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From the Diary of Yu. V. Petrov, Record of a Conversation with the Deputy Chairman of the State Council and the Council of Ministers of Cuba, Carlos Rafael Rodriguez

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Summary:

Record of conversation between Soviet Ambassador Petrov and Cuban Deputy Chairman Carlos Rafael Rodriguez, in regard to the Cuban trade imbalance with the Soviet Union. Rodriguez notes that Cuba would like to see a decrease in the number of Soviet officials present in the country, and argues that the USSR should be buying Cuban sugar above world market prices as the EEC does. The Soviet side responds that it is supportive of many of these ideas, but that it would take a complete restructuring of the Cuban economy to achieve these aims.

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EMBASSY OF THE USSR IN THE REPUBLIC OF CUBA

From the diary of Yu. V. PETROV

RECORD OF A CONVERSATION with the Deputy Chairman of the State Council and the Council of Ministers of Cuba, CARLOS RAFAEL RODRIGUEZ

31 August 1990

We met with C.R. Rodriguez on our initiative. We inquired of our conversation partner as to the Cuban government's plans to overcome the crisis situation which had come about in the country as a result of the shortage of raw materials, and in the first instance, energy resources. We requested that he clarify which measures the government of the country intended to undertake in addition to those spoken about in "Granme" as information available to the populace.

C.R. Rodriguez emphasized that in Cuba the objective character of the Soviet government's difficulties in fulfilling its economic obligations was understood, and that in no way was the political will of the Soviet leadership to maintain friendship and cooperation with Cuba doubted. Our interlocutor also gave us to understand that in Havana, plans for Cuba's economic development were as before linked to the USSR and that it was hoped that the difficulties which had arisen would be overcome, although there was much concern over the course of events in the Soviet Union.

Nevertheless, in C.R. Rodriguez's words, the Cuban leadership is developing an understanding of the unavoidable need for changes in the character of our commercial-economic ties, and that the necessary steps to transfer our cooperation onto a new basis in connection with the move to paying the USSR in SKV [freely convertible currency] at world prices are being made. In this connection, our interlocutor expressed the readiness of the group of the Cuban minister for external trade to continue the talks on these issues in Moscow in the framework of the commission which has been created.

C.R. Rodriguez confirmed the Cuban government's course toward a diversification of the forms of commercial-economic cooperation in connection with the decentralization of the economy taking place in the USSR and stated that direct, mutually beneficial ties with Soviet enterprises and associations would be encouraged in every way here. In our interlocutor's opinion, the preferential reservation of tourist trips and holidays for the most active [Soviet] commercial partners, as well as the dispatch of Cuban doctors to work in those enterprises and republics with whom close relations are established, can act as incentives for Soviet suppliers. Nevertheless, C.R. Rodriguez , without excluding the possibility of the selected supply of traditional Cuban export goods to selected enterprises, requested the preservation of the inter-state trade in sugar, nickel, and citrus products as the most rational and effective form of our mutual relations. In this context he inquired as to the degree to which the system of state orders would be preserved in connection with the USSR's transition to the market economy.

Further, C.R. Rodriguez dwelt on the measures undertaken by the country's leadership in support of the viability of the country in connection with the

extraordinary circumstances. On the whole, these measures, by our interlocutor's admission, boil down to a tightening of the austerity regime and the husbanding of all resources, first and foremost oil and electrical energy, which will unavoidably have an impact on the standard of living of the populace.

C.R. Rodriguez reacted with pessimism to our comments about searching for new credits among the countries of the West and Latin America and repeated the well-known arguments as to the "imperialist conspiracy," "tightening the blockade" of Cuba, and so on. He spoke about Spain in the same tone in reply to our rejoinder about the political inexpediency of worsening the traditionally friendly relations with this country.

Commenting on our statement about the economic difficulties in the USSR and the small likelihood that in the current conditions the Supreme Soviet of the USSR would confirm new trade credits for Cuba, C.R. Rodriguez tried to base his argument on the fact that under the current conditions, trade did not exist without granting credits, and that even Western countries (France, Canada) did not renounce this practice in their relations with Cuba. In his words, the absence of Soviet credits would have catastrophic consequences for the Cuban economy.

In regard to the credits received from the USSR for technical cooperation, our interlocutor acknowledged the expediency of a more rational approach to realizing the economic objectives of the next five-year plan while avoiding wasting resources and unfinished goods, and said that evidently it would be necessary to review the existing plans and projects. In this context he also agreed with the inevitability of gradually reducing [the number] of Soviet specialists working on the objectives of cooperation in connection with the possible transition to new conditions for their payment.

Discussing the necessity of reducing the trade imbalance with the USSR, C.R. Rodriguez stated in this regard that the price of Cuban sugar in the accounting procedure with us should exceed the price of the world sugar market, since the countries of the EEC subsidize their traditional supplies of this product, and it would be logical to expect a similar approach by the USSR. To this he added that evidently the price for Soviet machine-building products would have to be lowered since it did not correspond to the world [price] level.

From the logic of our conversation partner's commentary, we received the impression that a new model of commercial-economic cooperation with the USSR was being carefully worked out in the Cuban government and that a search was underway for arguments in favor of continuing this cooperation at a minimal loss to Cuba. In particular, C.R. Rodriguez tried to found his proposals [on the assertion] that the Soviet Union will not be able to get by without Cuban sugar, insofar as, in his words, in the near term, a significant increase in production of this product will probably not be possible in the USSR. On the other hand, he recognized that it would be difficult to expect a delivery of more than three million tonnes of sugar in the USSR in 1991 because of the necessity to pay its debts to the countries of the EEC.

For our part, we noted that only the reconstruction of Cuba's entire economic mechanism will permit it to resolve its economic problems, and that a deepening of the reforms which have been proclaimed would help the Cuban leadership to overcome its growing difficulties and win the support of other states more quickly.

The first secretary of the embassy, V. Pogrushevskii, was present during the dialog.

AMBASSADOR OF THE USSR TO THE REPUBLIC OF CUBA Yu. PETROV