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Shifting Strategic Dynamics Surrounding Cuba

Geopolitical Shift After the Venezuela Transition and Implications for Policy and Business

Marubeni America Corporation Washington Office
So Uehara, Senior Government and International Affairs Manager
uehara-so@marubeni.com

- Regional geopolitical shifts in the Caribbean and Latin America are increasing U.S. leverage over Cuba. The removal of Venezuelan President Nicolás Maduro and the weakening of Russian and Chinese influence in the Caribbean have created a strategic environment in which Washington has greater capacity to apply coordinated economic pressure while shaping potential negotiation outcomes.
- U.S. strategy appears focused on coercive leverage without state collapse. The administration is applying targeted economic pressure, particularly in the energy sector, while signaling openness to negotiations designed to secure geopolitical concessions, limit migration risks, and expand commercial access for U.S. firms.
- Although U.S. domestic politics present challenges, a transactional agreement is increasingly plausible. The administration's deal-oriented approach and the Venezuela transition framework suggest a potential pathway for phased engagement in exchange for strategic and economic concessions from Havana, despite pushback from Florida lawmakers.
- Business opportunities would likely emerge gradually through phased sector openings. If negotiations advance, early commercial reentry would likely occur in travel, telecommunications, and agriculture, followed later by infrastructure and industrial sectors as financing channels and regulatory conditions stabilize.

The geopolitics of the Caribbean and Latin America have shifted significantly following the removal of Maduro as president of Venezuela, depriving China and Russia of their most important strategic partner in the region and leaving a geopolitical vacuum that is already reshaping regional alignments.

In Colombia, President Gustavo Petro, despite sharp disagreements with President Trump over U.S. military actions, has traveled to Washington to ease tensions and recalibrate relations. In Panama, the Supreme Court's decision to void CK Hutchison's concessions at both ends of the Panama Canal dealt a significant blow to China's strategic and commercial footprint. Mexico has emerged as Cuba's principal remaining oil supplier, but that role is becoming increasingly uncertain. After President Trump directed his administration to impose secondary tariffs on countries supplying energy to Havana, Mexican President Claudia Sheinbaum announced that oil shipments are on hold while they seek a diplomatic solution to resume shipments[1].

This altered regional landscape, characterized by weakened rivals, shifting diplomatic positioning, and a more assertive use of U.S. economic pressure, forms the strategic backdrop for understanding the Trump administration's evolving policy toward Cuba following Operation Southern Spear. Together, these developments suggest a potential opening for a transactional U.S.–Cuba settlement driven less by ideological normalization than by geopolitical realignment and economic leverage.

Cuba's Vulnerabilities: Energy, Foreign Exchange, and Social Stability

Cuba enters the current regional environment in a position of pronounced structural vulnerability, most visibly in the energy sector. Even before the recent U.S. maritime pressure campaign and the fall of the Maduro government, the island depended on a small group of external oil suppliers, primarily

[1] "Mexico Dispatches Two Ships to Cuba With Humanitarian Aid," Bloomberg News, February 8, 2026. (link)

Venezuela and Mexico, supplemented by occasional shipments from Russia and Algeria. Supplies had already been declining, leaving the country's power system functioning but increasingly fragile.

The loss of subsidized Venezuelan oil has sharply exposed the depth of Cuba's dependence on external energy sources. Electricity generation relies heavily on fuel oil produced from imported crude refined domestically, yet aging refineries, chronic underinvestment, and irregular crude deliveries often force the government to import refined products directly, heightening exposure to global supply disruptions.

These structural weaknesses have translated into repeated nationwide power disruptions. Beginning in early 2024, large portions of the country experienced rolling blackouts, culminating in a nationwide outage in October 2024 after the failure of the Antonio Guiteras power plant[2]. Power shortages have continued intermittently through 2025 and 2026, contributing to broader economic deterioration and social strain.

At the same time, the country faces growing external financing pressures. Tourism, one of Cuba's main sources of foreign currency, declined sharply in 2025 as power outages, fuel shortages, and deteriorating infrastructure discouraged visitors. Remittances remain a critical lifeline but fluctuate with changes in U.S. sanctions and financial transfer restrictions. Foreign-exchange shortages increasingly limit the government's ability to import food, fuel, and medicine, while shortages of basic goods have become more visible across the island. Together, these vulnerabilities heighten Havana's sensitivity to external economic pressure and, in turn, strengthen Washington's negotiating leverage.

U.S. Policy Objectives: Leverage Without Collapse

Against this backdrop, the Trump administration appears to be pursuing a strategy aimed at maximizing leverage over Havana while avoiding the risks associated with a complete state collapse. The administration's broader regional approach following the Venezuela operation suggests several likely objectives. These include reducing Russian and Chinese influence[3], opening potential commercial opportunities for U.S. firms, limiting migration pressures, and reshaping the political orientation of the Cuban government through negotiated concessions rather than direct military intervention.

President Trump's public messaging reflects this approach. In a January 11 Truth Social post, he

[2] Cuba's largest thermal power plant. Japanese companies, including Hitachi High-Technologies (as it was then known), have previously participated in supplying major equipment and undertaking refurbishment projects at the facility. Cuba's energy system relies on eight oil-fired thermoelectric plants. Most are more than 40 years old and plagued by maintenance problems. Along with smaller diesel generators and a shrinking number of floating power ships, they form a fragile energy infrastructure.

[3] Russia and China have expanded their intelligence and security activities in Cuba in recent years, raising growing national security concerns in Washington. U.S. officials have confirmed that China has maintained access since at least 2019 to a network of signals-intelligence (SIGINT) collection sites near Bejucal, Wajay, and Calabazar outside Havana, facilities believed to be oriented toward intercepting U.S. military and civilian communications across the southeastern United States and the Caribbean. Russia has also reportedly moved to reestablish or upgrade intelligence-collection capabilities associated with the former Lourdes monitoring complex and continues to rotate intelligence personnel through the island. In addition, Moscow has used Cuba for episodic demonstrations of military presence, including a 2024 port visit by a naval flotilla featuring a guided-missile frigate and a nuclear-powered submarine. Together, these activities underscore Cuba's continuing strategic value as a forward location for intelligence collection and power projection near U.S. territory. (link)

declared that there would be "no more oil or money for Cuba,"[4] urging Havana to "make a deal before it is too late." Administration officials have similarly emphasized the importance of preventing instability. Secretary of State Marco Rubio recently noted that the United States does not have an interest in a destabilized Cuba, highlighting Washington's concern that economic collapse could trigger mass migration, criminal activity, or renewed external intervention by U.S. adversaries.

Speak Softly and Carry a Big Stick: Coercion and Diplomacy

Rather than pursuing military action, Washington has concentrated on economic instruments designed to exploit Cuba's most acute vulnerabilities. Secondary tariffs[5] targeting countries supplying oil to Cuba represent a key pressure point, while U.S. enforcement actions have effectively halted Venezuelan oil shipments that once served as the backbone of Cuba's energy system.

At the same time, Washington appears to be maintaining diplomatic channels. Mexico has indicated willingness to act as an interlocutor, continuing a long historical role in facilitating confidential U.S.–Cuba contacts[6]. Reports also suggest that U.S. officials are seeking contacts within the Cuban political system who could facilitate a negotiated settlement[7]. Cuban President Miguel Díaz-Canel has publicly stated that Havana is prepared for meaningful dialogue with Washington, although he has ruled out negotiations over regime change.

Strategic Risks: The Failed State Dilemma

Despite the leverage created by Cuba's economic vulnerabilities, U.S. policymakers remain aware of the risks associated with excessive pressure. Historical intelligence assessments warned that severe economic breakdown in Cuba could produce uncontrolled migration flows, domestic unrest, and increased pressure for international intervention[8]. These dynamics remain relevant today. A destabilized Cuba could also create opportunities for transnational criminal networks or external geopolitical rivals to exploit the island's strategic position.

Accordingly, the Trump administration's Cuba strategy appears to operate within a narrow policy space. The objective is to maintain sufficient economic pressure to encourage negotiations while avoiding the level of systemic collapse that could generate regional instability or a humanitarian crisis. This "pressure without collapse" approach mirrors elements of the administration's Venezuela policy, where calibrated economic pressure has been combined with selective sectoral openings (particularly in the energy sector) to incentivize cooperation while preserving political stability.

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[4] Katie Rogers, "Trump's Venezuela Oil Strategy Puts Pressure on Cuba," New York Times, January 11, 2026. (link)

[5] The White House, "Addressing Threats to the United States by the Government of Cuba," January 29, 2026. (link).

[6] William M. LeoGrande and Peter Kornbluh, "What a Deal Between Trump and Cuba Might Look Like," Foreign Policy, February 5, 2026,(link).

[7] José de Córdoba, "The U.S. Is Actively Seeking Regime Change in Cuba by the End of the Year," Wall Street Journal, January 2026. (link).

[8] Peter Kornbluh, "¿Es Cuba la siguiente?," Sin Permiso, January 25, 2026, (link)

Is a deal possible?

Historical evidence suggests that negotiations are possible under the right conditions. Experts William LeoGrande and Peter Kornbluh[9] argue that Cuba has repeatedly shown willingness to negotiate with the United States and that the persistence of the bilateral conflict has stemmed less from Cuban refusal than from U.S. domestic political constraints, maximalist policy objectives, and repeated interruptions of diplomatic openings.

Domestic political considerations continue to shape the negotiating environment. Lawmakers representing Cuban American constituencies strongly support the administration's pressure campaign and generally condition negotiations on regime change or significant political reforms, reinforcing the domestic political constraints surrounding any diplomatic initiative[10].

At the same time, President Trump's transactional negotiating style, combined with the precedent established by the Venezuela settlement framework, suggests a possible pathway for a pragmatic agreement under which the current Cuban government remains in power while offering strategic concessions. Such concessions could include preferential market access for U.S. firms and the reduction of Russian and Chinese strategic activities on the island. To address domestic political opposition, any arrangement could incorporate phased commitments to political reforms, including future elections, allowing the administration to present the agreement as both a strategic realignment and a pathway toward democratic transition.

Expropriation Compensation

A related obstacle in any negotiation is the long-standing dispute over compensation for U.S. property expropriated after the 1959 revolution. The United States has certified thousands of claims valued at roughly $1.85 billion in principal[11], a figure substantially higher when accumulated interest is included. U.S. law links eventual normalization to the resolution of these claims.

The Helms Burton Act created a legal pathway allowing claimants to sue entities benefiting from confiscated property. Successive administrations suspended this provision until President Trump allowed the waiver to lapse in 2019, activating litigation for the first time. Several cases, including ExxonMobil's claim against Cuban state entities, are now before the U.S. Supreme Court, where the central question is whether sovereign immunity protections limit the ability of plaintiffs to pursue damages. A ruling that expands litigation rights could increase legal pressure on Havana and reshape the negotiating environment. At the same time, the administration's transactional negotiating approach suggests that Washington could still pursue a pragmatic agreement that includes structured compensation mechanisms as part of a broader settlement package

[9] William LeoGrande is a professor of government and former dean of the American University School of Public Affairs. He is an expert on Latin America. Peter Kornbluh is a senior analyst at the National Security Archive at the George Washington University and the director of the Chile Documentation Project and the Cuba Documentation Project.

[10] This hardline approach is evident today with lawmakers like Rep. Carlos Giménez (R-FL-28), Rep. María Salazar (R-FL-27), Rep. Mario Diaz-Balart (R-FL-26) who while supportive of Trump's pressure campaign, conditions negotiations only if tied to regime change or structural political reforms.

[11] The U.S. Department of Justice's Foreign Claims Settlement Commission (FCSC) maintains the official registry of U.S. nationals' claims for property expropriated by the Cuban government after the 1959 revolution. The Commission has certified more than 5,900 claims, totaling roughly $1.85–1.9 billion in principal, which serve as the official basis for potential future U.S.–Cuba compensation negotiations. (link)

Business Opportunities

Washington may increasingly view the Venezuela transition framework as a potential template for a transactional opening toward Cuba, particularly if the objective is strategic realignment rather than immediate regime change. Several elements of the Venezuela approach are already informing analytical discussions of how a future Cuba agreement could be structured. In Venezuela, Washington prioritized targeted sector openings, beginning with energy, in order to create economic incentives for cooperation before broader sanctions relief.

(1) Travel and Tourism

During the 2014–2017 Obama-era Cuban thaw, the reopening was largely driven by executive authority, which allowed several U.S. industries to reenter the Cuban market under Treasury licensing and regulatory easing. The travel sector moved first. Scheduled commercial flights resumed in 2016, and cruise lines began voyages from Florida to Cuban ports, leading to a rapid increase in authorized U.S. travel and tourism demand.

Hospitality and travel platforms also expanded quickly. Starwood signed the first U.S. hotel management agreement in Cuba since 1959, while Airbnb entered the market in 2015 and rapidly expanded listings, becoming one of the most visible U.S. commercial presences on the island. These developments demonstrated that hotel management contracts, joint ventures, and digital travel platforms can scale quickly once regulatory barriers are eased.

(2) Telecommunications and Digital Infrastructure

Telecommunications and digital services also emerged as early entrants. U.S. policy explicitly encouraged connectivity initiatives, and U.S. telecom firms signed roaming and interconnection agreements with Cuba's state telecommunications provider ETECSA, including deals involving Sprint, Verizon, AT&T, and IDT to provide direct voice, roaming, and interconnection services between the two countries. This experience suggests that digital infrastructure and connectivity firms would again be among the earliest strategic entrants if engagement resumes.

(3) Agriculture and Food

Agricultural and food exports represented another important sector. The United States had already been a major food supplier to Cuba prior to the thaw due to statutory humanitarian trade exceptions[12]. The thaw did not dramatically expand agricultural exports because the primary constraint was not market access but financing rules, including cash-in-advance payment requirements, restrictions on export credit, and tight banking compliance procedures. Nevertheless, agricultural exporters remain among the most active U.S. constituencies supporting normalization, and grain, poultry, and food producers would likely move quickly if financing restrictions were eased.

(4) Industrial Equipment

Industrial equipment and infrastructure-related sectors also began exploratory entry. Companies such as Caterpillar and Deere pursued early-stage agreements and market testing initiatives related to agricultural machinery, construction equipment, and infrastructure services. These efforts slowed after the tightening of U.S. sanctions beginning in 2017, illustrating the sensitivity of long-term

[12] Trade Sanctions Reform Act of 2000 (TSRA). TSRA's main goal is to ensure that food, agricultural commodities, medicine, and medical devices are generally not used as tools of U.S. foreign policy or national security sanctions, except in limited, defined circumstances. It also allowed for the sale of agricultural products and medical supplies to Cuba, provided they were not on specific restricted lists and were sold under a, often, specific licensing regime from the U.S. Treasury.

industrial investment to regulatory stability. If future engagement resumes, infrastructure-related sectors would likely expand following initial openings in travel, agriculture, and telecommunications once financing channels become available.

(5) Critical Minerals

Cuba is also attracting attention as a potential supplier of critical minerals such as nickel and cobalt. These minerals are closely linked to the United States' growing focus on strengthening critical mineral supply chains. Cuba holds some of the world's largest nickel reserves, and cobalt is produced as a by-product of nickel mining. Although U.S. participation in this sector remains limited due to sanctions and investment restrictions, a future improvement in bilateral relations could create new entry opportunities for U.S. firms in mining development, refining, and related infrastructure. From the perspective of U.S. industrial and national security policy, which prioritizes diversification of critical mineral supply sources within the Western Hemisphere, this sector is likely to carry increasing strategic importance in any future U.S. economic engagement with Cuba.

At present, the principal foreign players in Cuba's mining sector include Sherritt International (Canada; nickel and cobalt), Trafigura (Switzerland/Singapore; zinc and lead), and Antilles Gold (Australia; gold, copper, silver, and antimony).

There is currently no evidence that Chinese companies own or operate Cuba's major producing nickel–cobalt assets. The clearest identified involvement is Shandong Xinhai Mining Technology & Equipment's letter of intent to provide EPC services and approximately $16 million in financing for the Nueva Sabana gold–copper project being developed with Antilles Gold[13].

In other words, compared with Canadian firms that have long operated in the nickel and base metals sector, the Chinese presence remains limited and concentrated mainly in early-stage or ancillary roles. If the United States moves toward broader economic engagement with Cuba in the future, the extent to which Chinese influence in the resource sector can be reduced may become an important issue in negotiations. Should relations improve, mining development, refining, and related infrastructure projects could present significant new entry opportunities for U.S. companies.

Outlook

The convergence of Cuba's structural vulnerabilities, the regional geopolitical shifts following developments in Venezuela, and the administration's transactional diplomatic approach is creating an emerging window for limited strategic accommodation between the two countries. In recent years, disruptions in energy supplies and the decline in tourism revenues have further weakened the Cuban economy, altering the negotiating environment itself.

At the same time, domestic political constraints (particularly those linked to Florida) are likely to continue shaping the pace and scope of any agreement. Even so, current conditions are increasing incentives on both sides to explore a limited arrangement combining phased economic measures with selective geopolitical concessions.

From a business perspective, the most realistic scenario is not rapid, comprehensive normalization, but rather a gradual opening in selected sectors, accompanied by continued volatility in the sanctions environment for the foreseeable future.

[13] "Antilles Gold Signs LoI with Xinhai for Cuban Mine Project," Mining Technology, July 11, 2025, (link).

Marubeni America Corporation Washington Office

1717 Pennsylvania Ave., N.W., Suite 375, Washington, DC 20006

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