
How Does the US Blockade Affect Electricity Generation in Cuba?

By: Razones de Cuba

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In the period March 2023 - February 2024, the impacts on the energy and mining sector were also noteworthy and amounted to no less than 388 239 830 dollars.

One of the most reprehensible actions, due to its violation of International Law and its cruelty, has been the impediment of the transfer of fuel to Cuba starting in 2019. That year alone, 53 vessels and 27 companies were penalized by the US government.

This is a different form of blockade, not applied before, but which directly responds to efforts to threaten, coerce, instill fear and sanction anyone involved in the supply of fuel to the country, from shipping companies to insurance companies, reinsurance companies, banks, individuals and governments. The damages resulting from this persecution are considerable.

The economic blockade has also exacerbated the financial limitations and access to credit to repair the country's thermoelectric plants, acquire the necessary technologies and the fuel required to guarantee a stable supply of electricity to the population and to the strategic sectors of the national economy.

As a result, constant interruptions to the electrical service have had to be applied, generating stress, emotional exhaustion and anguish in the population, putting the refrigeration and cooking systems in homes at risk, while impacting productivity across the board and preventing the country from functioning.

Aleandris Guerra Peña, a self-employed worker at the “D’ La Sierra” enterprise in the province of Santiago de Cuba, dedicated to the production of paints, has witnessed these effects on the performance of his business. In this regard, he says:

“Only in the first half of May, we had an impact of 800,000 Cuban pesos since we stopped producing 3,200 liters of paint due to a lack of electricity. This would have generated a total salary of 64,000 Cuban pesos to be distributed among workers.

All these productions had their clients assured, but we could not meet these demands. We are working, as the electric service allows, to deliver the delayed orders. This situation has forced us to not accept more requests, which would have represented important sales and, therefore, significant lost income.”

In January 2024, a supply of spare parts from the Italian factory Termomeccanica for the Ernesto Che Guevara Thermoelectric Power Plant could not be executed, since it was bought by the company Trillium, which has one of its headquarters in the USA. The absence of these inputs has caused, on several occasions, the interruption of these generators at the Ernesto Che Guevara Thermoelectric Power Plant.

Accelleron, the company that inherited ABB Turbocharging, which supplied the technology for the turbochargers used by the National Electric Union, maintains its position of not working directly with Cuba in order to comply with the United States' policy of unilateral sanctions on exports to countries included in the U.S. government's List of State Sponsors of Terrorism.

The National Electric Union (UNE) has not been able to obtain the necessary financing to carry out partial, extended and capital maintenance for the country's thermal units, which has meant that 13 of the 15 units are out of the maintenance cycle, several of them for more than three cycles that correspond every 5 years. As a result, the level of breakdowns has been considerable.

These conditions of the thermal units also imply an increase in the consumption rate in the order of 319 thousand tons of fuel, with an additional cost for the UNE in 2023 of 127 800 000 dollars.

As a result of the harassment of financial operations with Cuba, in fuel imports, payment is maintained through irrevocable and confirmed letters of credit (payable at sight) with a single bank, whose confirmation capacity is limited and often does not cover the value of the shipments to be imported in the month.

In the field of mining, the acquisition of equipment for the analysis and monitoring of the technological process associated with this activity has become more complex. During the period, an international manufacturer of this equipment did not accept direct sales to Cuba because it was on the US government's list of state sponsors of terrorism.

In December 2020, the International Economic Partnership Agreement (CAEI) for the Cajálbana mining project in the province of Pinar del Río was established between the Cuban commercial company Commercial Caribbean Nickel S.A (CCN) and the Australian company Caribe Metals Corporation Pty Limited (CMC), which came into force on December 28, 2020, for a period of 3 years.

CMC was unable to transfer the funds necessary to begin the tasks and field work and carry out the planned Technical-Economic Feasibility Study, due to the express refusal of the Australian banks to transfer funds to Cuba, alleging the blockade measures and the possible effects on their interests if they provided that service.

The contract expired without solving the described issues. These facts constitute a clear example of the effects of the blockade in the mining sector and its impact on the execution and conclusion of a contract that involved the carrying out of studies, the projection, obtaining, start-up and operation of a factory to produce and market nickel and cobalt products, which could have generated significant financial resources for the country.

Taken from the Report “Need to end the economic, commercial and financial blockade imposed by the United States of America against Cuba”