

**United States House of Representatives
Subcommittee on National Security
And Foreign Affairs**

**“National Security Implications of U.S. Policy toward
Cuba”**

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**Jorge R. Piñón
Energy Fellow
Center for Hemispheric Policy
University of Miami**

**This testimony reflects strictly the personal views of the author
as a member of the advisory group of Brookings Institution’s
project “U.S. Policy toward a Cuba in Transition”, and in no way
an expression of his views in his official capacity with the
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Thank you Mr. Chairman, and to the rest of the Subcommittee members, for the privilege and honor to be here today testifying and sharing with you what I consider to be an issue of national security.

Nearly two years ago, under the auspices of the Brookings Institution, I was invited to be part of a group of nineteen distinguished academics, opinion leaders, and international diplomats committed in seeking a strong and effective U.S. policy toward Cuba.

Under the leadership of Ambassador Carlos Pascual and Ambassador Vicki Huddleston our team of well known experts in the field of U.S.-Cuba relations, carried out a series of simulation exercises and discussions that have served to enhance our understanding of the complex political realities in Cuba and the United States.

By testing the responses of several strategic actors and stakeholders to a variety of scenarios, we have identified potential catalysts and constraints to political change on the island.

The end result of our efforts was a road map report entitled "*Cuba: A New Policy of Critical and Constructive Engagement*", just released last week. Mr. Chairman with your approval I will like to submit the full report for the record.

As I mentioned earlier we conducted a series of scenarios which identified potential catalysts and constraints to political change on the island. One of these was the impact and influences that Venezuela and its current leadership could have on the government of Cuba.

Two thirds of Cuba's petroleum demand currently relies on imports, and Venezuela is the single source of these imports under heavily subsidized payment terms.

This petroleum dependency, valued at over \$3 billion in 2008, could be used by Venezuela as a tool to influence a Cuban government in maintaining a politically antagonistic and belligerent position toward the United States.

Cuba has learned from past experiences and is very much aware of the political and economic risks and consequences of depending on a single source for imported oil. The collapse of the Soviet Union in 1991 and the 2003 Venezuelan oil strike taught Cuba very expensive lessons.

President Raul Castro understands the risks; his recent visits to major oil exporters such as Brazil, Russia, Angola, and Algeria underscore his concerns. A relationship with Brazil would provide a balance to Cuba's current dependency, while others could bring with it corrupt and unsavory business practices.

Only when Cuba diversifies suppliers and develops its offshore resources, estimated by the United States Geological Survey to be at 5.5 billion barrels of oil and 9.8 trillion cubic feet of natural gas undiscovered reserves, will it have the economic independence needed in order to consider a political and economic evolution.

Although Cuban authorities have invited United States oil companies to participate in developing their offshore oil and natural gas resources U.S. law does not allow it. Today international oil companies such as Spain's Repsol, Norway's Statoil Norsk Hydro and Brazil's Petrobras are active in exploration activities in Cuba's Gulf of Mexico waters.

American oil and oil equipment and service companies have the capital, technology, and operational know-how to explore, produce, and refine in a safe and responsible manner Cuba's potential oil and natural gas reserves; yet, they remain on the sidelines because our almost five-decade old unilateral political and economic embargo.

The President can end this impasse by licensing American companies to participate in developing Cuba's offshore oil and natural gas.

The Secretary of Treasury has the authority to ---rescind, modify or change the embargo regulations because the Helms Burton codified the embargo regulations -- including the provision that the Secretary "may authorize any prohibited activity." President Clinton modified the regulations by permitting 12 categories of travel and remittances, and President Bush modified the embargo by rescinding some of these regulations that were codified in the 2000 Agricultural and Food sales legislations to Cuba.

In the opinion of legal experts consulted Mr. Chairman no legislation prevents the President from authorizing US oil companies from developing Cuban oil and natural gas reserves.

A Cuban government influenced by its energy benefactors would most likely result in a continuation of the current political and economic model. If Cuba's future leaders are unable to fill the power vacuum left by the departure of the old cadre, they could become pawns of illicit business activities, drug cartels, and the United States could face a mass illegal immigration by hundred of thousand of Cubans.

We received some push-back Mr. Chairman to our recommendation that suggested that by allowing Cuba to develop its undiscovered hydrocarbon reserves would serve

to the continuation of present policies on the island by the current leadership.

We determined Mr. Chairman that if Cuba's undiscovered reserves are proven it would take between three to five years for their development, and production volumes would have to reach a level of over 200,000 barrels per day to have the same economic benefit as that derived today from Venezuela's oil subsidies.

The Brookings report proposes Mr. Chairman, as part of phased strategy, a policy that supports the emergence of a Cuban state where the Cuban people determine the political and economic future of their country through democratic means, and to achieve this goal Cuba must achieve energy independence.

In conclusion Mr. Chairman if U.S. companies were allowed to contribute in developing Cuba's hydrocarbon reserves, as well as renewable energy such as solar, wind and sugarcane ethanol, it would reduce the influence of autocratic and corrupt governments on the island's road toward self determination. Most importantly, it would provide the United States and other democratic countries with a better chance of working with Cuba's future leaders to carryout reforms that would lead to a more open and representative society.

Thank you Mr. Chairman for your time and consideration.