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Cuba and the New Machinery of American Power

By

Kipp Mann-Benn

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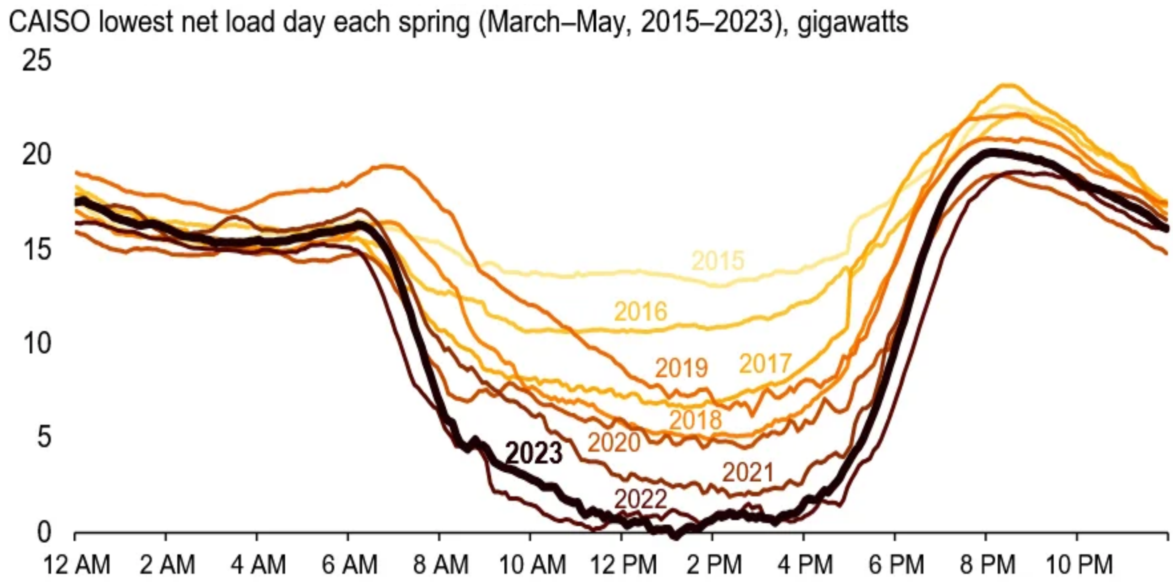
Table of Contents

Kipp Mann-Benn, *Cuba and the New Machinery of American Power,* 25 September 2026

Executive Summary

- The US campaign against Cuban oil is not a conventional naval blockade. Its effects have travelled through insurers, banks, flag registries and other commercial infrastructure on which international shipping depends, making transactions difficult without direct US intervention.
- The mechanism has proved resilient despite the Supreme Court's February ruling against the tariff authority used in January.
- The administration shifted towards blocking sanctions in May, while companies had already demonstrated the reach of the wider enforcement system.
- Venezuela shows how that leverage can extend from restricting access to securing a financial and commercial position in the oil sector.
- Washington has obtained an option over 35 per cent of a private operator, preferential rights over production and influence over its governance.
- This is a claim on future output, rather than ownership of Venezuela's reserves, and its value will depend on whether the arrangement survives changes of government.
- The wider picture is one of American influence strengthening in security and commercial enforcement, without yet producing a coherent sphere of political alignment.
- Washington has greater control over access to energy and the infrastructure through which regional commerce operates, while Chinese investment continues to provide alternatives.
- Whether American leverage can become durable influence will depend on how far those alternatives reduce other governments' dependence on the systems through which US power travels.
- Cuba is an unusually difficult case from which to draw conclusions about the region. Its energy crisis predates the blockade and its ability to evade sanctions is limited.
- Chinese-financed solar power is providing an alternative, although not yet a dependable replacement.
- US pressure has coincided with significant economic concessions from Havana, without comparable movement on the political system

Key Picture: California's Duck Curves Are Getting Deeper As Additional Solar Capacity Comes Online



Source: Bryce Energy Services

1. Introduction

On 29 January 2026, the United States declared a national emergency over Cuba and authorised tariffs against countries supplying oil to the island, directly or indirectly.[1] Venezuelan shipments, which had supplied Cuban power generation for two decades, had already stopped following the capture of Nicolás Maduro earlier that month. By 3 August, Cuba had suffered its sixth nationwide blackout of the year, with outages in Havana lasting as long as twenty hours.[2]

The more useful question is what kind of power the campaign represents, and how long it can be sustained. Much of the answer lies in the commercial infrastructure through which energy moves. This article explores the durability of the American strategy and discusses its potential consequences for a floated ("new") US sphere of influence in the hemisphere.

2. Enforcement Without Interdiction

The January order threatened third countries with tariffs if they supplied Cuba with oil. On 20 February, the Supreme Court ruled by six votes to three that the International Emergency Economic Powers Act did not give the president authority to impose tariffs, and the measures were terminated.[3] On 1 May, the administration shifted to blocking sanctions covering foreign banks and Cuban interests in energy, finance, mining and security.[4]

The shipping evidence is more revealing than the legal developments. No tanker reached Cuba for three months after Venezuelan supplies stopped, until a Russian vessel carrying 730,000 barrels docked at Matanzas under a US waiver.[5] A sanctioned Russian tanker that followed in May spent weeks at sea before turning back off Brazil. It was never boarded.[6]

Calling this a naval blockade obscures how the policy has worked. The Secretary of State has denied that such a blockade exists; there has been no seizure or boarding under the Cuba oil authorities.[7] The restriction has travelled through the businesses that make international shipping possible. Insurers, flag registries, classification societies and correspondent banks have reasons to avoid exposure to US sanctions. A tanker does not have to be physically stopped if its insurer will not cover it, its classification society will not certify it or its bank will not process the payment.

For companies, this is a risk calculation: a single shipment may be worth less than the wider relationships placed at risk by dealing with a sanctioned counterparty. US policy can consequently be transmitted through private decisions made thousands of miles from Washington.

3. From Access to Claim

Venezuela demonstrates what can happen when that leverage is used to shape the terms on which access to an oil market is restored. Following Maduro's capture and the subsequent naval blockade, Washington licensed Vitol and Trafigura, alongside Chevron, to market Venezuelan crude at a prepaid discount. Exports recovered to a seven-year high by April.[8] A more unusual arrangement followed. Rights over seventeen oil fields containing an estimated 65 billion barrels were granted to North American Blue Energy Partners, a private Venezuelan company controlled by Alejandro Betancourt. The Pentagon's Office of Strategic Capital is to hold penny warrants convertible into a 35 per cent stake in the parent company.[9] The State Department can buy one-fifth of production at cost and has first refusal on the remainder; the White House says Washington also has a veto over board appointments.[10]

This is not ownership of Venezuela's oil. The warrants may never be exercised, and the United States does not own the underlying reserves. Washington has secured a contingent financial claim, preferential access to future production and influence over the company controlling the fields.

Whether that position survives a change of government is less certain. One person involved in the negotiations has said the private-company structure was intended to make the arrangement harder for a successor government to reverse.[11] The effect has not yet been tested, and the agreement has not been authorised by Venezuela's National Assembly. Once sanctions determine who can participate in an oil market, the commercial relationships created when access is restored can themselves become a source of leverage.

4. The Cuban Test

Cuba is a poor guide to what Washington could achieve across the region. Its economic decline long predates the January order, while nationwide blackouts began in October 2024 amid ageing Soviet-era power plants and transmission losses. The island also has fewer ways of working around sanctions than larger or more commercially integrated states, with limited access to shadow shipping, opaque registries and non-dollar settlement. Its vulnerability makes it a useful illustration of what happens when an already fragile energy system loses an external supplier while an alternative is still being developed.

That alternative is increasingly Chinese. Cuba joined the Belt and Road Energy Partnership in 2021, and much of the current solar programme predates the blockade. By April, 34 solar parks were operating with almost 1.2 gigawatts of capacity, while China had committed to 92 parks and roughly 2 gigawatts by 2028. Chinese solar exports to Cuba rose from $16.6 million in 2019 to $117 million in 2025.[12]

Installed capacity does not necessarily translate into dependable electricity. Solar supplied around 9 per cent of Cuban electricity by the end of 2025,[13] while demand peaks between seven and eight in the evening, after solar production has fallen sharply. Only four of the 55 parks planned for 2025 had battery storage, and transmission losses are estimated at around 16 per cent.[14]

Chinese finance and equipment are making substitution possible without making it sufficient as Cuba remains vulnerable while the alternative infrastructure is being built. The economic response, as a result, has been substantial. In June, the National Assembly unanimously approved 176 measures expanding private enterprise, authorising private banks, removing the requirement for foreign investors to form joint ventures with the state and permitting foreign stakes in state companies.[15] Havana also pardoned 2,010 prisoners in April.[16]

Political concessions have been much harder to obtain. Cuba has refused to put the presidency on the negotiating table, talks with Washington have broken off, and President Miguel Díaz-Canel has said strategic sectors will not be privatised. Havana maintains that its economic reforms were not adopted to satisfy Washington.[17] US demands overlap with several of the economic changes now taking place, but the timing alone does not establish that Washington caused them. The government presents the reforms as a response to a much longer economic crisis, while continuing to defend the political structures at the centre of the dispute.

5. The Verdict

The reach demonstrated by the Cuban campaign is real but its durability will depend on whether the infrastructure through which American sanctions operate remains difficult to replace. Dollar clearing, insurance, shipping services and financial institutions give Washington influence over transactions that may never touch the United States. The tanker that turns around off Brazil is consequently as relevant to the story as the order issued in Washington.

There is a difference between evading that system and substituting for it. A company can find another ship, insurer or payment route and continue operating around a restriction. Governments can also invest in alternative infrastructure that reduces their dependence on the existing system. The first preserves American leverage; the second can weaken it. Cuba's solar programme is an early example, although it remains too small and intermittent to remove the island's immediate vulnerability. The same question will arise around non-dollar settlement and alternative shipping services.

The United States has demonstrated a form of regional power that reaches beyond formal alliances. By controlling access to energy, finance and the commercial infrastructure through which goods move, Washington can impose costs on governments without deploying force against them directly. In Venezuela, that leverage is now being converted into a contingent commercial position inside the oil sector. That amounts to a significant rebuilding of American influence in the hemisphere, although it is not yet a coherent sphere of political alignment.

Cuba is the clearest test. Washington has been able to deepen the island's vulnerability and accelerate economic change, but it has not secured movement on the political system. Chinese infrastructure gives Havana some room to adapt, while other governments in the region continue to maintain relationships with both powers. The question, therefore, is less whether American power has returned to the hemisphere than whether it can make its new leverage durable. For now, Washington has greater control over access. Whether that control becomes a lasting sphere of influence will depend on whether other states continue to depend on the infrastructure through which American power travels or succeed in building alternatives to it.

NOTES

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