

Cuba's Offshore Oil and the U.S. Imposed Blockade

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Will Cuban oil lubricate the blockade?

Within the current industrial paradigm, oil and economic growth are Siamese twins. The expansion of global capitalism is completely dependent upon a cheap and easy source of energy, and over the past hundred years no source of energy has rivaled oil's potential to shape our world. What impact will the development of Cuban oil reserves have on regional geopolitics?

Revolutionary Cuba's story cannot be told without broaching the question of oil. Without the supply of Soviet oil, the Cuban Revolution could not have maintained its position as a bulwark to Northern imperialism. This was graphically demonstrated with the implosion of the Soviet Union in 1991, where petroleum imports fell by 90% over the following years and Cuba entered a period of economic stagnation ('The Special Period') marked by famine and scarcity. Cuba's fate changed after the election of Hugo Chavez in 1998 in Venezuela and Fidel Castro's first trip to Venezuela in October 2000 produced an agreement to exchange Venezuelan oil for Cuban medical and educational services. Solidified by the dynamic geopolitical alliance ALBA-TCP, this prevented Cuba from slipping into the dustbin of history.

In October 2008 this renaissance gained a significant boost after the Cuban government announced the discovery of enormous offshore oil reserves within their exclusive economic zone. The development of these reserves, set to begin in the coming year, has the potential to massively alter regional geopolitics, and potentially end the egregious blockade imposed by the US.

Cuban oil

While the US Geological Survey estimates Cuba's offshore oil reserves at around 5 billion barrels, Cuban estimates place that figure at around 20 billion barrels, and, no doubt, a fair amount of natural gas, as the two exist together in concert wherever oil is found. Both countries have their reasons for exacerbating these extremes, however were the Cuban estimate to prove correct it would put them between China (13th, with just over 20 billion barrels) and the US (14th, with just over 19 billion barrels). The country currently uses about 176,000 barrels of oil per day, putting consumption at 86th in the world on a per capita basis. Around a third of this is produced locally and the rest comes from Venezuela's vast oil reserves. This low per capita consumption is a residual effect of the Special Period, where minimizing consumption and recycling became somewhat of a national ideology.

Cuba's exclusive economic zone is divided into 59 blocks, although only one well has been tested so far. 21 of these are currently under contract to seven different companies, including Norwegian, Russian, Spanish, Indian, Brazilian and Malaysian companies. A

Chinese-built rig named Scarabeo 9, designed to withstand 100 knot winds and 90 foot waves, is currently in transit from Singapore, and the Spanish company Repsol is preparing to prospect a mere 60 miles from the Florida Keys. These partner companies have been carefully picked: exploration advice was sought from Norway's Statoil, a state owned enterprise from a country that has managed to effectively direct the industry's profits into social welfare initiatives.

This oil won't be easy to extract, since it sits under the seabed, not too far from where the disastrous BP Deepwater Horizon catastrophe blew out in April last year. The memory of that spill still hasn't faded, and indeed it could be that memory that gives the most realistic chance of ending the abhorrent economic blockade that has been imposed on Cuba.

The Blockade

Since 1962 the United States has enacted a near-total blockade on all trade with Cuba, as well as banning US citizens from travelling to Cuba. This was further reinforced by the 1992 Cuban Democracy Act, which penalizes foreign companies that do business in Cuba by preventing them from operating in the US. Every year since 1992 the United Nations General Assembly has condemned the embargo as a violation of international law (notably the Geneva Convention requirement that medical supplies intended for civilians receive free passage), most recently on 25 October 2011, with only the United States and Israel voting against the resolution. Despite the liberal face of the Obama administration and a softening of travel restrictions (students and religious groups can now visit), the blockade remains a testament to vehement US repudiation of the right to self-determination of its former colonies.

Nonetheless the availability of Cuban oil gives rise to two factors which could compel a change of policy. First, and perhaps most obvious, is the simple fact that the US Empire relies on a cheap flow of oil to maintain its economic supremacy, especially in the face of increased competition from developing economies. One might expect a policy similar to that exercised towards the Chavez administration, balancing revulsion towards their politics with relish towards their oil. Whether the Cuban government would allow such a farcical double standard remains to be seen, and it could be equally likely that the headstrong Castros would rather sell their oil directly to other developing countries in an attempt to countervail existing impoverishment.

However there is another factor which, if it registers on the American political landscape, could undermine the embargo – the possibility of an oil spill and the potential impact to the US coastline. Unlike most environmental issues, the Deepwater Horizon blowout is a rare event in that it captured people's attention for a sustained period of time. Despite BP's culture of denial, it has become clear that the spill stemmed from corporate malfeasance, and could have been prevented. Were another event of a similar magnitude to occur due to the US' ideological refusal to engage with Cuba due to an antiquated Cold War policy, the political fallout could be even more disastrous.

Drilling is currently banned off the Florida coast, and Chairman of the Senate Committee on Energy and Natural Resources Jeff Bingaman has expressed concern that the continuing US-Cuba imbroglio might prevent the countries from responding properly in the event of a spill. It would take only a few days for an oil slick to reach the Florida Keys, an area characterized by coral reef (almost half of which has already died) and mangroves – these shallow areas

are particularly vulnerable to oil spills. The embargo currently prevents the two containment services companies operating in the Gulf from dealing with such an event and, while exemptions to the embargo are available, the urgency required to deal with such a spill renders this procedure impracticable. The US Department of Justice is currently investigating whether Repsol could be held legally responsible for a spill, and Repsol have agreed to letting US inspectors examine Scarabeo 9 once it arrives in December. The US and Mexican governments have a written contingency plan outlining procedures to deal with such an event, and many experts, including marine biologist David Guggenheim, are pushing for a government to government meeting to put together a similar plan for US-Cuba relations. Florida is the most populous presidential swing state, and this issue may be relevant as presidential elections push closer.

Businessmen have also expressed a desire for the government to reconsider the embargo, as the discovery of oil tends to provide confidence to traders and speculators across all commodity markets. Latin American studies expert Mark Jones from Rice University has stated that,

“[t]he greater the drilling and production, the greater the pressure will be to engage in a complete overhaul of the trade embargo, either getting rid of it altogether, or watering it down substantially. I think its fairly realistic, since the embargo is an anachronism of the Cold War sustained only by a misguided fear of a backlash from anti-Castro Cuban Americans.”

The Long Durée

With the announcement of 2.9% economic growth from the Cuban Minister for Foreign Trade and Investment and sugar production bouncing back after recent hurricane destruction, it would appear that the Cuban star is again rising. While commentators cannot agree whether Raul Castro's economic reforms push the country toward the free market or a form of libertarian socialism, it is clear that the flow of petrodollars will have a significant impact on the country's future, for better or worse. The nation's resilience in the face of hardship, and at times direct threat, remains unquestioned, and Cuba could indeed be heading towards a period of hitherto unknown economic prosperity.

Regardless of the embargo, the contribution of this prosperity to the Latin American and Caribbean communities at large, in particular the other ALBA-TCP countries (Venezuela, Bolivia, Ecuador, Nicaragua, Dominica, Antigua and Barbuda, and St Vincent and the Grenadines) could also prove significant. This bloc has presented a united front against Northern imperialism, and trade between these nations has increased massively over the past few years, undermining traditional mercantilist relations while providing a credible alternative to the neoliberal model of development. While far from perfect, Cuba has blazed a trail of resistance that has stood the test of time and endured the heady wilderness of political alienation, both during the Cold War and after the Wall came down. Despite its resurgence after uniting with other Latin American 'pink-tide' governments through ALBA-TCP, many Cubans feel trapped on the island, prisoners of a communist fiefdom run for the enrichment of central government officials. With luck, the development of these oil reserves in accordance with adequate environmental standards and contingency procedures will alleviate this sense, providing them with renewed vigour to continue the Cuban social revolution.

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