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## Country Report

# Cuba

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## **Symbols for tables**

"0 or 0.0" means nil or negligible; "n/a" means not available; "-" means not applicable

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# Briefing sheet

Editor: **Mark Keller**

Forecast Closing Date: **January 22, 2020**

## Political and economic outlook

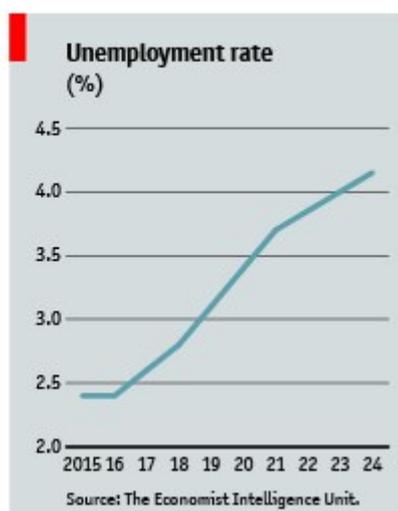
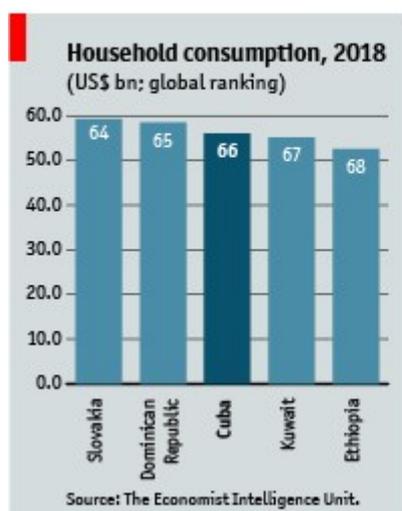
- A constitutional reform has split executive power between the president, the prime minister and the chair of the ruling party. This limits the president's ability to execute rapid change, but also raises risks to political stability, as different figures vie for authority.
- Despite changes to the executive structure, the revolutionary leader and former president, Raúl Castro (2008-18), will remain the country's most powerful figure through his position as chair of the ruling party and his close connections with the armed forces.
- US-Cuba relations will remain frosty under the current US president, Donald Trump. However, they are expected to warm up later in the 2020-24 forecast period, assuming that a Democratic candidate wins the US presidency in 2020.
- Economic liberalisation will be cautious. The government will entrench existing reforms rather than introduce major policy changes. The non-state sector will expand, but The Economist Intelligence Unit expects the government to limit the pace of growth.
- The fallout from US sanctions on Cuba and Venezuela will lead to a 0.7% contraction of GDP in 2020. However, positive growth will return in 2021-24, assisted by better access to financing, growth in tourism and progress on economic reforms.
- Currency unification will remain a crucial facet of the reform agenda, but it is unlikely to be undertaken within the 2020-24 forecast period. This will continue to distort the economy, making it difficult to measure GDP or price levels adequately.

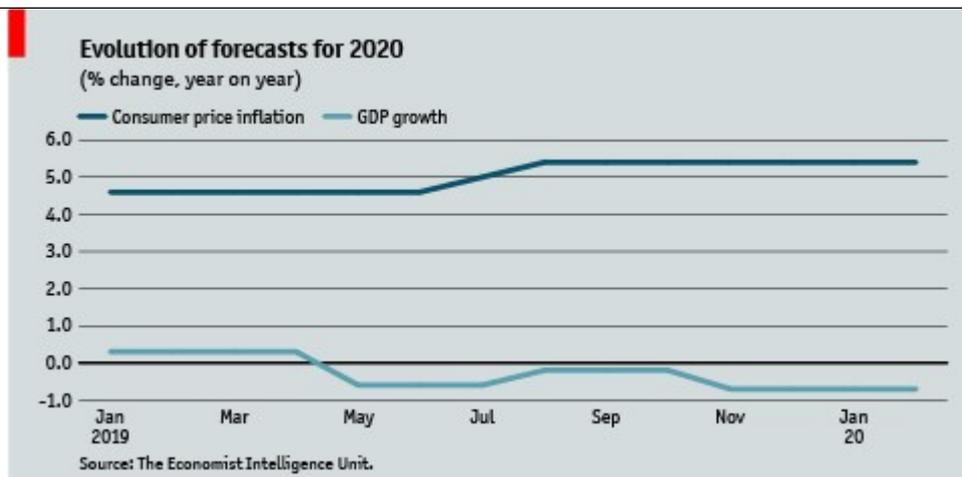
### Key indicators

	2019 <sup>a</sup>	2020 <sup>b</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>
Real GDP growth (%)	0.5	-0.7	3.1	3.8	3.9	3.3
Consumer price inflation (av; %)	5.6	5.4	5.2	6.7	6.4	5.4
Government balance (% of GDP)	-6.3	-5.6	-4.9	-4.6	-4.3	-3.7
Current-account balance (% of GDP)	1.3	0.5	0.1	-1.3	-2.0	-1.9
Unemployment rate (%) <sup>c</sup>	3.1	3.4	3.7	3.9	4.0	4.2
Exchange rate CUC:US\$ (av; official rate)	1.00	1.00	1.00	1.00	1.00	1.00

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> The official definition of unemployment includes only those laid off from employment who are registered as seeking work.

## Market opportunities





## Key changes since January 10th

- On January 10th the US banned charter flights between the US and all Cuban destinations except for Havana (the capital). This will limit the ability of Cuban-Americans (the main users of charter flights) to travel to Cuba, reducing remittances in kind.
- Given that Cuban-Americans were one of the few segments of tourist growth in 2019, we now expect tourist arrivals to fall below 4m in 2020. This will result in narrower current-account surpluses in 2020-21 of 0.3% of GDP on average, (from 0.5% of GDP previously).

## The month ahead

- **TBC—Constitutional reforms:** Following the ratification of a constitutional reform in 2019, the government will implement elements of it over the coming months. The reforms will devolve more power to the local level and reduce obstacles to domestic business operations and processes for foreign investors.
- **TBC—Plans for currency reform:** At a National Assembly meeting in December 2019, the president, Miguel Díaz-Canel, said that he would present long-awaited plans for currency reform in 2020. If plans come to fruition (which is not a given), they will show how the government's intends to unify the Cuban peso (CUP) and the convertible peso (CUC).

## Major risks to our forecast

Scenarios, Q4 2019	Probability	Impact	Intensity
Partial dollarisation of the economy reduces the possibility of currency unification	High	High	16
Venezuela's political crisis results in regime change and a sudden end to aid inflows	High	High	16
Weather-related shocks cause extensive damage to infrastructure	High	High	16
Cuba defaults on Paris Club debt, triggering reinstatement of arrears	Moderate	Very high	15
An ageing population, net emigration and "brain drain" add to skilled-labour shortages	High	Moderate	12

Note. Scenarios and scores are taken from our Risk Briefing product. Risk scenarios are potential developments that might substantially change the business operating environment over the coming two years. Risk intensity is a product of probability and impact, on a 25-point scale.

Source: The Economist Intelligence Unit.

# Outlook for 2020-24

## Political stability

The government will institute constitutional reform, while managing a difficult international and economic environment amid hostile relations with the US. The reform—to be introduced over the coming months—makes significant changes to the country's political and economic structure. On the political front, the reform divides executive authority, and moves the locus of power away from individual figures and towards institutions. In December 2019 the National Assembly appointed Manuel Marrero as Cuba's first prime minister since 1976, after he was selected by the president, Miguel Díaz-Canel (who has been in office since 2018). The prime minister will lead the cabinet in the daily running of the country, whereas the role of president will become more ceremonial.

A third pillar of power is the chair of the ruling Partido Comunista de Cuba (PCC). This role was traditionally coterminous with that of the president, but is currently held by Raúl Castro, the former president (2008-18) and a revolutionary leader. Mr Castro is expected to step down at the next PCC congress in 2021, and the title is likely to pass to Mr Díaz-Canel. Generational renewal is an objective of the PCC; the constitutional reform has set upper and lower age limits for political posts. As Mr Castro and his contemporaries exit the scene, new leaders will compete for authority (especially given the more decentralised power structure), which will increase risks to stability.

Despite the political changes, social reforms will be gradual, owing to the government's wariness of the destabilising effects of liberalisation. However, access to information will improve in the 2020-24 forecast period through increased mobile and internet penetration. Greater tension with the US—and the economic costs of new US sanctions—raise risks to political stability. However, The Economist Intelligence Unit does not believe that this will result in regime change in 2020-24. The government is skilled at defusing dissent through the domestic security apparatus and neighbourhood-monitoring groups, and the state media are effective at rallying support through propaganda.

## Election watch

Cuba's one-party system will remain largely unchanged in 2020-24. National and provincial elections are held every five years, most recently in March 2018. Candidates are nominated through municipal councils (elected every two and a half years) and by members of official "mass organisations", including labour unions and organisations for students, women and farmers. Ultimately, the final decision rests with the PCC's candidates' commission. Although it is not a requirement, most of the candidates are PCC members. Only one candidate is nominated for each seat in National Assembly elections, but nominees must be approved by a majority of voters. The National Assembly chooses the president, who is limited to two five-year terms.

## International relations

Following a period of rapprochement, Cuba will face a more hostile US, as that country has reverted to its previous goal of bringing about regime change in Cuba. The US has announced the full implementation of Title III of the 1996 Helms-Burton Act, which allows US citizens with claims to property confiscated by the Cuban government following the 1959 revolution to sue companies currently "trafficking" in that property. This subjects foreign companies operating in Cuba to lawsuits in US courts. The US has announced restrictions on workers' remittances from Cuban-Americans and several new sanctions on US tourism to Cuba. These measures are in addition to US trade sanctions that have been in place since 1960 (which can be removed only by the US Congress). Given weak popular support for the embargo in the US, our baseline forecast assumes that sanctions will be lifted once the US president, Donald Trump, leaves office. Our current tentative forecast is for a Democratic victory in the 2020 US presidential election, making it more likely that some sanctions will be lifted from 2021. However, risks to this forecast are very high, and an end to sanctions is unlikely as long as Mr Trump remains president.

Ties with the EU will improve (following a formal reinstatement of relations in 2017), and the EU will continue to be an important investment and lending partner. Cuba will remain a staunch defender of the Venezuelan regime led by Nicolás Maduro, which continues to supply oil to Cuba and is an important market for Cuban services exports. Cuba will be courted increasingly by global actors seeking to involve it in a resolution to the Venezuelan crisis; the Canadian and EU foreign ministers visited Cuba in late 2019 to discuss the issue. Given diminishing aid from Venezuela, Cuba is also developing investment and commercial ties with other nations, including China, Russia, Japan, Angola and Algeria.

## Democracy Index: Cuba

Cuba's score declined for a third consecutive year in The Economist Intelligence Unit's 2018 Democracy Index, from 3.31 in 2017 to 2.84 in 2019, leaving it firmly classified as an "authoritarian" regime. The fall in score largely reflects the lack of transparency regarding the country's 2019 constitutional reform process, including the prohibition of opposition voices from citizen consultations. Cuba ranks in last place regionally in terms of democracy, and is one of Latin America's three authoritarian regimes (along with Nicaragua and Venezuela). Globally, Cuba ranks 143rd out of 167 countries (down by 12 places from its 2017 ranking).

### Democracy Index

	Regime type	Overall score	Overall rank
2019	Authoritarian	2.84 out of 10	143 out of 167
2018	Authoritarian	3.00 out of 10	142 out of 167
2017	Authoritarian	3.31 out of 10	131 out of 167

## Political transition unlikely to lead to further democratisation

Cuba's poor score relates to a particularly low score in electoral process and pluralism, given the one-party state and elections that are neither free nor fair. The government describes its political system as participatory, in contrast to the representative model of liberal democracy. However, the scope for debate is set by the political leadership. In 2018 Cuba saw the transfer of executive power away from a member of the Castro family for the first time since the 1959 revolution, with Miguel Díaz-Canel elected as president by the National Assembly in April of that year. In 2019 the country introduced a constitutional reform that will decentralise executive decision-making between the president, prime minister and the chair of the ruling Partido Comunista de Cuba (PCC). The goal is to move the locus of power away from individuals and towards institutions. A new prime minister was selected by the president and ratified by the National Assembly at end-2019, but the process surrounding this was opaque. The constitutional reform has not led to a greater political opening or a real change in authority. Although the revolutionary leader, Raúl Castro, left the presidency in 2018, he will continue to exercise power as the PCC chair until the next party congress in 2021. This assures his continued control of the Politburo—Cuba's highest decision-making body. Despite citizen input for measures such as the direct election of the president, this was not introduced in the constitutional reform.

Cuba's also scores poorly for civil liberties. Opposition activities are suppressed by the Cuban authorities, under laws forbidding “enemy propaganda”, “disrespect” and “acts against the independence or territorial integrity of the state”, as well as public-order legislation. This is unlikely to change in the future, given the strong domestic security apparatus, which will be sensitive to any hint of instability. The government has denied holding political prisoners, but human rights groups insist that there are dozens in detention.

## Political participation is relatively strong

Cuba's scores fairly well in other categories, such as functioning of government, political culture and political participation. This reflects highly centralised policymaking and a relative lack of official corruption at high levels. There is a system of popular consultation, which supports participation in national policy debates, as was highlighted in the public consultation period for the constitutional reform presented in late 2018 and into 2019, which engendered some public debate. Nevertheless, top political and ruling party leaders control decision-making. With the expansion of access to the internet and a gradual relaxation in official views on freedom of expression, the space for debate is growing, but no real political opposition is allowed. Institutions should be strengthened via the constitutional reform, which will enshrine economic reforms, as well as promote a separation of powers between the PCC and the government, and a gradual decentralisation of authority to the provincial level. However, there is unlikely to be a major improvement in Cuba's democracy score in the short term.

### Democracy Index 2019 by category

(On a scale of 0 to 10)

Electoral process	Functioning of government	Political participation	Political culture	Civil liberties
0.00	3.57	3.33	4.38	2.94

A free white paper containing the full index and detailed methodology, can be downloaded from [www.eiu.com/democracy-2019](http://www.eiu.com/democracy-2019)

## Note on methodology

There is no consensus on how to measure democracy, and definitions of democracy are contested. Having free and fair competitive elections, and satisfying related aspects of political freedom, is the sine qua non of all definitions. However, our index is based on the view that measures of democracy that reflect the state of political freedom and civil liberties are not "thick" enough: they do not encompass sufficiently some crucial features that determine the quality and substance of democracy. Our index therefore also includes measures of political participation, political culture and functioning of government, which are, at best, marginalised by other measures.

Our index of democracy covers 167 countries and territories. The index, on a 0-10 scale, is based on the ratings (0, 0.5 or 1) for 60 indicators grouped in five categories: electoral process and pluralism; civil liberties; functioning of government; political participation; and political culture. Each category has a rating on a 0-10 scale, and the overall index of democracy is the simple average of the five category indices.

The category indices are based on the sum of the indicator scores in the category, converted to a 0-10 scale. Adjustments to the category scores are made if countries do not score a 1 in the following critical areas for democracy:

- whether national elections are free and fair;
- the security of voters;
- the influence of foreign powers on government; and
- the capability of the civil service to implement policies.

If the scores for the first three questions are 0 (or 0.5), one point (or 0.5 points) is deducted from the index in the relevant category (either electoral process and pluralism or functioning of government). If the score for question 4 is 0, one point is deducted from the functioning of government category index. The index values are used to place countries within one of four types of regime:

- full democracies—scores greater than 8;

- flawed democracies—scores greater than 6, and less than or equal to 8;
- hybrid regimes—scores greater than 4, and less than or equal to 6; and
- authoritarian regimes—scores less than or equal to 4.

## Policy trends

US sanctions will complicate the five-year economic policymaking framework set out at the PCC congress in April 2016. To mitigate the effect of sanctions, the government will accelerate some liberalising reforms to create more efficient markets and improve productivity. Last year it announced large increases in the minimum and average wages, aimed at boosting consumption. Real purchasing power has declined for several years, demotivating workers and acting as a drag on overall productivity. The reform also permits state firms to reinvest profits, rather than turning them over to the state Treasury, in the hope that this will boost output and export growth. The constitutional reform officially codified the right to private property and private enterprise, along with the centrality of foreign investment into the economy. These changes marked important steps in economic opening, and from January 2020 there will be a "single window" to facilitate foreign investment. In October 2019 the government legalised the use of the US dollar in hard-currency stores (removing the need to convert dollars into local currency) to support the sale of imported consumer goods and make them more affordable. However, the transformation from a communist to a mixed economy will be gradual and will not result in fully fledged capitalism in the forecast period.

Risks to economic liberalisation are substantial, given the state's half-hearted commitment to independent enterprise and hardliners' resistance to reforms. Activity in the non-state services sector has stagnated, and we expect weak growth in 2020, owing to slower tourism growth. Non-state jobs will continue to be concentrated in restaurants, hotels and other tourism services, but will eventually expand into construction, business services and other sectors. Other challenges include US sanctions and declining support from Venezuela.

## Fiscal policy

Revenue and spending as a share of GDP will fall in 2020-24, as the public sector shrinks. The government will continue to reduce the fiscal deficit after several years of significant shortfalls (averaging an estimated 7.2% of GDP in 2015-19). We forecast a slightly narrower deficit of 5.6% of GDP in 2020 and further gradual progress thereafter, with the deficit shrinking to 3.7% of GDP in 2024. The contraction will be necessitated by the government's meagre access to external finance and limited sources of domestic finance; up to 70% of the deficit is reportedly financed by bonds purchased by state-owned banks (drawing on savings by citizens and state-owned companies), with the remainder monetised. After the recent spate of large deficits, the government may be close to exhausting domestic financing sources and may therefore be wary of greater monetisation.

We expect that Cuba will remain barred from membership of multilateral institutions—such as the World Bank and the Inter-American Development Bank—as long as US sanctions remain in place, given US veto power in both organisations. However, assuming an easing of sanctions, these institutions could give technical advice or lend money later in the 2020-24 forecast period. Lending from other multilateral institutions, such as the Development Bank of Latin America and the Central American Bank for Economic Integration, is possible, particularly for investment projects. EU countries have offered "debt-for-equity" swaps (such as investments in infrastructure), following a debt-rescheduling agreement with the Paris Club of bilateral creditors in 2015.

## Monetary policy

The large informal economy and the existence of different markets with divergent prices and exchange rates complicate monetary management. The government currently operates in two currencies—the convertible peso (CUC, set at CUC1:US\$1) and the Cuban peso (CUP, officially CUP1:CUC1, but unofficially set at CUP24:CUC1). However, in response to significant liquidity challenges, it has increasingly allowed the use of foreign currency for electronic purchases (at the expense of the CUC), in an effort to keep foreign-currency spending on imported consumer goods within Cuba. The government officially aims to unify the two currencies by 2021, but recent developments suggest that it may be encouraging a move away from the CUC, with plans to eventually eliminate it altogether. A clearer picture should emerge in the months leading up to the 2021 party congress.

## International assumptions

	2019	2020	2021	2022	2023	2024
<b>Economic growth (%)</b>						
US GDP	2.3	1.7	1.8	2.0	1.8	2.2
OECD GDP	1.6	1.5	1.8	1.9	1.9	2.0
World GDP	2.2	2.3	2.7	2.9	2.8	2.8
World trade	0.8	2.3	3.5	3.6	3.6	3.8
<b>Inflation indicators (% unless otherwise indicated)</b>						
US CPI	1.8	1.7	1.9	2.1	1.8	1.8
OECD CPI	1.9	1.8	2.0	2.1	2.1	2.0
Manufactures (measured in US\$)	0.0	2.0	4.0	4.0	3.5	3.0
Oil (Brent; US\$/b)	64.0	65.0	67.0	71.0	73.8	71.0
Non-oil commodities (measured in US\$)	-6.2	1.6	3.0	1.5	1.1	1.3
<b>Financial variables</b>						
US\$ 3-month commercial paper rate (av; %)	2.2	1.5	1.6	1.8	2.2	2.3
Official exchange rate CUC:US\$ (av)	1.00	1.00	1.00	1.00	1.00	1.00
Exchange rate US\$:€ (av)	1.12	1.13	1.16	1.21	1.24	1.24

## Economic growth

The economy will remain under strain in the short term, owing to continued limited access to foreign exchange as a result of reduced aid and oil shipments from Venezuela, and harsher US sanctions. In view of energy shortages and continued US pressure, we expect real GDP to contract by 0.7% for 2020, after meagre estimated 2019 growth of 0.5% (the same as the Cuban government's estimate) in 2019. The 2020 contraction will stem from a fall in tourist arrivals—particularly from Europe and the US (including Cuban-Americans given recent US flight restrictions)—and gross fixed investment, as foreign investors are spooked by US sanctions. However, the boost to consumption from higher real wages will prevent a deeper contraction; import compression necessitated by hard-currency shortages will also have a net positive effect.

We expect growth to accelerate from 2021, assuming an easing of US sanctions under a Democrat-led US administration, which will spur trade, tourism and investment. GDP growth will then average 3.5% in 2021-24, assuming that economic reforms advance (albeit slowly), access to international finance and trade improves, and state-sector rationalisation generates efficiency gains and the transfer of more activity to the private sector. However, measuring the size of the Cuban economy is difficult, given various exchange rates and a 1997 base year for Cuban GDP data, which fails to account for structural changes to the economy in recent years.

Downside risks to our GDP forecast are elevated and stem from the prospect of further US sanctions on Cuba, a second term for Mr Trump or the possibility that regime change in Venezuela brings a sudden halt in aid to Cuba. Should Mr Trump win a second term, we would expect GDP growth to be 2 percentage points lower per year on average.

### Economic growth

%	2019 <sup>a</sup>	2020 <sup>b</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>
GDP	0.5	-0.7	3.1	3.8	3.9	3.3
Private consumption	1.9	0.8	4.3	4.7	4.1	3.3
Government consumption	-0.1	-1.2	3.5	4.1	5.9	3.2
Gross fixed investment	2.5	-1.8	2.1	9.1	8.5	4.6
Exports of goods & services	-7.6	-8.4	7.9	7.6	7.3	4.5
Imports of goods & services	-3.0	-5.1	12.1	15.9	14.3	5.4
Domestic demand	1.5	-0.1	3.8	5.2	5.2	3.5
Agriculture	1.9	1.6	3.8	4.5	3.7	3.0
Industry	-0.5	-2.7	2.9	5.2	4.3	3.5
Services	0.8	-0.3	3.2	3.5	3.8	3.3

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts.

## Inflation

In the absence of reliable official data, we expect inflation to average 5.3% of GDP per year in 2020-21, as a slower economy and lower tourist arrivals offset demand-side pressures from higher wages. Inflation will rise to 6.2% of GDP on average in 2022-24—assuming higher levels of domestic demand—amid the easing of US sanctions. Concerned about the inflationary impact of wage increases, the authorities have administered unorthodox measures—such as price freezes—which are likely to exacerbate shortages and perpetuate price distortions, and ultimately intensify price pressures. The inflationary impact of price liberalisation will prompt the authorities to implement the policy cautiously, but its effect should be partly cushioned by firmer competition and expanded output amid the government's export promotion drive.

## Exchange rates

The CUP is used for salaries and locally produced goods, and the CUC is used in hard-currency retail outlets, for imports and by tourists. The CUC is fixed at CUC1:US\$1. There are nine exchange rates between the two currencies, the two principal ones being the official rate of CUP1:CUC1, used in the state sector, and the unofficial (but legal) Cadeca rate of CUP24:CUC1, used for personal transactions and in the non-state sector. Some sectors of the economy (such as the Mariel Special Development Zone—a manufacturing and port complex—and agricultural sales to the tourism sector) use intermediate rates of CUP10:CUC1 or CUP11:CUC1. The system is distortionary, making it difficult to measure the economy's size or calculate costs and prices.

Officially, the authorities intend to unify the two currencies. Given the recent introduction of the US dollar and other foreign currencies into parts of the economy in October 2019, we now consider unification unlikely in 2020-24. The prevalence of the US dollar (at the expense of the CUC) is likely to increase; anecdotal evidence suggests that the CUC is already selling at a rate of CUC1.2:US\$1 on the black market. It now appears more likely that authorities will eliminate the CUC in favour of a mixture of CUP and foreign currency.

## External sector

US sanctions, which target US tourism, Venezuelan oil shipments to Cuba and workers' remittances from Cuban-Americans, put pressure on Cuba's external sector. The government will be able to moderate the effect of these via import compression and domestic rationing, but the current-account surplus will fall from an estimated 1.3% of GDP in 2019 to 0.1% of GDP in 2021. This reflects declining services income (from both professional-services sales to Venezuela and tourism) and lower inflows of workers' remittances. The current account will shift into deficit from 2022, as an easing of US sanctions leads to higher import spending and profit repatriation by multinationals in 2021-24. The effect of wider deficits on the trade and primary income accounts will be offset by growing services and transfers surpluses, as tourism and remittances increase.

With the imposition of Title III of the 1996 Helms-Burton Act, foreign direct investment (FDI) will slow in 2020, but we believe that it will pick up later in the forecast period (although inflows will continue to fall short of the official goal of US\$2.5bn per year). The authorities do not publish data on international reserves; we estimate an end-2019 level of US\$10.1bn (10.3 months of import cover). Cuba's reserves coverage will decrease significantly, however, owing to pressure on the country's external sector. This is particularly true later in the forecast period, as the cost of servicing rescheduled debt increases and import levels rise, but it will remain above four months.

## Forecast summary

### Forecast summary

(% unless otherwise indicated)

	2019 <sup>a</sup>	2020 <sup>b</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>
Real GDP growth	0.5	-0.7	3.1	3.8	3.9	3.3
Industrial production growth	-0.5	-2.7	2.9	5.2	4.3	3.5
Gross agricultural production growth	1.9	1.6	3.8	4.5	3.7	3.0
Unemployment rate (end-period)	3.1	3.4	3.7	3.9	4.0	4.2
Consumer price inflation (av)	5.6	5.4	5.2	6.7	6.4	5.4
Consumer price inflation (end-period)	5.7	5.0	5.5	7.1	6.3	5.0
General government balance (% of GDP)	-6.3	-5.6	-4.9	-4.6	-4.3	-3.7
Exports of goods fob (US\$ bn)	2.4	2.4	2.7	3.1	3.4	3.6
Imports of goods fob (US\$ bn)	10.7	10.2	11.9	14.3	16.9	17.9
Current-account balance (US\$ bn)	1.4	0.6	0.1	-1.7	-3.0	-3.1
Current-account balance (% of GDP)	1.3	0.5	0.1	-1.3	-2.0	-1.9
External debt (year-end; US\$ bn)	29.4	29.1	29.7	30.4	30.6	31.0
CUC:US\$ (av)	1.00	1.00	1.00	1.00	1.00	1.00
CUC:US\$ (end-period)	1.00	1.00	1.00	1.00	1.00	1.00
CUP:CUC <sup>c</sup>	24.00	24.00	24.00	24.00	24.00	24.00

<sup>a</sup> Economist Intelligence Unit estimates. <sup>b</sup> Economist Intelligence Unit forecasts. <sup>c</sup> Cadeca rate.

# Data and charts

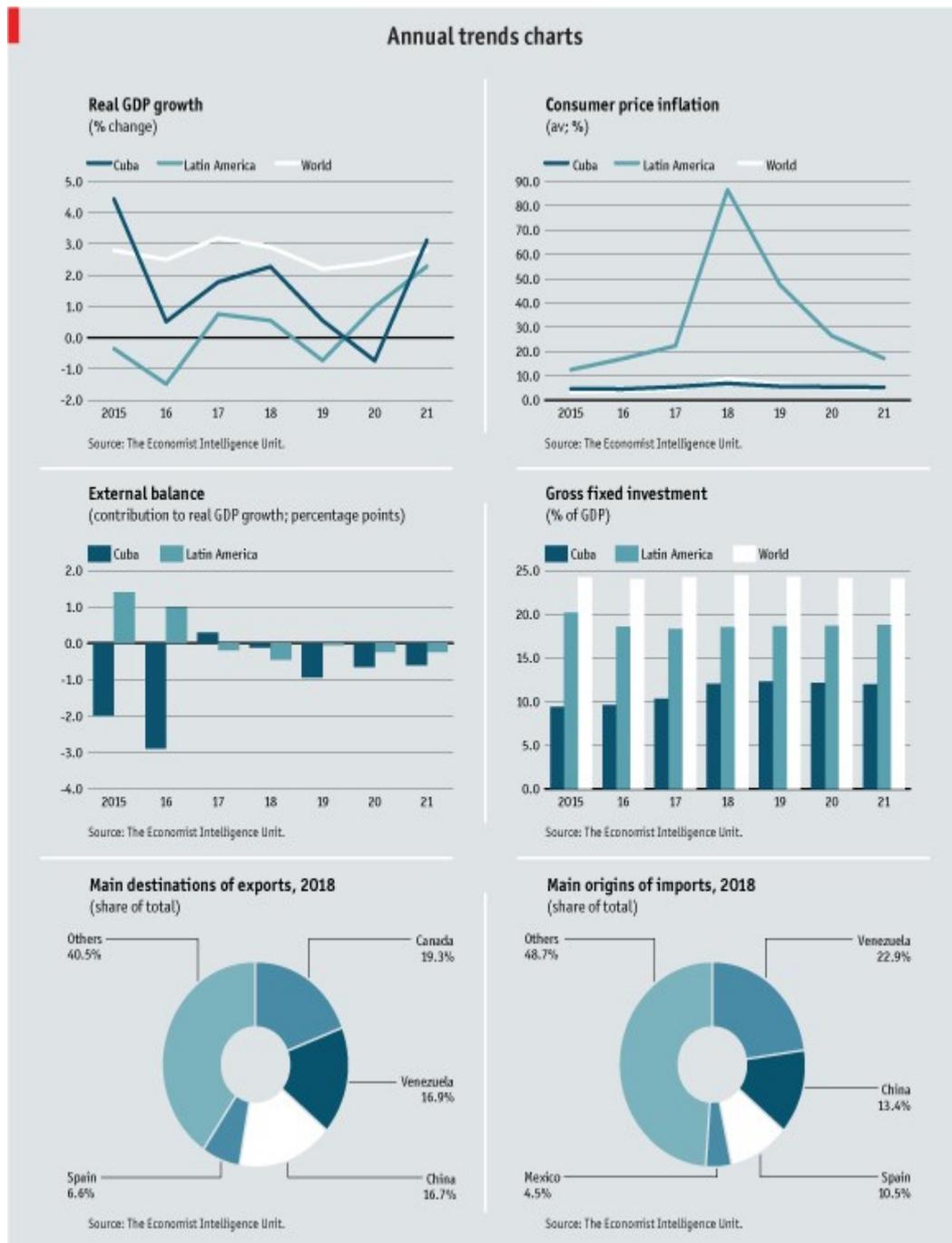
## Annual data and forecast

	2015 <sup>a</sup>	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>	2019 <sup>b</sup>	2020 <sup>c</sup>	2021 <sup>c</sup>
<b>GDP</b>							
Nominal GDP (US\$ m)	87,133	91,370	96,851	100,023	106,317	111,403	121,127
Nominal GDP (CUC m)	87,133	91,370	96,851	100,023	106,317	111,403	121,127
Real GDP growth (%)	4.4	0.5	1.8	2.3	0.5	-0.7	3.1
<b>Expenditure on GDP (% real change)</b>							
Private consumption	7.4	4.1	1.7	2.2	1.9	0.8	4.3
Government consumption	0.0	-0.2	2.2	1.3	-0.1	-1.2	3.5
Gross fixed investment	18.3	7.5	0.2	4.8	2.5	-1.8	2.1
Exports of goods & services	-0.1	-19.7	0.0	-2.4	-7.6	-8.4	7.9
Imports of goods & services	10.1	-10.6	-1.6	-2.0	-3.0	-5.1	12.1
<b>Origin of GDP (% real change)</b>							
Agriculture	2.5	5.8	-1.4	2.6	1.9	1.6	3.8
Industry	8.8	-1.9	2.2	2.5	-0.5	-2.7	2.9
Services	3.2	1.2	2.1	2.1	0.8	-0.3	3.2
<b>Population and income</b>							
Population (m)	11.3	11.3	11.3	11.3	11.3	11.3	11.3
GDP per head (US\$ at PPP)	12,474 <sup>b</sup>	12,656 <sup>b</sup>	13,120 <sup>b</sup>	13,746 <sup>b</sup>	14,152	14,313	15,024
Recorded unemployment (av; %)	2.4	2.4	2.6	2.8 <sup>b</sup>	3.1	3.4	3.7
<b>Fiscal indicators (% of GDP)</b>							
Public-sector revenue	57.4	56.5	57.2	57.1	56.4	55.8	55.0
Public-sector expenditure	63.4	63.3	65.7	65.4	62.7	61.4	59.9
Public-sector balance	-6.0	-6.8	-8.5	-8.3	-6.3	-5.6	-4.9
Net public debt	40.3 <sup>b</sup>	42.7 <sup>b</sup>	46.7 <sup>b</sup>	51.0 <sup>b</sup>	51.9	53.2	53.3
<b>Prices and financial indicators</b>							
CUC:US\$ (official rate; end-period)	1.00	1.00	1.00	1.00	1.00	1.00	1.00
CUP:CUC (secondary rate)	24.00	24.00	24.00	24.00	24.00	24.00	24.00
Consumer prices (av; %)	4.6 <sup>b</sup>	4.5 <sup>b</sup>	5.5 <sup>b</sup>	6.9 <sup>b</sup>	5.6	5.4	5.2
Stock of money M2 (% change)	9.3	13.1	8.1	13.1	3.2	1.8	6.2
<b>Current account (US\$ m)</b>							
Trade balance	-8,173	-7,756	-7,508	-8,785	-8,288	-7,744	-9,169
Goods: exports fob	3,572	2,546	2,704	2,742	2,364	2,448	2,691
Goods: imports fob	-11,745	-10,302	-10,212	-11,527	-10,653	-10,191	-11,860
Services balance	10,509 <sup>b</sup>	10,220 <sup>b</sup>	10,281	10,722 <sup>b</sup>	9,194	8,065	8,582
Primary income balance	-1,119	-1,284	-1,173 <sup>b</sup>	-1,065 <sup>b</sup>	-1,212	-1,174	-1,786
Secondary income balance	219	616	1,191 <sup>b</sup>	1,659 <sup>b</sup>	1,740	1,456	2,465
Current-account balance	1,436 <sup>b</sup>	1,796 <sup>b</sup>	2,790 <sup>b</sup>	2,531 <sup>b</sup>	1,433	604	91
<b>External debt (US\$ m)</b>							
Debt stock	30,327 <sup>b</sup>	29,891 <sup>b</sup>	29,891 <sup>b</sup>	29,890 <sup>b</sup>	29,407	29,122	29,666
Debt service paid	1,826 <sup>b</sup>	4,366 <sup>b</sup>	1,801 <sup>b</sup>	2,007 <sup>b</sup>	1,949	2,026	2,085
Principal repayments	964 <sup>b</sup>	3,524 <sup>b</sup>	954 <sup>b</sup>	1,139 <sup>b</sup>	1,082	1,148	1,152
Interest	862 <sup>b</sup>	842 <sup>b</sup>	847 <sup>b</sup>	868 <sup>b</sup>	867	879	932
<b>International reserves (US\$ m)</b>							
Total international reserves	11,803 <sup>b</sup>	12,003 <sup>b</sup>	11,353 <sup>b</sup>	10,953 <sup>b</sup>	10,053	9,053	8,103

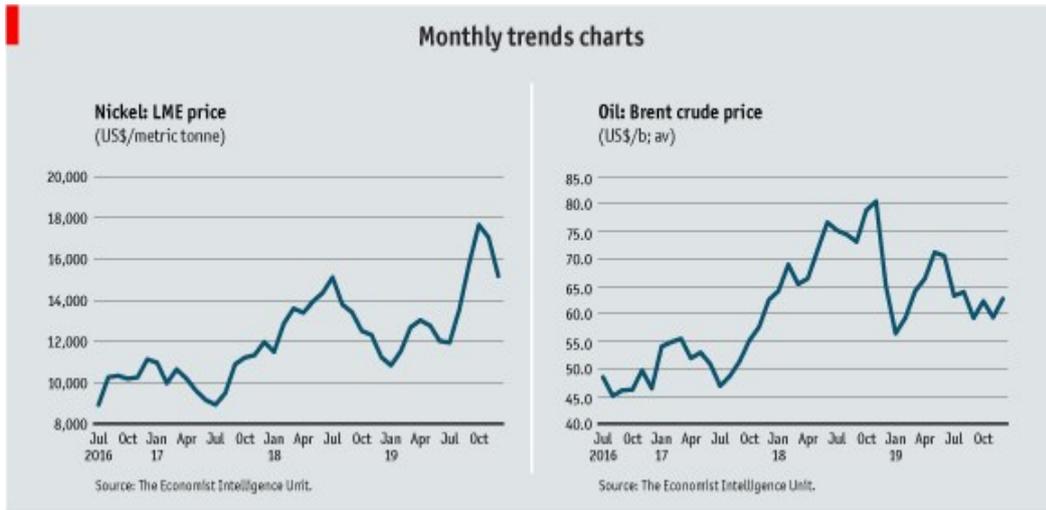
<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Economist Intelligence Unit forecasts.

Source: IMF, International Financial Statistics.

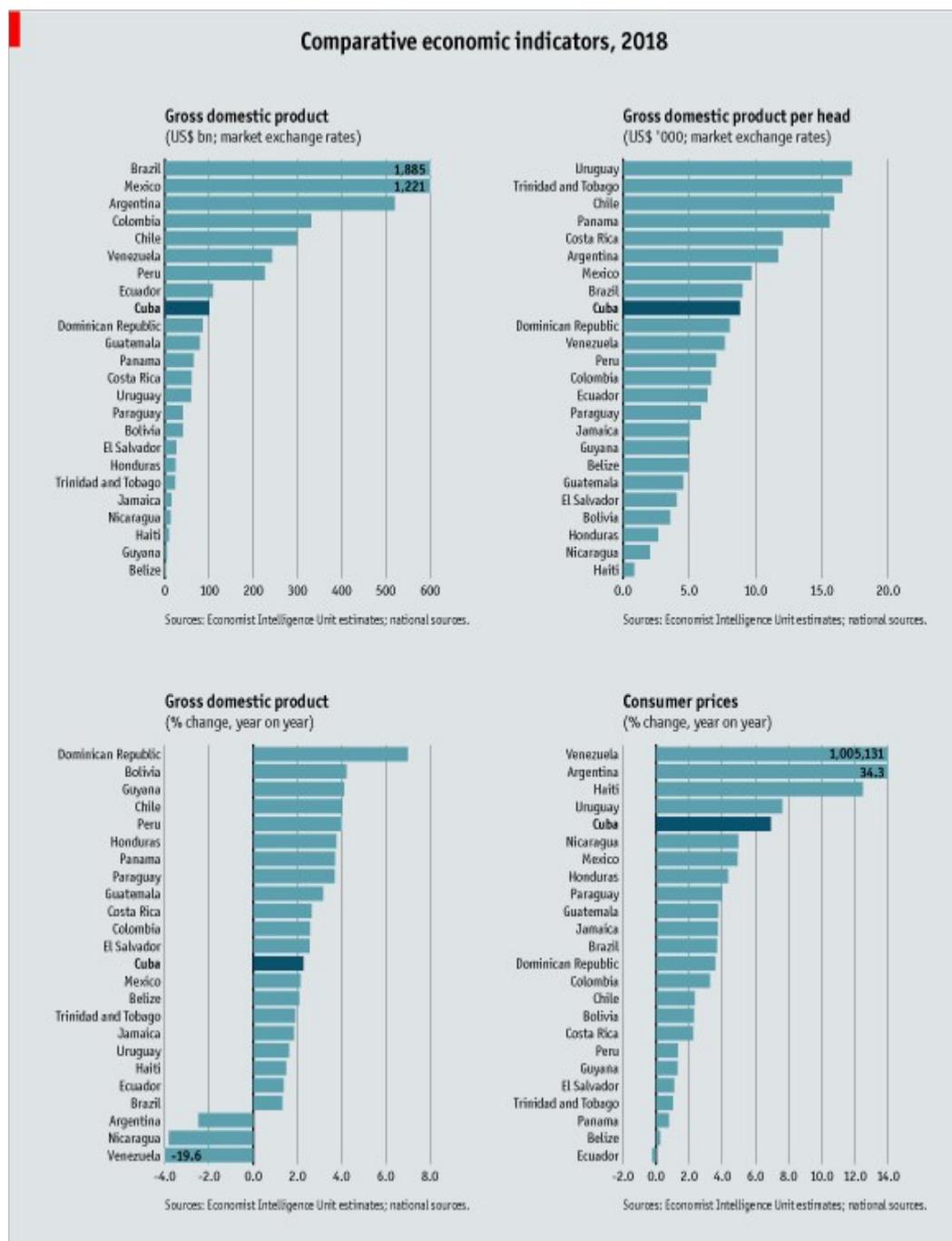
# Annual trends charts



# Monthly trends charts



# Comparative economic indicators



## Basic data

### Land area

110,000 sq km: mainland 105,000 sq km; Isle of Youth (Isla de la Juventud) 2,000 sq km; keys 3,000 sq km

### Population

11.2m (2018 estimate)

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## Climate

Subtropical; average temperature 25°C, average relative humidity 81%

### Weather in Havana (altitude 24 metres)

Hottest month, August, 24-32°C (average monthly minimum); coldest months, January and February, 18-27°C; driest months, January and February, 38 mm average rainfall; wettest month, September, 183 mm average rainfall

## Weights and measures

Metric system; also old Spanish units. Sugar is often measured in Spanish tonnes (2,271 lbs), and there is a Cuban quintal of 101.4 lbs, made up of 4 arrobas. For area measurement, one Cuban caballería equals 13.4 ha or 33.16 acres

## Currency

There are currently two domestic currencies: the Cuban peso (CUP), in which prices and wages are denominated within the domestic economy, and the convertible peso (CUC), used in hard-currency retail outlets, and for imports and tourist expenditure. In both currencies, 1 peso is equal to 100 centavos. The official exchange rates, used in national income and fiscal accounting aggregates, are CUP1:CUC1 and CUC1:US\$1. There are nine CUP:CUC exchange rates, the most common being the unofficial but legal rate (known as the Cadeca rate) of CUP24:CUC1, used mainly for personal transactions

The government plans to eliminate the CUC, but has not given a date for the change, or the proposed value of the Cuban peso. In October 2019 the government legalised the use of the US dollar and other foreign currencies for electronic transactions at hard-currency stores

## Time

4 hours behind GMT (5 hours behind GMT in November-March)

## Public holidays in 2020

January 1st (Liberation Day); January 2nd (Victory Day); April 10th (Good Friday); May 1st (Labour Day); July 25th-27th (Anniversary of the Revolution); October 10th (War of Independence); December 25th (Christmas Day); December 31st (New Year's Eve)



## Political structure

### Official name

Republic of Cuba

### Form of government

Centralised political system, with close identification between the Partido Comunista de Cuba (PCC) and the state

### Head of state

The president, Miguel Díaz-Canel, took over from Raúl Castro on April 19th 2018

### The executive

The Council of Ministers is the highest executive body; it is led by the prime minister (nominated by the president). The president, the vice-president and the secretary of the Council of Ministers serve on the Executive Committee of the council.

### National legislature

National Assembly of People's Power; 612 members elected by direct ballot. The full Assembly meets twice a year, and extraordinary sessions can be called. National Assembly working commissions operate throughout the year

### Legal system

A People's Supreme Court oversees a system of regional tribunals; the Supreme Court is accountable to the National Assembly

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## National elections

Provincial and National Assembly elections last held in March 2018; next due in 2023

## National government

The organs of the state and the Partido Comunista de Cuba (PCC) are closely entwined, and power devolves principally from the Executive Committee of the Council of Ministers

## Main political organisation

The PCC is the only legal political party. Official "mass organisations" (including labour unions, and organisations for students, women and farmers) are a feature of the Cuban political system

## Key ministers

President of the National Assembly: Esteban Lazo Hernández

Prime minister: Manuel Marrero Cruz

Vice-president: Salvador Valdés Mesa

Secretary of the Council of Ministers: Homero Acosta Álvarez

President of the National Assembly: Esteban Lazo Hernández

Agriculture: Gustavo Rodríguez Rollero

Communications: Jorge Luis Perdomo Di-Lella

Culture: Alpidio Alonso Grau

Domestic trade: Betsy Díaz Velázquez

Economy & planning: Alejandro Gil Fernández

Education: Ena Elsa Velázquez Cobiella

Energy & mines: Raúl García Barreiros

Finance & prices: Meisi Bolaños Weiss

Foreign relations: Bruno Rodríguez Parrilla

Foreign trade & investment: Rodrigo Malmierca Díaz

Higher education: José Ramón Saborido Loidi

Industry: Alfredo López Valdés

Interior: Julio César Gandarilla Bermejo

Justice: Oscar Silveira Martínez

Labour & social security: Margarita González Fernández

Public health: José Ángel Portal Miranda

Revolutionary armed forces: Leopoldo Cintra Frías

Science, technology & the environment: Elba Rosa Pérez Montoya

Tourism: Juan Carlos García Granda

Transport: Eduardo Rodríguez Dávila

## Central bank president

Irma Martínez Castrillon