Cuba and Russia strengthen economic ties

The Antillana de Acero steel and rolling mill in April 2023 after completion of the refurbishment (source: [Twitter](#))

Socialist Cuba is currently in search of new investors and trading partners. After a series of state and party visits to Asia, it is now Moscow's turn. At a business forum between Cuba and Russia in Havana, both countries reaffirmed their willingness to expand economic relations. President Miguel Díaz-Canel announced the signing of several agreements, including in the energy sector, during his state visit last November. Cuba wants to "raise economic relations with Russia to the level of political ones," Díaz-Canel said at the time.

Fifty-two Russian and 106 Cuban companies [took part](#) in the first bilateral business meeting since 2019, which aims to "revitalize the country's trade and economy," the state news portal Cubadebate wrote. In 2022, the volume of trade between the two countries was $450 million, more than tripling compared to before the pandemic. As reported by Reuters news agency, in a far-reaching move, Cuba plans to transfer land to Russian companies for usufruct for up to 30 years. In addition, Russian companies will be exempt from import duties on certain technologies with free export of profits. The exchange of goods between the two countries is to be accelerated by the establishment of a new direct maritime link, which last existed during Soviet times.

Cuba seeks regular supplies of fuel, fertilizer, and grain from Russia, which would decouple the sourcing of these products for the island to some degree from world market developments. A total of eight agreements have been signed; in addition to regular food supplies, these include macroeconomics, artificial intelligence, and the establishment of

several joint ventures. Various Russian banks and trading companies announced plans to establish branches in Cuba. In the future, transactions in trade between the two countries are to take place primarily in rubles.

One of the largest investments between the two countries was recently inaugurated: the "Antillana de Acero" steel plant, built in 1958 and Cuba's only major steel plant, was thoroughly modernized and renovated with a Russian loan of $100 million as of 2017. "We recalled today the 2018 visit to Antillana de Acero, where its decay was visible everywhere. When we arrived there this morning we saw a total transformation. It is one of the country's most important investments, financed with a Russian loan," Díaz-Canel said at the reopening in mid-April.

In addition, Cuba and Russia have launched exchanges on economic reforms. To that end, Russia's Stolypin Institute for Growth Economics plans to work with Cuban experts to establish an institute for economic transformation on the island. In addition to embedding the private sector in the Cuban model, topics such as the (digital) management of state-owned enterprises are on the agenda. On top of that, the two countries will use the institute to exchange views on how to deal with sanctions.

The Russian Federation is one of Cuba's closest allies. Its predecessor state, the Soviet Union, was the island's most important strategic and trading partner for many decades. Quite a few Cubans learned Russian and studied in the Soviet Union, which still benefits Cuba today in maintaining its extensive stock of Soviet technology. During the pandemic, Russian tourists played an important role in maintaining at least minimal hotel occupancy. Looking at the energy sector, little to nothing works without Russian spare parts: all of Cuba's heavy oil power plants, which account for about 70 percent of electricity generation, are of Soviet design. Russia is also the most important partner in a long-term project to renew rail transport in Cuba.

With the start of the Ukraine war, Havana set about a diplomatic balancing act, on the one hand renewing its commitment to international law and calling for a diplomatic solution, and on the other leaving Moscow in no doubt about its friendship with Russia. (Cubaheute)