Country Report

Cuba

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The Economist Intelligence Unit

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

Cuba

Summary

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Data and charts

Summary

Briefing sheet

Editor: **Norman McKay**

Forecast Closing Date: **December 1, 2020**

Political and economic outlook

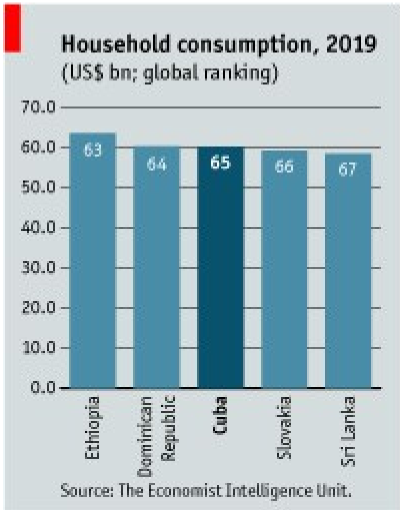
- Raúl Castro is likely to resign as chair of the Partido Comunista de Cuba (PCC) at its 2021 congress and be succeeded by the president, Miguel Díaz-Canel. Risks to stability will rise amid a more decentralised power structure, but the PCC is likely to retain overall control.
- Economic liberalisation has been put on hold but is likely to resume when the coronavirus (Covid-19) pandemic eases. However, reforms will move slowly. The private sector will suffer amid a collapse in tourism but will recover later in the 2021-25 forecast period.
- The fallout from US sanctions on Cuba, along with the impact of the pandemic, will hamper the pace of recovery following a sharp recession in 2020. Stronger GDP growth is only likely in 2023-25 amid an easing of some restrictions under a new US administration.
- Unification of the two official Cuban currencies—the convertible peso (CUC) and the Cuban peso (CUP)—is likely in the coming months, accompanied by tighter price controls to prevent an inflationary spiral. Over time, this will help to reduce economic distortions.
- The current account will remain slightly in surplus in 2021-22 as still low oil prices and import compression offset weak earnings from tourism. The Economist Intelligence Unit expects a narrow deficit in 2023-25 as an easing of US sanctions sucks in imports.

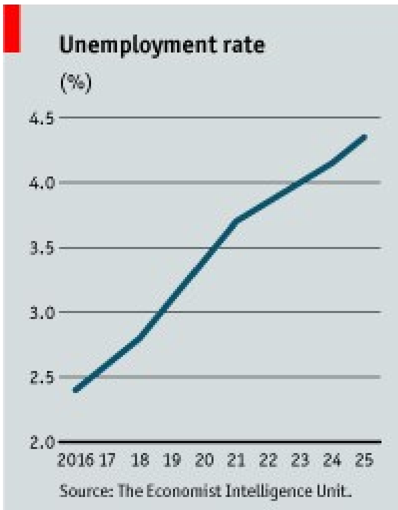
Key indicators

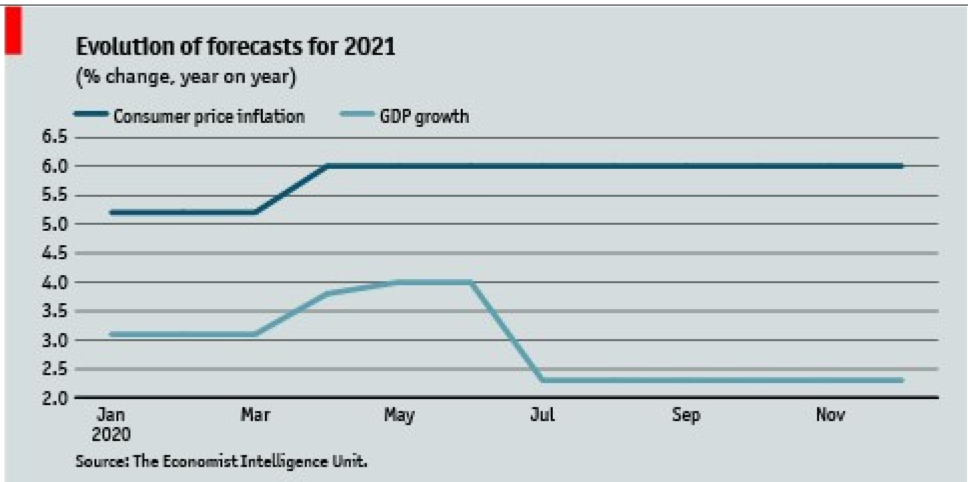
	2020[a]	2021[b]	2022[b]	2023[b]	2024[b]	2025[b]
Real GDP growth (%)	-8.3	2.3	2.9	3.3	3.8	4.2
Consumer price inflation (av; %)	4.2	6.0	6.1	6.3	6.0	5.6
Government balance (% of GDP)	-9.5	-5.5	-4.7	-3.7	-2.9	-2.1
Current-account balance (% of GDP)	0.2	0.2	0.2	-0.5	-0.4	-0.2
Unemployment rate (%)	3.4	3.7	3.9	4.0	4.2	4.4
Exchange rate CUC:US$ (av; official rate)	1.00	1.00	1.00	1.00	1.00	1.00

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts.

Market opportunities







Key changes since November 6th

- We deem it likely that the next US administration will suspend Title III of the Cuban Liberty and Democratic Solidarity (Libertad) Act (the Helms-Burton Act), which subjects foreign firms in Cuba to lawsuits in US courts. This would have a limited impact on our forecasts.
- We continue to expect the government to unify the dual exchange rate and remove the CUC from circulation. We still regard early 2021 as the most probable time when the government will pursue its long-awaited currency adjustment.
- The new fixed exchange rate is still to be announced; our macroeconomic forecasts are unchanged, as it is impossible to factor currency unification into our US dollar forecasts.

The month ahead

- **TBC—Details of currency reform:** Unifying the exchange rate is a huge task and will require huge financial support for importers (as their preferential exchange rate will be devalued) and large salary rises for public-sector workers. Prices will need to be managed to an even greater extent to prevent an inflationary spiral.
- **TBC—Coronavirus restrictions:** Since the easing of the initial lockdown in June, the government has reintroduced measures to stymie spikes in Covid-19 cases, including in Havana (the capital) in August-September. The risk of new localised restrictions will persist in the coming months; we will continue to monitor the situation closely.

Major risks to our forecast

Scenarios, Q4 2020	Probability	Impact	Intensity
Unification of the dual exchange rate generates severe economic problems	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
Poor infrastructure quality and maintenance increase operating costs	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 2021-25

Political stability

The Cuban government is instituting constitutional reform while managing a difficult international and economic environment, amid hostile relations with the US and the coronavirus (Covid-19) pandemic. Although a spike in Covid-19 cases in the capital, Havana (where most cases have been reported), led to renewed restrictions in August-September, the public health response has been generally robust. Despite this, the country will suffer an economic blow, which will affect the political and economic situation early in the 2021-25 forecast period. The challenging economic situation raises risks to political stability, but The Economist Intelligence Unit does not believe that this will result in regime change in 2021-25. 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.

Against this difficult backdrop, the government will proceed cautiously in implementing a constitutional reform that changes Cuba's political and economic structure significantly. In December 2019 the National Assembly appointed Manuel Marrero as Cuba's first prime minister since 1976, following his selection by the president, Miguel Díaz-Canel, who has been in office since 2018. The prime minister leads the cabinet in the daily running of the country, whereas the role of president is becoming 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 the previous president, Raúl Castro (2008-18), a revolutionary leader who remains influential in the role of elder statesman. Mr Castro is expected to step down at the next PCC congress (in April 2021), and the title of chair is likely to pass to Mr Díaz-Canel. 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, reforms will proceed gradually, owing to the government's wariness of the destabilising effects of liberalisation. However, access to information and to social media will continue to grow amid increased mobile and internet penetration, permitting greater citizen communication with the leadership and stronger demands for accountability.

Election watch

We expect Cuba's one-party system to remain largely unchanged in 2021-25. National and provincial elections are held every five years and are next due in 2023. Candidates are nominated through municipal councils and by members of official "mass organisations", including labour unions and organisations for students, women and farmers. Ultimately, the decision rests with the PCC's candidates' commission. Although it is not a requirement, most 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

Cuba has faced a more hostile US under the administration of Donald Trump, but we expect the bilateral relationship to improve under the president-elect, Joe Biden. Some elements of the 2014-17 rapprochement that took place under the former US president, Barack Obama (2009-17), before being reversed by Mr Trump, are likely to be restored, particularly those concerning travel, investment and remittances. Mr Biden will himself be able to reverse many of Mr Trump's policies through executive order, but he may well wait until after the April 2021 PCC congress to do so. Mr Biden is likely to suspend Title III of the 1996 Cuban Liberty and Democratic Solidarity (Libertad) Act—also known as the Helms-Burton Act—which Mr Trump activated in 2019. The legislation subjects foreign firms operating in Cuba to lawsuits in US courts by allowing US citizens with claims to property confiscated by the Cuban govern-ment after the 1959 revolution to sue companies currently "trafficking" in that property. However, even assuming some easing in policy under Mr Biden, we currently expect trade sanctions in place since 1960 to endure, as they can only be removed by the US Congress.

Ties with the EU will warm (following a formal reinstatement of relations in 2017), and the bloc will continue to be an important partner for investment and development finance. Cuba will remain a staunch defender of the Venezuelan regime of Nicolás Maduro, which continues to supply oil to Cuba (albeit in reduced quantities) and is an important market for Cuban services exports. Given diminishing aid from Venezuela, Cuba will continue to cultivate invest-ment and commercial ties with other countries such as China, Russia, Japan, Angola and Algeria.

Policy trends

More liberalising measures are likely to be introduced at the next party congress in April 2021, but the transformation from a communist to a mixed economy will be gradual and will not result in fully fledged capitalism in the 2021-25 forecast period. The demands of the pandemic mean that some measures may even be rolled back as the state returns to areas in which it had sought to reduce its role, including rationing and distribution of food. This does not mean that there will be no significant reforms in the near term. A unification of the dual exchange-rate system seems set to take place soon. It will require more extensive price controls in the short term, in order to prevent an inflationary spiral. However, we believe that this tightening of controls will prove temporary and that the government will return to efforts to push through further liberalising reforms in the medium term.

The government will support greater import substitution (particularly in agriculture, given that an estimated 80% of Cuba's food is imported) and will seek to allow state-owned enterprises greater autonomy in decision-making and business planning. In addition, the government has said that it will expand the categories for self-employment and allow private-sector enterprises and co-operatives to import and export outside the state monopoly. However, given the state's half-hearted commitment in the past to independent enterprise and hardliners' resistance to reforms, risks to economic liberalisation are substantial.

Fiscal policy

The fiscal deficit is forecast to narrow steadily in 2021-25, albeit from a wide point; the deficit has expanded sharply in 2020 as a result of the pandemic and will reach an estimated 9.5% of GDP, reflecting the increased costs of healthcare and wage guarantees. We forecast a narrower deficit in 2021, of 5.5% of GDP, on the assumption that revenue will remain weak but that spending commitments will ease. As economic activity strengthens in the second half of the forecast period, fiscal revenue is likely to pick up more firmly, aided by government efforts to increase tax collection. The government will continue long-running efforts (which were interrupted by the pandemic) to roll back state support, resulting in a steady decline in the expenditure/GDP ratio (estimated at 63% of GDP in 2019). We expect the fiscal deficit to narrow to 2.1% of GDP in 2025.

Fiscal retrenchment will be necessary, partly because the government has 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. Given the wider estimated deficit in 2020, we consider it likely that the government is resorting to greater monetisation, but this will not be feasible in the long run, as it will pressurise inflation and cause broader economic problems at a time when the authorities are trying to address price and currency dislocations.

Monetary policy

Cuba's large informal economy, small banking sector, and the existence of different markets with divergent prices and exchange rates have long complicated monetary management, but the upcoming unification of the dual currency system will start to tackle some of these distortions within the forecast period. 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 with a parallel rate of CUP24:CUC1 for non-state transactions). However, in response to significant liquidity challenges, the government has increasingly allowed the use of foreign currency. In July the government increased the scope for the use of US dollars in an ongoing effort to keep more hard currency in the country. The move has essentially reduced the importance of the CUC, and we now expect the government to withdraw the CUC from circulation entirely in the coming months. This will create some price instability, to which the authorities are likely to respond with a heterodox mix of measures, including the use of distortionary direct controls on foreign exchange, prices, wages and credit. After the initial shock, monetary policy will gradually shift towards indirect measures, using increasingly market-led financial institutions and instruments. However, the fact that the banking sector remains extremely small will limit the effectiveness of monetary policy management.

International assumptions

	2020	2021	2022	2023	2024	2025
Economic growth (%)						
US GDP	-3.8	3.2	2.5	2.3	1.9	2.0
OECD GDP	-5.8	3.7	2.8	2.1	1.9	1.9
World GDP	-4.7	4.2	3.4	3.0	2.8	2.7
World trade	-10.6	7.0	5.4	4.3	4.0	3.8
Inflation indicators (% unless otherwise indicated)						
US CPI	0.7	1.7	1.9	2.2	1.9	1.8
OECD CPI	1.0	1.6	1.9	2.1	2.0	2.0
Manufactures (measured in US$)	-2.0	3.9	3.1	4.0	2.4	2.5
Oil (Brent; US$/b)	41.7	45.0	53.0	57.5	55.0	50.0
Non-oil commodities (measured in US$)	1.2	7.9	3.0	-2.2	2.0	1.5
Financial variables						
US$ 3-month commercial paper rate (av; %)	0.6	0.1	0.2	0.2	0.6	1.0
Official exchange rate CUC:US$ (av)	1.00	1.00	1.00	1.00	1.00	1.00
Exchange rate US$:€ (av)	1.14	1.17	1.15	1.19	1.21	1.23

Economic growth

In 2021-25 real GDP will stage a gradual recovery following a sharp coronavirus-induced contraction (estimated at 8.3% in 2020), although we do not expect real GDP to return to 2019 levels until 2024. The pace of the recovery will be subject to several structural constraints, mainly US sanctions, which have a direct impact on investment and trade, but also an indirect impact on government revenue, limiting the government's ability to inject stimulus and to engineer a rapid recovery). Reduced aid and oil ship-ments from Venezuela will cause additional problems, and a reduction in tourism will affect service sector activity, at least during 2021.

We forecast that real GDP will grow by a meagre 2.3% in 2021, before economic activity gains momentum in 2022-25. This is based on our expectation that the Biden administ-ration will restore elements of the rapprochement introduced under Mr Obama. This will provide a boost to private consumption, investment and export growth at a time when the economy is already benefiting from a cyclical upturn amid a global recovery from the pandemic (assuming that the tourist sector picks up more firmly from 2022). Given Cuba's limited agricultural and manufacturing capacity, this will also draw in imports, tempering the pace of growth, although we expect real GDP growth to accelerate from 2.3% in 2021 to 4.2% in 2025.

Downside risks to GDP are substantial and stem from a weaker recovery in tourism, dislocation from the currency unification process and the possibility of regime change in Venezuela leading to a halt in aid to Cuba. Weather-related issues and continued disruption to the tourism sector also pose a persistent risk.

Economic growth

%	2020[a]	2021[b]	2022[b]	2023[b]	2024[b]	2025[b]
GDP	-8.3	2.3	2.9	3.3	3.8	4.2
Private consumption	-7.0	1.5	2.4	5.3	4.6	5.1
Government consumption	4.2	-1.3	1.8	1.8	0.9	1.4
Gross fixed investment	-20.0	7.0	4.5	8.1	6.1	7.2
Exports of goods & services	-15.1	6.1	11.1	4.8	4.1	5.1
Imports of goods & services	-4.9	1.6	9.5	13.2	4.6	6.7
Domestic demand	-6.5	1.5	2.6	4.8	3.9	4.6
Agriculture	-2.5	2.0	2.4	2.6	3.0	3.5
Industry	-3.5	1.4	2.3	3.0	3.1	3.7
Services	-10.0	2.6	3.1	3.5	4.1	4.5

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts.

Inflation

After suppressed domestic demand and softer oil prices eased inflation pressures in 2020—despite greater monetisation of the fiscal deficit—consumer price inflation will pick up in 2021; we forecast that inflation will rise from an estimated 4.2% in 2020 to 6% in 2021 as economic activity begins to recover, shortages intensify and tourism starts to put pressure on local prices. We believe that unorthodox measures, such as price freezes and rationing to deal with the coronavirus pandemic, will be expanded in 2021 in order to manage the inflationary pressures engendered by the forthcoming currency adjustment.

Inflation will remain around 6% in 2022-25 as demand increases amid an easing of US restrictions. In the second half of the forecast period, the authorities will seek to ease restrictions cautiously, but the effect of liberalisation should be partly cushioned by firmer competition and increased output amid the government's export promotion drive.

Exchange rates

Unification of the dual exchange rate, which the government has been targeting (but repeatedly delaying) for many years, is finally likely to occur. The government has confirmed that one of the two local currencies in circulation, the CUC (which is used in hard-currency retail outlets, for imports and by tourists) will be withdrawn imminently, although no date has been given. The CUP (which is used for salaries and locally produced goods) will remain as the sole local currency.

Huge uncertainties persist about when this will occur, at what rate the government will fix the CUP against the US dollar and the type of fiscal and monetary policy support that will be necessary to accompany the shift. It also remains unclear whether use of the US dollar in the local economy (which has expanded recently) will continue to spread. Although we now expect currency unification, we have not yet altered our underlying exchange-rate forecasts, given the extent of these uncertainties. Once the government provides a firmer idea of the likely timeline and—more importantly—the likely exchange rate, we will incorporate the full economic impact of these changes into our forecasts.

Currency unification

The Economist Intelligence Unit believes that the unification of the dual exchange rate, which the government has been targeting (but repeatedly delaying) for many years, is finally likely to occur. Recent speeches confirm that the government is poised to change the official Cuban peso (CUP) exchange rate—currently CUP1:US$1—but still no date has been set. This official rate has been used by state enterprises and in government accounts, but the Cadeca rate, which is available to Cuban households and private businesses, is CUP24:US$1. This is not a direct conversion, as the CUP is not convertible into US dollars, but the CUP can be exchanged for convertible pesos (CUCs), which are officially valued at par with the US dollar.

Huge uncertainties persist about when the unification will occur, the new CUP:US$ rate, and the associated fiscal and monetary adjustments. It also remains unclear whether the use of the US dollar in the local economy (which has expanded recently) will persist. Given the extent of these uncertainties, we have not altered our underlying exchange-rate forecasts. Once the government provides a firmer idea of the likely timeline and, more importantly, the likely exchange rate, we will be able to factor the full economic impact of these changes into our forecasts.

A complex system

The two main exchange rates are the official rate of CUP1:CUC1, used in the state sector, and the Cadeca rate of CUP24:CUC1, used for personal transactions and in the non-state sector. In recent years, other rates have been introduced for specific activities (there are currently nine of them). The system is distortionary, making it difficult to measure the economy's size or calculate costs and prices, and has been damaging productivity and development for many years. The move to unify the currency is therefore likely to be positive for the economy in the long term. In the short term, however, the process is likely to generate fresh economic dislocation, which will pose a challenge for the government as it seeks to manage the adjustment.

We expect that the currency reform will involve two actions: the elimination of the convertible peso (leaving the Cuban peso as the sole local currency) and the devaluation of the official rate. The first of these will be relatively straightforward. Confidence in the CUC, which has been used in a chain of state retail outlets since the mid-1990s, has declined over the past year, with Cubans choosing to convert their holdings into US dollars or Cuban pesos. This shift reflects an expectation that the CUC will be eliminated, and has been encouraged by the opening of new stores selling goods in US dollars and by the acceptance of Cuban pesos—at the Cadeca rate—in the stores that formerly traded only in CUCs.

The second measure will be much more disruptive, precipitating a radical adjustment in relative prices throughout the economy and necessitating a complete overhaul of the national accounts. Given the enormous uncertainties that remain—regarding the way the devaluation will be managed, and the price and wage adjustments that will accompany the change—we have not yet incorporated a single Cuban currency into our macroeconomic forecasts.

What rate?

Although government statements have been ambiguous, there appears to be a widespread expectation that currency unification will be at CUP25:US$1. If this were done in one step, it would require huge immediate fiscal and monetary support to prevent a shock to supply chains, sustain employment, contain inflation and maintain the social safety net during a period of adjustment. Although exporting state enterprises would enjoy a windfall, import-dependent enterprises would incur huge balance-sheet losses and would require substantial financial support to prevent halts in production, closures and mass redundancies. Prices would rise steeply, necessitating extensive price controls to prevent an inflationary spiral and requiring increases to public-sector wages and social security benefits to protect living standards.

Our US dollar calculations of the economy's size currently use the official rate at which the CUP is equal to the CUC (and hence, to the US dollar). This rate overvalues the Cuban peso and implies that nominal GDP stood at about US$106bn in 2019 (which is high by regional comparison). If the government opts to fix the CUP at CUP25:US$1, this would dramatically reduce the size of the economy. However, given that prices in most of the domestic economy are currently hugely understated, unification at such a weak rate would produce an upward leap in prices (and thus in nominal output, expenditure and income), which would lift measures of nominal GDP.

A halfway house?

The government has indicated that it is preparing a set of transitional measures, including a mechanism for transferring windfall profits from enterprises that benefit to support those that suffer, new credit facilities to speed a supply-side response, a fivefold nominal increase in state salaries, and a package of measures to protect vulnerable households. However, it has also acknowledged the risks, and it is possible that it might choose to mitigate these by opting for a transitional dual exchange-rate system. An official rate devalued from CUP1:US$1 to somewhere around the CUP10:US$1 mark would mean less dramatic (albeit still substantial) disruption and more time for economic actors to adjust, but this would be at the cost of continued uncertainty and speculation about subsequent adjustments. It would also perpetuate the distortions of dualism for a while longer, which would postpone the positive effects of export growth, productivity gains, and more decentralisation and dynamism.

External sector

The current account is forecast to remain in slight surplus in 2021-22, before slipping into a slight deficit in 2023-25. In the short term, the lingering effects of the coronavirus-led collapse in tourism will put pressure on the country's external sector, which was already facing challenges from US sanctions and a decline in Venezuelan oil. However, we believe that a combination of import compression, domestic rationing, the suspension or delay of some payments on foreign debt, and lower oil prices will continue to offset weak services exports in 2021 (arising from still low tourism earnings). The current account will shift into deficit in 2023-25 as the trade deficit widens amid an easing of US restrictions, which will lift import spending. Higher global oil prices will also be a factor.

The authorities do not publish data on international reserves; we estimate an end-2021 level of US$7.3bn (eight months of import cover), although it could be significantly lower. Looking ahead, we expect Cuba's reserves coverage to decrease significantly. This will be particularly true later in the forecast period as the cost of servicing rescheduled debt increases and import levels rise, but we expect reserves coverage to remain comfortable (at just under five months in 2025). However, depending on the rate the authorities choose for the single exchange rate, reserves coverage could fall in response to intervention in the foreign-exchange market.

Forecast summary

Forecast summary

(% unless otherwise indicated)

	2020[a]	2021[b]	2022[b]	2023[b]	2024[b]	2025[b]
Real GDP growth	-8.3	2.3	2.9	3.3	3.8	4.2
Industrial production growth	-3.5	1.4	2.3	3.0	3.1	3.7
Gross agricultural production growth	-2.5	2.0	2.4	2.6	3.0	3.5
Unemployment rate (end-period)	3.4	3.7	3.9	4.0	4.2	4.4
Consumer price inflation (av)	4.2	6.0	6.1	6.3	6.0	5.6
Consumer price inflation (end-period)	3.8	6.5	6.2	6.6	5.6	5.4
General government balance (% of GDP)	-9.5	-5.5	-4.7	-3.7	-2.9	-2.1
Exports of goods fob (US$ bn)	2.2	2.2	2.5	2.8	3.0	3.2
Imports of goods fob (US$ bn)	9.2	9.8	11.5	13.4	14.1	14.9
Current-account balance (US$ bn)	0.2	0.2	0.2	-0.7	-0.6	-0.3
Current-account balance (% of GDP)	0.2	0.2	0.2	-0.5	-0.4	-0.2
External debt (end-period; US$ bn)	28.7	28.3	28.3	27.9	27.6	27.2
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[c]	24.00	24.00	24.00	24.00	24.00	24.00

[a] Economist Intelligence Unit estimates. [b] Economist Intelligence Unit forecasts. [c] Cadeca rate.

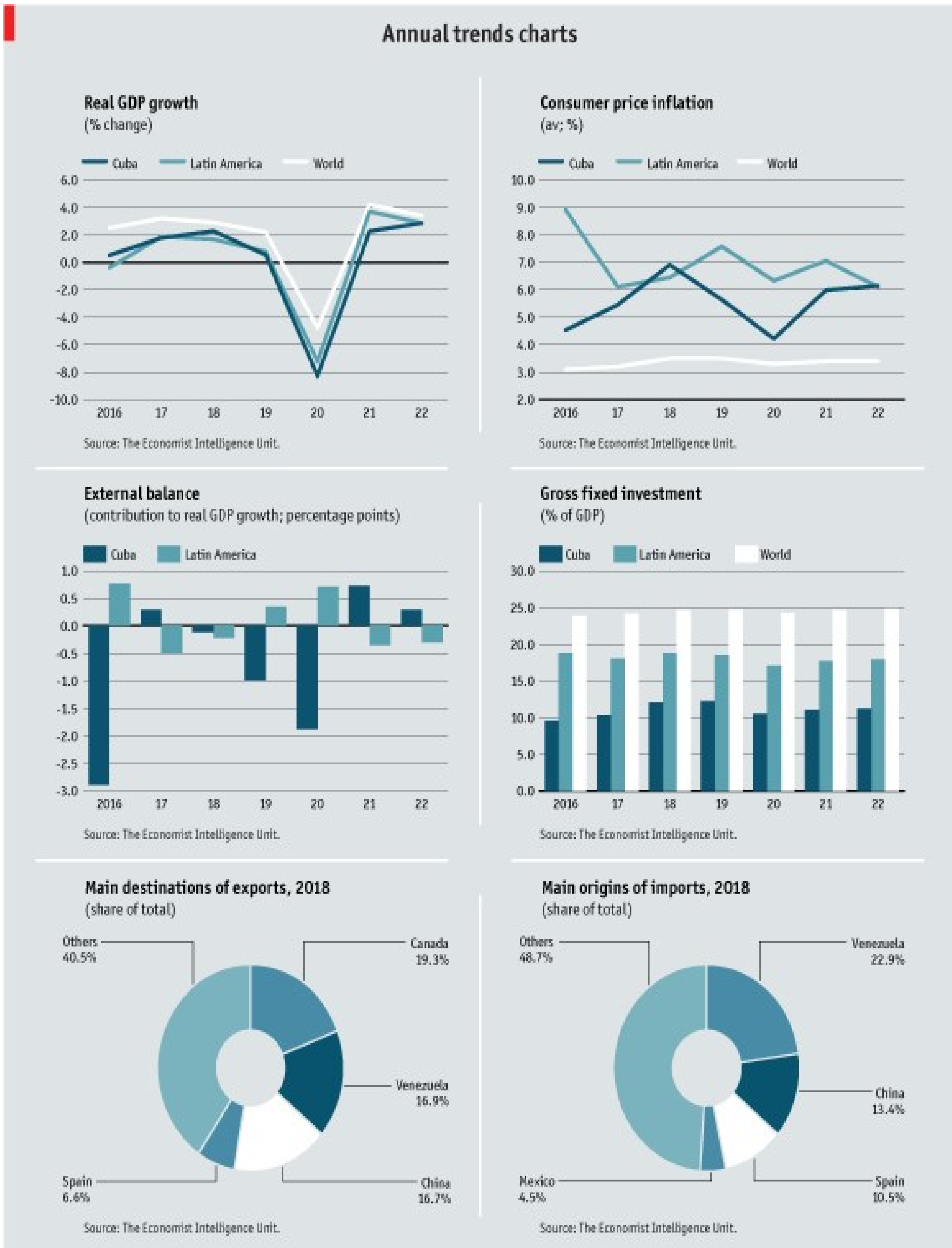
Data and charts

Annual data and forecast

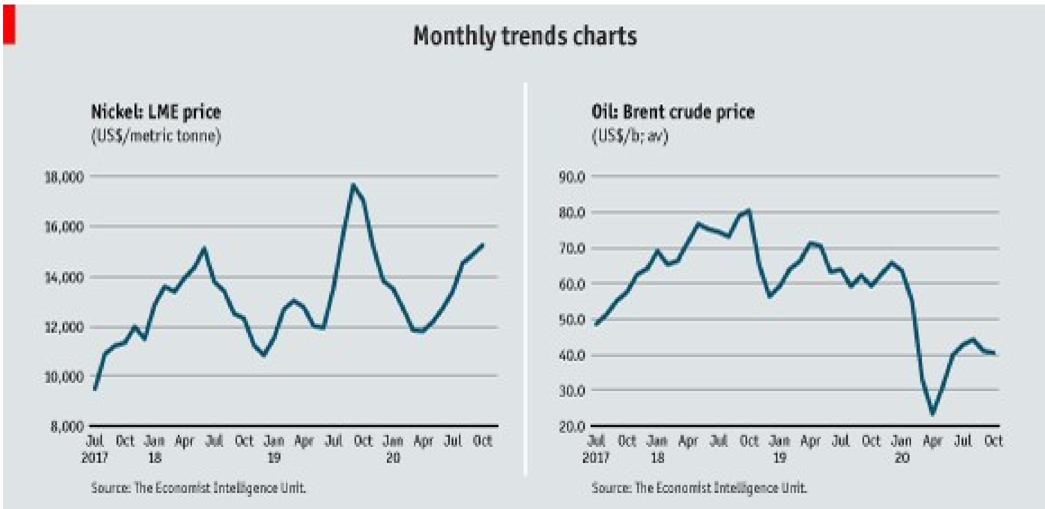
GDP	2016[a]	2017[a]	2018[a]	2019[b]	2020[b]	2021[c]	2022[c]
Nominal GDP (US$ m)	91,370	96,851	100,023	106,344	103,542	111,582	121,612
Nominal GDP (CUC m)	91,370	96,851	100,023	106,344	103,542	111,582	121,612
Real GDP growth (%)	0.5	1.8	2.3	0.5	-8.3	2.3	2.9
Expenditure on GDP (% real change)							
Private consumption	4.1	1.7	2.2	1.9	-7.0	1.5	2.4
Government consumption	-0.2	2.2	1.3	0.1	4.2	-1.3	1.8
Gross fixed investment	7.5	0.2	4.8	2.5	-20.0	7.0	4.5
Exports of goods & services	-19.7	0.0	-2.4	-7.6	-15.1	6.1	11.1
Imports of goods & services	-10.6	-1.6	-2.0	-2.8	-4.9	1.6	9.5
Origin of GDP (% real change)							
Agriculture	5.8	-1.4	2.6	1.9	-2.5	2.0	2.4
Industry	-1.9	2.2	2.5	-0.5	-3.5	1.4	2.3
Services	1.2	2.1	2.1	0.8	-10.0	2.6	3.1
Population and income							
Population (m)	11.3	11.3	11.3	11.3	11.3	11.3	11.3
GDP per head (US$ at PPP)	12,647[b]	13,110[b]	13,731[b]	14,065	12,974	13,494	14,128
Recorded unemployment (av; %)	2.4	2.6	2.8[b]	3.1	3.4	3.7	3.9
Fiscal indicators (% of GDP)							
Public-sector revenue	56.5	57.2	57.1	56.4	59.5	58.2	57.8
Public-sector expenditure	63.3	65.7	65.4	62.7	69.1	63.8	62.5
Public-sector balance	-6.8	-8.5	-8.3	-6.3	-9.5	-5.5	-4.7
Net public debt	42.7[b]	46.7[b]	51.0[b]	51.9	59.3	59.1	57.9
Prices and financial indicators							
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; %)	4.5[b]	5.5[b]	6.9[b]	5.6	4.2	6.0	6.1
Stock of money M2 (% change)	13.1	8.1	13.1	3.3	-6.5	5.2	6.2
Current account (US$ m)							
Trade balance	-7,756	-7,508	-8,785	-8,246	-6,950	-7,617	-8,929
Goods: exports fob	2,546	2,704	2,742	2,363	2,213	2,227	2,536
Goods: imports fob	-10,302	-10,212	-11,527	-10,610	-9,164	-9,845	-11,465
Services balance	10,220[b]	10,281	10,722[b]	9,194	7,450	7,951	8,843
Primary income balance	-1,284	-1,173[b]	-1,065[b]	-1,214	-953	-1,146	-1,481
Secondary income balance	616	1,191[b]	1,659[b]	1,740	658	1,047	1,766
Current-account balance	1,796[b]	2,790[b]	2,531[b]	1,473	204	235	199
External debt (US$ m)							
Debt stock	29,891[b]	29,891[b]	29,890[b]	29,439	28,711	28,310	28,271
Debt service paid	4,366[b]	1,801[b]	2,007[b]	1,950	1,997	2,004	2,088
Principal repayments	3,524[b]	954[b]	1,139[b]	1,082	1,148	1,152	1,162
Interest	842[b]	847[b]	868[b]	868	849	852	926
International reserves (US$ m)							
Total international reserves	12,003[b]	11,353[b]	10,853[b]	9,753	8,253	7,303	7,403

[a] Actual. [b] Economist Intelligence Unit estimates. [c] Economist Intelligence Unit forecasts.
Source: IMF, International Financial Statistics.

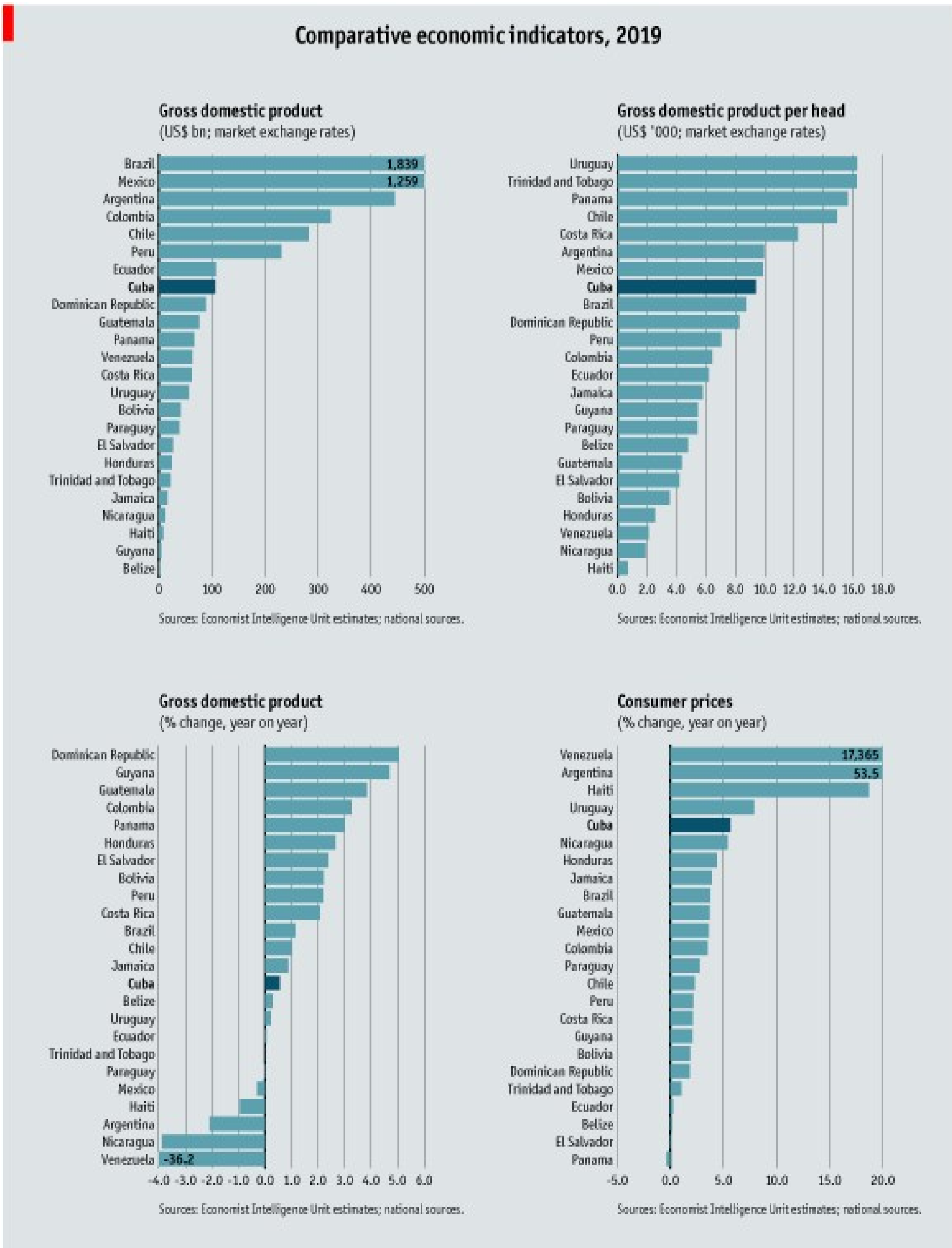
Annual trends charts



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

11.3m (2020, World Bank estimate)

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 parallel legal rate (known as the Cadeca rate) of CUP24:CUC1, used mainly for personal transactions

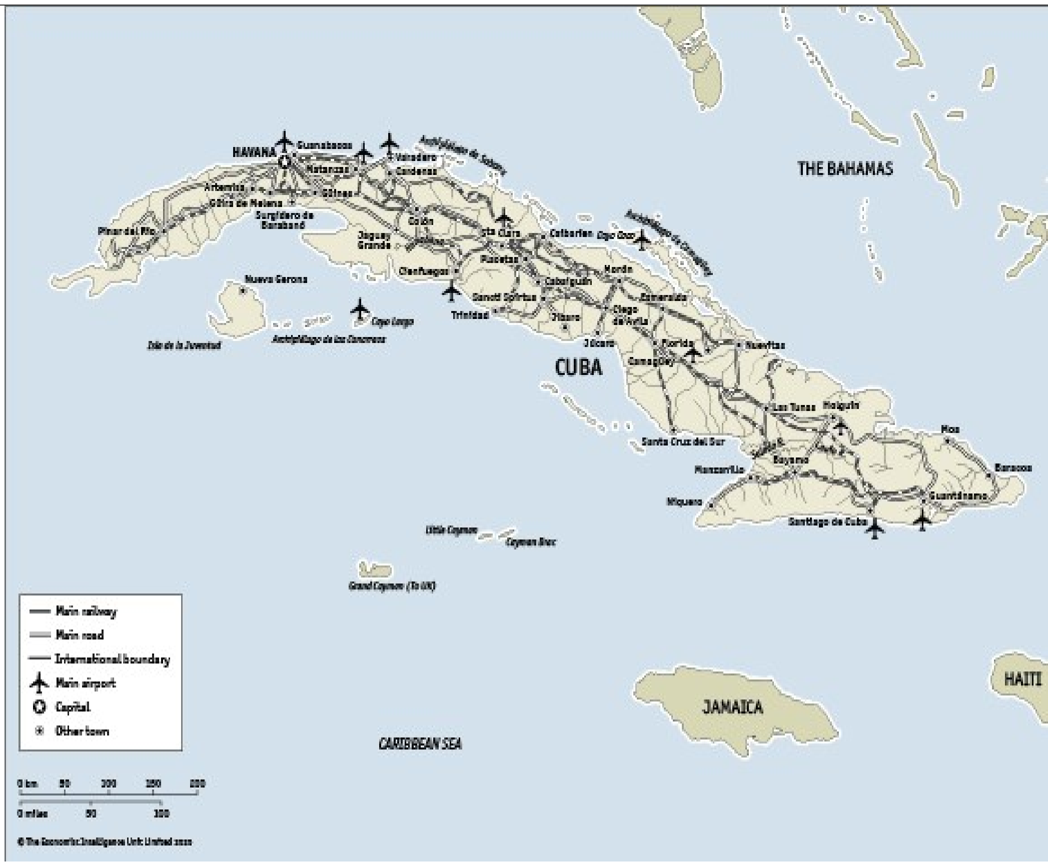
The government plans to eliminate the CUC, but has not given a date for the change, or the proposed value of the Cuban peso. In October 2019 the government legalised the use of the US dollar and other foreign currencies for electronic transactions at hard-currency stores

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; 605 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

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 republic: Miguel Díaz-Canel Bermúdez

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 Barreiro

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

Marta Sabina Wilson González

