

## Ukraine war, oil discoveries and old debts: The Summer in Cuba



*Oil drilling in western Cuba: a new discovery in the fields of Matanzas province raises eyebrows (Source: [Cubadebate](#))*

"Cuba Today" is back from its summer break. At first glance, little has happened in Cuba in the past few weeks: There is nothing new on the major economic issues, which are known to be a focus of reporting on this site. Both the "macroeconomic stabilization program" (see the article on the July parliamentary session) and the new communications law remain in limbo. There have also been no updates from other other reform sites, such as the new Enterprise Law (to be passed in December). Nevertheless, time has not stood still in Cuba either. A news overview:

- **Cuban mercenaries in Ukraine war?:** Rumors had been [circulating for some time](#) that the Cuban government was supporting Russia in the Ukraine war with mercenary troops. Militarily experienced veterans from the missions in Angola and Ethiopia continue to exist on the island, and there is a certain recruitment potential. An attempt has now been made to counter this offensively. On September 4, the Cuban Foreign Ministry stated in a [statement](#) that a corresponding illegal recruitment network for Cuban mercenaries had been uncovered both inside and outside the island; a few days later, 17 arrests [were reported](#) in that context. Apparently, in addition to Russian citizenship, a salary of about \$2,000 per month was offered. "Cuba is not participating in the war in Ukraine," the ministry's statement said bluntly. The country has a clear position against mercenaries and is proactively implementing it in the relevant bodies of the United Nations, MINREX added. So everything is settled? Not quite. Two days ago, Cuba's ambassador to Moscow, Julio Antonio Garmendía Peña, [said](#) that Cuba "does not oppose the legal participation of its citizens in the Russian operation in Ukraine." So, in the end, from the Cuban point of view, the semi-official recruitment networks have been denounced, while at the same time not rejecting a fundamental participation in the armed forces of this strategic

partner. The issue seems to have been not unimportant to the Russian side, otherwise it is difficult to explain the subsequent clarification by the ambassador in the Russian media (from which Cuba is unlikely to reap anything except negative PR in the West). As a reminder, Cuba is planning to implement extensive economic projects with Russia in various fields in the coming years in order to combat the ongoing economic crisis. Havana apparently does not want to jeopardize these under any circumstances, not least because of the lack of alternatives in view of continuing U.S. sanctions.

- **New oil discoveries of high quality in western Cuba:** In view of the current energy crisis, the island has pulled out all the stops to exploit its domestic oil and gas reserves to the maximum. The Australian company Melbana Energy has now scored [a promising hit](#): As Osvaldo López Corso, exploration manager of the state-owned oil company Cupet explained, significant oil reserves of good quality were discovered in July during explorations at the Alameda-2 well in the western province of Matanzas. "The tests achieved production rates of up to 1,100 barrels of oil per day. Also noteworthy is the production of an 18° API crude oil, which is lighter and has a lower sulfur content than that usually produced in the fields of the Havana-Matanzas strip," López Corso said. Melbana, together with Angola's Sonangol, is currently conducting the necessary studies to determine the extent of this discovery as well as the estimated reserves. The latter is involved in the venture with 70 percent of the capital investment. The data will be used to estimate "the sustainability of production over time" and develop a program for further drilling, the expert said. However, if the results continue to be positive, it will likely be several years before commercial development.
- **Cuba renegotiates old debts with "Club of Paris":** After Cuba was able to reschedule its old debts to the largest Western creditor association, the "Club of Paris" (which includes France, the United Kingdom, Germany, and a number of other countries) in 2015 with an advantageous deal, Havana stoically stuck to the agreement. Every year, the agreed installment was paid, even in difficult times. With the onset of the current crisis as a result of the pandemic and tighter U.S. sanctions, Cuba was at least able to negotiate a one-year moratorium with its creditors. But the island also had to suspend debt service in the following year. So on Aug. 30, they sat down to work out a solution that could work for both sides. "I reaffirm the will of the Cuban government to honor the commitments with our creditors," [said](#) Cuba's chief negotiator Ricardo Cabrisas, who was already at the negotiating table in 2015. For his part, William Roos, vice president of the creditors' body, said they understand the country's difficulties and "are willing to find ways for Cuba to meet its obligations." Cuba's total external debt was \$4.2 billion at last count in 2022. What was agreed to in the end was not disclosed. Former central bank economist Pavel Vidal [speculates](#) that the solution may have something to do with the "profound economic structural changes over the next three years" that President Díaz-Canel announced to parliament this summer. ([Cubaheute](#))