Country Report

Cuba

Generated on June 14th 2022

Economist Intelligence Unit
20 Cabot Square
London E14 4QW
United Kingdom

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ISSN 2047-4598

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

Cuba

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Summary

Briefing sheet

Editor: **Fiona Mackie**

Forecast Closing Date: **June 3, 2022**

Political and economic outlook

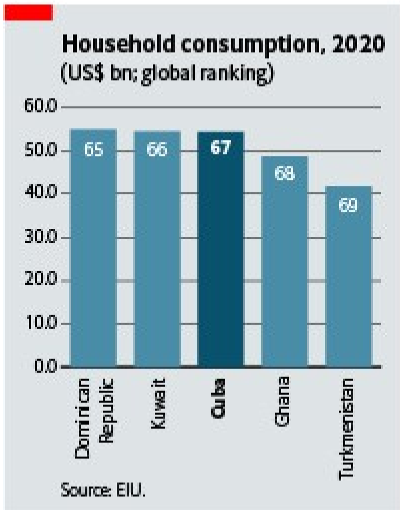
- Cuba's economy is heavily managed by the state, which is mainly dependent on tourism and healthcare exports for inflows of foreign currency. A currency reform implemented in 2021 is causing price instability but will eventually boost competitiveness.
- Regime change is unlikely, despite recent protests and a shift in political leadership. Increased public pressure will present challenges for the ruling Partido Comunista de Cuba (PCC) but is unlikely to weaken the party's hold on power. Raúl Castro is no longer chair of the PCC but advises his hand-picked successor, the president, Miguel Díaz-Canel.
- The government will continue to pursue liberalising economic measures cautiously in the 2022-26 forecast period. The covid-19 pandemic prompted the introduction of a landmark currency reform in early 2021, but in general, liberalising reforms have materialised slowly over the past 30 years, and the state will be wary of the destabilising effects of liberalisation.
- Cuba's economic recovery will remain slow in 2022 owing to rapid inflation, US sanctions and sluggish tourism demand. Real GDP will not return to pre-pandemic levels until 2024. Firmer growth is likely in 2023-26 amid an easing of some restrictions by the US.
- Currency reform is being accompanied by tighter price controls, but prices will still climb considerably. The significant economic dislocation involved will disrupt economic activity and create hardship for some.
- Increased export competitiveness amid the currency adjustment, and a gradual recovery in tourism given an easing of both covid-19 restrictions and US sanctions, will lead to a string of growing current-account surpluses in the 2022-26 forecast period.
- EIU has long highlighted that rising internet penetration will increase demands for freedoms and accountability; ongoing attempts by the government to suppress dissent raise the risk that the US will maintain its current restrictions on Cuba.

Key indicators

	2021[a]	2022[b]	2023[b]	2024[b]	2025[b]	2026[b]
Real GDP growth (%)	-0.2	3.2	4.5	3.9	3.5	3.6
Consumer price inflation (av; %)	255.2	30.1	7.5	6.3	5.8	5.2
Government balance (% of GDP)	-16.2	-11.7	-9.4	-6.8	-3.7	-0.6
Current-account balance (% of GDP)	0.3	1.0	1.4	1.5	3.4	3.9
Unemployment rate (%)	3.7	3.9	3.5	3.3	3.1	2.9
Exchange rate CUC:US$ (av; official rate)	24.00	24.00	24.00	24.00	24.00	24.00

[a] EIU estimates. [b] EIU forecasts.

Market opportunities



Key changes since February 16th

- We have reduced our real GDP estimate for 2021 from growth of 0.1% to a contraction of 0.2%, given our expectation that weak tourism and surging consumer prices weighed on private consumption and investment growth.
- We have left our real GDP growth forecast for 2022 unchanged, given the balance of the Russia-Ukraine war and an easing of US sanctions on remittances, but we have cut our forecast for 2023 from 4.9% to 4.5%, owing to the more challenging global environment.
- Cuba's dependence on Venezuelan oil partly shields it from imported inflation, but we expect higher food and input prices to nevertheless boost average inflation this year. We have increased our forecast for annual average inflation to 30.1% this year, from 28%.

The quarter ahead

- **July—One-year anniversary of protests:** July will mark a year since Cuba's largest protests in decades. The one-year anniversary could become a flashpoint for new demonstrations, as many participants and organisers have recently been punished with harsh prison sentences and other forms of repression.

Major risks to our forecast

Scenarios, Q1 2022	Probability	Impact	Intensity

The authorities fail to manage the economic dislocation from the unification of the dual exchange rate	Very high	Very high	25
Cuba defaults on its Paris Club debt, triggering the reinstatement of arrears	High	Very high	20
Privation related to the weak economy leads to domestic unrest	High	Very high	20
Weather-related shocks cause extensive damage to infrastructure	High	High	16
Poor infrastructure quality and maintenance increase operating costs	Very high	Moderate	15

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: EIU.

Outlook for 2022-26

Political stability

Risks to stability will remain elevated in 2022-23, largely reflecting the weak state of the economy following the decimation of tourism caused by the covid-19 pandemic; government attempts to liberalise the economy that have resulted in hyperinflation; and the effect of US sanctions. Together, these have caused living standards to deteriorate and increased social dissatisfaction, which resulted in the country's largest protests in decades in July 2021. The government has responded by cracking down on pro-democracy campaigners, with many on trial and facing long prison sentences. The government has also increased penalties for participating in protests or "activities against the State and Cuba's constitutional order", which will make it more difficult to form or operate independent civil society groups or undertake independent journalism. In response to the weak economy and crackdown, many citizens have voted with their feet, with 114,000 Cubans (about 1% of the population) having reached the US border between October 2021 and April 2022, according to US Customs and Border Protection. Given the government's inability to improve the standard of living, EIU believes that there is an elevated risk of further episodes of social unrest in the coming years.

In the face of social dissatisfaction, the president, Miguel Díaz-Canel, who has been in office since 2018, is attempting to modernise how Cuba is governed. He will seek to grant more authority and decision-making powers to regional and municipal governments and to bring through younger cohorts of managers. However, after decades of rule by the Castro family, the political system is highly centralised, and Mr Díaz-Canel will refrain from changing too much too quickly so as not to alienate the older generation of leaders, who are generally accustomed to a slow pace of progress. As Castro-era figures leave the scene, new faces will compete for authority (especially given the more decentralised power structure following the 2019 constitutional reform), which will raise risks to stability.

Despite shifts in power and heightened risks to stability posed by an unsteady economy, we believe that regime change is unlikely in our 2022-26 forecast period given the government's ability to defuse dissent through its domestic security apparatus and neighbourhood monitoring groups, and to rally support through state media propaganda. These powers were amply demonstrated in November 2021, when the security forces suppressed a planned day of protest and social unrest. The government has also increased its surveillance of online activity; the internet has emerged as a clear channel for expressing citizen dissatisfaction and for the organisation of anti-government protests. Nevertheless, increased internet penetration and social media use will permit greater citizen communication with the leadership of the ruling Partido Comunista de Cuba (PCC), giving rise to stronger, more visible demands for accountability and freedoms, which will increase pressure on the government. We expect the government to maintain a cautious approach to economic reforms, which will invite yet further pressures; undercurrents of social opposition are likely to boil over again in the future.

Election watch

We expect Cuba's one-party system to remain largely unchanged in 2022-26. 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

The relationship with the US will remain difficult, although in May the US president, Joe Biden, rolled back a number of sanctions imposed in 2017 by his predecessor, Donald Trump (2017-21). This included lifting the cap on remittances, reviving the Cuban Family Reunification Parole Programme, and resuming charter and commercial flights to airports outside the Cuban capital, Havana. These actions will benefit Cubans to a point but will fall short of the rapprochement pursued in 2014-17 by Mr Trump's predecessor, Barack Obama (2009-17). In rolling back sanctions, the Biden administration is seeking to staunch the flow of Cuban migrants towards the US border before the US mid-term elections in November 2022.

We consider it likely that Mr Biden will ease sanctions further in the second half of his term, which will probably include suspending 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 government after the 1959 revolution to sue companies currently "trafficking" in that property. However, even assuming some easing of policy under Mr Biden, there is a risk that he will maintain some of the Trump administration's decisions in response to the Cuban government's efforts to quell demands for freedoms. We expect the trade sanctions that have been 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, led by Nicolás Maduro, which supplies oil to Cuba (albeit in reduced quantities) and is a core market for Cuban services exports. However, given diminishing aid from Venezuela, Cuba will continue to cultivate investment and commercial ties with other countries such as China, Japan, Angola and Algeria, albeit with only modest success. The Cuban government had developed close ties with Russia before that country's invasion of Ukraine and so has abstained from UN votes condemning it, but it has expressed disapproval of Russia's actions.

Policy trends

The government will continue to introduce piecemeal liberalising measures over the forecast period, but the transformation from a communist to a mixed economy will be unhurried and will not result in a market economy by 2026. The demands of the economic fallout from the pandemic and the need to cushion the impact of the currency adjustment mean that some measures will be rolled back while other reforms are implemented. For example, in February 2021 the government partly liberalised the labour market to allow private-sector employment in almost 2,000 professions (reserving 124 of the most strategic activities for state involvement) and in August legalised the creation of small and medium-sized enterprises (SMEs), with immediate effect. A bank was founded in December with a mandate to provide microloans to nascent SMEs; we expect more financial infrastructure to be rolled out over the forecast period.

Despite these moves, the state will find it difficult to reduce its role in some areas, including the rationing and distribution of food. The unification of the dual exchange-rate system has been accompanied by more extensive price controls to contain the impact on inflation. However, we believe that the tightening of controls will be temporary and that the government will resume its efforts to gradually allow the private sector to play a larger role in the economy.

In the short term, the government is likely to support greater import substitution through production incentives (particularly in agriculture, given that an estimated 80% of Cuba's food is imported). We expect the government to seek to allow state-owned enterprises more autonomy in decision-making and business planning. It will also implement reforms allowing private-sector enterprises and co-operatives to import and export outside the state monopoly. However, given the state's previous half-hearted commitment to independent enterprise, and hardliners' resistance to reforms, risks to economic liberalisation are substantial.

Fiscal policy

We forecast that the fiscal deficit will narrow steadily in 2022-26 but remain wide, having ballooned to more than 18% of GDP in 2020. The fallout from the pandemic and the dislocation caused by the currency realignment will ensure another year of weak revenue and another wide deficit, which we forecast at 11.7% of GDP in 2022. As economic activity strengthens in 2023—buoyed by an easing of US sanctions—fiscal revenue is likely to pick up more firmly, aided by government efforts to increase tax collection and a resumption of long-running efforts (which were interrupted by covid-19) to reduce state support. On this basis, we expect the fiscal deficit to narrow to 0.6% of GDP in 2026.

Fiscal retrenchment will become 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 wider than usual deficits in 2020-22, we consider it likely that the government is resorting to increased monetisation. This will not be feasible in the long run, as it will create further inflationary pressure and cause broader economic problems.

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 unification of the dual-currency system will begin to straighten out some of these distortions over the forecast period.

However, significant liquidity challenges will remain; the government has increasingly allowed the use of foreign currency and in mid-2020 increased the scope for the use of US dollars in an attempt to keep more hard currency in the country. Dollar liquidity challenges will slow government efforts to withdraw the convertible peso (CUC) from circulation entirely. Assuming that the authorities bring inflation down, monetary policy should shift gradually towards indirect measures, with increasing use of market-led financial institutions and instruments. However, the banking sector is small, which will limit the effectiveness of monetary policy management.

International assumptions

	2021	2022	2023	2024	2025	2026
Economic growth (%)						
US GDP	5.7	2.5	1.9	1.7	1.9	1.7
OECD GDP	5.2	2.7	1.9	2.0	1.9	1.8
World GDP	5.7	3.0	2.9	2.7	2.6	2.6
World trade	10.5	4.2	4.8	4.1	3.7	3.6
Inflation indicators (% unless otherwise indicated)						
US CPI	4.7	7.2	2.8	2.1	2.1	2.1
OECD CPI	3.6	7.1	3.3	2.3	2.3	2.2
Manufactures (measured in US$)	5.8	1.3	2.8	2.6	2.4	1.9
Oil (Brent; US$/b)	70.4	105.6	89.4	76.5	70.5	66.5
Non-oil commodities (measured in US$)	37.9	23.6	-8.3	-6.1	-4.9	-3.1
Financial variables						
US$ 3-month commercial paper rate (av; %)	0.1	1.7	3.5	3.1	3.0	3.0
Official exchange rate CUC:US$ (av)	24.00	24.00	24.00	24.00	24.00	24.00
Exchange rate US$:€ (av)	1.18	1.10	1.14	1.20	1.23	1.25

Economic growth

Real GDP will recover gradually in 2022-26, following three years of contraction, including a sharp pandemic-induced contraction in 2020; we do not expect real GDP to return to 2019 levels until early 2024. We forecast real GDP growth of 3.2% this year and 4.5% in 2023. Growth this year will be weak owing to the continued effects of the currency adjustment, which has resulted in sustained high inflation (thereby reducing ordinary Cubans' purchasing power). US sanctions and still-weak demand in the tourism sector will also weigh on economic performance. However, growth will accelerate in the second half of the year and into 2023 as tourism demand picks up amid an easing of restrictions both in Cuba and in source markets, and as private consumption accelerates on the back of looser US sanctions on remittances, which will also buoy fixed investment. Efficiency gains that will result from the economic restructuring and currency unification, along with an easing of consumer price inflation, should also begin to contribute to growth.

Growth will average 3.7% in 2024-26. We expect the Biden administration to ease sanctions further in 2023, following the US mid-term elections in November 2022, which should restore some elements of the Obama-era rapprochement, including tourism from the US. This will boost private consumption, investment and export growth over the medium term. Given Cuba's limited agricultural and manufacturing capacity, the need for inputs for these sectors will draw in imports, tempering the pace of growth.

Downside risks to GDP are substantial and stem from the failure of the tourism sector to recover in 2022-23 and the possibility of regime change in Venezuela (not our baseline forecast) leading to a halt in aid to Cuba. Weather-related issues and the threat of natural disasters pose persistent risks.

Monetary realignment: adjustments to GDP estimates and forecasts

January 1st 2021 was the long-awaited día cero (day zero) for a radical exchange-rate reform. On that day the official value of the Cuban peso (CUP) was devalued substantially, from CUP1:US$1 to CUP24:US$1. Such an abrupt currency reform—a 96% devaluation of the official rate—is clearly a major economic shock, and is proving highly inflationary and disruptive. However, the unique features of Cuba's monetary system mean that the effect of such a radical devaluation will be unconventional.

Inflation and nominal GDP

Prior to the reform there were two legal exchange rates: the official one was used only in the state sector (by state-owned enterprises and public administration), whereas the Cadeca rate, which was already CUP24:US$1, was used by Cuban households and in the private sector. The most severe consequences of the unification would therefore have been felt by state enterprises, but the government is attempting to manage prices and wages to mitigate this. Average state wages (and benefits) were increased fourfold in December 2020. Meanwhile, price increases are being restrained in an attempt to control inflation, with transitional subsidies during the restructuring to mitigate the rate of lay-offs. Private-sector prices are expected to adjust, but the process is being monitored, with penalties for profiteering. Increased competition in the expanding private sector will also help to offset inflationary pressures. EIU estimates that the reform led to annual retail price inflation of about 290% at end-2021, with that leap reflected in a threefold rise in nominal GDP. By contrast, the dramatic devaluation caused nominal US dollar GDP to fall sharply, from US$107.4bn in 2020 to an estimated US$15.9bn in 2021. Under our current forecasts, the combined effect of inflation and a recovery in real GDP in the coming years should bring nominal US dollar GDP back to US$30.4bn by 2026.

Real GDP

The process of managed adjustment is a difficult one, involving sharp changes in relative incomes, the creation of new economic distortions and opportunities for black markets. However, our forecast is based on the assumption that the state has regained control of the process, following a price spike in 2021. If this is the case, it should help the economy to begin to grow again in 2022. Thereafter, the unified exchange rate will feed through to economic restructuring and efficiency gains.

Economic growth

%	2021[a]	2022[b]	2023[b]	2024[b]	2025[b]	2026[b]
GDP	-0.2	3.2	4.5	3.9	3.5	3.6
Private consumption	-2.0	2.0	5.5	4.6	3.0	3.7
Government consumption	-17.9	-8.3	6.6	5.0	2.4	2.3
Gross fixed investment	3.0	4.5	8.1	6.1	7.2	7.2
Exports of goods & services	15.7	13.6	4.9	5.5	7.3	3.9
Imports of goods & services	-13.2	-1.9	16.3	12.5	9.2	6.8
Domestic demand	-5.0	0.3	6.2	4.9	3.7	4.1
Agriculture	-2.0	1.0	2.6	3.0	3.0	3.0
Industry	-1.3	3.5	3.2	3.3	3.9	3.9
Services	0.2	3.2	5.0	4.1	3.5	3.6

[a] EIU estimates. [b] EIU forecasts.

Inflation

Consumer prices will remain elevated amid a more challenging global environment and the lingering effects of the currency adjustment in 2021, which caused inflation to surge. After having shot up by an estimated 293% on a year-end basis in 2021, we expect consumer price inflation to moderate significantly to 9.9% at end-2022. However, given the lingering effects of last year's surge, consumer prices will be 30.1% higher this year in annual average terms. End-period consumer price inflation will average 5.8% per year in 2023-26, which is in line with the pre-devaluation annual average.

Given its dependence on subsidised oil from Venezuela, Cuba is partially shielded from rising global energy costs, but there will be pass-through from imported inflation, particularly for food and inputs. To compensate for the significant devaluation of the peso in 2021, the government increased state salaries and pensions to four or five times their previous level. This is particularly significant in Cuba, as about two-thirds of workers are employed by the state. The government also instituted subsidies and price controls on goods to limit the effect of price rises. Even as these are gradually unwound, we believe that access to foreign currency will improve as services exports rebound, easing goods shortages and helping to tame inflation. Nonetheless, there is a risk that inflation will stay high if the government is unable to resolve the underlying problems of goods shortages and the dearth of foreign-exchange inflows.

Exchange rates

On January 1st 2021 the authorities unified the dual exchange rate. The official exchange rate was devalued by 96%, from CUP1:CUC1:US$1 to CUP24:US$1. The CUC (which was used in hard-currency retail outlets, for imports and by tourists) is being phased out, leaving the Cuban peso (CUP, used for salaries and locally produced goods) as the sole local currency. This process will still take time to implement, given a lack of US dollar liquidity.

Although we expect the move to be positive for the economy in the long run, as it will reduce economic distortions and increase efficiency, the short-term consequences have proven difficult to manage (both economically and politically) and painful, with salaries in the private sector falling far short of the increase in the cost of living. The government has intervened to mitigate the negative shock to supply chains, employment, inflation and the social safety net during the adjustment period. However, it has also been cognisant of the fact that large adjustments risk slowing the shift and delaying the benefits of improved competitiveness.

External sector

Over the forecast period the unification of the dual exchange-rate system will moderate balance-of-payments risks stemming from the current account. The steep devaluation of the currency will curb import volumes and support export volumes. The backdrop of domestic rationing and the suspension or delay of some payments on foreign debt will help to offset weak services exports (which have resulted from low tourism earnings) in the short term. Assuming a continued easing of US sanctions, import demand will rise, but the current-account balance will post a string of growing surpluses in the forecast period, aided by a recovery in services export earnings.

The authorities do not publish data on international reserves; we forecast an end-2022 level of US$6.6bn (seven months of import cover), although the real figure could be significantly lower. Looking ahead, we expect Cuba's reserves coverage to fall. 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 just about comfortable, at four months, at the end of the 2022-26 forecast period. Nonetheless, reserves coverage could fall in response to intervention in the foreign-exchange market.

Forecast summary

Forecast summary
(% unless otherwise indicated)

	2021[a]	2022[b]	2023[b]	2024[b]	2025[b]	2026[b]
Real GDP growth	-0.2	3.2	4.5	3.9	3.5	3.6
Industrial production growth	-1.3	3.5	3.2	3.3	3.9	3.9
Gross agricultural production growth	-2.0	1.0	2.6	3.0	3.0	3.0
Unemployment rate (end-period)	3.7	3.9	3.5	3.3	3.1	2.9
Consumer price inflation (av)	255.2	30.1	7.5	6.3	5.8	5.2
Consumer price inflation (end-period)	293.4	9.9	7.2	5.6	5.6	4.9
General government balance (% of GDP)	-16.2	-11.7	-9.4	-6.8	-3.7	-0.6
Exports of goods fob (US$ bn)	1.6	2.0	2.1	2.1	2.1	2.3
Imports of goods fob (US$ bn)	8.5	10.1	11.0	11.7	12.4	12.9
Current-account balance (US$ bn)	0.1	0.2	0.3	0.4	1.0	1.2
Current-account balance (% of GDP)	0.3	1.0	1.4	1.5	3.4	3.9
External debt (year-end; US$ bn)	29.1	29.1	28.6	28.4	28.0	27.8
CUC:US$ (av)	24.00	24.00	24.00	24.00	24.00	24.00
CUC:US$ (end-period)	24.00	24.00	24.00	24.00	24.00	24.00
CUP:CUC[c]	125.00	90.00	80.00	70.00	60.00	50.00

[a] EIU estimates. [b] EIU forecasts. [c] Cadeca rate.

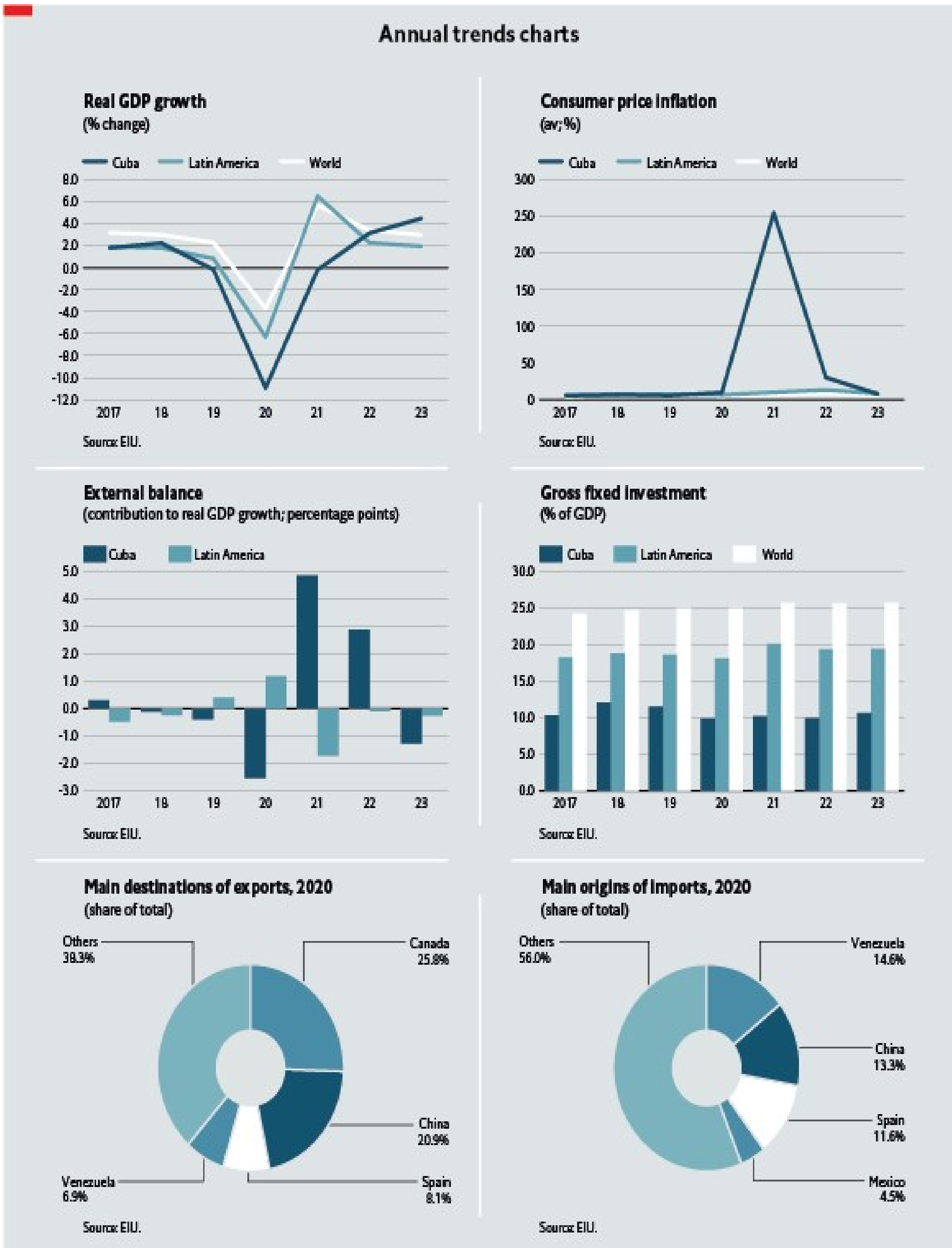
Data and charts

Annual data and forecast

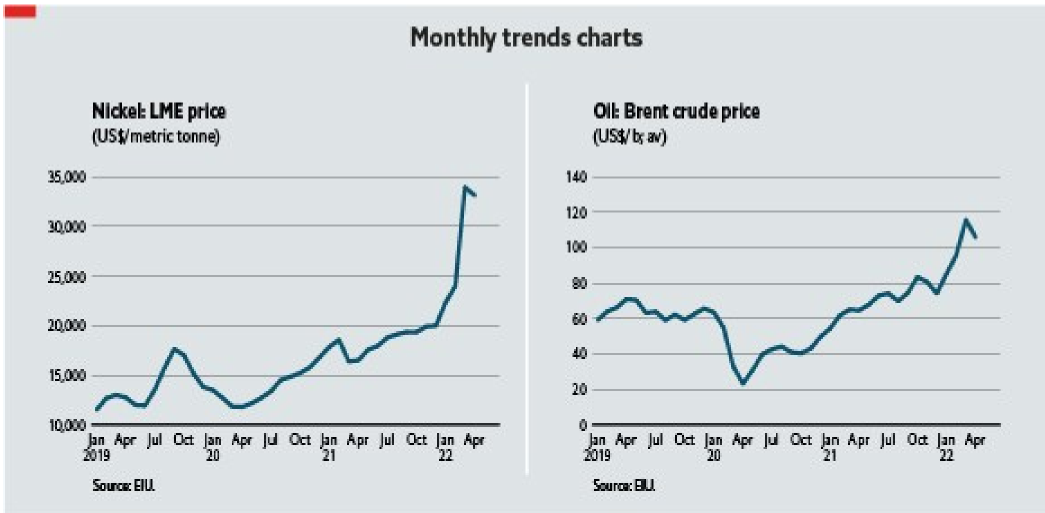
	2017[a]	2018[a]	2019[a]	2020[a]	2021[b]	2022[c]	2023[c]
GDP							
Nominal GDP (US$ m)	96,851	100,050	103,428	107,352	15,880	22,119	24,065
Nominal GDP (CUC m)	96,851	100,050	103,428	107,352	381,121	530,864	577,552
Real GDP growth (%)	1.8	2.2	-0.2	-10.9	-0.2	3.2	4.5
Expenditure on GDP (% real change)							
Private consumption	1.7	2.2	-0.9	-8.7	-2.0	2.0	5.5
Government consumption	2.2	1.3	3.9	-10.1	-17.9	-8.3	6.6
Gross fixed investment	0.2	4.8	-1.0	-5.9	3.0	4.5	8.1
Exports of goods & services	0.0	-2.4	-4.6	-20.5	15.7	13.6	4.9
Imports of goods & services	-1.6	-2.0	-2.9	-7.6	-13.2	-1.9	16.3
Origin of GDP (% real change)							
Agriculture	-1.4	2.7	-11.0	-22.9	-2.0	1.0	2.6
Industry	2.2	2.5	-3.6	-8.2	-1.3	3.5	3.2
Services	2.1	2.1	1.4	-11.2	0.2	3.2	5.0
Population and income							
Population (m)	11.3	11.3	11.3[b]	11.3[b]	11.3	11.3	11.3
GDP per head (US$ at PPP)	13,126[b]	13,743[b]	13,978[b]	12,609[b]	13,120	14,294	15,429
Recorded unemployment (av; %)	1.7	1.7[b]	1.3[b]	2.3[b]	3.7	3.9	3.5
Fiscal indicators (% of GDP)							
Public-sector revenue	56.7	56.7	56.8	50.9	51.0	53.8	55.2
Public-sector expenditure	65.7	65.4	63.2	69.2	67.2	65.5	64.6
Public-sector balance	-9.0	-8.7	-6.5	-18.3	-16.2	-11.7	-9.4
Net public debt	48.4[b]	53.5[b]	55.6[b]	65.5[b]	206.8	158.1	150.6
Prices and financial indicators							
CUC:US$ (official rate; end-period)	1.00	1.00	1.00	1.00	24.00	24.00	24.00
CUP:CUC (secondary rate)	24.00	24.00	24.00	24.00	125.00	90.00	80.00
Consumer prices (av; %)	5.5[b]	6.9[b]	5.6[b]	9.5[b]	255.2	30.1	7.5
Stock of money M2 (% change)	94.1	7.3	6.2	21.9	142.6	32.9	8.3
Current account (US$ m)							
Trade balance	-7,508	-8,786	-7,545	-5,472	-6,946	-8,079	-8,932
Goods: exports fob	2,704	2,742	2,392	1,783	1,569	1,988	2,055
Goods: imports fob	-10,212	-11,527	-9,937	-7,255	-8,515	-10,067	-10,987
Services balance	10,281	10,747[b]	9,206[b]	6,173[b]	7,136	7,868	8,255
Primary income balance	-1,354[b]	-1,475[b]	-1,129[b]	-862[b]	-1,186	-1,478	-1,392
Secondary income balance	479[b]	711[b]	1,740[b]	658[b]	1,047	1,920	2,404
Current-account balance	1,899[b]	1,197[b]	2,273[b]	497[b]	51	230	335
External debt (US$ m)							
Debt stock	30,388[b]	30,904[b]	30,212[b]	29,299[b]	29,070	29,142	28,594
Debt service paid	1,863[b]	2,096[b]	2,014[b]	2,043[b]	2,055	2,104	2,126
Principal repayments	954[b]	1,139[b]	1,082[b]	1,148[b]	1,152	1,162	1,157
Interest	909[b]	957[b]	933[b]	895[b]	903	942	968
International reserves (US$ m)							
Total international reserves	11,353[b]	10,853[b]	9,753[b]	8,253[b]	7,203	6,553	6,253

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

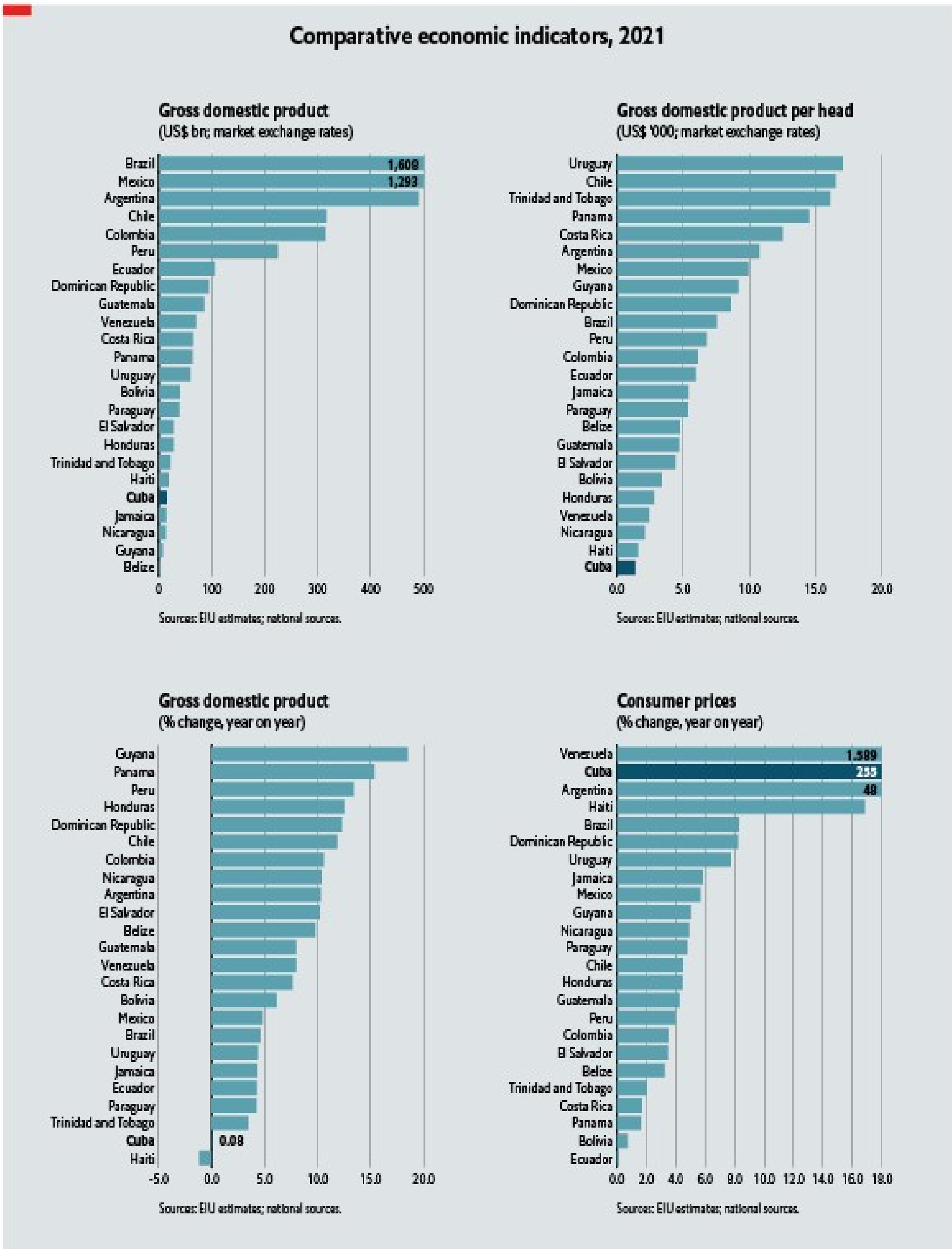
Annual trends charts



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

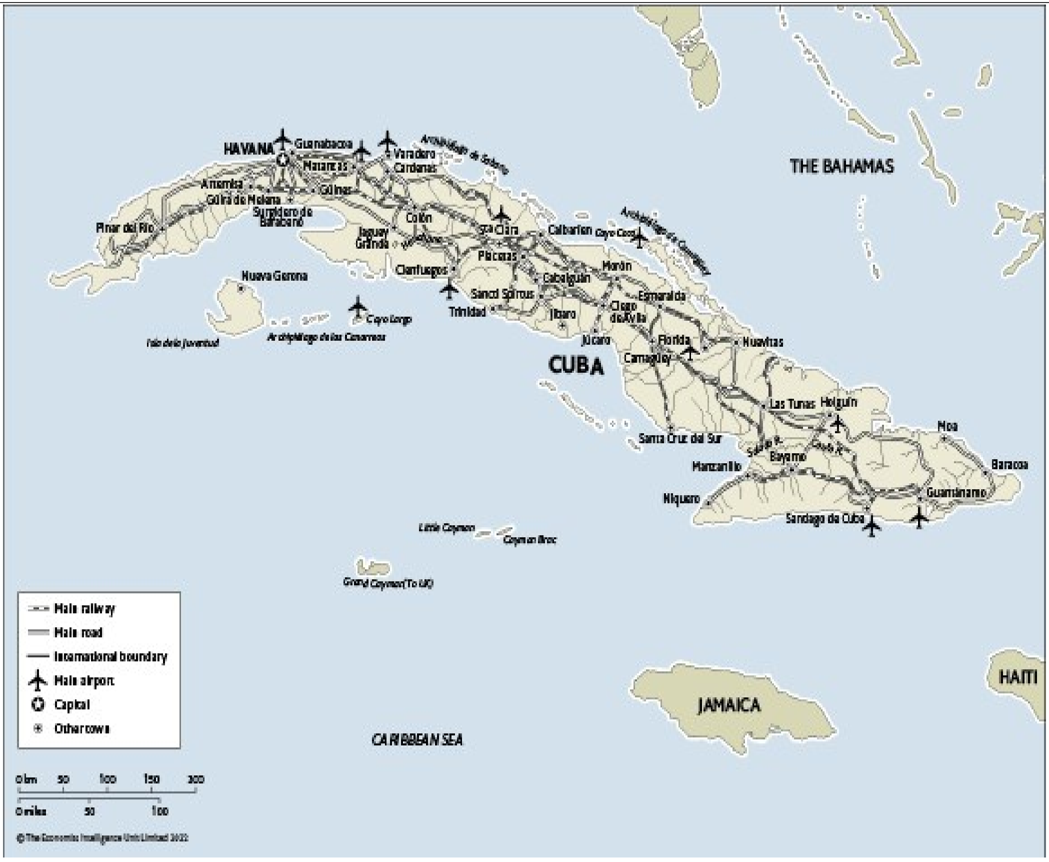
On January 1st 2021 the official exchange rate changed from CUP1:CUC1:US$1 to CUP24:US$1. The authorities are in the process of removing the convertible peso (CUC) from circulation. Previously, there were two domestic currencies: the Cuban peso (CUP), in which prices and wages are denominated within the domestic economy, and the CUC, used in hard-currency retail outlets, and for imports and tourist expenditure. In both the CUP and CUC, 1 peso is equal to 100 centavos. The exchange rates, used in national income and fiscal accounting aggregates, were CUP1:CUC1 and CUC1:US$1. There were 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

Time

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

Public holidays

January 1st (Liberation Day); January 2nd (Victory Day); April 15th (Good Friday); May 1st (Labour Day); July 25th-27th (Anniversary of the Revolution); October 10th (War of Independence); December 25th (Christmas Day)



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