

OLC 04 #1

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Recd 17 Feb 78

HSCJ

MEMORANDUM

SUBJECT: Economic Burden of Cuba's Involvement in Africa

1. We believe the economic cost of Cuba's military involvement in Africa is not an important constraint on the Cuban economy or on those Cuban leaders planning Havana's African policy. There currently are 28,000-30,000 Cuban military personnel in Africa. They represent about 1 percent of the Cuban labor force. Assuming that all of these people were productively employed at home, their absence will cause an estimated loss in national output of about \$80 million annually; about 1 percent of estimated 1976 GNP.*

2. Logistical costs have been limited to no more than 10 percent of the Cuban merchant marine at any given time and a small number of aircraft. The cost of this diversion has amounted to only about \$15 million annually at most and has not seriously disrupted Cuban trade patterns or commercial airlines schedules.

3. While the costs to the economy in general have been relatively small, the loss of skilled and unskilled workers has caused disruption in several sectors of the economy; the loss of unskilled workers has been minimized, however, by increased mechanization of the labor-intensive sugar-cane harvest and the widespread use of student labor in agriculture.

4. While Cuba supplies the bulk of the manpower and probably most of the subsistence and salary costs

* A majority of these personnel (perhaps 70 percent) are reservists who have been activated for duty in Africa. Active duty personnel would be involved in military duties at home and consequently their absence does not represent a drain on the economy.

OLC 04 # 3

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Impossible to determine

for its military personnel in Africa, virtually all of the materiel costs are being borne by the USSR. Most of the Soviet-made military equipment being used in Angola and Ethiopia is shipped directly from the USSR. About three-fifths of the equipment sent from Cuba to Angola has been replaced by newer, and in some cases, more sophisticated weapons, and the remainder of the deficit is expected to be covered by further Soviet deliveries. Moscow has provided planes and pilots to facilitate Cuban logistics and has leased two IL-62s to Havana for twice-weekly flights to Angola. Soviet passenger ships have been utilized to transport many of the Cuban combat personnel who are now in Ethiopia.

5. The Angolan government also is paying for a share of the cost of the Cuban presence there. Angolan airlines has recently begun a weekly flight between Havana and Luanda which will offset a small portion of the logistics cost. In addition, we believe that the Neto regime is now paying for the food and lodging of Cuban civilian advisers, and perhaps part of the subsistence costs for Cuban military personnel as well.

6. Cuba's burden is also partially alleviated by other factors. For example, Angola has constituted a new, although relatively small, hard currency market for Cuban experts at a time when Havana's major traditional sugar markets--such as Japan and Spain--have shrunk considerably. The current world sugar surplus has made new markets extremely difficult to obtain. Cuban sugar sales to Angola--which were nonexistent before 1976--amounted to at least 45,000 tons in 1977. These shipments amounted to approximately \$8.5 million, or about 1.5 percent of Cuba's estimated 1977 hard currency earnings.

7. In addition, Cuba (along with the USSR) has obtained exclusive fishing rights in the rich, relatively unexploited waters off Angola at a time

when it is being excluded from many of its traditional fishing grounds by the expansion of maritime boundaries. At the end of 1977 there were 57 Cuban fishing trawlers based in Angola. Their catch is transferred to Cuban factory ships for export to Western countries and, to a lesser extent, for consumption in Cuba. Although we have no information on the size of the Cuban catch off Angola, access to these waters undoubtedly contributed to the improved performance of the Cuban fishing industry in 1976. Cuba's total worldwide catch, which had fallen 13 percent in 1975 to 143,000 tons, rose dramatically in 1976 to 193,000 tons.

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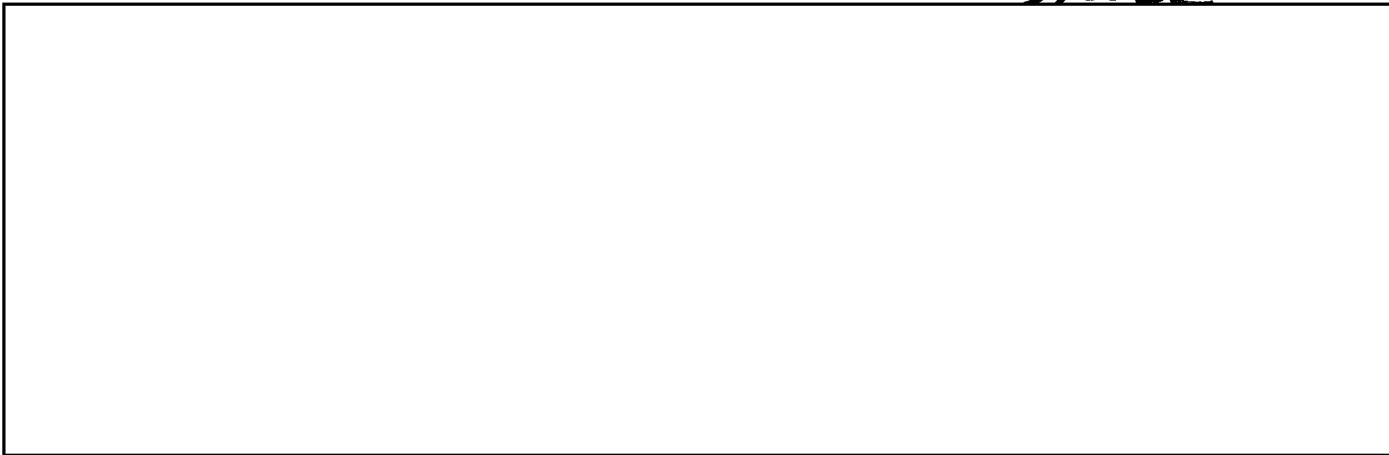
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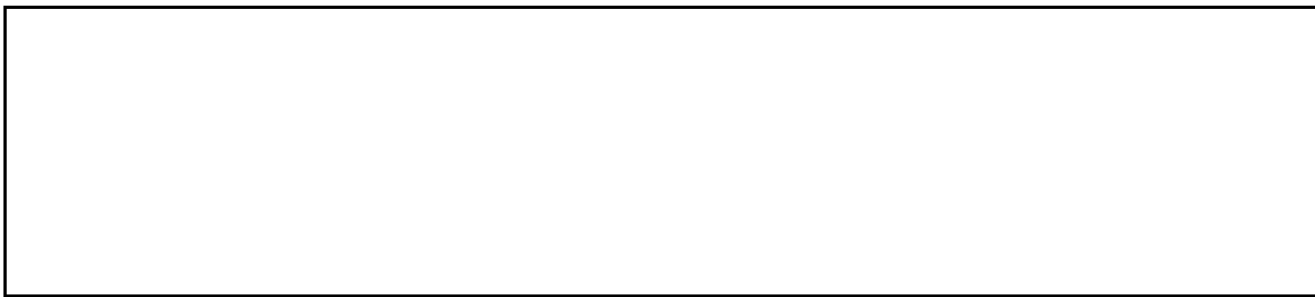
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14. (Unclassified - SF) LIAISON Received a call from Pat Long, on the staff of the House Permanent Select Committee on Intelligence, requesting for Thomas K. Latimer, Staff Director, a copy of the DCI's Intelligence Report for 1977 on the Community. I told him of our office, would be getting back to him. Mr. Long said the report was 34 pages long with an annex of 8 pages.

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16. (Unclassified - SF) LIAISON Sent by courier to Mr. Thomas K. Latimer, Staff Director, House Permanent Select Committee on Intelligence, a report on the economic burden on Cuba's involvement in Africa. This was sent at request in response to interest from some of the Members.

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17. (Unclassified - SF) LIAISON Sent by courier to Mr. Thomas K. Latimer, Staff Director, House Permanent Select Committee on Intelligence, a copy of a CIA book cable in its sanitized version dealing with Privacy Act reporting requirements.

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OLD RECORD COPY



CENTRAL INTELLIGENCE AGENCY

Office of Legislative Counsel
Washington, D. C. 20505

Telephone: [Redacted]

21 February 1978

TO: Mr. Thomas K. Latimer
Permanent Select Committee on Intelligence
House of Representatives

Dear Tom:

The attached report is being forwarded to you in response to interest from some of the Members on the economic burden on Cuba's involvement in Africa. I think you will find it a useful report.

Sincerely,

[Redacted Signature]

Assistant Legislative Counsel

Attachment

FORM 6-68 1533 OBSOLETE PREVIOUS EDITIONS

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*Gen. item
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