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ANNEX IV: Political and Economic Costs to Cuba of its
Involvement in Africa*

1. The political and economic costs to Cuba of its expanding role in Africa have thus far been within manageable limits and have not constituted a significant constraint on Cuban policymakers. The presence of 42,000 to 46,000 Cubans in Africa represents about 1.6 percent of the Cuban labor force and an estimated loss in national output of about \$130 million annually if these people were productively employed at home. Although the loss of skilled and unskilled workers has caused disruptions in several sectors of the economy, the impact has been minimized by a rapidly expanding labor force, increased mechanization of the labor intensive sugar harvest and the widespread use of student labor in other areas of agriculture. The diversion of ships and planes to and from Africa has cost \$15 million annually at most and has not seriously disrupted Cuban trade patterns or commercial airline schedules.

2. Virtually all of the materiel costs of the Cuban presence are borne by the USSR. The Soviet-made equipment is either transshipped from Cuba or shipped directly from the USSR. By the end of 1977 about three-quarters of the equipment shipped from Cuba to Angola had been replaced by new and in some cases more modern weapons and the remainder, plus additional equipment, is likely to be covered by future Soviet deliveries. The USSR has also provided planes and pilots to facilitate Cuban logistics between Havana and Luanda, and has transported Cuban combat personnel to Ethiopia on at least three Soviet passenger ships. Further, it supplied Soviet fighter pilots to bolster Cuba's defenses and free Cuban pilots for combat in Africa.

* This paper was produced in CIA and coordinated at the working level with State/INR, DIA, and NSA.

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3. In addition, Soviet economic support has increased sharply in the past two years and will amount to the equivalent of \$2.3 billion in the form of sugar and petroleum subsidies in 1978. Moreover, Moscow will purchase some 500,000 tons of Cuban sugar for hard currency to help Cuba meet its export quota under the International Sugar Agreement and will supply an additional \$200 million in Soviet capital goods to help offset lagging Cuban imports from the West. The increased Soviet assistance reflects the closeness of Soviet-Cuban relations.

4. Although there appears to be a growing concern on behalf of some lenders in international financial markets, Cuba's military involvement in Africa has had only a minor impact on its commercial relations with industrialized countries. Most continue to base their financial decisions on economic factors, believing Cuba is a good credit risk because of its impeccable repayment record with the West, and that the USSR would stand behind Cuba's debt obligations. In recent months, Havana has been able to secure additional financial credits in industrialized countries, including Japan, Italy and West Germany, totaling \$145 million.

5. Cuban adverturism in Africa has adversely affected Western development aid programs in Cuba. This assistance is much smaller, however, than its hard currency borrowings. West Germany in early 1976 canceled its projected aid to Cuba because of Havana's growing involvement in Angola at the time. More recently, the Netherlands and Canada have indicated that they will terminate their annual aid programs of \$6.7 million and \$3.5 million respectively by the end of this year because of Cuban interference in African affairs. The Swedish Government is considering ending this \$7.5 million aid after 1979-80. Belgium and the UK have also expressed their concern over Cuba's actions.

6. Few Cubans have detailed knowledge of Cuba's overall commitment in Africa, but the public is aware that the Cuban buildup in Africa has coincided with cutbacks in rations and major downward revisions of Cuba's first Five Year Plan. No organized opposition exists in Cuba, however, and protests so far have apparently been limited to private grumbling. Havana, nevertheless, is becoming increasingly concerned that the Cuban populace will learn the extent of Cuban involvement, and that dissent will increase.

IV - 2
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7. As is his custom during periods of flagging popular sentiment, President Castro has spent considerable time since mid-1977 trying to bolster morale by touting the economic achievements of the Revolution. A master of media manipulation, Castro has little trouble refocusing public antipathy and generating renewed revolutionary momentum. He is probably not yet overly concerned about public disaffection--particularly since Cuban casualties have not been publicized and apparently have not been high enough to generate spontaneous protests. The numerous speeches and heavy media treatment over the past year are, in effect, preemptive maneuvers to head off disenchantment.

8. Internationally, Havana is aware of nonaligned criticism of Cuban military involvement in Africa and of quiet efforts--apparently spearheaded by conservative African and Middle Eastern States and supported by Yugoslavia--to change the venue of the nonaligned summit scheduled to be held next year in Havana. In response, Havana has orchestrated a diplomatic offensive to reassure its allies and assuage the concerns of others. For the present at least, this diplomatic offensive has succeeded in holding public criticism to a minimum. As the recent nonaligned coordinating bureau meeting in Havana demonstrated, few of Havana's critics are prepared to confront Cuba openly in nonaligned forums.

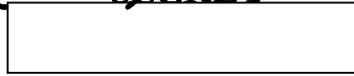
9. Widening Cuban military involvement abroad would run a bigger risk of alienating nonaligned states, however. A Cuban decision to shift a large portion of its troops from the Ogaden to Eritrea would, for example, hurt Cuba's relations with some of its closest Arab allies. Cuba's success in limiting diplomatic damage also depends on its ability to overcome a growing nonaligned perception that Havana is acting as Moscow's stooge.

10. If the USSR continues to sponsor the Cuban effort, Cuba can continue to carry out and probably increase moderately its commitment in Africa without seriously damaging its economy or defense capabilities. Cuba has a relatively large and rapidly expanding young population--53 percent of its 9.7 million population is under 25 years of age--reflecting the result of a Cuban baby boom in the 1960s. As a result, the Cuban labor force will grow at an annual average of at least 93,000 between 1977-82. The number of Cuban males

IV - 3

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between 18 and 24 years will increase from 614,000 to 732,000 over the same period. Unless Cuban economic growth accelerates over this period, the Castro government may have difficulty providing productive employment for these personnel. Consequently, the rapid expansion of the Cuban labor force and military manpower pool will provide Havana the capability to increase the size of Cuban military and civilian forces overseas if it so chooses.

11. Nevertheless, Cuban public awareness of any sharp escalation in the number of Cuban casualties coupled with a potentially deepening popular disaffection stemming from a perception of the economic costs of Cuban involvement in Africa could eventually pose a constraint on Cuban policymakers. Under such circumstances, the Cuban populace might resort to passive protests, for example, worker slowdown and absenteeism as occurred in the early 1970s, when consumer goods supplies failed to improve in the aftermath of the record 1970 sugar harvest. The bottom line, however, will depend on the political will of the Cuban leaders and thus far they have been prepared to pay the price.

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Coordinator:



IV - 4

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