from it, the "Cuban experiment" so far has been an economic failure. It has cost the Soviet Union \$13.6 billion since 1960 (versus \$7.6 billion handed out to all LDCs since 1955), whilst Cuba's per capita income might have increased by an average of only 0.5% per annum in the last 20 years. Both per se and as compared with other countries in its area, Cuba's performance is disappointing. The island's economy is more of a sugar mono-culture now than it was before the Revolution, and dependence on a foreign economic power has increased

for the heavily subsidized share of the USSR in Cuban foreign trade is comparable to the slightly subsidized share of the USA in the late fifties. At a closer analysis, the economic "successes" achieved by Havana with Moscow's aid are largely illusions created by propaganda to bolster Soviet interests and Castro's ambitions in the Third World. As long as economic dependence and coincidence of ambitions last, Cuba will not be dissociated from the Soviet Union. Thus, whilst Havana's claim to the leadership of the non-aligned movement is false to informed observers, leaders of many of the least developed states admire Cuba's success in addressing the symptoms, if not the causes, of the socio-economic ills that beset virtually all Third World countries. Confronted with these seemingly intractable problems, they appear less concerned with the costs associated with the Cuban approach and tend to ignore the importance of the massive infusions of foreign aid which they have little chance in obtaining.

B. INTRODUCTION

7. "There were so many Cuban ships in the Luanda Bay, says the Colombian writer Gabriel Garcia Marquez, that President Agostinho Neto, whilst counting them from his window, shivered and said to a friend: "It is not fair. At this pace Cuba will soon be ruined!"(1). That would have indeed been the case if in the same year (1976) Cuba were not receiving an average \$4.1 million a day in Soviet economic aid, and an unknown amount of military grants. Since then Soviet aid to Cuba has doubled, reached an estimated \$2,970 million in 1978 and \$3.2 to \$3.5 billion in 1979. Over 85% of this amount is straight grants in the form of subsidized imports and exports from and to Cuba. The rest is development or balance of payments loans, handed out at very favourable terms for the recipient, with only nominal interest charges.

8. More than 21 years since the Revolution which led Castro to power on 1st January 1959, Soviet trade with, and aid to Cuba has grown to such a point that the Soviet-Cuban relationship has a client-patron nature. Economic policies are established by the powerful "Intergovernmental Commission for Economic, Scientific and Technical Co-operation", which ensures that no major undertaking proceeds without Soviet accord. If for any reason the ties between Cuba and the Soviet Union were suddenly severed, the Cuban economy would be completely disrupted; in this sense Cuba can be said to be

(1) "Ou va Cuba" - l'Express, 1st September 1979, pp. 36-52

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totally dependent on the Soviet Union, whose annual aid and repayable credits are equivalent to, respectively, one-fifth and two-fifths of Cuban aggregate production(1) as shown in the following table(2).

Cuba's Dependence on the Soviet Union
(1978)

	Millions of dollars	Per cent of GMP(*)
Exports to the USSR	3,200	23
Imports from the USSR	2,800	20
Total aid from the USSR	2,970	22
of which: Grants	2,435	18
Debt to the USSR	5,260	38

(*) Cuban GMP is estimated at \$13.8 billion in current prices at the official exchange rate of 1 peso = \$1.32

Source: Tables 3 (Debt) and 4 (Other Entries) at Annex I

9. This paper presents the historical evolution and the nature of Soviet-Cuban economic relations, both in qualitative and in quantitative terms, in order to trace a cost-benefit analysis of them. In the concluding pages an attempt is made to evaluate the prospects of bilateral ties and to assess whether the Soviet Union could follow similar economic policies in other countries.

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- (1) "Aggregate production" is a general term, used hereafter to refer to the nation's annual level of activity, no matter whether this is assessed in Western (GNP) or Communist (GMP or NMP) concepts. Cuban and CMEA statistics referring to Cuba use GMP (Gross Material Product), which belongs in the Marxist family of accounting concepts, for it is NMP (Net Material Product) plus depreciation. The inclusion of depreciation makes GMP closer to GNP (Western concept) than NMP, used by all other Communist countries.
- (2) Annex I contains a number of more detailed tables illustrating the quantitative developments in bilateral relations and the main trends of domestic production during the period 1955 to date.

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C. EVOLUTION OF SOVIET-CUBAN ECONOMIC RELATIONS

10. Before the Revolution the Cuban economy was characterized by three main features: (a) mono-culture and mono-export (sugar); (b) the predominance of latifundia, which represented 71% of the cultivated land(1); and (c) dependence on the United States, which accounted for about two-thirds of both export and imports (columns 4 and 8 of Table 3, Annex I). As the USSR clearly wanted to make Cuba the showcase of a socialist path to development spectacular results were to be expected. The more so as the early stages of socialism in other countries had been associated with high growth rates, even without external aid.

11. For Cuba it has not been quite so. Little structural changes have taken place in 20 years of socialism and Soviet aid, and the country's economy is still characterized by: (a) mono-culture and mono-export (sugar); (b) 75% of the land owned by the State; and (c) virtual total dependence on the USSR. Whether 75% of the land in the hands of the State is "better" than 71% in latifundia is a question not examined here, but the concentration of ownership has not decreased. Nor has Cuba's external dependence, for at present an overwhelming volume of trade not only is accounted for by an economic superpower but also has to be heavily subsidized, which had not been the case before Castro's takeover. If the subsidy element were removed Cuba's trade deficit in 1978 would have been \$2.8 billion instead of just \$174 million. A similar bias has characterized Cuban foreign trade since the early post-revolutionary years.

(a) The Years of Economic Revolution (1959-1963)

12. After Fidel Castro assumed the post of Cuban Prime Minister the historical US economic presence in the island began to fade rapidly. All US property was nationalized in July 1960 which caused - as a retaliatory measure - the reduction and eventual elimination (October 1962) of trade with the US. Cuba then sought emergency economic support elsewhere. The Soviet Union promptly presented itself as an alternative partner. Revolutionary ideology and Soviet influence inspired fundamental changes in the structure of ownership, the principles of management and the orientation of economic policies.

(1) More precisely, 8% of the landowners owned 71% of the cultivated land

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13. Following the Agrarian Reform of May 1959, private ownership was confined to a secondary rôle: the latifundia became State property and other sectors like industry, trade, transport, and energy were gradually nationalized. The free play of market forces was suppressed and replaced by central planning under the supervision and co-ordination of the "Junta Central de Planificación". Like any "respectable" developing socialist country Cuba engaged in an attempt to accelerate industrialization: at the end of the Four-Year Plan (1962-1965) it was to possess a full industrial structure and the Soviet Union was to assist in this development. Indeed, between 1960 and 1962 the USSR accorded the Cubans loans adding up to one-third of all investments foreseen in the Plan.

14. Naturally the Soviet Union also took over from the United States in Cuban foreign trade and convinced her partners in East Europe that they should help in this task. By 1962 the CMEA share in Cuban foreign trade was approximately the same as the US share in 1958-1959 (columns 2 and 6 of Table 3, Annex I). In February 1960 Cuba and the Soviet Union signed a Trade Agreement and in 1961 Soviet sugar imports already exceeded 50% of Cuban exports (column 7 of Table 5, Annex I). Therefore from the very outset of Castro's régime the USSR started purchasing the bulk of Cuban sugar, and also supplied the island with major capital goods, oil, and finished products. In spite of this, the Cuban Authorities were unsuccessful in their efforts to industrialize the country and set up an efficient planning system. This failure was not only due to the disruption caused by economic transformations but also to the enormous "brain drain", by which an estimated 800,000 Cubans (including 40% of the population with university degrees) fled the country.

(b) Trials and Errors (1964-1970)

15. During the period 1964-1970 the Cubans went on with their socialist experiment. Following the example of the Communist countries, ministries for individual sectors were set up. Sugar remained the most important sector of the economy, but it was now seen as the means of promoting industrialization. Project co-operation with the Soviet Union was emphasized and Soviet aid predominantly took the form of balance of payments assistance. The long-term sugar import commitments at guaranteed prices entered into by the Communist countries were initially of considerable help. The Soviet Union signed such an agreement in January 1964, fixing a stable price for the period 1964-1970 "retroactively applied to the deliveries of 1963". This price of 120 rubles per tonne, or \$133.33, was slightly above the world market price in that year, but it translated into a much more substantial aid as

sugar prices plummeted in the following years and by 1970 they were still less than two-thirds the prices paid by the Soviet Union to Cuba (columns 14 and 15 of Table 5, Annex I). It was not until 1972 that the world market price exceeded the fixed price of the bilateral trade agreement(1).

16. On the whole this period was not more successful than the early, revolutionary years. It seems that real GNP practically stagnated, which meant a certain decline in per capita terms. The Cubans themselves acknowledged poor results as their per capita GNP figures remained practically unchanged between 1963 and 1970 even in current prices (column 5 of Table 2, Annex I). Meanwhile, the Cuban economy suffered from disorganization and lack of incentives. Although the major features of the Soviet economic system were gradually grafted on to Cuba in agriculture, industry and trade, material incentives were not used in anything like the same way as in the Soviet Union. Precedence was given to moral rather than to material incentives and in fact the Cuban leaders were - at an ideological level - talking about the creation of a "new man", and therefore a "new workman". The effects of this policy in terms of labour productivity were decidedly adverse, and this phase in economic development could not but culminate in the fiasco of 1970: the over-ambitious 10 million tonne target for sugar production was grossly underfulfilled and, as tremendous resources had been concentrated in that sector, the rest of the economy suffered greatly.

17. Cuba's economic misfortunes might not have displeased the Soviet Union, for the period 1964-1970 witnessed political friction between the two countries. Castro's strident nationalism, his direct support of revolutionary factions in Latin America, his disdain for the Moscow-oriented Cuban Communist Party (PSP), his cultivation of ties with China, and his initial refusal to endorse

(1) The Cubans switched some of their exports from the Soviet Union to the free market whenever the price prevailing in the latter exceeded the fixed price of the bilateral agreement. In such periods (see years 1963 and 1972-1974 in Table 5, Annex I, columns 7, 13 and 15) the share of Cuban exports to the Soviet Union stagnated or substantially decreased, to reach a minimum of 26.5% in 1972, in coincidence with the appearance of the widest gap between the world market and the fixed price.

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the Soviet invasion of Czechoslovakia are the most striking examples of dissent: the last difference in particular antagonised Moscow, which did not hesitate to exert its economic leverage. By restricting oil deliveries the Soviets effectively demonstrated the extent of Cuba's economic dependence, with the result that Castro reluctantly lent public support to the crackdown on "Prague spring". Although Soviet assistance was resumed at normal pace, it had become clear by late 1970 that the Cuban economy could not recover from the revolutionary disarray and erratic economic management unless firmer rationalization measures were taken, including better mechanisms of resource allocation.

(c) Cuba's Soviet Economy (1971 to present)

18. As a result of these setbacks, Soviet-Cuban economic relations entered a new phase marked by the creation of the Intergovernmental Soviet-Cuban Commission (December 1970). In order to stabilize development the Cuban economy was gradually and fully "Sovietized". By the Cooperation Agreement of 23rd December, 1972 the Soviet Union - in recognition of Cuba's extremely tight financial situation - put back the reimbursements on account of credits granted between 1960 and the end of 1972; these reimbursements, together with interest for the year 1972, will be repaid commencing from 1st January 1986 for a period of 25 years. Meanwhile, no interest will be charged. The same agreement also contemplated new credit lines for the years 1973 to 1975. This liberality was aimed not only at rehabilitating the Cuban economy but also at making it possible for Cuba to become a member of the CMEA Banks. Indeed a precondition of such membership, according to the banks' rules, was that the balance of payments with socialist partners be fairly balanced and the trade balance be "sound". Cuba, which had become a full CMEA member in July 1972, was also finally accepted as a member of CMEA's International Bank for Economic Cooperation and the International Investment Bank in 1974. It should be noted that since the following year (1975) the island's bilateral trade balance with the Soviet Union has been in surplus (column 3 of Table 4, Annex I).

19. Within Cuba, Soviet advisers were successful in rationalizing economic planning and management, and were also responsible for the reintroduction of material incentives, largely to replace purely moral incentives which had not proven successful. The relationship between the circulation of goods and money was restored in line with the Soviet model. Profitability was reintroduced as a success indicator for enterprises and administrations. The rôle of trade unions was redefined. All these measures had a feed-back effect on Cuba's qualification for CMEA membership, which in turn had brought proliferation of cooperative agreements, commodity protocols, and specific agreements on projects and groups of projects with all CMEA members.

20. The more rational economic outlook has become apparent in the first Cuban Five-Year Plan (1976-1980). Elimination of bottlenecks has been given priority in fields such as port infrastructure, construction materials, fertilizers, agricultural machinery and metal production. The Plan aims at greater economic integration with CMEA countries, including joint projects to develop nickel production. At its 29th meeting in January 1975, the CMEA Council concluded a "General Co-operation Agreement for the creation of additional manufacturing capacity for products containing nickel and cobalt", which seems to be tantamount to a programme of assistance to Cuba. On the other hand, the importance of sugar production has not been reduced and annual output is planned to reach 8.5-8.7 million tonnes in 1980. However, plan targets are not likely to be met, and there have been reports that Havana has recently been forced to purchase sugar in order to meet its export commitments(1). Nevertheless, Cuba's rôle as a sugar supplier has not changed, and the mono-cultural character of the economy will persist. The more so as implementation of planned CMEA co-operative development projects (e.g. in nickel) has suffered chronic delays.

21. All in all, the Cuban economy is increasingly following the Soviet model and planning has been put under Soviet guidance. In 1976 long-term bilateral agreements were concluded between the Soviet Union and 19 Cuban Ministries and State Committees. It is also noted that the guidelines of the April 1976 General Co-operation Agreement between Cuba and the USSR were perfectly synchronised with the directives of the first Cuban Five-Year Plan, which in turn indicates that the two might have been a joint product. Economic subordination of Havana to Moscow, reflected even in official documents of recent years, is at sharp variance with the "indiscipline" of the Castro régime in the 1960s. Although some political independence might still survive in foreign policy, specifically in some relations with Third World countries, Cuba's economic dependence is so high and the Soviet presence so deep, that the question arises as to whether any key economic decisions today rest entirely in the hands of the Cuban government. In such conditions, Castro's pretensions to the leadership of the non-aligned movement is groundless, for Cuba is not, and cannot afford to be a non-aligned country.

D. NATURE OF SOVIET-CUBAN ECONOMIC RELATIONS

22. The Soviet-Cuban special economic relationship developed in an ad hoc fashion in the early years of the Castro government as a countervailing force to the United States influence. Initially ill defined and hardly logical in objective economic terms, the economic relationship has been formalized and expanded over the

(1) Le Monde, 23rd July 1980

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years with the signing of over 100 bilateral economic agreements and trade protocols, and full Cuban membership in the Soviet-led Council for Mutual Economic Assistance (CMEA). Bilateral trade is conducted mainly in soft currency and consists primarily of the exchange of Cuban sugar for Soviet manufactures, petroleum, and foodstuffs under terms highly unfavourable to Moscow. Theoretically based on Cuba's comparative advantage in tropical agriculture and labour, the economic relationship in reality remains heavily one sided and largely unjustified solely on economic grounds.

23. The Soviet patron rôle is nowhere more evident than in the size of the Soviet economic assistance programme (columns 4 to 12 of Table 4, Annex I). Soviet economic support to Cuba over the 1960-1978 period has amounted to the equivalent of \$13.6 billion, including \$3 billion in 1978. About 40% of this total or \$5.3 billion consists of loans provided as balance of payments and development aid. The remaining 60% consists of subsidies in the form of artificially high Soviet prices for Cuban exports to the USSR, and artificially low Soviet prices for Cuban imports from the USSR.

24. Soviet aid is hereafter analysed under three different headings: (i) aid through subsidized trade; (ii) aid through economic co-operation (specific projects); and (iii) aid in education and technical training (formation of human capital).

(a) Subsidized Trade

25. This type of aid is given in the form of higher prices paid by the Soviet Union for Cuban sugar and nickel⁽¹⁾ and lower prices paid by Cuba for Soviet oil. More specifically, Moscow in 1979: (i) paid about five times the world price for about 3 million tonnes of Cuban sugar; (ii) paid slightly above the current world price for Cuban nickel; (iii) supplied virtually all of Cuba's petroleum needs either directly or indirectly through Venezuela, at about three-fifths the average OPEC price.

26. In addition, Moscow significantly augmented Cuban foreign exchange earnings in recent years with the reinstatement in 1975 of hard currency purchases of Cuban sugar after a 13-year hiatus. These extra-protocol purchases, which are made at world prices, have approximated \$970 million in 1975-1978. Moreover the Soviet hard currency purchases of 800,000 tonnes in 1975 and 650,000 tonnes in 1976 were counted as Cuban sugar sales to the world free market and thereby contributed to Cuba's success in securing the largest export quota under the 1977-1979 International Sugar Agreement.

(1) 1956-1979 sugar prices paid by the Soviet Union, and the corresponding CMEA and world market prices, are recorded in columns 11 to 15 of Table 5, Annex I.

(b) Economic Co-operation

27. The Soviet Union has participated during the current Five-Year Plan in an estimated 300 ventures, some of which have already been completed. A list of the most important projects whose realisation is foreseen within the frame of economic co-operation was published by "La Documentation Francaise" in April 1980.

28. For the historical record it might be added that Soviet sources give the following picture of the branch distribution of joint projects (data covering up to the end of 1972):

Industry	76.1%
of which: Sugar	21.6%
Textiles	10.7%
Agriculture	5.2%
Geological Prospecting	8.3%
Transport and Communications	8.2%
Health and Education	1.9%
Other	0.3%

More on this topic will be said in the section dealing with cost-benefit analysis.

(c) Education and Training

29. The co-operation in the field of education and professional training has been developing vigorously since the first bilateral agreement of February 1960. This kind of co-operation takes on different forms, such as: (i) the formation and on-the-spot re-training of Cuban workers, engineers and technicians during the realisation of joint projects; (ii) secondary school and university education of young Cubans in the USSR; (iii) practical training of personnel in Soviet enterprises; (iv) appointment of Soviet teachers in Cuban schools; and (v) technical assistance for the construction and the equipment of schools and training centres in Cuba.

30. Between February 1960 and 1977, 12,200 Cubans attended school and college in the Soviet Union. Several thousand skilled workers were formed in Soviet vocational schools. An estimated 12,000 Cubans were trained on-the-spot between 1960-1972 by Soviet advisers in the course of joint co-operation programmes.

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31. As to practical training in Soviet enterprises of Cuban staff, some examples may be quoted. In 1963, 200 Cubans were trained in Kaliningrad in fishing port management, within the framework of the 1962 co-operation agreement related to developing the port facilities of Havana. In 1962-1963, 100 Cubans were trained in four Soviet automobile repair works; they eventually went back to Havana to work in a smaller jointly built plant.

32. The Soviet Union also helps to install educational facilities on the island. In 1978, 43 training centres were being built and in 1979 it was planned to build another 80 for the training of skilled workers in different economic sectors. Each centre has a planned capacity of 600. Soviet teachers are active in Cuba and schools staffed with Soviet personnel are considered as elite establishments, where only the best pupils are admitted.

33. Soviet-Cuban co-operation in the field of education and technical training has helped Cuba to overcome the difficulties of the early post-Revolution years. Because of Soviet aid, Cuba is now an "exporter" of technical staff to the Third World countries: in 1978, 12,500 economic experts were present for one month or more in a developing country (91% in Africa).

E. COST-BENEFIT ANALYSIS OF SOVIET-CUBAN ECONOMIC RELATIONS

34. Although in global terms, i.e. including political and military considerations, the picture would be more balanced, in strictly economic terms the Cuban-Soviet relationship is such that all benefits appear to be for Cuba and all costs for the Soviet Union.

(a) Economic Benefits for Cuba

35. The Cuban client rôle is reflected in its dependence on massive Soviet assistance to meet its basic consumption and investment needs. Cuba's general lack of economically exploitable natural resources, its semi-developed status, and its intensely nationalistic Marxist development strategy seriously impinge on Cuba's ability to generate adequate domestic investment capital or attract Western foreign investment. In recent years the magnitude of Soviet support has been greater and perhaps more crucial than ever because of Cuba's deteriorating foreign payments situation and its ambitious foreign policy initiatives. For example, in 1978:

- (i) the \$3 billion in Soviet economic assistance represented 20% to 25% of estimated Cuban aggregate production;

- (ii) the USSR purchased approximately 72% of Cuba's estimated \$4.5 billion of exports, including about 54% of Cuba's sugar exports by volume (column 7 of Table 5, Annex I), and at least 50% of Cuba's nickel exports by volume;
- (iii) the USSR accounted for three-fifths of Cuba's estimated \$4.7 billion of imports, including virtually all of Cuba's petroleum imports, the bulk of its imported foodstuffs, and a major portion of its capital goods;
- (iv) the \$125 million Soviet hard currency purchases of Cuban sugar accounted for about one-sixth of total Cuban hard currency earnings.

36. Moscow has also indirectly enhanced Cuba's foreign exchange position by interceding on Cuba's behalf with East European CMEA members and in international financial circles. For example, the USSR has evidently exerted pressure on Cuba's East European trading partners to purchase some 600,000 tonnes of sugar annually - much of which they do not need - at premium, albeit less than Soviet prices, and to extend long-term commercial credits on favourable terms. Since 1960 these sugar subsidies and the trade credits have mounted to the equivalent of \$1 billion and \$695 million respectively.

37. Less quantifiable but none the less important has been Moscow's support for Cuban efforts to secure both hard and soft currency credits from the International Investment Bank (IIB) and the International Bank of Economic Co-operation (IBEC), both of which are under the aegis of CMEA. In addition, the continued Soviet underwriting of the Cuban economy has enabled Havana to obtain sorely needed Eurocurrency credits at more favourable terms because many Western bankers view the USSR as the ultimate guarantor of Cuban loans.

38. On the Cuban domestic scene, over 160 industrial and other projects have been completed with Soviet economic and technical aid. These projects account for some 10% of total Cuban industrial production, including at least 30% of electric power output, 95% of steel production, 100% of sheet metal output, 12% of sugar milling capacity, and the bulk of Cuba's sugar harvest mechanization. Under the current 1976-1980 Five-Year Plan, the USSR is assisting in the development of projects in the electric power, nickel, sugar, petroleum, ferrous and non-ferrous metallurgical, building materials,

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and transport sectors. These programmes are being carried out with some \$1.7 billion in Soviet development aid extended at the beginning of the Five-Year Plan and overseen by an estimated 2,000 to 6,000 Soviet technicians in Cuba in compliance with the Inter-governmental Economic and Technical Co-operation Agreement signed in April 1976.

39. Without Soviet economic aid, Cuba would experience a significant reduction in domestic economic activity and forgo any hope for economic growth over the next several years - a scenario the already sluggish Cuban economy can ill afford. Given the absence of an alternative benefactor and Havana's limited ability to incur additional debt in the West, the termination of Soviet economic aid - which equalled nearly one-third of Cuban trade turnover in 1978 - would force the Castro government to reduce imports by at least one-half and undoubtedly default on its debt obligations to the West (see following Table). Under these circumstances, Cuba would be forced to reduce its already austere standard of living even further as petroleum imports would consume about two-thirds of export revenues and leave little room for imports of raw materials and intermediate goods. Meaningful investment would be out of the question given the constraints on import capacity and the inability to shift significant domestic expenditures from consumption to investment.

Foreign Trade Adjusted to
Exclude Soviet Price Subsidies
(US \$ million)

	1971	1972	1973	1974	1975	1976	1977	1978
Exports f.o.b.	861	839	1395	2662	3660	3230	3553	4524
Less Soviet sugar and nickel subsidies	56	0	150	38	611	995	1444	2475
Adjusted exports	805	839	1245	2624	3049	2235	2109	2049
Imports c.i.f.	1387	1296	1770	2649	3860	3816	4188	4698
Plus Soviet oil subsidy	0	0	0	369	290	362	328	165
Adjusted imports	1387	1296	1770	3018	4150	4178	4516	4863
Trade balance	-526	-457	-375	13	-200	-586	-635	-174
Adjusted trade balance	-582	-457	-525	-394	-1101	-1943	-2407	-2814

(b) Economic Cost to the Soviet Union

40. From a financial point of view it might be useful to make a distinction between the two kinds of burdens the USSR has to face: overall opportunity costs in both soft and hard currency, and hard currency opportunity costs, i.e. hard currency disbursement for the benefit of Cuba and hard currency gains forgone because of supplies to Cuba.

41. Hard currency costs to the Soviets have risen significantly since the mid-1970s (see following Table). During 1960-1973 these costs amounted to a modest \$1.5 billion, or only about \$100 million annually, largely because of low world oil prices and Soviet re-export for hard currency of Cuban sugar after refinement in the USSR. Since 1974, however, soaring world oil and grain prices(1) and the resumption of Soviet hard currency purchases of Cuban sugar and simultaneous discontinuance of Soviet re-exports have driven the hard currency costs to an estimated \$5.4 billion, or \$1.1 billion annually - the equivalent of about 11% of Soviet hard currency exports and about 8.5% of Soviet hard currency earnings.

Soviet Hard Currency Costs(1)
(US \$ million)

	1960-73	1974	1975	1976	1977	1978	1979(2)
Total	1,455	660	1,253	1,107	1,240	1,157	1,489
Petroleum	1,009	548	635	745	838	887	1,149
Wheat/flour	575	98	155	150	179	118	155
Other grain	96	14	13	12	28	27	35
Sugar	-225	negl.	450	200	195	125	150

(1) Estimated direct cost of hard currency items purchased by the USSR from Cuba or from the West for delivery to Cuba and the earnings forgone by deliveries to Cuba of goods which could have been sold elsewhere for hard currency.

(2) Provisional.

(1) Moscow also finances Cuban imports of foodstuffs by purchasing Western commodities on its own account for transshipment to Cuba. In 1979, nearly \$200 million in Cuban imports of wheat and flour, as well as substantial amounts of corn and rice, were paid for directly by the USSR.

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42. As far as the overall costs are concerned, it was shown that they reached the \$3 billion mark in 1978, and the bleak long-term potential for the Cuban economy in conjunction with the prospects for expanded Soviet political dividends from its relationship with Cuba argued for continued large-scale and even increased Soviet subsidization of the Cuban economy. Indeed, Soviet economic aid in 1979 was preliminarily estimated at \$3.2-3.5 billion in credits and subsidies (and Soviet hard currency costs at about \$1.5 billion).

43. It might be argued that an overall burden of \$3 billion in 1978 was slight, for it represented just about 0.4% of Soviet NMP (column 4 divided by column 14 of Table 4, Annex I). Moreover, it is also possible that, although aid to Cuba slightly reduced the availability of selected Soviet goods in the domestic and foreign market places, it also provided a market for other goods that probably could not have been sold elsewhere(1). Even in the petroleum sector Soviet direct and indirect deliveries to Cuba accounted for only 1.7% of total Soviet oil production.

44. If the burden might have seemed slight in the past it cannot be viewed the same way for the future. For instance, Soviet oil production in 1979 increased by a mere 2.4%, and deliveries to Cuba represent almost three-quarters of such increase. Furthermore, Cuba represents some 13% of total Soviet oil exports to the CMEA. If Western forecasts of oil production in the early eighties are anywhere near the target, oil deliveries to Cuba will represent a significant burden for the Soviet economy in face of other pressing demands.

45. In more general terms, the Soviet economy as a whole is experiencing increasing difficulties which are reflected in sharply declining growth rates. With an NMP growth rate of 2% in 1979 it will be practically impossible for the Soviet economy to fulfil the Five-Year Plan targets and forecasts for the 1980s range from 2% to 3.5% as an annual average. In such a context a \$3 billion aid for Cuba alone should not be underestimated. The more so since Soviet leaders and the Soviet population are not enthusiastic about handing out development aid.

(1) Furthermore, it is likely that some of the goods the Soviet Union exports to Cuba are overpriced. Past evidence suggests that Cuba paid for Soviet cars 30% more than Poland and Hungary. In general, goods delivered within the framework of tied aid are charged by the USSR around 13-15% more than the same goods sold to the West. Therefore, at least a part of the trade subsidies to Cuba is recovered by the Soviet Union via higher prices on commodities other than oil.

46. The cost of Cuba might represent a lesson and militate against embarking on a similar undertaking somewhere else. Undoubtedly Soviet aid will continue to flow to Cuba, and bilateral negotiations are now underway on the co-ordination and integration of their 1981-1985 Five-Year Plans. Castro has already announced "assured" Soviet deliveries of 61 million tonnes of oil and products during the plan period. Soviet officials in Havana have indicated that additional trade credits and price subsidies are likely to be forthcoming for political reasons despite economic arguments to the contrary. Specific Soviet-financed projects planned for the 1980s include a new nickel facility at Punta Gorda, a nuclear power plant and a petroleum refinery at Cienfuegos, and several other industrial projects on a smaller scale. Despite Moscow's own petroleum problems, the USSR will continue to provide for Cuba's oil needs at a subsistence level. However, with competing demand from other CMEA allies and the dominance of petroleum as a source of Soviet hard currency earnings, Moscow's "assurances" to Castro will prove increasingly costly.

47. Soviet largesse is not open-ended, however, and will be conditioned by:

- (i) Cuba's economic needs and its ability to exploit its perceived reverse political leverage over the USSR;
- (ii) the USSR's perception of Cuba's economic needs in relation to the political benefits accruing to Moscow and the relative costs to the Soviet economy, which is experiencing growing problems of its own.

F. CONCLUSIONS AND PROSPECTS

48. Cuba has derived unquestionable economic and political advantages from her "special" relationship with the Soviet Union, and the latter has willingly incurred a resource drain from its long-term support of Cuba, aiming at - among other things - making the island a showcase of the efficiency of Soviet economic aid and of the opportunities presented by the adoption of Soviet-type planned economic mechanisms. The concluding remarks which follow are therefore devoted to examining three key questions: (i) is Cuba prepared to continue this kind of relationship which presents definite benefits but which is also connected with a high degree of dependence on a foreign patron entailing - on the economic level - the perpetuation of mono-culture within CMEA "division of labour"?;

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(ii) given the costs of involvement in Cuba, which are bound to increase in the future (assuming that the Soviets will not willingly pull out of the island), can the Soviet Union afford to acquire similar political influence with other prospective clients by subsidising them at similar levels?; (iii) what is the balance sheet of this "showcase" experiment and its possible power of attraction for Third World countries? Answering these questions means giving respectively, a "View from Havana", a "View from Moscow", and an outsider's assessment (which we took the liberty to name "View from Brussels") of Soviet-Cuban economic relations.

(a) View from Havana

49. The Castro government possesses an ambivalent attitude toward its overwhelming economic dependence on Moscow. Castro recognizes that the massive economic support extended by the Soviet Union has enabled him to carry out Cuba's basically pro-Marxist, anti-US revolutionary policies at home and abroad, but is aware that it has also circumscribed Havana's independence in implementing these policies. Under these circumstances, Castro has tried to make the best of his client status in the economic arena by maximizing Cuba's importance in the political arena - a manoeuvre which has had increasing success over the past several years.

50. Castro realises that the resource-deficient Cuban economy probably would not have survived without Soviet aid, and is aware that termination of that aid would not only have serious economic consequences but major social and political implications as well. A new generation of Cubans, who have grown up under Castro, is expecting to reap the harvest of 20 years of sacrifice and austerity by their parents; failure to realise these expectations could result in serious social, economic, and political strains on the Cuban Revolution, its structure, and its institutions. Internationally, Havana's worldwide diplomatic offensive of the 1970s, its drive for Third World leadership, and its military support for revolutionary governments could not have been carried out without massive Soviet assistance. Without this support, Cuba's efforts would have been seriously impaired, if not negated, by financial constraints and the need to focus Cuba's energies and resources on domestic matters.

51. Castro, being a nationalist first and an ideologue second, would undoubtedly prefer to be independent of all foreign economic support and its accompanying influence. Since the economically disruptive 1969-1970 sugar harvest largely discredited Castro's unorthodox economic policies, Havana, at Moscow's behest, has with some reluctance implemented a series of wide-ranging economic rationalization measures, many of which had an impact on the basic tenets of the Cuban Revolution itself and somewhat diminished Castro's

influence in the economy. In concert with these domestic reforms, Cuba under Soviet pressure became a full member of CMEA - ostensibly a move to facilitate Cuban co-operation with other CMEA countries but also designed to enhance and further institutionalize Soviet economic influence on Havana. Moreover, although Soviet aid has encouraged limited Cuban economic diversification and has not led to Soviet ownership of Cuban resources in a conventional sense, the large-scale subsidization of the Cuban sugar industry only perpetuates Cuban mono-culture - ironically the very policy for which Havana has criticized the United States and other developed Western countries in their dealings with less developed countries.

52. At the same time that they were urging economic reform, the Soviets also pressed for specific political changes in Cuba. They called for: the promulgation of a new constitution; the establishment of a legislature - the National Assembly; and the wholesale reorganization of the government and administrative apparatus along more efficient lines. The changes were aimed primarily at institutionalizing the Cuban revolution and ensuring a peaceful, secure transfer of power from Fidel to his successor. To a certain extent, however, they were also aimed at curtailing Castro's freewheeling style. Castro's control was not seriously diminished, but the reforms that were adopted underscored the influence that accompanies massive economic dependence on a foreign power.

53. As a result of having felt the brunt of Soviet economic leverage more than once, Castro in recent years has attempted to maximize Cuba's political importance to Moscow. Since 1974 Havana has effectively used its rapidly expanding relations and influence with the Third World to promote Soviet, as well as Cuban, interests whenever possible. Moreover, since 1975 Castro has actively supported mutual Cuban-Soviet objectives in the Third World by enthusiastically sending thousands of Cuban military personnel and civilians abroad(1). There are currently an estimated 45,000 to 50,000 Cuban personnel serving in the Third World, the vast majority of whom are located in Africa.

(b) View from Moscow

54. Moscow, interested in exploiting the Havana-Washington split in the early 1960s and simultaneously gaining a foothold in the Western Hemisphere, committed itself to the economic rescue of the Cuban Revolution. Despite periodic strains in their relationship, the Soviet commitment to Cuba grew throughout the 1960s and early 1970s. Although Moscow expected only limited

(1) A sharp increase in Cuba's manpower resources in the face of modest domestic economic growth is making it difficult for Havana to provide productive employment at home for the large influx of new workers, and is giving Cuba the capacity and the incentive to seek foreign outlets for its worker surplus.

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compensating economic benefit from the relationship, the Soviets evidently calculated that geopolitical benefits accruing to the USSR offset, at least to a large extent, the economic costs. Included among these benefits are a base for improved intelligence collection against the United States and a potentially viable Marxist model for other Third World countries to emulate.

55. Since 1975 Moscow has acquired significant dividends of a political nature from its economic investment in Cuba and now views Havana as considerably less of a liability than in the past and probably as a net asset overall. Moscow has discovered in Cuba a willing and increasingly capable ally to espouse and assist in the implementation of Soviet policies in the Third World, where a large-scale Soviet presence and activity would be viewed with alarm by much of the world. However, Cuba's value as a political asset vis-à-vis the Third World could prove transient.

56. These geopolitical advantages are paid for by the USSR at such a high economic price that we would tend to believe that one Cuba is enough. Whilst the Soviet Union will not overlook new opportunities to expand its political influence, and could thereby incur added economic burdens, it will probably not accept to take on a cost of over \$8 million a day (and rapidly increasing) for any other country. Therefore it is unlikely that the USSR can afford economic support equivalent to that provided to Havana, to potential client states such as Vietnam and Ethiopia, which are much larger and poorer than Cuba, as shown in the following table.

Population and Per Capita Income of
Selected Developing Countries. World
Bank(1) Preliminary Estimates for 1977

	Population (000)	Per capita GNP (US \$)	Per capita GNP as % of Cuba
Cuba	9,604	900	100
Afghanistan	14,304	190	21
Ethiopia	29,397	110	12
South Yemen	1,797	320	35
Vietnam	50,413	170	19

Source: World Bank Atlas, 1978

(1) World Bank estimates significantly differ from other sources utilized in this paper (Table 2, Annex I). They are based on purchasing power parities. The Bank's estimates were chosen for the sake of homogeneity.

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57. If Vietnam were to ask for the same per capita aid as Cuba received in 1978 (\$309), the cost to the Soviet Union would amount to \$15.6 billion. Even this might not be enough for Vietnam could claim much more than Cuba, being five times poorer. The same per capita aid received by Cuba would translate, in the case of Ethiopia, into an outlay of \$9.1 billion a year for the USSR. But, again, Ethiopia is about eight times poorer than Cuba and there is no limit to the amount it might request on the basis of pure need.

58. It is concluded, therefore, that the USSR could afford to penetrate populous and poor countries only if their requests were kept within reduced limits, i.e. if they accepted to be "underpaid" clients. Smaller and less populous countries are much better perspective clients because the cost to the USSR would be less. For example, it would cost the Soviets a mere \$550 million to give South Yemen the same per capita aid as Cuba received in 1978. In general, the difficulties and the limitation of their economy constitute a barrier to the expansion of the Soviet empire by economic means. As a result Moscow may opt for other means to effect domination.

(c) View from Brussels

59. Drawing a balance of the Soviet experience in aiding Cuba implies, as a prerequisite, trying to assess Cuban growth since the inception of Soviet assistance in 1960. In Tables 1 and 2 at Annex I official Cuban figures are presented. Some manipulation was necessary only to estimate very recent developments, for the Cubans have not published any estimate of their GMP since 1975. Table 2 also reproduces two series of authoritative Western estimates in terms of GNP. Although the data are not completely coherent, they both present the picture of a rather stagnant economy.

60. During the 20 years since the Revolution as a whole, per capita GNP might have recorded an annual average growth rate of between -0.1% and +0.5%. Cuban official figures show also a decrease in per capita production (Communist concept) before 1970 and since 1970 they report an increase at sustained pace. However, the latter claim is totally unrealistic as can be deduced from a comparison of official GSP(1) in current and constant prices: the two series are so close that practically no allowance was made for inflation. When inflation is taken into account it may be concluded that a 0.5% annual average increase in per capita production since the Revolution would be of the right order. Both per se and as compared with other countries in its area Cuba's performance is disappointing(2).

(1) GSP (Gross Social Product) is a duplicated concept of aggregate production, typical of Communist accounting methods. It covers the value of both final and intermediate outputs.

(2) The more so as development plans continue to be unfulfilled. Adverse trends explain the 3% growth target for 1980, down from an estimated actual growth of 4.5-5% in 1979 and the original 1979 target of 6% (Le Monde, 30-31 December, 1979).

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61. Undoubtedly massive redistribution of income and wealth took place, an impressive educational system was set up and a good and free health service was established in the country. However, whilst schools and hospitals are highly desirable there must also be a productive structure able to support that kind of social consumption: Cuba has not built such a structure in the past 20 years and, indirectly, all the social services are, therefore, paid for by Havana's patron.

62. Moreover, these successes have been costly. Economic egalitarianism has stifled private initiative, lowered labour productivity, and diverted scarce resources from the productive sector. Although disguised, large scale underemployment still exists, and socialist style inflation in the form of a black market is extensive. Political stability has been achieved, but only at the cost of a totalitarian state and the departure of nearly 10% of Cuba's population.

63. For all the political, ideological, and prestige benefits both Cuba and the USSR might have derived from it, the "Cuban experiment" has been, so far, an economic failure. It has cost the Soviet Union \$17 billion since 1960 (as compared to \$8 billion handed out to all LDCs since 1955), but Cuba's per capita income might have increased just by about 10% in 20 years. Furthermore, 19-22% of such per capita income (depending on estimates and concepts used), is accounted for by Soviet aid, whereas before the Revolution a relatively comparable per capita income was produced nationally and, moreover, Cuba was able to pay out an estimated \$100 million a year (in 1958 prices) to foreign investors.

64. The island's economy is more of a mono-culture now than it was before the Revolution, with sugar averaging 87% of total exports in the mid-1970s as against 80% in the late 1950s (column 14 of Table 2, Annex I). In terms of aggregate production, sugar exports account for one-quarter, probably more now than in the late 1950s.

65. Dependence on a foreign economic power has increased. The USSR share in Cuban foreign trade is comparable to that of the United States before the Revolution. However, whilst before 1959 trade was concentrated but only slightly subsidized, now it is both concentrated and heavily subsidized, which implies deeper subordination than ever in Cuba's economic history, a state from which it cannot withdraw without facing economic chaos at least in the short term. As a result Soviet aid did nothing but keep afloat the island's extravagant Revolution. Soviet aid to Cuba from the economic aspect has not been a nil benefit venture but indeed a loss sustaining one: the Soviets have been giving the money but the Cubans have not succeeded in setting in motion a process of industrialization, product diversification and swift economic growth.

66. Nevertheless, the Cuban economic development model has elicited admiration or at least reluctant respect from much of the Third World. The leaders of many of the least developed states admire Cuba's success in addressing the symptoms, if not the causes, of the socio-economic ills that beset virtually all Third World countries. Confronted with these seemingly intractable problems, they appear less concerned with the costs associated with the Cuban approach and tend to ignore the importance of the massive infusions of foreign aid which they have little chance of obtaining.

67. It can be said that the economic successes achieved by Havana with Moscow's aid are largely illusions created by propaganda to bolster Soviet interests in the Third World. At the same time, this sophistry also serves the ambitions of the Cuban leadership. So long as economic dependence and coincidence of ambitions last, Cuba will not be disassociated from the Soviet Union and its pretended leadership on the non-aligned world is preposterous.

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	TABLE 1 CUBA - MAIN ECONOMIC INDICATORS Official data - Million Pesos														
	POPULATION		SOCIAL PRODUCT			MATERIAL PRODUCT				SUGAR & NICKEL		FOREIGN TRADE			
	TOTAL (millions)	Active (millions)	GROSS SOCIAL PRODUCT (GSP)	% share of Agriculture	% share of Industry and Construction	GROSS MATERIAL PRODUCT (GMP)	Depreciation	NET MATERIAL PRODUCT (NMP)	GMP in 1965 prices	Sugar (b) Production (000 tonnes)	Nickel Production (000 tonnes)	EXPORTS (FOB)	IMPORTS (CIF)	Sugar (c) Exports	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)		
1956	6.28	...	...	...	...	2,360 GNP	...	...	...	4,660	14.6	666.2	718	...
1957	6.41	...	...	...	...	2,800 GNP	...	...	...	5,504	20.2	807.7	895	654
1958	6.55	...	...	...	...	2,670 GNP	...	...	...	5,610	17.9	733.5	858	587
1959	6.69	...	...	...	...	...	...	...	...	5,964	18.0	637.4	740	...
1960	6.83	...	...	...	...	...	...	...	...	5,862	12.8	618.2	637.9	493
1961	6.94	...	...	...	...	...	...	...	...	6,767	14.8	624.7	702.6	540
1962	7.07	1,823	...	...	...	3,020.5	188.7	2,831.8	3,698.2	4,815	16.6	520.7	759.3	450
1963	7.31	...	...	...	...	3,449.6	193.6	3,256.0	3,736.7	3,821	19.8	543.8	867.3	473
1964	7.51	1,885	...	...	...	4,202.3	218.7	3,983.6	4,074.6	4,589	22.9	713.8	1,018.8	627
1965	7.72	...	...	...	...	4,137.5	250.7	3,885.8	4,136.5	6,082	28.2	690.6	866.2	591
1966	7.89	1,993	...	...	...	4,039.3	258.1	3,781.2	3,985.5	4,866	28.0	597.8	925.5	504
1967	8.05	...	...	...	...	4,082.8	...	...	...	6,236	32.6	705.0	999.1	599
1968	8.20	...	...	...	...	4,376.5	...	...	...	5,164	37.3	651.4	1,102.3	496
1969	8.42	...	...	...	...	4,180.6(a)	...	...	...	4,459	35.4	666.7	1,221.6	903
1970	8,551	2,264	9,125.9	13.0%	48.6%	4,203.9(a)	...	...	...	8,538	36.8	1,049.5	1,311.0	806
1971	8,692	2,402	8,936.4	12.2%	53.1%	4,818.2	...	...	...	5,929	36.5	861.2	1,387.5	657
1972	8,862	2,426	10,349.2	11.1%	50.9%	6,026.9	...	...	...	4,325	36.8	770.9	1,189.8	567
1973	9,036	2,526	11,910.3	10.1%	50.9%	6,710.4	...	...	...	5,253	35.2	1,153.0	1,467.0	908
1974	9,194	2,573	13,423.5	9.4%	49.0%	7,414.1	...	...	...	5,925	33.9	2,222.2	2,225.9	1,964
1975	9,332	2,626	15,799.3	8.4%	47.3%	8,886.3	...	...	...	6,314	37.3	2,947.0	3,113.0	2,565
1976	9,471	2,669	15,348.8(f)	11.1%(g)	44.8%(h)	8,918.2	...	...	...	6,250	36.9	2,694.0	3,065.0	2,350
1977	9,604(P)	2,790	15,972.0	11.5%	44.4%	9,283.9	...	...	...	6,575	36.7	2,913.0(P)	3,434.0(P)	2,500
1978	9,730	...	...	...	...	10,487.7	...	...	...	7,300	36.0(P)	3,438.0(P)	3,570.0(P)	3,000

Notes: (a) Change in GMP methodology; (b) Crop year (end 30th June); (c) Including molasses;
 (f) Change in methodology: 15,860.5 million pesos according to previous years' methodology;
 (g) Change in methodology 8.7% according to previous year's methodology;
 (h) Change in methodology: 48.8% according to previous year's methodology.
 (P) Preliminary
 ... Not available or not published.

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TABLE 2
CUBA - ECONOMIC GROWTH:
A comparison of estimates
(Base year for indexes: 1970)

	OFFICIAL DATA						US ESTIMATES			WORLD BANK ESTIMATES			THE SUGAR ECONOMY		
	GNP in million current pesos (1)	\$ Exchange rate (\$1 = pesos) (2)	GNP in million current US \$ (3)	Population (millions) (4)	Per capita GNP \$ US (5)	Per capita GNP Index (a) (6)	GNP in million current US \$ (7)	GNP real index (8)	Per capita GNP real index (9)	GNP in million current US \$ (10)	GNP real index (11)	Per capita GNP real index (12)	Sugar production index (13)	Sugar as % of exports (14)	Sugar exports as % of GNP (15)
1946	...	1.00	...	6.28	...	...	2,360	71.9	93.7	...	...	...	24.6	81.0	21.4
1957	...	1.00	...	6.41	...	...	2,800	...	...	...	...	...	24.3	80.0	22.1
1958	...	1.00	...	6.55	...	...	2,670	...	...	...	...	...	63.7	...	...
1959	...	1.00	...	6.69	...	...	...	...	...	...	...	...	69.9	...	...
1960	...	1.09	...	6.83	...	...	...	...	...	...	94.8	115.8	66.7	79.7	...
1961	...	1.00	...	6.94	...	...	...	...	...	...	...	...	79.3	86.4	...
1962	3,020.3	1.00	3,020.3	7.07	427	...	...	...	...	...	...	...	26.4	85.4	14.9
1963	3,449.6	1.00	3,449.6	7.31	472	...	...	...	...	...	...	...	44.8	87.0	14.7
1964	4,202.3	1.00	4,202.3	7.51	360	...	...	...	...	...	...	...	33.7	87.8	14.9
1965	4,137.5	1.00	4,137.5	7.72	536	...	...	...	...	...	...	...	71.2	89.6	14.5
1966	4,039.3	1.00	4,039.3	7.89	512	...	...	...	...	...	...	...	37.0	84.3	12.5
1967	4,082.8	1.00	4,082.8	8.05	507	...	...	...	...	...	...	...	73.0	85.0	14.7
1968	4,376.3	1.00	4,376.3	8.20	534	...	...	...	...	...	...	...	86.5	76.1	11.3
1969	4,100.6	1.00	4,100.6	8.42	497	...	...	...	...	...	...	...	32.2	73.4	12.0
1970	4,203.9	1.00	4,203.9	8.551	492	100	...	100.0	100.0	4,400	100.0	100.0	100.0	74.9	19.2
1971	4,818.2	1.00	4,818.2	8.692	554	96.5	...	97.0	96.0	4,390	...	...	69.4	76.4	13.6
1972	6,026.9	0.92	6,551.0	8.662	739	109.4	...	97.3	94.2	...	...	...	30.7	74.7	9.4
1973	6,710.4	0.83	8,084.8	9.036	895	123.5	...	103.5	96.9	3,600	...	...	61.3	73.4	13.5
1974	7,414.1	0.84	8,826.3	9.184	960	136.8	9,900	106.6	99.7	6,480	110.2	102.1	69.4	86.4	26.5
1975	8,086.3	0.81	10,970.7	9.332	1,175	158.6	...	109.9	101.7	7,730	112.7	104.4	74.0	87.0	28.9
1976	8,918.2	0.83	10,744.8	9.474	1,135	...	...	113.1	102.1	7,970	107.4	97.0	73.2	87.2	26.0
1977	9,281.9	0.82	11,321.8	9.604 (P)	1,179	161.0	...	...	...	8,700	...	...	77.0	87.0	27.0
1978	10,487.7	0.76	13,799.3	9.730	1,418	179.6	12,000	...	...	...	...	...	89.3	87.0	29.0
Annual Average	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1957-1976	...	0.1	...	2.1	...	...	...	2.4	0.9	...	...	...	...	82.3	...
1960-1976	...	1.2	...	2.1	...	...	...	...	...	...	0.8	...	...	82.4	16.4(c)
1957-1970	...	...	...	2.2	...	...	...	2.6	0.9	...	...	...	...	82.4	...
1960-1970	...	...	...	2.3	...	...	...	...	...	...	...	...	...	83.1	16.1(c)
1965-1969	...	...	...	2.3	...	...	...	...	...	...	0.9	...	...	83.1	16.5(c)
1965-1970	0.3	...	0.3	2.1	...	...	...	...	...	...	...	...	...	79.3	13.9(c)
1970-1976	13.4	3.2	16.9	1.7	14.9	7.8	...	2.1	0.9	10.4	1.2	...	12.2(b)	81.9	19.7(c)

Notes: (a) GNP was preferred to GMP because between 1970 and 1971 the methodology referring to the latter was revised, so reducing the significance of inter-temporal comparisons; (b) Rate of growth of the annual average of each period over the annual average of the preceding period; (c) Arithmetic mean of values in each period.
 ... Not published or not available.
 (P) Preliminary

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TABLE 3
CUBA - FOREIGN TRADE AND INDEBTEDNESS

	EXPORTS				IMPORTS				INDEBTEDNESS (millions of \$)				
	Millions of US \$	% to USSR and East Europe(a)	% to USSR	% to USA	Millions of US \$	% from USSR and East Europe (a)	% from USSR	% from USA	SOVIET Repayable AID	OTHER SOFT CURRENCY (b)	TOTAL SOFT CURRENCY	HARD CURRENCY	TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)=(9)+(10)	(12)	(13)=(11)+(12)
1956	666.2	...	-	...	714	...	...	...	-	-	-	...	...
1957	807.7	5.1	5.1	...	895	0.2	negl.	...	-	-	-	...	...
1958	733.5	2.4	1.8	67.1	858	0.2	-	67.7	-	-	-	...	...
1959	637.4	2.0	2.0	69.7	740	-	-	67.6	-	-	-	...	...
1960	618.2	18.6	16.7	53.2	637.9	16.8	13.8	48.5	-	-	-	...	...
1961	624.7	57.7	48.1	4.8	702.6	55.1	41.1	3.7	...	-	...	...	...
1962	520.7	63.5	42.3	0.8	759.3	70.3	54.1	negl.	...	-	...	...	...
1963	543.8	52.9	30.1	-	867.3	69.8	53.1	-	...	-	...	...	...
1964	713.8	46.2	38.5	-	1,018.8	55.6	40.2	-	...	-	...	...	...
1965	690.6	61.6	47.0	-	866.2	60.5	49.5	-	...	-	...	...	...
1966	597.8	64.4	45.8	-	925.5	69.1	56.3	-	...	-	...	...	...
1967	705.0	68.0	51.9	-	999.1	70.0	58.3	-	1,393	-	1,393	...	1,393
1968	651.4	63.0	44.5	-	1,102.3	71.3	60.9	-	1,825	-	1,825	...	1,825
1969	666.7	54.0	34.7	-	1,221.6	65.2	53.9	-	2,319	-	2,319	...	2,319
1970	1,049.5	64.8	50.6	-	1,311.0	62.2	52.7	-	2,550	-	2,550	...	2,550
1971	861.2	53.8	35.3	-	1,387.5	63.0	52.7	-	3,059	-	3,059	...	3,059
1972	837.9	45.4	29.1	-	1,293.3	69.8	60.0	-	3,691	-	3,691	549	4,240
1973	1,409.8	56.2	41.3	-	1,792.8	63.7	55.3	-	4,128	...	4,128	580	4,708
1974	2,643.0	50.7	36.5	-	2,648.4	53.8	46.0	-	4,417	...	4,417	657	5,074
1975	3,683.7	64.3	56.3	-	3,883.3	48.3	40.2	-	4,567	...	4,567	961	5,528
1976	3,245	70.7	60.8	-	3,693	57.6	46.8	-	4,717	...	4,717	1,420	6,137
1977	3,553(P)	79.6	70.9	-	4,188(P)	64.4	54.1	-	4,927	...	4,927	2,155	7,082
1978	4,524(P)	...	...	-	4,698(P)	...	...	-	5,257	...	5,257	2,600	7,857
1979	...	...	...	...	...	...	...	...	...	...	...	...	...

Notes: (a) USSR, Albania, Bulgaria, Czechoslovakia, GDR, Hungary, Poland and Romania (excluding Yugoslavia). (b) Eastern Europe and CMEA banks.

- Zero

... Not published or not available

negl. Negligible

(P) Preliminary

TABLE 4
CUBA - BILATERAL TRADE AND AID FROM THE USSR
Millions of US \$

Year	TRADE			TOTAL AID (4)+(5)+(9)	LOANS				Other Invisibles (8)	GRANTS			Pro-memoria		
	Exports (1)	Cuban Imports (2)	Balance (3)		SUBTOTAL (5)-(6)+(7)+(8)	Development Aid (6)	Interest Charges (7)	SUBTOTAL (9)-(10)+(11)+(12)		Sugar Subsidy (10)	Petroleum Subsidy (11)	Nickel Subsidy (12)	Cuba's GNP (13)	Soviet GNP (14)	Soviet Aid to LDCs (15)
1956	14.7	-	14.7	...	...	...	...	...	...	...	-	...	...	...
1957	47.1	-	47.1	...	...	...	...	...	...	...	-	...	...	...
1958	15.4	-	15.4	...	...	...	...	...	...	...	-	...	...	...
1959	7.4	-	7.4	...	...	...	...	...	...	...	-	...	...	...
1960	103.7	74.6	29.1	...	...	...	...	...	...	...	-	2,400.0	...	...
1961	311.9	287.0	24.9	...	...	...	...	...	...	...	-	...	...	...
1962	234.0	366.7	-132.7	...	...	...	...	...	...	...	-	3,020.5	...	...
1963	164.4	399.7	-235.3	...	...	...	...	...	...	...	-	3,469.6	209,000	...
1964	280.0	366.0	-86.0	...	...	...	...	...	...	...	-	4,202.3	231,000	...
1965	342.2	375.4	-33.2	...	...	...	...	...	...	...	-	4,137.5	248,000	...
1966	285.9	479.9	-194.0	...	...	...	...	...	...	...	-	4,039.3	...	...
1967	372.7	562.7	-190.0	(2,025)(e)	(1,393)(e)	(1,180)(e)	(59)(e)	(154)(e)	(632)(e)	(632)(e)	-	4,002.8	292,900	(2,555)(g)	
1968	277.7	624.2	-346.5	582	432	382	28	22	150	150	-	4,376.5	326,400	310	
1969	231.6	674.0	-442.4	580	494	436	34	24	86	86	-	4,180.6	357,200	355	
1970	516.6	644.4	-127.8	581	231	162	45	24	150	150	-	4,203.9	381,000	390	
1971	321.0	668.9	-347.9	565	509	427	57	25	56	56	-	4,818.2	410,000	415	
1972	247.9	743.3	-495.4	632	632	335	69	28	-	-	-	6,551.0	425,000	430	
1973	584.7	922.5	-337.8	587	437	404	(c)	33	150	97	53	8,064.8	481,000	500	
1974	946.4	1,223.8	-277.4	696	209	253	-	34	407	369	38	8,826.3	534,000	700	
1975	2,006.8	1,582.0	424.8	1,051	150	115	-	35	901	580	31	10,970.7	569,000	500	
1976	2,017.2	1,792.4	224.8	1,507	150	115	-	35	1,357	977	18	10,744.8	622,000	460	
1977	2,467.6	2,220.0	247.6	1,982	210	175	-	35	1,772	1,428	16	11,321.8	677,000	540	
1978	3,200.1	2,803.2	396.9	2,970	330	295	-	35	2,640	2,435	40	13,799.5	706,000	430	
1979 ^(b)	4,930.0	3,160.0	1,770.0	3,173	460	405	-	35	2,733	2,364	6	...	...	...

Notes: (b) Provisional; (c) A Cuban-Soviet agreement of December 1972 exempted Cuban debt from further interest charges; (e) Cumulative 1961-67; (g) cumulative 1954-67
... Not available or not published
- Zero

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TABLE 5
CUBA - SUGAR TRADE

Crop Year	Calendar Year	CUBAN EXPORTS (Cuban official data)					SOVIET IMPORTS (Soviet official data)			PRICES in RUBLES per tonne			PRICES in DOLLARS per tonne	
		PRODUCTION (000 tonnes)	TOTAL (000 tonnes)	CMEA (000 tonnes)	USSR (000 tonnes)	% to CMEA	% to USSR	Millions of rubles	Millions of dollars	Thousands of tonnes (a)	Bilateral Trade Agreements	Theoretical CMEA Price	Actual average paid by USSR	Actual average paid by USSR	World Market
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1956	4,660	...	5,281.6	...	204	...	13,156	14.6	214.3	...	...	61.39	68.2	55
1957	5,504	5,742.0	5,407.0	...	145	...	42,381	47.1	350.9	...	...	120.8	134.2	114
1958	5,610	...	5,565.7	...	201	...	13,957	15.5	197.9	...	...	70.52	78.4	77
1959	5,964	...	4,951.8	...	274	...	6,675	7.4	132.2	...	...	50.38	56.0	65
1960	5,862	...	5,634.5	...	1,467	...	93,400	103.8	1,467.8	60	...	63.63	70.7	69
1961	6,767	...	6,413.5	...	3,345	...	270,369	300.4	3,345.0	60	...	80.82	89.8	61
1962	4,815	...	5,130.9	...	2,333	...	183,589	204.0	2,233.2	60	...	82.21	91.3	63
1963	3,821	...	3,530.8	...	996	...	122,187	136.9	996.4	120	...	123.6	137.4	184
1964	4,589	...	4,114.5	...	1,859	...	222,662	247.4	1,859.3	120	...	119.76	133.1	127
1965	6,082	...	5,230.9	...	2,330	...	273,368	303.7	2,230.7	120	...	122.55	136.2	46
1966	4,866	...	4,361.0	...	1,841	...	225,774	250.9	1,840.9	120	86.6	122.64	136.3	40
1967	6,236	...	5,682.9	...	2,479	...	302,316	335.9	2,479.7	120	86.6	121.92	135.5	42
1968	5,164	5,315.0	4,612.9	...	1,852	...	212,706	236.3	1,749.1	120	86.6	121.61	135.1	42
1969	4,459	5,534.0	4,798.8	...	1,332	...	161,947	179.9	1,331.9	120	86.6	121.59	135.1	71
1970	8,538	7,559.0	6,906.3	4,055.2	3,105.0	58.7	364,339	404.8	3,003.3	120	86.6	121.31	136.8	81
1971	5,925	5,950.0	5,510.8	2,518.4	1,581.0	45.7	185,642	206.3	1,535.7	120	49.7	120.88	134.3	99
1972	4,325	4,687.0	4,139.6	1,789.5	1,097.4	43.2	131,465	158.6	1,101.4	120	49.7	119.36	144.0	160
1973	5,253	5,382.5	4,797.4	2,484.2	1,660.7	51.8	323,058	438.2	1,603.3	200	49.7	201.50	273.3	209
1974	5,925	5,925.9	5,491.2	2,761.3	1,975.0	50.3	610,782	807.2	1,855.6	327.4	49.7	329.16	435.0	655
1975	6,314	6,427.4	5,744.0	3,697.0	3,187.0	64.3	1,344,312	1,864.0	2,963.7	484	324.7	453.59	628.9	450
1976	6,250	6,150.0	5,763.0	3,700.0	3,036.0	64.2	1,397,830	1,853.8	3,068	512	324.7	455.6	604.2	255
1977	6,575	6,485.0(P)	6,238.2	4,416.0	3,790.4	70.8	1,675,346	2,272.1	3,652	...	291.6	458.7	622.2	179
1978	7,300	...	7,231.2	4,534.5	3,936.1	62.7	2,117,209	3,110.0	3,797	...	259.6	557.6	818.8	172
1979	...	...	...	...	...	...	...	...	...	970	...	...	...	190(P)

Notes: (a) Unlike Column (15), Table 1, these figures exclude molasses and honey.
... Not available or not applicable
(P) Preliminary