Country Report

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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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Summary

Briefing sheet

Editor: **Robert Wood**

Forecast Closing Date: **August 25, 2022**

Political and economic outlook

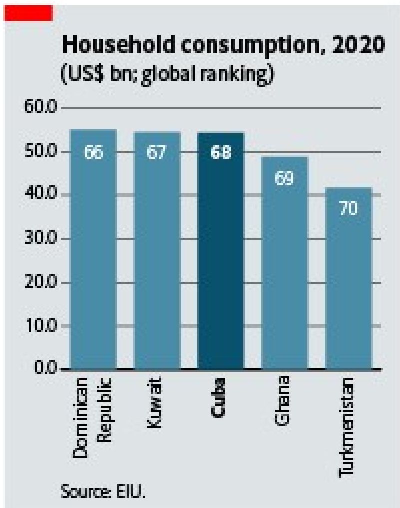
- Cuba's economy is heavily managed by the state and is mainly dependent on tourism, nickel and healthcare exports for inflows of foreign currency. The inflationary shock and booming black market that followed a 2021 currency reform is forcing further adjustments.
- Regime change is unlikely, despite acute hardships and unprecedented protests in 2021. Increased public pressure presents challenges for the ruling Partido Comunista de Cuba (PCC) but is unlikely to weaken the party's hold on power.
- Rising internet penetration is contributing to increasing demands for political and economic liberalisation and accountability, while, simultaneously, US sanctions and support for dissenting voices serve to strengthen the hand of hardliners resistant to reform.
- Cuba's economic recovery will remain slow owing to price instability, US sanctions and sluggish tourism demand. Real GDP will not return to pre-pandemic levels until 2024. Firmer growth is likely in 2024-27 amid an easing of some restrictions by the US.
- The government will continue to pursue liberalising economic measures cautiously in the 2022-26 forecast period. Further legal and institutional adjustments will follow the opening to private companies in August 2021, but the authorities will be wary of rapid liberalisation.
- Despite attempts to restrain price increases, inflation will recede only gradually. The resulting economic dislocation will continue to disrupt activity and perpetuate hardship for some, but the restructuring of relative prices will eventually boost competitiveness.
- Increased competitiveness, a gradual recovery in tourism as covid-19 restrictions are lifted and the easing of some US sanctions will improve current-account balances in the forecast period.

Key indicators

	2021[a]	2022[b]	2023[b]	2024[b]	2025[b]	2026[b]
Real GDP growth (%)	1.3	3.2	4.6	3.9	3.6	3.6
Consumer price inflation (av; %)	152.0	65.7	44.2	17.9	5.8	5.2
Government balance (% of GDP)	-11.7	-5.7	-4.5	-3.2	-1.7	-0.2
Current-account balance (% of GDP)	-5.7	-5.1	-3.4	-1.6	1.6	4.3
Unemployment rate (%)	2.8	3.0	2.6	2.4	2.2	2.0
Exchange rate CUC:US$ (av; official rate)	24.00	24.00	27.00	35.00	42.50	47.50

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

Market opportunities



Key changes since June 3rd

- According to official figures, real GDP grew by only 1.3% in 2021, after a contraction of 10.9% in 2020. Despite the reopening to tourism in November 2021, tourist arrivals in January-July 2022 were disappointing, at less than 30% of their pre-coronavirus levels.
- Higher food and input prices are weighing on fiscal accounts, import capacity and investment, so despite an easing of US sanctions on remittances, we have kept our 2022 estimate for GDP at 3.2%, but have raised our inflation estimate to 65.7%.

The quarter ahead

- **Shortages persist:** Global food and oil prices have weakened but remain above 2021 levels, offsetting higher remittances flows and receipts from tourism and nickel. Hardships will therefore persist, feeding frustration and eroding public confidence in the government. High levels of emigration will worsen the "brain drain", and further protests are possible.

Major risks to our forecast

Scenarios, Q2 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 Paris Club debt, triggering a reinstatement of arrears	High	Very high	20
Privation related to the weak economy leads to domestic unrest	High	Very high	20
The Russia-Ukraine war causes food and energy shortages and prevents a recovery of tourism	High	High	16
Weather-related shocks cause extensive damage to infrastructure	High	High	16

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 2023-24, largely reflecting the weak state of the economy following the combined impact of the covid-19 pandemic, tighter US sanctions and inflation in 2020-21. Together, these issues have caused living standards to fall and social dissatisfaction to rise, resulting in protests and mass emigration. The government has responded by cracking down on protests while also attempting to modernise how Cuba is governed. The president, Miguel Díaz-Canel, will seek to grant more authority and decision-making powers to municipal authorities and to bring through younger cohorts of managers. However, he faces resistance to economic change, not only from within the ruling Communist Party of Cuba (PCC) but also from institutional inertia and risk aversion at all levels. As he approaches the end of the first of his maximum of two presidential terms in 2023, new faces will begin to compete for authority, which will raise risks to stability.

Despite shifts in power and heightened risks to stability posed by depressed GDP and monetary instability, EIU believes that regime change is unlikely in the 2022-26 forecast period. The past two years have demonstrated the government's ability to defuse dissent through its domestic security apparatus and rally still-strong (though waning) nationalist sentiment. Surveillance of online activity serves to undermine the use of social media for organising anti-government protests, but nonetheless the internet has become a potent channel for expressing citizen dissatisfaction and criticism of government failings. It is also a tool for greater citizen communication with the leadership and state entities responsible for providing public services. Stronger, more visible demands for accountability and greater freedom of expression will increase pressure on the government. We expect that a restive younger generation and the persistence of economic hardship will ensure that the government remains under pressure, with undercurrents of frustration and social opposition threatening to boil over again.

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. For National Assembly elections, only one candidate is nominated for each seat, but nominees must be approved by a majority of voters. The president, who is limited to two five-year terms, is chosen by the National Assembly. Growing dissatisfaction with the political system may be expressed through a greater number of nominees being rejected, or rising levels of abstentions in elections.

International relations

The relationship with the US will remain difficult. In May the US president, Joe Biden, rolled back some of the sanctions imposed by his predecessor, Donald Trump (2017-21), by 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 appear to be intended 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, Mr Biden appears unwilling to restore the degree of rapprochement pursued in 2014-17 by Mr Trump's predecessor, Barack Obama (2009-17), and the trade sanctions that have been in place since 1960 will endure, as they can only be removed by the US Congress.

Relations with the EU have strengthened since 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, Cuba will continue to seek to diversify its international economic relations, cultivating ties with other countries such as China, Japan, Angola and Algeria, albeit with only modest success. Relations with other Caribbean countries will remain warm. After a hiatus in the 1990s, Cuba has developed close ties with Russia, and we expect these to strengthen. Although Cuba expressed disapproval of Russia's invasion of Ukraine as a clear violation of Ukraine's sovereignty, it was among the 35 countries that abstained in the vote on the March 2022 UN resolution condemning Russia's actions.

Policy trends

The government will continue to introduce piecemeal liberalising measures over the forecast period, but the transformation from a centrally planned to a mixed economy will be unhurried. 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 micro, small and medium-sized enterprises (MSMEs), with immediate effect. A bank was founded in December with a mandate to provide microloans to nascent MSMEs; 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 heavily subsidised distribution of food rations, as well as price controls for basic goods and services to contain the impact on inflation. However, we believe that as the economy begins to recover, the government will seek to relax controls and resume its efforts to expand the role of markets and the private sector.

In the short term, the government will seek to improve incentives, supplies of inputs and credit facilities in agriculture in an effort to reduce food import dependency, although low prices for quotas distributed through the state food system will remain an impediment. The private sector will continue to grow rapidly from a low base. As it does so, pressure to remove institutional and regulatory bottlenecks will grow, leading to further reforms to enable private enterprises and co-operatives to import and export outside the state monopoly. Meanwhile, state-owned enterprises will eventually develop the freedom and capacity to harness greater autonomy in decision-making and business planning. The opening to foreign investment will widen, although it will continue to be inhibited by tight regulation, as well as US sanctions.

Fiscal policy

We forecast that the fiscal deficit will narrow steadily in 2022-26. Having ballooned to more than 18% of GDP in 2020, another year of weak revenue in 2021 kept the deficit large, at 11.7% of GDP. Despite efforts to constrain spending and expand the tax base in 2022, a still-depressed level of economic activity will keep the deficit wider than 5% of GDP in 2022. In 2022-26 fiscal revenue is likely to pick up more firmly, aided by increased 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 0.2% 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 pre-2020 deficit was reportedly financed by bonds purchased by state-owned banks (drawing on savings by citizens and state-owned companies), with the remainder monetised. To cover the wider than usual deficits in 2020-22, we consider it likely that the government resorted to increased monetisation, contributing to inflationary pressures. As tackling inflation becomes a priority, fiscal discipline will be imposed.

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. The January 2021 unification of the dual-currency system was intended to straighten out some of the economic distortions, but with inflation well ahead of the expectations of the Banco Central de Cuba (BCC, the central bank) in 2021-22, progress on this front has stalled. In the face of an acute shortage of foreign exchange, since 2020 the government has increased the scope for the use of hard currency in the retail sector, a policy that has been the focus of a great deal of resentment among those with only Cuban peso incomes.

The monthly rate of inflation in 2022 is far below the 2021 rate (about 5% in 2022, compared with more than 10% in 2021) but suggests that further price realignment will result in a year-end rate of more than 50%. Efforts to control inflation through price controls will continue, but as price pressures abate, monetary policy should shift gradually towards indirect measures. That said, the underdevelopment of the banking sector, which will expand but from a small base, will limit the effectiveness of increasing the use of market-led financial institutions and instruments.

International assumptions

	2021	2022	2023	2024	2025	2026
Economic growth (%)						
US GDP	5.7	1.7	1.2	1.7	2.0	2.1
OECD GDP	5.2	2.4	1.0	1.8	1.9	2.0
World GDP	5.7	2.8	2.1	2.6	2.8	2.7
World trade	10.9	3.9	3.3	3.7	3.6	3.6
Inflation indicators (% unless otherwise indicated)						
US CPI	4.7	8.1	3.8	1.6	2.1	2.1
OECD CPI	3.6	8.7	4.9	2.6	2.4	2.2
Manufactures (measured in US$)	5.8	2.0	4.3	3.9	3.2	1.8
Oil (Brent; US$/b)	70.4	102.0	91.7	85.9	78.3	69.1
Non-oil commodities (measured in US$)	38.0	15.9	-11.1	-6.2	6.2	-3.6
Financial variables						
US$ 3-month commercial paper rate (av; %)	0.1	1.7	3.4	2.7	2.6	2.6
Official exchange rate CUC:US$ (av)	24.00	24.00	27.00	35.00	42.50	47.50
Exchange rate US$:€ (av)	1.18	1.06	1.11	1.18	1.21	1.23

Economic growth

Real GDP will recover gradually in 2022-26, following the recent sharp contraction; we do not expect real GDP to return to 2018 levels until 2024. We forecast real GDP growth of 3.2% this year and 4.6% in 2023. We estimate that GDP growth this year will be weak, as the recovery of tourism has been slow and US sanctions have eased only slightly, while terms of trade have deteriorated because the cost of high oil and food prices has outweighed the foreign-exchange boost from favourable nickel prices. The recovery will pick up pace in 2023 as tourism demand and remittances return to previous levels, bringing a recovery in import capacity, private consumption and 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 from the possibility of regime change in Venezuela (not our baseline forecast) leading to interruptions to Cuba's fuel supplies. 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 will 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 layoffs. 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 eventually also help to offset inflationary pressures. The official annual retail price inflation rate was 195% at end-2021, but the GDP deflator was much greater, as reflected in official figures showing a fivefold rise in nominal GDP compared with an increase in real GDP of only 1.3%. By contrast, the dramatic devaluation caused nominal US dollar GDP to fall sharply, from US$107.4bn in 2020 to US$22.7bn in 2021. Under EIU's 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$32.5bn 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 over the coming year the state will regain control of the process, following a price spike in early 2021 and the ensuing instability. If this is the case, it should help to sustain economic growth over the forecast period, as eventual exchange-rate and price stabilisation will feed through to economic restructuring and efficiency gains.

Economic growth

%	2021[a]	2022[b]	2023[b]	2024[b]	2025[b]	2026[b]
GDP	1.3	3.2	4.6	3.9	3.6	3.6
Private consumption	-2.7	2.0	5.5	4.6	3.0	3.7

Government consumption	15.0	-13.3	4.9	0.2	-4.2	0.8
Gross fixed investment	-0.4	4.5	8.1	6.1	7.2	7.2
Exports of goods & services	-9.1	26.8	10.3	13.1	16.8	8.2
Imports of goods & services	-4.6	-6.4	19.8	13.8	10.7	9.6
Domestic demand	1.9	-1.8	5.8	3.8	2.1	3.7
Agriculture	-13.2	1.0	2.6	3.0	3.0	3.0
Industry	-6.8	3.7	3.3	3.4	4.1	4.1
Services	4.1	3.2	5.0	4.1	3.5	3.6

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

Inflation

Consumer prices will continue to rise amid a challenging global environment and the lingering effects of the 2021 currency adjustment, which caused inflation to surge. Cuba is partially shielded from rising global energy costs by its oil supply agreement with Venezuela, but in 2022 it has also suffered from pass-through from imported inflation, particularly for food and inputs. After having trebled by the end of 2021 according to official estimates, with many households experiencing even sharper increases in the cost of living, we estimate that end-year consumer price inflation will remain high, ending 2022 at 59.4%. With supplies recovering gradually as the economy picks up, and the reverberations from the 2021 currency and price shock slowly subsiding, we expect that consumer price inflation will moderate to less than 5% by the end of the forecast period.

Nonetheless, there is a risk that inflation will stay high. This could be caused by further shocks, by the government proving unable to resolve the underlying distribution problems that cause goods shortages or by domestic producers being unable to boost output in response to the stimulus of more competitive exchange rates.

Exchange rates

Currency unification and adjustment has not proved simple. On January 1st 2021 the authorities unified the dual exchange rate and devalued the official exchange rate by 96%, from CUP1:CUC1:US$1 to CUP24:US$1. However, in the context of an acute shortage of foreign exchange, the Cuban peso has continued to depreciate on the black market. Eventually the new unified, fixed official exchange rate of CUP24:US$1 was unable to hold, and in early August a second, unofficial but legal exchange rate was introduced for personal transactions, at the black-market rate of CUP120:US$1. Currency dualism has thus returned, with the unofficial value of the average Cuban peso salary now less than the pre-2020 level, in dollar terms.

Although we expect currency adjustments to be positive for the economy in the long run, as they will reduce economic distortions and increase efficiency, the short-term consequences will continue to be 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 process of moving towards unification of the dual exchange-rate system will continue, and as it progresses it will stimulate export growth and import substitution. A relaxation of the foreign-exchange constraint will make it possible to reduce foreign-exchange rationing and resume payments on foreign debt that have been suspended since 2020. Assuming a continued easing of US sanctions and a recovery in services export earnings, import capacity will rise, and the current-account balance will post growing surpluses in the forecast period.

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 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	1.3	3.2	4.6	3.9	3.6	3.6
Industrial production growth	-6.8	3.7	3.3	3.4	4.1	4.1
Gross agricultural production growth	-13.2	1.0	2.6	3.0	3.0	3.0
Unemployment rate (end-period)	2.8	3.0	2.6	2.4	2.2	2.0
Consumer price inflation (av)	152.0	65.7	44.2	17.9	5.8	5.2
Consumer price inflation (end-period)	194.5	59.4	34.5	6.2	5.5	4.9
General government balance (% of GDP)	-11.7	-5.7	-4.5	-3.2	-1.7	-0.2
Exports of goods fob (US$ bn)	2.1	1.8	2.0	2.0	2.1	2.3
Imports of goods fob (US$ bn)	8.4	9.6	10.5	11.4	12.5	12.9
Current-account balance (US$ bn)	-1.3	-1.3	-0.9	-0.5	0.5	1.4
Current-account balance (% of GDP)	-5.7	-5.1	-3.4	-1.6	1.6	4.3
External debt (year-end; US$ bn)	29.6	30.0	29.9	30.1	30.4	30.2
CUC:US$ (av)	24.00	24.00	27.00	35.00	42.50	47.50
CUC:US$ (end-period)	24.00	24.00	30.00	40.00	45.00	50.00
CUP:CUC[c]	65.92	110.83	120.00	100.00	75.00	50.00

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

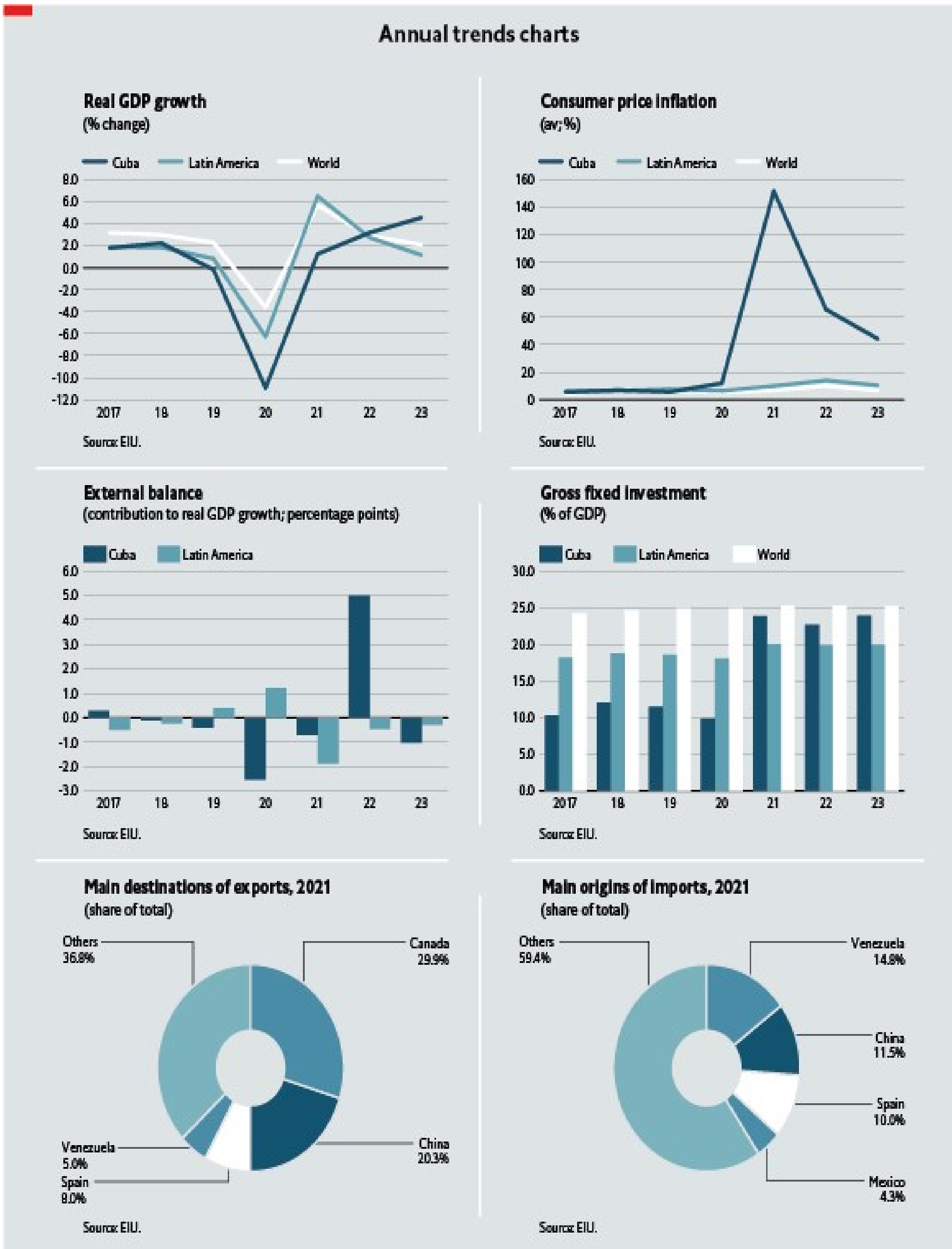
Data and charts

Annual data and forecast

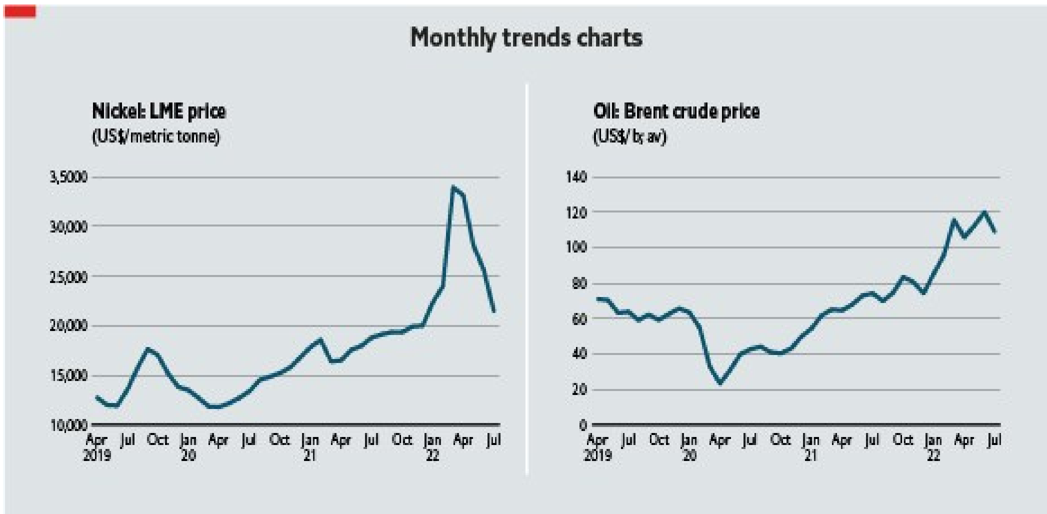
	2017[a]	2018[a]	2019[a]	2020[a]	2021[b]	2022[c]	2023[c]
GDP							
Nominal GDP (US$ m)	96,851	100,050	103,428	107,352	22,717	25,345	27,511
Nominal GDP (CUC m)	96,851	100,050	103,428	107,352	545,218	993,634	1,466,862
Real GDP growth (%)	1.8	2.2	-0.2	-10.9	1.3	3.2	4.6
Expenditure on GDP (% real change)							
Private consumption	1.7	2.2	-0.9	-8.7	-2.7	2.0	5.5
Government consumption	2.2	1.3	3.9	-10.1	15.0	-13.3	4.9
Gross fixed investment	0.2	4.8	-1.0	-5.9	-0.4	4.5	8.1
Exports of goods & services	0.0	-2.4	-4.6	-20.5	-9.1	26.8	10.3
Imports of goods & services	-1.6	-2.0	-2.9	-7.6	-4.6	-6.4	19.8
Origin of GDP (% real change)							
Agriculture	-1.4	2.7	-11.0	-22.9	-13.2	1.0	2.6
Industry	2.2	2.5	-3.6	-8.2	-6.8	3.7	3.3
Services	2.1	2.1	1.4	-11.2	4.1	3.2	5.0
Population and income							
Population (m)	11.3	11.3	11.3[b]	11.3[b]	11.2	11.2	11.2
GDP per head (US$ at PPP)	13,129[b]	13,755[b]	13,998[b]	12,629[b]	13,401	14,687	15,926
Recorded unemployment (av; %)	1.7	1.7[b]	1.2[b]	1.4[b]	2.8	3.0	2.6
Fiscal indicators (% of GDP)							
Public-sector revenue	56.7	56.7	56.8	50.9	47.1	26.0	26.3
Public-sector expenditure	65.7	65.4	63.2	69.2	58.8	31.6	30.8
Public-sector balance	-9.0	-8.7	-6.5	-18.3	-11.7	-5.7	-4.5
Net public debt	48.4[b]	53.5[b]	56.7[b]	65.3[b]	147.0	132.3	121.5
Prices and financial indicators							
CUC:US$ (official rate; end-period)	1.00	1.00	1.00	1.00	24.00	24.00	30.00
CUP:CUC (secondary rate)	24.00	24.00	24.00	24.00	65.92	110.83	120.00
Consumer prices (av; %)	5.5[b]	6.9[b]	5.6[b]	11.9[b]	152.0	65.7	44.2
Stock of money M2 (% change)	94.1	7.3	6.2	21.9	228.9	71.6	44.2
Current account (US$ m)							
Trade balance	-7,508	-8,786	-7,545	-5,447	-6,373	-7,741	-8,542
Goods: exports fob	2,704	2,742	2,392	1,783	2,058	1,845	1,969
Goods: imports fob	-10,212	-11,527	-9,937	-7,230	-8,431	-9,586	-10,510
Services balance	10,282	10,722[b]	9,206[b]	6,173[b]	5,199	6,729	7,499
Primary income balance	-1,354[b]	-1,475[b]	-1,554[b]	-967[b]	-840	-1,539	-1,477
Secondary income balance	479[b]	776[b]	1,909[b]	1,120[b]	714	1,269	1,575
Current-account balance	1,899[b]	1,237[b]	2,016[b]	879[b]	-1,300	-1,282	-945
External debt (US$ m)							
Debt stock	30,388[b]	30,904[b]	31,385[b]	29,064[b]	29,574	30,028	29,870
Debt service paid	1,863[b]	2,096[b]	2,309[b]	2,196[b]	2,281	2,369	2,430
Principal repayments	954[b]	1,139[b]	1,082[b]	1,148[b]	1,152	1,162	1,157
Interest	909[b]	957[b]	1,228[b]	1,048[b]	1,129	1,207	1,272
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.

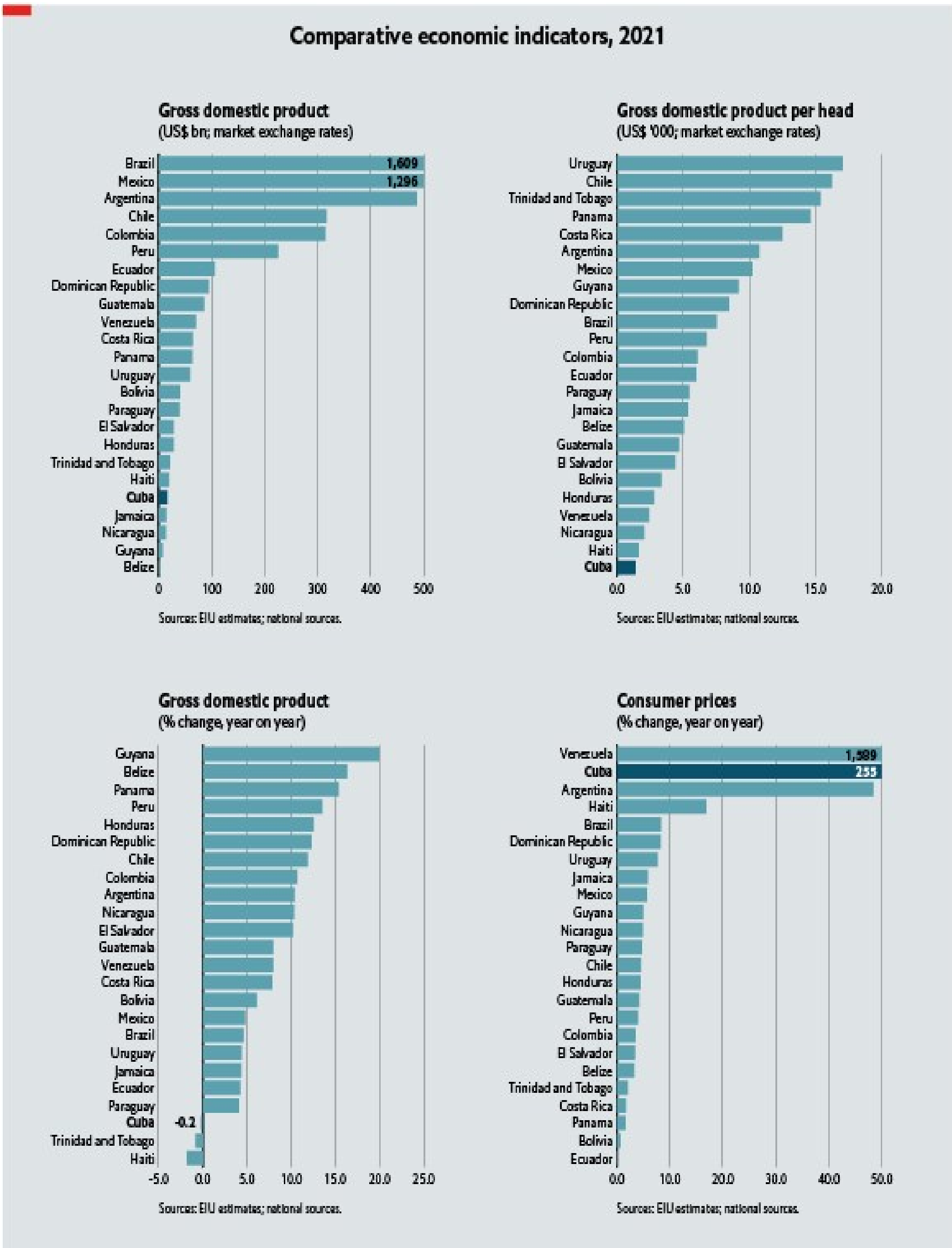
Annual trends charts



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

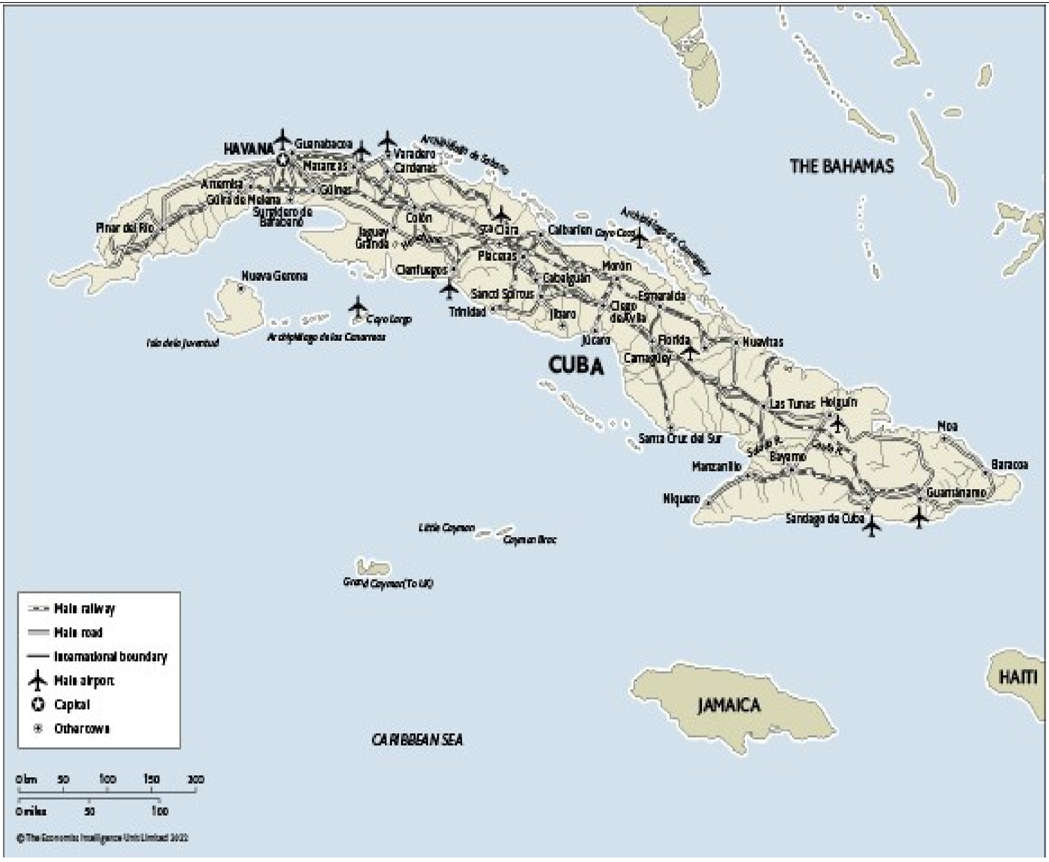
On January 1st 2021 the official exchange rate changed from CUP1:CUC1:US$1 to CUP24:US$1. The authorities are in the process of removing the convertible peso (CUC) from circulation. Previously, there were two domestic currencies: the Cuban peso (CUP), in which prices and wages are denominated within 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