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The Strategic and Economic Importance of the Caribbean Sea Lanes

The Caribbean Basin includes Mexico, Venezuela, Colombia and some two dozen small developing nations in Central America, the Caribbean and northern South America.(1) These countries are our close neighbors -- Washington, D.C., for example, is closer to Costa Rica than to San Francisco -- and form, in a very real sense, our "third border."

The major shipping lanes crisscrossing the region make it one of our major lifelines to the outside world, and, as a result, an area of crucial importance to the continued prosperity and security of the United States. The defense of the Caribbean, however, is complicated by hostile forces in Cuba and Nicaragua within easy reach of these shipping lanes.

Economic Importance

Nearly half our total exports and imports, representing over two-thirds of our seaborne foreign trade, pass through the vital commercial arteries of the Panama Canal, the Caribbean, or the Gulf of Mexico. Of the 11,000 ships that pass through the Panama Canal each year, over 60 percent are carrying cargo to and from U.S. ports, providing one-quarter of our nation's total seaborne imports.

1. The group of Caribbean Basin countries is not the same as the group included in the Administration's Caribbean Basin Initiative (CBI).

Last year, the four principal U.S. Gulf ports -- Houston, Galveston, New Orleans and Mobile -- alone accounted for over one-third of our seaborne exports and one-quarter of our seaborne imports. The port of Miami, situated on the strategic Straits of Florida, handled about an eighth of our seaborne exports and a tenth of our seaborne imports.

In addition to these southern ports bordering the Caribbean Basin waterways, every other significant U.S. port is connected to the network formed by the major Caribbean shipping lanes. The port of New York, for instance, not only relies on the Basin's waterways for its trade with the region itself, but also depends on these same Caribbean sea lanes, including the Panama Canal, as the vital links for its extensive commerce with Asia.

The Caribbean trade routes are of particular importance to the U.S. economy since they carry three-fourths of our imported oil. While some of this imported oil comes from the Caribbean Basin area itself, most notably from Mexico and Venezuela, much is shipped from the Persian Gulf and other producing areas to the approximately dozen Caribbean ports that serve as transshipment points for supertankers bringing petroleum destined for U.S. refineries.

The supertankers must offload oil at these transshipment points to smaller tankers since the U.S. eastern seaboard has no deep water port which can handle the very large tankers. Other supertankers deliver crude oil to the numerous refineries located within the Caribbean itself. Facilities such as those in Curacao and Aruba can process approximately five million barrels of crude oil per day.

The refined products are then transported by smaller tankers to East and Gulf Coast ports in the U.S. In addition, almost one half of Alaskan crude oil shipments pass through either the Panama Canal in small tankers or the newly constructed pipeline across Panama to be loaded onto smaller tankers in the Caribbean. This pipeline provides an easy target for terrorists.

Apart from our oil lifeline passing through the Caribbean, over half our imported strategic minerals pass through the Panama Canal or the Basin's sea lanes. Virtually all (over 90 percent) of the U.S. supply of cobalt, manganese, titanium and chromium, all vital for industrial or military use, comes either directly from Basin countries or from Africa, with the normal trade route passing through the Caribbean. The Caribbean states also provide three-fourths of our nation's aluminum requirements.

The Basin's shipping lanes also provide a vital sea link to the significant U.S. economic interests found in the region. U.S. direct investment in the Caribbean Basin countries accounts for over 8 percent of the total U.S. direct investment abroad -- some \$19 billion at the end of 1982.

In addition, U.S. trade with Basin countries is about one-eighth of the total U.S. world trade (exports plus imports), and again the dollar amounts are substantial -- almost \$68 billion of exports and imports in 1982.

U.S. imports from the region include significant amounts of oil, sugar, coffee, bauxite and meat while our major exports include transport equipment, industrial machinery, chemicals and grain.

Finally, the economic importance of the Caribbean Basin to this country has increased dramatically over the past decade as the U.S. has shifted its dependence on imported petroleum from the Middle East to Latin America.

For the first quarter of 1983, only 30 percent of U.S. oil imports came from the Organization of Petroleum Exporting Countries (OPEC), down from 70 percent in 1977. As imports from OPEC have decreased, those from Latin America and the Caribbean have risen. Excluding OPEC member Venezuela, the share of U.S. gross imports of crude oil and refined products from Latin America and the Caribbean increased from 17 to 38 percent between 1977 and 1983.

When Venezuela is included, the total jumps to 45 percent. Oil imports from Mexico, in particular, have assumed greater importance, rising from 2 percent of the total in 1977 to 20 percent now.

Strategic Importance

World attention has recently focused on the possibility of a closure of the Straits of Hormuz, the vital choke point of the Persian Gulf. Less well known, but of at least equal importance to the security of the U.S., is the possibility of a disruption by our adversaries of the strategically and economically crucial Caribbean shipping lanes.

Both the strategic importance and the vulnerability of the Basin's sea lanes have long been recognized. Thomas Jefferson, for instance, understood the strategic value of the Caribbean area when he observed that whoever controlled the island of Cuba could exercise effective control over all shipping bound for, or leaving, the port of New Orleans.

We as a nation are not accustomed to thinking of security threats in our own neighborhood, but examples from the past suggest that such threats could appear. During World War II our defenses in the Caribbean were so weak, our lifeline so exposed, that during the first six months of U.S. involvement, a handful of Nazi submarines, without a naval base in the area, sank more tonnage in the Caribbean (114 allied ships) than the entire German fleet did in the North Atlantic.

These German submarines acted with such impunity that they shelled refineries in Aruba and lay in wait for ships to transit the Panama Canal and enter the Caribbean. The logistical importance of the Caribbean soon became evident as over 50 percent of the supplies and reinforcements bound for the European and African theaters passed through ports in the Gulf of Mexico.

Today, in the event of a European crisis, a significant number of NATO reinforcements and half of the resupply material needed to reinforce the NATO allies would originate at these same Gulf ports.

It is not a coincidence that the Soviet Union is increasing dramatically its military support for Cuba. In both 1981 and 1982, deliveries of military equipment to Cuba were triple the yearly average of the previous twenty years and were higher than any year since the 1962 missile crisis. Deliveries in 1983 have fallen off some but are still well above pre-1981 levels.

Cuba, which sits astride the vital sea lanes of communication, has become the most significant military power in the region after the U.S. Within its military arsenal are modern MIG jets and missile and torpedo patrol boats. Additionally, Cuba has three attack submarines in its Navy. Soviet combat ships regularly make port calls to Cuba. Cuban ground forces include 950 tanks.

In short, Cuba has become a significant military force with the potential for delaying the reinforcement of NATO in time of general war. Given the conventional imbalance that exists between NATO and the Warsaw Pact, such a delay could be decisive.

The USSR sees the southern flank of the U.S. as NATO's "strategic rear" and consistent with its military doctrine, is attempting to exploit what Soviet planners correctly see as a highly vulnerable area, affecting U.S. force projection and economic well-being.

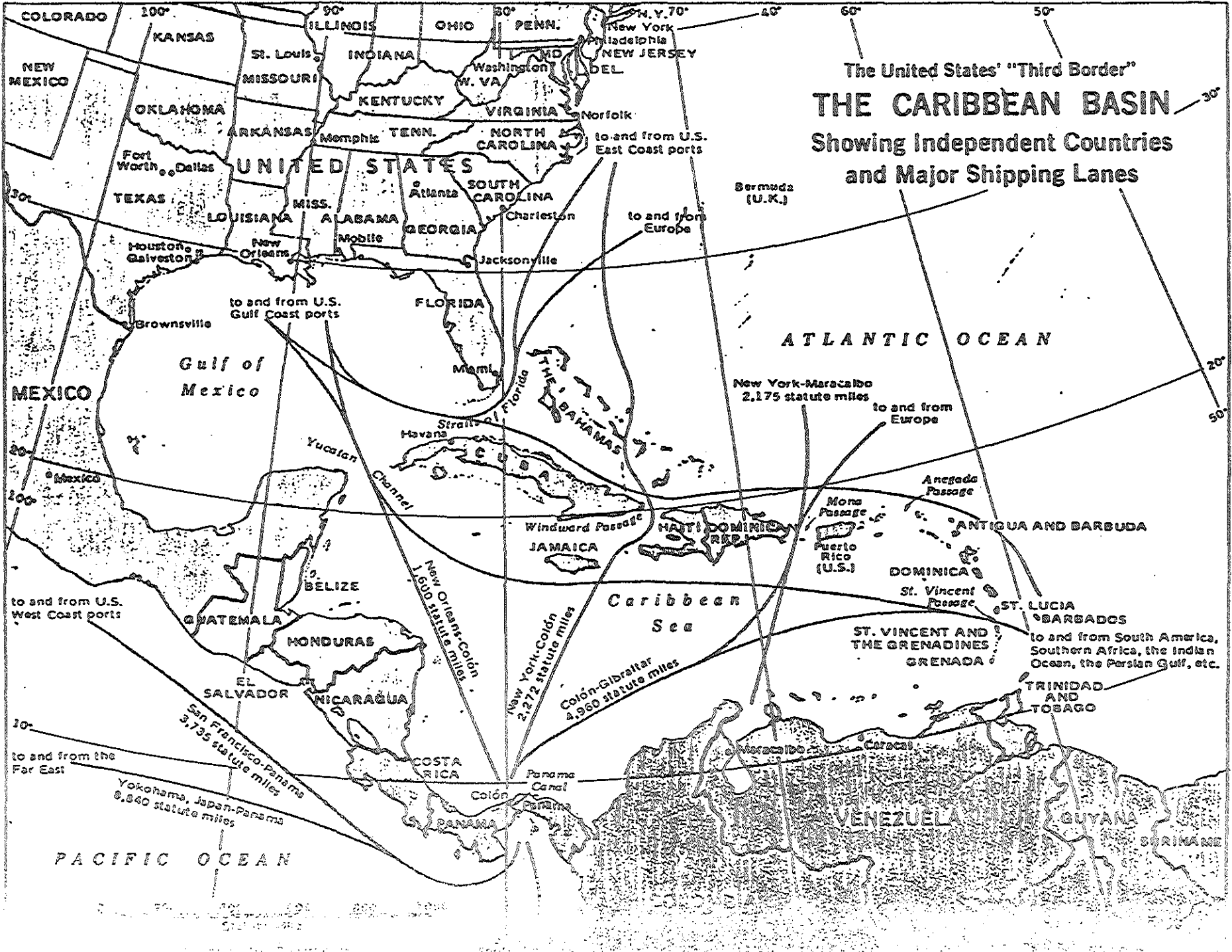
Like the Gulf of Mexico, the Caribbean Sea is, in a strategic sense, virtually an inland sea that can be bottled up by hostile air and naval power deployed in or near the strategic sea lines of communication.

The 53 mile wide Windward Passage, for instance, passes between the eastern tip of Cuba and Haiti and is by far the most important shipping lane between the Panama Canal and U.S. East Coast ports. Similarly, the narrow St. Vincent Passage in the Eastern Caribbean, only 27 miles wide, provides one of our most valuable lifelines to the Persian Gulf, Southern Africa, the Indian Ocean and South America -- all areas of crucial economic and strategic importance to the United States.

The crucial strategic and logistic link provided by the Panama Canal, which can be used by virtually all U.S. naval vessels except the large attack carriers, is similarly vulnerable, especially with Nicaraguan airfields only 400 miles away. Some of these airfields are being upgraded to accommodate sophisticated jet fighters, such as Soviet MIGs.

The 52 mile long Canal, with its numerous mechanical locks, could be effectively and fairly easily closed by a terrorist group or hostile air power by destroying a single lock or sinking a ship in transit. The vital trans-Panama oil pipeline provides an even easier target.

The vulnerability of our southern flank is a matter of serious concern since our ability to effectively project power to Europe, the Middle East and the Far East has always been dependent upon having a secure southern flank.



The United States' "Third Border"
THE CARIBBEAN BASIN
 Showing Independent Countries
 and Major Shipping Lanes

ATLANTIC OCEAN

Caribbean Sea

PACIFIC OCEAN

