

# Czech Tractors, Cuban Oranges

## Economic Relations between Socialist Czechoslovakia and Revolutionary Cuba

*Hana V. Bortlová*

This work deals with the economic relations between Cuba and socialist Czechoslovakia from the early years of the Cuban Revolution until the fall of the communist regimes in Central and Eastern Europe (CEE). This work suggests that economic relations constituted the backbone of the Czechoslovakia's policy towards Cuba and divides such engagement into three, distinctive, periods: 1. the "euphoric period" (1959 until the missile crisis in 1962); 2. The period between the aftermath of the missile crisis and the Prague Spring (1968); and, 3. the period of "normalised relations," (the post-1968 invasion of Czechoslovakia until early 1990). The work is primarily based on Czech archival documents such as records of Czechoslovakia's communist leadership (Czechoslovak Communist Party Central Committee Archives), the Ministries of Foreign Affairs, Foreign Trade, and the Civil Intelligence Service.

*Keywords: Cold War, International Relations, Economics, Czechoslovakia, Latin America, Cuba*

### Introduction

In the three decades which followed after 1959 – the year Fidel Castro assumed power in Cuba – Czechoslovakia acted as an important conduit of Soviet influence on this Caribbean island; it served as a virtual gatekeeper since, unlike the other countries of the Soviet Bloc, Czechoslovakia could boast comprehensive diplomatic, economic and cultur-



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al contacts that had been made with Cuba even before WWII. Initially, Czechoslovak goods were exported together with the Soviet's communist ideology, though turned into essential parts of the so-called "international aid" provided to Cuba by the Soviet bloc aid which mainly consisted of industrial equipment and weaponry. Czechoslovakia also provided Cuba with military experts, technicians and scientists. These economic relations constituted the backbone of Czechoslovak policy towards Cuba. This work divides and assesses them in three periods.

The first period is identified as "euphoric" since it followed the euphoria of the 1959 rise of Castro and lasted until the Cuban Missile Crisis in October 1962, when such euphoria waned. Significantly, this period saw the commencement of the substantial importation of Czechoslovak weapons, and the first deployments of Czechoslovak "asesores" (advisors) in various sectors of the Cuban economy and administration. The second period lasted from 1962, re: after the Missile Crisis, until 1968 when the Prague Spring occurred. When compared to the early 1960s, economic relations with Cuba declined during this period; the original euphoria was eclipsed by Prague's dissatisfaction with Cuba's incapability to meet its business obligations while Czechoslovakia's reformist tendencies – evident, in the economic field, since 1964 – became more apparent in their mutual relations. Czechoslovakia's economic experts were dissatisfied with the orientation of the country's foreign trade and highlighted the disadvantageous trade relations with certain countries, including Cuba, while suggesting that it would be useful to efficiently distinguish between "real" priorities and politically motivated "international assistance." Naturally, Cuba cooled towards Czechoslovakia, supported the 1968 Soviet-led, Warsaw Pact invasion of the country while restricting imports from Czechoslovakia – which was overtaken by the GDR.

The final period is termed: "normalised relations," and lasted from late 1969 to early 1990. Relations between post-1968 Czechoslovakia and Cuba, were slowly returning to their pre-1968 levels which resulted in the extension of the existing agreements on cooperation in economic, scientific, educational and cultural relations. The accession of Cuba into the Council for Mutual Economic Assistance (COMECON) in 1972 greatly enhanced economic relations as well as Cuba became COMECON's supplier of some raw materials (nickel) and sugar. Tropical fruits (re: oranges), deeply rooted in the "memory of taste" of many

Czech and Slovak generations, also represented a significant part of the importation lists. Czechoslovakia's exports to Cuba did not experience major changes compared to the 1960s. By the beginning of the 1970s, thousands of Cuban "*gastarbeiters*" (guest-workers) had moved to Czechoslovakia and entered key sectors such as the automobile industry, engineering, and textile manufacturing. A more gradual transformation of Czechoslovakia's relationship to Cuba occurred in the mid-1980s as a result of Gorbachev's *perestroika*, which Castro watched with growing distrust since it represented ideological and economic transformations. After 1989, Czechoslovakia's and (later) the Czech Republic's relationship to Cuba may be depicted as nearing hostile and political changes in the Cold War's aftermath affected diplomatic relations and seriously impacted the economic links with the island.<sup>1</sup>

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This work seeks to provide greater understanding to the aforementioned periods as a means of grasping the variables which lead to economic and political harmonisation. The case of Czechoslovakia and Cuba during the Cold War will certainly assist in painting a more complete picture of how intra-communist engagements worked. This text is largely based on Czech archival documents – records of the Czechoslovak Communist Party Central Committee Archives, the Ministry of Foreign Affairs (MFA), Ministry of Foreign Trade (MFT) and Civil Intelligence Service – and, as a result, will only focus on the “euphoric period” since this period seems to be best referenced and cross-referenced in the archives. This is not to suggest that the other periods are not reflected well, they are, however, the main thrust of this work's enquiry has led to an abundance of archival information for the first period and hence focus is paid to it. In light of further information, it is hoped that the other two periods may be more thoroughly examined.

In order to adequately depict the circumstances that led to, and the results of, the first period of Czechoslovakia's relations to communist Cuba, this article proceeds as follows: first it outlines the state of both Cuba's and Czechoslovakia's economies during the initial process of rapprochement, including the limitations with which both countries entered into the cooperation. This work then describes the characteristic features of this cooperation and its development during the first half of the 1960s. Finally, this work deploys “special cases” to reflect on the weaknesses, political links and impacts of Czechoslovakia's trade relationship to Cuba. It should be noted that the research undertaken

for this article deliberately omits investigation into the trade in weapons between Czechoslovakia and Cuba since that industry is not considered as part of “normal trade” and should be discussed in a separate text.<sup>2</sup>

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## Assessing the Economic Situation in Cuba and Czechoslovakia in the Early Cold War Years

### *A Snapshot of Czechoslovakia's Economy, Post-1948*

Since entering the Council for Mutual Economic Assistance (COMECON) in January 1949, Czechoslovakia's economy was reoriented to the USSR, and its satellites, and forced to fulfil the “recommendations” (a.k.a. “orders”) issued by Moscow. Czechoslovakia was disadvantaged in COMECON because, compared to other members, it was highly developed in economic and social terms, and following the logic of proletarian internationalism, was designated to assist other countries in the bloc with economic development and industrialisation. Thus, beginning in 1949, Czechoslovakia's economy focused on the development of heavy industry, which is expensive and dependent on imported raw materials and its traditional sectors (glass, food, textile industry) were inhibited. While emphasis was placed on the growth of the means of production (factories, machinery, equipment), the production and quality of consumer goods; the internal market did not reflect the dynamics of supply and demand. At the same time, foreign trade was monopolised by the state and the supreme authority over it was the MFT.

Within the framework of the ‘coordinated action in trade policy towards capitalist states,’ the importation of goods from the West was limited to commodities deficit among the COMECON countries and exported merchandise could not have been under-produced in the other countries of the Council. According to the COMECON guidelines, Czechoslovakia was also to provide other members (free of charge) with patents, licenses and technical documentation. It was not all negative however since the Western embargo allowed Czechoslovakia to develop and maintain a *de facto* monopoly on the supply of equipment to the COMECON countries, even if the quality was low.

Foreign trade was performed exclusively by the registered Foreign Trade Enterprises (Podniky zahraničního obchodu), which were estab-

lished and managed directly by the MFT; each of which had its own merchandise specialisation. The enterprises most actively involved in Czechoslovakia's exports to Cuba in the studied period were Motokov, Technoexport, Strojexport (machinery and equipment) and Omnipol (arms exports, omitted from further discussion).

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### *A Snapshot of Cuba's Economy, Post-1959*

The transformation of Cuba's economy after Castro's assumption of power was no less radical than Czechoslovakia's after 1948; its market economy morphed into a centrally planned and hyper-bureaucratically organised system. Experiments with a mixed economy failed and the Cuban government nationalised most of the means of production in 1960. The centralisation of economic management was meant to facilitate economic planning and accelerate growth. Never before in Cuba's history had the state shouldered such a dominant role in the management of the economy – though the transformation was entrusted to incompetent people who made serious mistakes and caused huge economic losses. Cuba was particularly hard hit by some radical experiments, such as free transport and telephone services and generous social benefits (etc). Cuba's economic deficiency was intertwined with Guevara's policy of eliminating material work incentives and replacing them with moral incentives.<sup>3</sup> The lack of coordination across the economic system shook the foundations of Cuba's economy and led to a shortage of basic foodstuff in the market and later to the introduction of a rationing system (1962). Also, the foreign capital in the country – three-quarters of which was American – was severely hit as a consequence of the nationalisation of US sugar factories, banks, oil refineries and other large industrial companies, later followed by the nationalisation of housing, light manufacturing, transportation, services, education and health care. Soon after that, businesses owned by Cubans were struck too; resulting in the retardation of non-functioning or malfunctioning services.

During the first half of 1959, it was still unclear what the planned transformation of the Cuban economy would look like. Castro's attitude to private foreign investments and economic aid from the West was sceptical but not altogether dismissive. A major breakthrough occurred at the turn of 1959 and 1960. In February 1960, the first econom-

ic agreement with the USSR was signed. It included a loan of \$100 million (USD) to spawn industrialisation and economic development, and an agreement to provide technical assistance. Moscow also committed to buying Cuban sugar destined for the US market while supplying oil, wheat, iron and consumer goods. An economic agreement with China and some Eastern European countries, including Czechoslovakia, followed.

Relations between Cuba and the US, obviously, suffered an acute deterioration and tensions escalated in the summer of 1960 when an open economic war erupted. The US banned the export of goods to Cuba (except food and medicine) and initiated an embargo, which contributed to the paralytic situation facing Cuba's economy by causing critical shortages of spare parts for machinery and equipment. The sense of economic despair was accentuated by aborted revolutionary economic experiments – such as rapid industrialisation – which added “insult to injury” and further undermined the national economy and the national standard of living. There was virtually no knowledge of economic management; the country lacked experts and was unprepared for a centrally managed economic life. Economic development was, therefore, formulated by Soviet and East European experts.

The nationalisation of foreign trade and the rupture of traditional economic ties had fatal consequences for an economy that had traditionally been based on exports. Although new business relations were established with the USSR, the Soviet satellites and China (in 1961 the share of the USSR in the Cuban foreign trade was reaching 50%), new partnerships did not reflect in foreign exchange profit. Cuba desperately lacked hard currency and its foreign trade began to suffer from a passive trade balance. At the same time, Cuba's debt to both socialist and capitalist countries kept growing. In 1962 a rationing system was introduced for most consumer goods.

Following the Cuban Missile Crisis and the subsequent cooling of relations with the USSR, Cuba turned to China politically – with hopes of economic assistance. China could not compete with the USSR in their ability to provide economic assistance to Cuba, however and further economic declines left Cuba few options but to return to the USSR with requests for aid.<sup>4</sup> Cuba gave-up on diversifying its economy and, in accordance with Soviet needs and requirements, it launched a new era of massive sugar production and exports to COMECON countries.

## Economic Relations between Cuba and Czechoslovakia

After the USSR, Czechoslovakia boasted the largest share of Cuba's economy between 1959-1962 and was acknowledged as Cuba's third most important trading partner in the 'socialist camp' (after the USSR and China). Support provided for Cuba was politically motivated and reflected Soviet interests in installing and consolidating pro-Soviet regimes in the proverbial "backyard" of the US. Part of the strategy was to offer Cuba a more generous economic assistance package than China to drive the island to Moscow in the midst of the Soviet-Chinese split.

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While Soviet exports consisted, primarily, of commodities (re: petroleum) and China mainly exported foodstuffs (re: rice), Czechoslovakia could offer machinery and equipment, transport vehicles, military equipment and weapons, capital equipment and consumer goods. By offering its traditional exports, absent in other Soviet-bloc countries, Czechoslovakia gained a privileged position in Cuba. Already in 1959, trade with the island grew rapidly.<sup>5</sup> In summer 1959, a provisional Czechoslovak Business Office was opened in Havana. A sharp increase in the commercial exchange followed in mid-1960 after the Czechoslovak Embassy in Havana had been established and the first economic agreements signed. Between 1960 and 1961, the trade turnover increased more than fourfold; Czechoslovakia's exports increased by 300% and Cuba's imports by some 2300%. In 1961, Czechoslovakia's exports to Cuba accounted for 42.2% of total exports to Latin America while Cuba's represented some 40% of total Czechoslovak imports from the South American continent.<sup>6</sup>

The abovementioned economic agreement signed in June 1960 constituted the basis for mutual trade exchanges. It contained a loan of \$20 million (USD) at 2.5% interest, an agreement of technical assistance and a commercial agreement. The quantity of goods was not determined. The signatories calculated that contracts would be renewed annually and only minor changes to the commodity lists would be made. Attached to the agreement was *List A*, Czechoslovakia's goods for export to Cuba and *List B*, Cuban goods for export to Czechoslovakia. From the archives it is clear that Czechoslovakia was interested in importing iron ore, nickel oxide, electrolytic copper and copper concentrate, manganese ore, raw cow hides, cocoa, coffee, tobacco, tropical fruit and juices. The list of Czechoslovak goods for export to Cuba was more extensive and it contained, in particular, plant and mining

equipment, equipment for the manufacture of machinery, motors and engines, pumps and compressors, specialized equipment, consumer goods, chemical raw materials and food.<sup>7</sup>

Economic assistance to Cuba was further extended in October 1960, when Ernesto Guevara's delegation visited Czechoslovakia. In accordance with a Directive given by the Politburo, virtually all Cuban requirements were met: the extension of a long-term credit by an additional \$20 million (USD), the shortened delivery times for capital equipment supplied by Czechoslovakia to Cuba, providing hundreds of college scholarships to young Cubans (etc). The treaty about enhanced economic assistance to Cuba was signed on 28 October 1960 as an additional protocol to the June agreement, and 'given its extraordinary political importance,' its implementation was to be secured 'at the cost of exceptional measures, if needed.'<sup>8</sup>

The most important part of the contract was the credit extension, which represented some \$40 million (USD or 290 million CZK). After the USSR and China, this was the third largest loan to the country (the USSR provided 100 million USD and China 60 million USD). The loan was intended for the construction of a tractor and automobile industry in Cuba. Furthermore, the Cubans were promised technical and material assistance for the nickel plants in Nicaro and Moa. Czechoslovakia also agreed to shorten delivery times in three contracted units (a plant for the production of screws, a plant for the production of locks and a spades and shovels factory) and to supply six steam power plants with a total capacity of 270-275 MW by 1966.<sup>9</sup> Supplies of manganese, chromium and iron-ore and copper concentrates, which were the only requirements of Czechoslovakia, were conditioned on further consultations in Moscow.<sup>10</sup> The only one of Guevara's request which remained temporarily unfulfilled was the establishment of direct flights between Prague and Havana.<sup>11</sup> Although Czechoslovakia almost immediately sent a group of transport experts to Cuba, the line could not be launched earlier than in February 1962 (initially the aircraft with capacity of 80 passengers flew twice a week). Czechoslovak Airlines' (CSA) route from Prague to Havana was the first airline connecting Central Europe and the Caribbean and the first CSA transatlantic route ever.

Czechoslovakia envisaged that the expansion of economic contacts with Cuba would bring certain benefits. In the first meetings, representatives demonstrated an interest in the importation of tropical



fruit, cow hides, corded silk, tobacco or coffee, and, most importantly, of ore metals (nickel, copper, manganese, and chromium), necessary for domestic heavy industries. That is also why Czechoslovakia did not hesitate to invest considerable amounts of money into the development of mining and ore processing in Cuba and provided the know-how by sending experts to Cuba and receiving Cubans for training in Prague, supplied mining equipment, etc. Contrary to expectations however, the aid was not reflected in the increase of supplies of these materials because Cuba preferred to export them to Western markets which paid in hard currency and the amount supplied to Czechoslovakia was below the expectations of the MFT and in contrast to the signed contracts. Even in the case of sugar Cuba failed to comply with the agreed volume of supplies, which eventually represented the main export item to Czechoslovakia. In this way, the proposal made by the Castro and Guevara to a Czechoslovakian business delegation to Havana in summer 1961 can only be described as extravagant. Consider that the archives suggest that

it would be appropriate that Czechoslovakia reconsiders its sugar production. They claimed that (...) it would be preferable for Czechoslovakia to buy sugar in Cuba and thus contribute to economically complement each other. They recommended not to increase the sowing area of beet sugar and to use the remaining soil for cultivation of other crops.<sup>12</sup>

Regarding coffee and cocoa beans, Cuba supplied them only in 1960 and 1961; the same with furs and leathers though, in 1960, raw cow-hides constituted some 22% of all Cuban exports to Czechoslovakia. Supplies of fruit, tobacco and tobacco products fluctuated considerably during the 1960s.

Czechoslovakia's exports to Cuba, on the other hand, corresponded to the demands of Cuba's economy, consisting in two thirds of machinery, equipment and vehicles (especially cars and buses, agricultural vehicles such as tractors, energy and electro-technical equipment). An important item of export was equipment for complete businesses (the so-called capital equipment), financed from long-term loans. Raw materials, semi-manufactured goods and consumer products accounted for about 20% in the total volume of exports. Food products accounted for the smallest share of exports.

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When compared to products from other Eastern European countries and China, Czechoslovakia's were successfully brought to market; though they were often defective and downright poor quality. Goods arriving to Cuba were often damaged, spare machinery parts and equipment were incompatible or of very poor quality, and entry-in-to-service problems proliferated. What became a 'traumatic experience' was the supply of Czechoslovak buses; from some 400 vehicles delivered to Cuba in 1961 (in a situation where the total number of buses on the island was around 4000), one third was out of service by 1962

The Czechoslovak party was not able to deliver the necessary spare parts in time, especially the brake lining assemblies. In 1962 the Motokov [a Foreign Trade Enterprise] did not fulfil the contract conditions, not delivering spare parts for more than 920,000 Cuban pesos – which equals to 6.5 million crowns.<sup>13</sup>

Supplies of capital equipment were not free of complaints either. Technical documentation was often delivered late, which prevented Cuba from entering the devices into operation. During his visit to Czechoslovakia in September 1962, Guevara complained that

in technical issues Cuba used to enjoy a far better situation in the past [...] the technical standards were uniform, American, and the spare parts were uniform, while now, each country of the Socialist bloc applies its own standards. The technology offered by the countries of the Socialist camp often lags behind the world average.<sup>14</sup>

The substandard quality of delivered goods and repeated complaints troubled Czechoslovakia's embassy in Havana, where the Cuban leadership usually turned to with their criticism. The embassy feared that Cuba's dissatisfaction with imported goods would impact political relations to Czechoslovakia and other Soviet bloc countries. These fears were shared by MFA which noted that

The name of Czechoslovakia still has a good sound in Cuba but we must admit that our prestige on the island has suffered some damage [...]. When dealing with a difficult traffic situation, the Cuban comrades were placing high expectations precisely on us. So far Czechoslovakia has delivered 450 buses. As to 25 September, 130 of them were decommissioned because of lack of spare parts and dozens more will be decommissioned in a matter of days. The question of spare parts [...] also causes

political damage and harms the cause of socialism in Cuba [...] The lack of spare parts for machines shipped from CSR may have had influence on the Cuban opinion on Czechoslovakia. In one of the shoe factories the work is done with old American machines. In each hall there is one Czech machine Svit but none of them is working. One is lacking iron pegs (the machines are incompatible with other than ours or Polish) and another has a defect that the Cubans cannot fix.<sup>15</sup>

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Prague was incapable of delivering quality goods, not even at the cost of 'exceptional measures.' Apart from that, the Czechs, too, were trying to export their quality production to those countries which paid in a freely convertible currency. From the moment Cuba economically entered the socialist camp, Czechoslovakia started delivering goods that could not be sold elsewhere and the delivery times lengthened considerably, too.

The deepening economic problems, the persistent overestimation of its export possibilities and the imbalance of its imports and exports made Cuba heavily indebted to Czechoslovakia. As a loyal ally of Moscow, Prague had no choice but to face the debt issue with 'highly political approach.' Occasionally, the country implemented 'improvised imports' of whatever the Cuban economy was able to produce and offer, regardless of Czechoslovakia's import needs.

In the second half of 1962, two factors marked mutual trade: first, the economic problems of Czechoslovakia itself, which were making "generosity" towards Cuba increasingly difficult and, second, was a certain irritation or distrust towards the entire Soviet bloc, which prevailed among Cubans as one of the consequences of the October 1962 crisis. During Czechoslovakia-Cuba negotiations on trade exchanges for 1963, held in November and December 1962, both delegations faced serious difficulties regarding the possibility of meeting each other's requirements. While the former wanted to deal with the growing Cuban deficit, Cuba asked Czechoslovakia to authorise the outstanding balance of about \$20 million (USD), to promptly supply the goods corresponding to the Cuban import needs and to place a full contingent of Cuban sugar on Czechoslovakia's market. The requirement not to re-export the Cuban sugar to third countries was particularly difficult for Czechoslovakia because re-export was the only convenient way to dispose of the unwanted merchandise. Cuba also presented other re-

quirements with which Prague finally complied. From the end of 1962 however, most business negotiations with Cuba were marked by a certain tension and most of the outlined problems persisted in later years.

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### *Industrial Capital Equipment*

An important part of the economic relationship was capital equipment. During the first two weeks following the Czechoslovakia-Cuba economic agreement had been signed (in June 1960), supplies of Czechoslovak capital equipment worth 24 million crowns were contracted.<sup>16</sup> At first, the export of capital equipment to Cuba was part of Czechoslovakia's participation in the industrialisation of developing countries struggling for "national liberation" or countries "heading towards socialism." Later, it became part of Czechoslovakia's participation in the economic development of the socialist states and was funded by long-term governmental loans. The equipment was mainly allocated to the sugar, dairy, metal, textile and footwear industries, to mining and processing of minerals. There were considerable investments in Cuba's energy sector as well. The first deliveries of Francis turbines for hydroelectric power plants, made in *čKD Blansko*, occurred shortly after the victory of the revolution.<sup>17</sup> In the course of the 1960s, Czechoslovakia supplied equipment for the Cuban power plants at Tallapiedra (Havana), Hanabanilla (R. León) and Rio Yara, Punta de Martillo, Regla (Havana), H. Pavón (Santiago de Cuba) Nuevitas (Diez de Octubre), Cienfuegos - O 'Bourke (C. M. Céspedes), Parellada, among others.<sup>18</sup>

Cuba's leaders expressed interest in Czechoslovakia's capital equipment and complete plant equipment already in 1959. Expressing interest, however, did not always lead to contracting a supply, and negotiations were not free of complications. A classic scenario was that in interviews with Czechoslovak representatives, Castro or Guevara personally expressed interest in, for example, a munitions factory. However, no-one provided further specifications. While the Czechoslovak party was hesitating whether this was a signal for developing a concrete offer and kept waiting rather than taking the initiative, other countries responded promptly and left Czechoslovakia behind. While interpreting this as a political failure, Prague also had to acknowledge its lack of flexibility when responding to Cuban demands:

If the Cuban official representatives show interest in capital equipment, complete equipment or other construction, we

cannot expect the inexperienced Cuban officials to provide our Foreign Trade Enterprises with supporting documentation for the implementation of projects. We must ourselves take the initiative and after developing a project, submit the budget and, in case of emergency even send an expert to finalise the project on the spot. For example, in July 1959 negotiations with our trade mission, Fidel Castro expressed interest in building tractors factories. Now, six months later, Czechoslovakia still did not submit any proposal. According to the latest information, Yugoslavs in cooperation with an Italian company submitted a bid.<sup>19</sup>

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In defence of the Czechoslovak passivity, however, it is to be noted that the Cubans were reluctant to pay for project proposals and for bid submissions, pointing out that in the case of Czechoslovakia this should be part of international aid (contrary to Western countries, which were naturally charging for their proposals).

Nonetheless, Czechoslovakia operationalised numerous establishments in Cuba in the first half of the 1960s: a locks and padlocks factory in Cárdenas, put into operation in 1961; a pencil factory in Batabanó, 1963; a plant for the production of screws, bolts and nuts in Santiago de Cuba, 1963; a plant for the production of spark plugs in Sagua la Grande, 1964, estimated capacity of production: 2 million pieces/year; a plant for the production of picks, spades and shovels in Guantánamo, 1961 and 1963, 325,000 pieces/year; a plant for the production of cutlery in Santiago de Cuba, 1964; a plant for the production of *ball-bearings* in Santiago de Cuba, 1964; the footwear factory 'Nguyen-Van-Troi' in Havana, 1965; a bicycle factory in Caibará, 1961-1965, 20,000 pieces/year; a plant for production and assembly of refrigerators, stoves and domestic appliances INPUD in Santa Clara, 1964, 40,000 pieces/year; a diesel engines and compressors factory in Cienfuegos, 1966, 3,300 pieces/year; an arms factory in Cienfuegos, approximately 1965; service stations in Havana, approximately 1965; centres for apprenticeship (*centros de aprendizaje*), approximately 1965; ICAIC film laboratories, approximately 1965; transformer stations in Manzanillo, Bayamo, Artemisa, Cárdenas, Pinar del Río, approximately 1965; a cement factory in Guayo, approximately 1965.<sup>20</sup> Although the construction of some establishments had begun in 1960 and 1961, because of significant delays in the equipment supplies, most did not begin operations before the mid-1960s.

Together with investment projects was the so-called technical assistance, i.e. the presence of experts who carried out installation work on the supplied equipment. The installation of equipment and the ac-  
tuation of Czech experts among Cubans were accompanied by some difficulties. The experts reported and complained about “poor working morale” or the lack of competent Cuban workers, anarchy in the organisation of work, etc. They also drew attention to the insufficient maintenance of the delivered equipment (e.g. power plant blocks). After they had completed the plant construction and finished the start-up operations, the experts returned home and Cubans usually did not ask for a follow-up technical assistance; mostly for financial reasons. The Czechoslovak Embassy, reported at the end of 1965 that

After a few months we can say that the complete dissolution of technical assistance has serious consequences on the production and productivity of these establishments, the capacity of which is used from 10% to 30%. In three establishments – Sagua la Grande, Cárdenas (locks factory) and Guantánamo – the production stopped completely. The machinery is often not properly maintained and various necessary components are not ordered in time. Our production methods, our machinery and equipment, and thus all our help is often irresponsibly and demagogically criticised.<sup>21</sup>

It is not accurate however, that Cuba’s criticism was always ‘demagogic and irresponsible.’ Contrarily, it was often justified. The Cubans complained about the low quality of the equipment, its frequent defectiveness, time delays in supplying (etc) and after visiting the island, the General Director of the Czechoslovak National Bank, Karel Podlaha, reported that

Establishment managers as well as common workers are often disappointed by the low technical level of the means of production from the socialist countries, compared to the American ones or those from West Germany which they know from their own experience [...].<sup>22</sup>

### *The Credit Policy and Conclusion*

In accordance with the policy of socialist internationalism, Czechoslovakia granted Cuba long-term loans with low interest rate (around 2%).

Similar to what was happening in other developing countries however, it did not have many guarantees that Cuba would ever be able to pay them back. Czechoslovakia's government loans can be divided, according to their purpose, into three groups: consolidation loans, investment loans (intended for capital equipment), and a very particular category of loans granted for the supply of "special materials" (i.e. weapons), where various discounts, rebates and write-offs were often provided. Apart from the government loans that were politically motivated, favourable and safe, Cuba could also use company loans, though these were regulated by far stricter rules – a company, unlike the state, could be blacklisted.

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In order to illustrate this, it is necessary to show how the first Czechoslovak government loan (1960) was used. The 290 million crowns (\$40 million USD) granted to Havana was originally intended for the construction of the automotive industry. The credit could cover the import of capital equipment and corresponding machinery from Czechoslovakia.<sup>23</sup> In autumn 1960, Cuba's idea of building its own car industry was submitted for elaboration to a Czech expert group. The result was a megalomaniac project 'AUTOMOTRIZ-Santiago de Cuba,' which calculated that by the end of 1965, Czechoslovakia would have built in Cuba various provisional assembly plants for tractors and cars, as well as a factory for stationary engines (15,000 pieces/year), motorcycles, scooters (10,000 pieces/year), tractors (15,000 pieces/year) and five-tonne trucks (5,000 pieces/year). Additionally, in 1966, production of Škoda cars was to be started (20,000 pieces/year).<sup>24</sup> The authors of the project counted with the presence of hundreds of workers from Czechoslovakia: 564 were to arrive by 1962 and nearly a thousand workers by 1963.<sup>25</sup>

The weak points of the AUTOMOTRIZ project were immediately evident and the unrealistic plans had to be corrected: in the first place because Czechoslovakia was not able to deliver the supplies on time or guarantee their quality. By the end of 1961, it was clear that the project was piling up delays and that the costs would be significantly higher, notwithstanding that after the invasion of the anti-Castro forces in the Bay of Pigs, Cuba used part of the credit to purchase Czech and Soviet military equipment. Also, communications were deteriorating and none, in fact, coordinated the project. In mid-1962, José Estrada, whom Guevara had made responsible for the tractor and automotive industry, arrived in Czechoslovakia. He complained to the Central Commit-

tee of the Communist Party about the delays in deliveries and about the non-compliance with the construction schedule:

[The delays] are not meeting the needs of the national economy of Cuba. The promises that were given by the Czechoslovak party are not being fulfilled and the negotiations on the construction of tractor industry have more commercial character than character of a friendly help.<sup>26</sup>

Although a “political coordinator” was sent to Cuba following Estrada’s complaints, on 23 October 1962 the Politburo already ordered the Minister of Foreign Trade, Krajčůř, ‘to discuss with Cubans the cancellation of the car industry construction in the previously proposed scale.’<sup>27</sup> At the end of 1962, the project was reduced to a simple tractor assembly plant and in the following years completely abandoned by both parties. The remaining loan was then mostly used on purchases of Czechoslovak power plant facilities.

In the first half of the 1960s, the Czechoslovak government granted Cuba loans worth a total of nearly 1.2 billion Czechoslovak crowns (by 1966, Cuba only paid back around 280 million crowns).<sup>28</sup> Non-quantifiable are the government loans intended for the purchase of weapons. It is possible that in December 1962, the Cuban debt for “special deliveries” accounted for about \$46 million (USD).<sup>29</sup>

Although by 1964 some experts had begun to criticise the disadvantageous credit policy to Cuba, the reform-seeking voices were silenced after August 1968. Along with the “normalisation” of its foreign relations, Czechoslovakia had to reconsider, among other things, its attitude towards the Cuban leaderships’ requests for loans. More government loans were then again generously provided from the beginning of the 1970s, when Castro – after he had approved the Warsaw Pact invasion of Czechoslovakia as an act of defence of socialism – personally visited Czechoslovakia for the very first time (June 1972). Castro’s visit not only reaffirmed close political contacts and marked the culmination of the propagandistic campaign on mutual friendship and understanding, but also launched other two decades of intensive economic relations.



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## Notes

- 1 Josef Opatrný (2007), 'Československo-kubánské vztahy v období 1945–1989,' *Zahranichná politika (Foreign Policy)*, <[www.zahranicnapolitika.sk/index.php?id=231&tl=13](http://www.zahranicnapolitika.sk/index.php?id=231&tl=13)> (accessed on 15 August 2013).
- 2 This problem was approached by Petr Zídek (2002), 'Vývoz zbraní z Československa do zemí třetího světa v letech 1948–1962' ('Arms Exports from Czechoslovakia to the Third World Countries in the Years, 1948–1962'), *Historie a vojenství (History and the Military)*, 51:3, pp. 523–567.
- 3 Andrew Zimbalist (1989), 'Incentives and Planning in Cuba,' *Latin American Research Review*, 24:1, pp. 68–69.
- 4 Carmelo Mesa-Lago (2009), 'Historia y evaluación de medio siglo de políticas económico-sociales en Cuba socialista, 1959–2008,' Consuelo Naranjo Orovio (ed), *Historia de Cuba*, Madrid: CSIC, p. 516. See also Leslie Bethel (1990), *The Cambridge History of Latin America*, vol. VII, Cambridge UP, p. 504.
- 5 Between 1959 and 1960 exports to Cuba increased by 400% and the imports from Cuba by 1480%. See: 'Vývoj zahraničního obchodu ČSSR za léta 1948–1981 – tajné,' (Development of Czechoslovak Foreign Trade in the Years, 1948–1981 [Secret Material] in Ekonomický odbor – oddělení statistiky, Federální Ministerstvo zahraničního obchodu (Department of Statistics of the Federal Ministry of Foreign Trade), Prague [1982].
- 6 Ibid.
- 7 AMPO, 'Obchodní dohoda mezi ČSR a Republikou Kuba,' f. MZO, VI, Republika Kuba, Právní, smlouvy 1960–1971.
- 8 NA, 'Výsledky jednání mezi vládními delegacemi ČSSR a republiky Kuba a delegacemi ostatních ZST. Usnesení 133. schůze politbyra ze dne 31. I. 1961,' f. 1261/0/II KSČ-ÚV-PB, fascicle 294.
- 9 AMPO, 'Protokol o jednání mezi vládními delegacemi ČSSR a Republiky Kuba o čs. dodávkách parních elektráren pro Republiku Kuba, podepsaný 14. listopadu 1960 vedoucími delegací F. Krajčirem a E. Guevarou,' f. MZO, Právní, mez. smlouvy', Kuba.
- 10 NA, 'Výsledky jednání mezi vládními delegacemi ČSSR a republiky Kuba a delegacemi ostatních ZST ze dne 27. ledna 1961,' f. 1261/0/44 KSČ-ÚV-AN II.

- 11 The Cubans became interested in establishing a direct air links with Prague as early as in the summer of 1960. In October, the Czech Ambassador to Havana, Pavlíček, telegraphed Prague saying that: 'The continuous postponing in answering Fidel's, Raul's and Guevara's questions about the establishment of air links is already embarrassing [...] Please inform what position I should take.' ABS, 'Letecká linka Praha-Havana, informace pro R. Baráka 19.10.1960,' f. I. správa SNB, fascicle 80589.
- 12 NA, 'Pobyt čs. vládní delegace na Kubě ve dnech 3. – 19. 6. 1961,' f. 1261/0/II KSČ-ÚV-PB 1954–1962, fascicle 313.
- 13 Schelling (1980), *The Strategy of Conflict*, Harvard UP, pp. 50–52.
- 14 NA, 'Záznam o pobytu soudruhů Ernesto Guevary a Emiliano Aragonése,' f. 1261/0/II KSČ-ÚV-PB, fascicle 364.
- 15 ABS, 'Situační zpráva za měsíc září 1962' and 'Technická pomoc čSSR Kubě – zpráva ze dne 5. 3. 1962,' f. I. správa SNB, fascicles 80721 and 80582.
- 16 NA, 'Zpráva pro RVHP za I. pololetí 1960,' f. MZO 1945–1968, Kuba.
- 17 'Ayuda y cooperación', in *Colaboración*, revista trimestral informativa de la colaboración económica y científico-técnica internacional, 1984, year 6, n. 20, p. 37
- 18 AMZV, 'Informácia o rozvoji kubánskej energetiky,' f. Dokumentace TO Kuba 1979. The Czechoslovak participation in the construction and development of Cuban energy sector increased significantly in the 1970s and 1980s. In 1975, about 26% of the total energy capacity of Cuba was generated on Czechoslovak equipment (see Vítězslav Košťák, *Kuba - obchodně ekonomické sborníky*. Praha: ČTK – Pressfoto, 1980, p. 142). According to the Florida International University, until today, some 30% of the electrical energy produced in Cuba comes from the Czechoslovak establishments.
- 19 ABS, 'Perspektivy čs. obchodních styků s Kubou, 15. 2. 1960,' f. I. správa SNB, fascicle 80589.
- 20 The survey is compiled from archival documents mainly from the funds of the Ministries of Foreign Trade and Foreign Affairs. The list may be incomplete and it does not include the power plants which, too, are discussed elsewhere in the present text.
- 21 AMZV, 'Zpráva o vědecko-technické pomoci Kubě, 29. 12. 1965,' f. Zprávy ZÚ, Havana 1945–1965.
- 22 NA, 'Poznatky vrchního ředitele SBČS Karla Podlahy o situaci na Kubě – některé projevy kritiky vůči čSSR a ZST, 20. 10. 1962,' f. 1261/0/44 KSČ-ÚV-AN II (Antonín Novotný), Kuba.
- 23 AMPO, 'Pamětní zápiska/Aide memoire, 28. 10. 1960,' f. MZO, Právní, mez. smlouvy-Kuba, ref. num. MZO/26998/60–27005/60.
- 24 NA, 'Výstavba automobilového průmyslu na Kubě - pamětní zápis,' f. MZO-KUBA, fascicle 'Možnost vybudování autom. průmyslu AUTOMOTRIZ Santiago de Cuba, 1960.'
- 25 AMPO, 'Dodatkový protokol k Hospodářské dohodě mezi Republikou Československou a Republikou Kuba, 28.10.1960,' f. MZO, VI - Republika Kuba, Právní, smlouvy 1960–1971.
- 26 NA, 'Informace o průběhu jednání s José Estradou (undated),' f. 1261/0/II KSČ-ÚV-PB, fascicle 363.

- 27 NA, 'Zpráva o čs. hospodářské pomoci Kubě, včetně dodávek speciálního material - Usnesení politbyra ze dne 23. 10. 1962,' f. ÚV KSČ 1261/0/II 1954-1962, fascicle 367.
- 28 NA, 'Zpráva o vývoji na Kubě, v její komunistické straně a návrhy na další postup, 6.5.1967,' f. 1261/0/44 KSČ-ÚV-AN II, KUBA.
- 29 NA, 'Zápis z rozhovoru V. Širokého s Carlosem Rafaelem Rodríguezem, 20.12.1962,' f. 1261/0/44 KSČ-ÚV-AN II, KUBA.

*Czech  
Tractors,  
Cuban  
Oranges*