"It's a Strategic Plan" - The Cuban-Venezuelan Accord

Friday, Jan 07, 2005

By: Manuel Alberto Ramy - Progreso Weekly

There are some human, social and political events that go beyond the necessary, temporary conventions. They are not left behind after the last stroke of the midnight bell on Dec. 31; because of their importance, they refuse to become the past, to become dead events. Furthermore, they burst into the new calendar with vigor, displaying their various facets. One of those events is the series of accords reached between the Bolivarian Republic of Venezuela and the Republic of Cuba.

Those accords were signed in Havana on Dec. 14 by presidents Chávez and Castro. In my judgment, they are strategic and have a special, transcendental meaning for both countries. Also, they send a message to the countries of Latin America, to the degree that they flesh out an integration project: the ALBA (Bolivarian Alternative for the Americas.)

ALBA demonstrates that the first requisite for any integrationist process is political will, the action of launching a project on the strength of the converging issues and recognizing the foci of complementarity. I should point out that another virtue of the accords is that they took into consideration the realities and particularities of Cuba and Venezuela.

The topic is broad, deep, and -- like kudzu -- grows unrelentingly. Today, I want to give it a look from the Cuban standpoint. What is ALBA's significance to Cuba?

Omar Everleny Pérez, a Master in Economic Sciences, a Cuban-born academician, member of the Research Center for Cuban Economy (CIEC), a guest professor at various universities in the United States and Europe, has agreed to talk about the topic.

Progreso Weekly (PW): What is your first impression of the accords as a whole?

Omar Everleny Pérez (OEP): I think it's a strategic plan. It has advantages for both countries, it gives access to markets, to financial resources and investments, and all these elements constitute strategic factors. Besides, it is not a short-range project but encompasses a period that, in some parts, extends to 10 years.

PW: Any remarkable aspects?

OEP: The possibility of exchanging whole technological packages. The software industry in the field of education represents one element to be considered in future accords signed with other areas of the country.

It's a step forward in what, in my opinion, will be characteristic in the next four or five years, when accords are signed with other countries, given the need to work not only the economic streams but also the social streams, which have been pretty well abandoned in our continent. An example of this is Cuba's work in Venezuela on educational and health matters, which has had important results.

PW: In the Cuban-Venezuelan accord of 2000, these collaborations were contemplated. I'm referring to the presence of thousands of doctors and health-care workers for whom the [Cuban] government would not be paid in money or other form. Now, with this recently signed accord, things seem to change.

OEP: True. The present accord assigns a value to these services and, even though they are preferential, the benefits are mutually agreed upon.

PW: What's your opinion about the section relative to crude oil?

OEP: For Cuba, as for any other country that lacks energy resources, the accord that establishes the price of oil at no less than US$27 a barrel is extremely important. We live in a world where the price of oil is very volatile -- it has reached $44 a barrel -- so the signed accord guarantees us Cubans a price.

In turn, Venezuela obtains a guarantee that if the prices drop, there will be a fixed minimum price. But there are important aspects in the signed document other than the price of oil, such as the elimination of duties for products from either country.

PW: True, that's an important facility.
OEP: Of course, because it reduces the prices of specific raw materials and products. Also important is the issue of the scholarships offered by Cuba for higher learning.

PW: But there's also an outstanding issue: the possible recovery of the Cienfuegos refinery, an enterprise that was practically dead.

OEP: We are negotiating with PDVSA [the state-owned Venezuelan oil industry] the purchase of part of the Cienfuegos refinery for the purpose of a restart, which would give Cuba a guarantee of energy products. We are also negotiating with CORPOZULIA [corporation of the Venezuelan state of Zulia] the purchase of almost 600,000 tons of coal for the Cuban ferronickel plant, in partnership with China.

In addition, there is a high probability that, thanks to investments from Venezuela and the Canadian firm Sherritt, we can build a thermoelectrical coal-operated plant in Mariel. The accords are very broad and beneficial.

PW: One of the chapters of the signed accord says that Venezuela's state-connected investors can own 100 percent of a property, which is something unprecedented, I believe. Why was this exception made?

OEP: The Cuban law on investments enacted in the 1990s does allow for this 100 percent ownership, although I believe that only two or three investors enjoy such a benefit. It's interesting that, in the case of Venezuelan state-connected investments, the door is flung wide open. Undoubtedly, the fact that the Cuban government reaffirms that it will grant 100 percent ownership to the state sector is a stimulating factor.

PW: Could we think about the possibility of granting 100 percent ownership in accords with other countries?

OEP: The possibility exists, because it's contemplated in the law on investments I just mentioned. Now, at a state level and as a possibility, this type of incentive could be granted to other countries, such as Brazil, Argentina, and Uruguay, but I am not certain that this will be so.

PW: Why not?

OEP: The type of relations between Cuba and Venezuela is very fruitful and for other, similar accords to be made, the conditions must be present.

PW: Not since the late USSR and the CAME (Council of Mutual Economic Aid) has there been an agreement like the one signed on Dec. 14, is that right?

OEP: Not since the CAME has there been anything of such magnitude, compass and reach, because [this accord] covers all sectors of the economy, health care, education, communications, the environment. This is an accord that contains more than 13 articles, all of them very substantive -- although we recently made accords with the People's Republic of China that cover several important areas.

PW: Is it your opinion that this accord is positive for the Cuban people?

OEP: It is very important for the country.

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Original source / relevant link:
Progreso Weekly