First Test for Trump: Mexico Plans to Supply Oil to Cuba Through Private Companies

Mexican President Claudia Sheinbaum plans to resume oil shipments to Cuba (Source: Gobierno de la Ciudad de México/Commons/CC-BY-SA 4.0)

Mexican President Claudia Sheinbaum announced on Monday that her country intends to resume oil shipments to Cuba as soon as possible. Unlike in the past, the shipments will no longer be handled by state-owned companies but by private trading firms. Sheinbaum plans to leverage the new opportunities created by the reforms passed last Thursday as the basis for this.

“The mechanism would be carried out through private companies that have permits to transport fuel to Cuba,” Sheinbaum explained, without providing further details. “We hope that commercial transport can resume soon,” she added, without specifying a specific date. Mexico will continue to send humanitarian aid to Cuba, the president said, but the new mechanism is a commercial one.

How Cuba Fell into an Energy Crisis

Mexico had become a key fuel supplier to Cuba after the U.S. cut off Venezuela’s President Nicolás Maduro in early January, thereby depriving the island of vital energy supplies. As a result, shipments from Venezuela—which had already been reduced—came to a complete standstill. When U.S. President Donald Trump threatened to impose punitive tariffs on any country that continued to supply oil to Cuba, Mexico also halted its shipments.

Since then, only a single oil tanker has arrived in Cuba: a Russian ship reached the island in late March with 730,000 barrels, which were used up within a few weeks. Cuba produces about 40 percent of the crude oil it needs and is heavily reliant on imports, as the island's sulfur-containing oil can currently be used only for electricity generation. All fuels, such as gasoline, diesel, and kerosene, must be refined using imported raw materials. Initial attempts to produce fuel from domestic crude oil have not yet reached practical maturity on a large scale.

The consequences of the fuel shortage have severely hampered the island's already ailing economy and increasingly exacerbated the humanitarian situation: there are daily, prolonged power outages, shortened work and school hours, public transportation disruptions, water shortages, canceled surgeries, and spoiled food.

Cuba's Reforms as a Gateway

The key to Sheinbaum's plan lies in its structure: By having shipments handled through private Mexican trading companies that take advantage of Cuba's new market-based regulatory framework, Mexico—at least formally—bypasses direct state-to-state trade, which has been the primary target of Trump's threats thus far. Under a special exemption, crude oil from the U.S. (stored in isotanks) can also be delivered to private companies in Cuba.

According to the announcement by Prime Minister Manuel Marrero before Parliament, the participation of private and foreign capital in the import and marketing of fuels—including the retail network—is now explicitly permitted. All economic entities capable of doing so may purchase fuel and market it within the country—previously existing barriers are being removed. This means that the private sector, too, can operate its own gas stations and enter into contracts with foreign suppliers without state intermediaries.

Sheinbaum hailed the reforms as an "important step" shortly after their passage. "It is important to recognize what the Cuban government is achieving together with its people," Sheinbaum said. U.S. Secretary of State Marco Rubio remains committed to the goal of systemic change. A spokesperson for the ministry dismissed the reforms—which can be classified as the greatest economic opening since 1959—as "cautious, long overdue, and ultimately just superficial smoke signals from the Cuban regime."

Whether the framework proposed by Sheinbaum will actually withstand pressure from Washington remains to be seen. Trump's tariff threats were directed across the board at any country that supplies Cuba with oil—regardless of whether this is done through state or private actors. The new Mexican approach is thus likely to serve as a first practical test of how far the Trump administration is willing—and able—to carry out its threats against one of the U.S.'s most important trading partners. (Cubaheute)