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# Country Report

# Cuba

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## **Symbols for tables**

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

# Cuba

## Summary

2 [Briefing sheet](#)

## Outlook for 2023-27

4 [Political stability](#)

4 [Election watch](#)

5 [International relations](#)

5 [Democracy Index: Cuba](#)

7 [Policy trends](#)

7 [Fiscal policy](#)

8 [Monetary policy](#)

8 [International assumptions](#)

9 [Economic growth](#)

10 [Inflation](#)

10 [Exchange rates](#)

10 [External sector](#)

11 [Forecast summary](#)

## Data and charts

12 [Annual data and forecast](#)

13 [Annual trends charts](#)

14 [Monthly trends charts](#)

15 [Comparative economic indicators](#)

## Summary

15 [Basic data](#)

17 [Political structure](#)

# Briefing sheet

Editor: **Fiona Mackie**  
 Forecast Closing Date: **February 20, 2023**

## Political and economic outlook

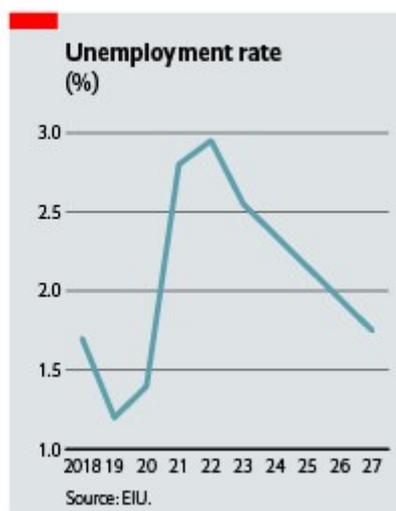
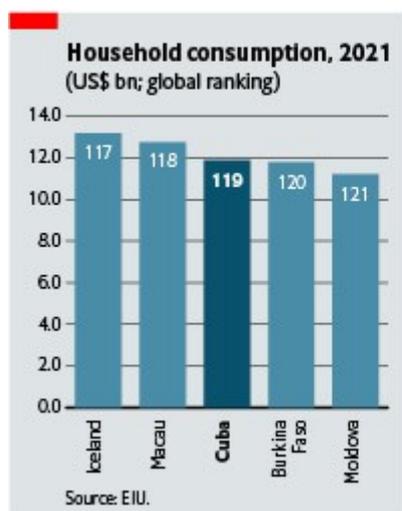
- Cuba's economy is heavily state-managed and is mainly dependent on tourism, nickel and healthcare exports for inflows of foreign currency. An inflationary shock and a boom in the black market stemming from a 2021 currency reform are forcing further adjustments.
- EIU believes that regime change is unlikely, despite acute hardships and unprecedented protests that broke out 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.
- The transformation from a centrally planned to a mixed economy will be unhurried over our 2023-27 forecast period. The government will continue to introduce piecemeal liberalising measures but will retain a heterodox approach in many areas of policymaking.
- Cuba's economic recovery from the coronavirus pandemic will remain slow owing to price instability and a foreign-exchange shortage that has been aggravated by US sanctions and sluggish tourism demand. Real GDP will not return to pre-pandemic levels until 2024. Assuming that the US eases some restrictions, firmer growth is likely in 2025-27.
- The government will continue to pursue liberalising economic measures cautiously in the 2023-27 outlook period. Further legal and institutional adjustments will follow an opening-up to private firms in 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, an expansion of the private sector and an easing of some US sanctions will strengthen the current-account position over the forecast period.

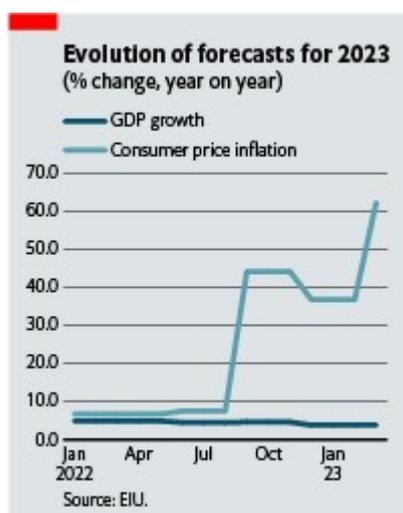
### Key indicators

	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>
Real GDP growth (%)	2.0	3.8	3.6	4.1	4.3	4.3
Consumer price inflation (av; %)	76.1	62.3	11.4	5.8	5.2	4.7
Government balance (% of GDP)	-9.7	-8.0	-6.9	-6.0	-5.5	-5.2
Current-account balance (% of GDP)	-6.4	-5.5	-5.0	-1.4	0.3	1.4
Unemployment rate (%)	3.0	2.6	2.4	2.2	2.0	1.8
Exchange rate CUC:US\$ (av; official rate)	24.00	29.50	45.00	60.00	75.00	85.00

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts.

## Market opportunities





## Key changes since December 13th

- Reports of the results of a tour of China, Russia, Turkey and Algeria that the president, Miguel Díaz-Canel, undertook in late 2022 indicate significant progress on renegotiating debt and reviving flows of investment, with a focus on the energy sector.
- Full-year 2022 data show that, despite a strong post-covid rebound, tourist arrivals came in at 1.6m—far short of the 2.5m target and less than 40% of their 2019 level. The official year-end GDP growth estimate of 2% (half of the 4% target) reflects this underperformance.
- Although inflation is still high (we estimate that it was about 97% at year-end), the black-market value of the Cuban peso has rebounded from an October 2022 low of CUP200:US\$1 and has been relatively stable since November, at around CUP165:US\$1.

## The quarter ahead

- **March 26th—Legislative elections:** The political scene will be dominated by the approach of the elections to the National Assembly of People's Power (the legislature). Voting is not compulsory, but as the turnout for the November 2022 municipal elections was low by Cuban standards, there will be intense efforts to persuade the electorate to vote.
- **Ongoing—Fiscal pressures:** Fiscal targets envisage cuts in real spending, but as the purchasing power of state benefits has fallen to below subsistence level amid a high inflation environment, the government is under pressure to loosen its budget restrictions, which would undermine its efforts to stabilise prices.
- **Ongoing—Government efforts to meet growth target:** The official GDP target for 2023 that was announced to the National Assembly in December 2022 is just 3%, reflecting continued difficulties stemming from Cuba's foreign-exchange shortage. We will be watching for indications of how likely the government is to achieve its aim.

## Major risks to our forecast

Scenarios, Q4 2022	Probability	Impact	Intensity
The war in Ukraine causes food and energy shortages and prevents the tourism industry from recovering	Very high	Very high	25
Cuba defaults on its 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
Outward migration weakens the quality of the labour force	High	High	16
Weather-related shocks cause extensive damage to infrastructure	High	High	16

Note: Scenarios and scores are taken from our Operational Risk 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 2023-27

### Political stability

EIU anticipates that risks to stability will remain elevated in the 2023-27 forecast period, largely reflecting the weak state of the Cuban economy. Falling living standards and rising dissatisfaction have resulted in protests and a major surge in emigration. As well as cracking down on protests, the government has responded by trying to modernise the way that Cuba is governed. Municipal authorities have been granted more power and decision-making capabilities, and the opening-up to private-sector activity has gathered momentum over the past two years, albeit with patchy results. However, public confidence in the government has fallen, particularly among younger age groups, and is unlikely to strengthen in the short term. Although the president, Miguel Díaz-Canel, favours reform, he not only faces resistance from within the ruling Partido Comunista de Cuba (PCC), but also has to contend with institutional inertia and risk aversion at all levels. As he nears the end of his first presidential term (out of his maximum of two) in 2023, new faces will begin to compete for influence as a more restive population loses confidence in the system itself, raising risks to stability.

Despite shifts in power and heightened tensions arising from depressed GDP, monetary instability and growing discontent, we believe that regime change is unlikely to occur in 2023-27. The past two years have demonstrated the government's ability to defuse dissent through its domestic security apparatus and to rally still-strong (albeit waning) nationalist sentiment. The internet has become a potent channel for expressing opposition to the government. It is also used to promote citizen communication with the leadership and the state entities that are responsible for providing public services. The resulting stronger and more visible demands for accountability and for greater freedom of expression are increasing pressure on the government. We expect that the forecast period will be characterised by a restive younger generation and the persistence of economic hardship, and that undercurrents of frustration and social opposition will threaten to boil over again, as they did in 2021.

### Election watch

We expect Cuba's one-party system to remain largely unchanged in 2023-27. Elections to the National Assembly of People's Power (ANPP, the legislature) are held every five years and are next due on March 26th. Candidates are nominated through municipal councils and by members of official "mass organisations", including labour unions and organisations for students, women and farmers. Ultimately, nomination decisions rest with the PCC's candidates' commission. Although it is not a requirement, most candidates are PCC members. A single candidate is nominated for each seat, but nominees must be approved by a majority of voters. The ANPP then chooses the president, who is limited to two five-year terms. Dissatisfaction with the political system can manifest itself in a greater incidence of nominees being rejected and rising abstentions. Turnout for the November 2022 municipal elections fell sharply, to below 70% for the first time, indicating widespread disengagement in a system that depends on public participation.

## International relations

Cuba's relationship with the US will remain tense even though the US president, Joe Biden, began to timidly roll back some of the sanctions that were imposed by his predecessor, Donald Trump (2017-21) in mid-2022. He has lifted the cap on remittances, revived the Cuban Family Reunification Parole Programme, and announced the resumption of 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. A further easing of sanctions is likely in the second half of Mr Biden's term, which may well include the suspension of 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.

Removal from the US's list of "state sponsors of terrorism" would have an even greater positive impact on Cuba's economy. The Trump administration returned Cuba to the list just days before its term ended in January 2021. However, for domestic political reasons, Mr Biden has been unwilling to undo this or to restore the degree of rapprochement pursued in 2015-17 by Mr Trump's predecessor, Barack Obama (2009-17). To go further in lifting trade sanctions that have been in place since 1960, Mr Biden would need to secure approval from the US Congress. Our forecast is therefore based on the assumption that US sanctions will be relaxed only slightly. Meanwhile, relations with the EU remain firm, 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 major market for Cuban services exports. However, a fresh drive to diversify Cuba's trade relationships and secure new finance was evident in Mr Díaz-Canel's tour in late 2022 of four important economic partners: China, Russia, Algeria and Turkey. The results of the tour—including talks with China on rescheduling debt and restoring finance—were reportedly positive, but details are scarce and concrete agreements have not yet emerged.

## Democracy Index: Cuba

Cuba's score in EIU's 2022 Democracy Index increased moderately (to 2.65, from 2.59 in 2021), but the country is still firmly in the "authoritarian regime" bracket; it is one of four such regimes in Latin America, along with Haiti, Nicaragua and Venezuela. In line with the slight improvement in its score, Cuba's global ranking rose from 142nd to 139th out of the 167 countries covered in the index.

### Democracy Index

	Regime type	Overall score	Overall rank
2022	Authoritarian	2.65 out of 10	139 out of 167
2021	Authoritarian	2.59 out of 10	142 out of 167
2020	Authoritarian	2.84 out of 10	140 out of 167

## Political transition unlikely to lead to further democratisation

Cuba's poor score reflects a particularly weak performance for electoral process and pluralism, given that it is a one-party state and that its elections are neither free nor fair. The government describes its political system as participatory, in contrast to the representative model of liberal democracy. However, the scope for debate is set by the political leadership. In 2018 the National Assembly of People's Power (ANPP, the legislature) elected Miguel Díaz-Canel president, transferring executive power away from a member of the Castro family for the first time since the 1959 revolution. The next year a constitutional reform split executive decision-making between the president, prime minister and chair of the ruling Partido Comunista de Cuba (PCC) as part of efforts to shift the locus of power away from individuals and towards institutions. A new prime minister, Manuel Marrero, was selected by Mr Díaz-Canel and ratified by the ANPP at end-2019, but the process was opaque. The constitutional reform has not led to a greater political opening or

a real change in authority. For example, the authorities did not incorporate citizen proposals for electing a president into the reform. In 2021 the revolutionary leader, Raúl Castro, handed over chairmanship of the PCC to Mr Díaz-Canel, marking another milestone in the transfer of power to a new generation of leaders. Nonetheless, the PCC retains absolute political and institutional control.

## Cuba maintains its heavy-handed approach to managing dissent

After electoral process and pluralism, the category of the Democracy Index in which Cuba performs the worst is civil liberties. The authorities suppress opposition activities under laws forbidding "enemy propaganda", "disrespect" and "acts against the independence or territorial integrity of the state", as well as public-order legislation. Despite this, the confluence of increased internet penetration and deteriorating economic conditions brought simmering public discontent to the surface in an unprecedented way in mid-2021, when peaceful demonstrators took to the streets to express their dissatisfaction with the functioning of government in Cuba's largest public protests in nearly three decades. The authorities responded quickly and harshly: the military was called to the streets and mass arrests were made. The government also imposed new, stricter controls on the internet to prevent citizens from organising. Although this fierce state repression quelled the protests, undercurrents of frustration with the regime will persist while the underlying causes of public antipathy remain unaddressed. To that end, the authorities are gradually implementing some economic liberalisation measures aimed at alleviating the severe hardships that ordinary Cubans face. However, the regime has given no indication that it will countenance public demands for self-governance and unrestricted political participation.

### Democracy Index 2022 by category

(On a scale of 0 to 10)

Electoral process	Functioning of government	Political participation	Political culture	Civil liberties
0.00	3.21	3.33	3.75	2.94

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

## Note on methodology

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

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

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

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

If the scores for the first three questions are 0 (or 0.5), one point (or 0.5 points) is deducted from the index in the relevant category (either electoral process and pluralism or functioning of government). If the score for question 4 is 0, one point is deducted from the functioning of

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government category index.

The index values are used to place countries within one of four types of regime:

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

## Policy trends

The transformation from a centrally planned to a mixed economy will be unhurried over the 2023-27 forecast period. The government will continue to introduce piecemeal liberalising measures but will retain a heterodox approach in its response to goods and hard-currency shortages (and their wider economic consequences) and the need to restore monetary stability amid a continuing foreign-exchange crunch. Highly distortionary administered low prices of basic goods and energy will remain in place until inflation has receded substantially, and moves to rationalise the state sector will be postponed until alternative employment opportunities emerge.

Following labour market and enterprise reform measures that were introduced in 2021, the economy will be transformed gradually over the forecast period by the growth of new micro, small and medium-sized enterprises (MSMEs). The impact of this development has been small so far, but as new companies become established, pressure to remove institutional and regulatory bottlenecks will grow, engendering further modifications of regulations and the tax regime to improve the business environment.

In the short term, the Cuban government will struggle to improve incentives, supplies of inputs and credit facilities in the agriculture sector to reduce reliance on imports of food. Low prices for quotas for state purchases impede progress on this front, as does a chronic and severe lack of financing for inputs, equipment, infrastructure and spare parts. Meanwhile, price and exchange-rate distortions will sustain the need for inputs to be centrally allocated, which will prevent state-owned enterprises (SOEs) from developing the freedom and capacity to harness greater autonomy in decision-making and business planning. The opening-up to foreign investment has broadened to include the private sector, but US sanctions will still block most international firms from engaging with Cuba, and the few investors who are determined enough to seek opportunities in this difficult market will also have to contend with relatively stringent Cuban regulations.

## Fiscal policy

The government resorted to increased monetisation to cover its large fiscal deficits in 2020-22, stoking inflationary pressures in the process. Its stated intention is to trim the deficit in 2023-27, but it will do so cautiously. As budgets for health, education, welfare, and subsidies of food and energy are ring-fenced, the scope for reducing expenditure is limited. Long-delayed essential repairs and maintenance of critical infrastructure, and the government's commitment to full employment, will restrict possibilities for cutting the state payroll, posing yet another obstacle to retrenchment. The pace of private-sector expansion will therefore be an important determinant of the government's capacity for fiscal adjustment, as it will affect both the degree to which the public sector can be rationalised and the extent of growth in tax revenue. Our forecast that the fiscal deficit will narrow to 5.2% of GDP by 2027 is consistent with our expectations of a falling inflation rate and modest economic growth, both of which could be derailed in the event of another economic shock.

## Monetary policy

Cuba's large informal economy, small banking sector and the existence of different markets with divergent prices and exchange rates have long posed challenges to monetary management. The January 2021 unification of the dual-currency system was intended to straighten out some of the distortions in the economy, but progress ran aground as inflation surged beyond expectations in 2021-22. The government's hopes of controlling inflation in 2023 will rest on its ability to narrow the fiscal deficit and on producers' capacity to increase the supply of basic goods, which in turn will depend on the pace of both economic restructuring and the improvement in Cuba's foreign-exchange position.

In the short term, the scope and effectiveness of indirect instruments will be limited by the underdeveloped nature of the financial sector. Over 2023-27 we expect the authorities to make gradual upward adjustments to prices that are currently fixed, and to shift monetary policy towards the use of more indirect measures by the end of that period.

## International assumptions

	2022	2023	2024	2025	2026	2027
<b>Economic growth (%)</b>						
US GDP	2.1	0.3	1.5	2.1	2.2	2.0
OECD GDP	2.8	0.7	1.7	1.9	2.0	1.9
World GDP	3.1	1.9	2.6	2.7	2.7	2.7
World trade	4.4	1.7	3.4	3.7	3.6	3.8
<b>Inflation indicators (% unless otherwise indicated)</b>						
US CPI	8.0	3.5	1.8	1.9	2.0	2.1
OECD CPI	9.0	5.3	2.5	2.2	2.1	2.0
Manufactures (measured in US\$)	0.4	3.1	6.3	3.8	3.3	2.5
Oil (Brent; US\$/b)	99.8	86.8	83.7	79.7	75.7	71.2
Non-oil commodities (measured in US\$)	14.6	-8.5	-2.4	-0.9	-1.3	-1.2
<b>Financial variables</b>						
US\$ 3-month commercial paper rate (av; %)	2.1	5.0	4.8	3.7	2.8	2.6
Official exchange rate CUC:US\$ (av)	24.00	29.50	45.00	60.00	75.00	85.00
Exchange rate US\$:€ (av)	1.05	1.12	1.14	1.15	1.16	1.18

## Economic growth

Cuba's economic recovery will proceed slowly in 2023, having been set back by the covid-19 pandemic, tighter US sanctions, monetary instability following currency adjustment in 2021, and the additional costs of repairs and recovery caused by the Matanzas oil depot fire and Hurricane Ian in 2022. We do not expect real GDP to return to 2018 levels until after 2024. We forecast average growth of 4.1% per year in 2024-27.

Factors behind the sluggish pace of growth include a slow tourism recovery since pandemic-related restrictions were lifted in 2022, and the fact that US sanctions have loosened only slightly. Meanwhile, terms of trade have been unfavourable, as high oil and food prices have outweighed the foreign-exchange boost engendered by favourable nickel prices. In 2023-24 we expect the Biden administration to ease restrictions on travel to Cuba further, helping tourism and remittances to return towards their pre-crisis peaks. However, the boost to private consumption will be concentrated in Havana and in other tourist pockets, and its impact on the national economy will be dampened by the need to strengthen the fiscal position and rebuild foreign-exchange reserves. Efficiency gains from economic restructuring and stabilisation will initially make only a minor contribution to growth, reflecting the lack of hard-currency finance and the non-convertibility of the Cuban peso, as well as low levels of consumer and business confidence, and subdued domestic demand.

Growth will pick up to over 4% in 2025-27. We do not expect Mr Biden to return fully to the Obama-era rapprochement, meaning that improvements in Cuba's economic performance will depend on the country's capacity to build new international trade and financial relations, and to stimulate restructuring and innovation in the new private sector and the sclerotic public sector. The current low level of productivity and a highly educated workforce suggest that a strong growth surge is theoretically possible, but that prospect will be undermined by limited access to international finance, squeezed fiscal resources, the distortions and lack of integration between sectors arising from monetary dualism, and a legacy of centralised decision-making.

Downside risks to our GDP growth projections are substantial. The main risks are external, as the global economy is vulnerable to shocks that could worsen Cuba's terms of trade, disrupt its relations with important partners (particularly fuel suppliers) or prevent a full recovery of tourism. There is the possibility of a strong positive shock if the US administration were to move more quickly to remove impediments to international trade and finance, but given the political obstacles to such a policy shift within the US, this is not our central forecast.

### Economic growth

%	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>
GDP	2.0	3.8	3.6	4.1	4.3	4.3
Private consumption	1.5	5.5	4.6	3.0	3.7	3.6
Government consumption	-1.8	2.8	-0.3	-0.2	2.9	1.7
Gross fixed investment	-0.5	8.1	6.1	7.2	7.2	7.0
Exports of goods & services	11.4	9.4	12.5	16.1	7.9	9.4
Imports of goods & services	-7.7	19.7	12.3	9.6	7.2	7.3
Domestic demand	0.3	5.2	3.5	2.9	4.1	3.8
Agriculture	1.0	2.2	3.0	3.0	3.0	3.0
Industry	3.7	2.9	3.4	4.0	4.2	4.8
Services	3.2	4.1	3.7	4.2	4.4	4.2

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts.

## Inflation

The published official measure of inflation is based on a basket of goods and sample of markets from a base year over a decade ago and bears little resemblance to households' actual experience of the rising cost of living. According to this monthly measure, the end-2022 inflation rate was 39%. However, unpublished estimates that are based on relatively small surveys but take into account the amount of monthly purchases that are now only possible in mainly informal markets at much higher prices put the true annual increase in consumer prices in 2022 at more than double that level. Our estimates of consumer price inflation are in line with these figures.

We expect that fiscal adjustment and a gradual recovery in supplies (amid a pick-up in economic growth) will eventually outweigh the fallout from the 2021 currency and price shock, taking official consumer price inflation to below 5% (and the actual rate to below 20%) by the end of the forecast period. Nonetheless, there is a risk that further shocks keep inflation high. The risk of a surge towards hyperinflation has receded but remains a cause for concern. It is this risk in particular that is keeping the Cuban authorities focused on the need for fiscal discipline.

## Exchange rates

Currency adjustment efforts have proven highly disruptive. The January 2021 reform initially unified the dual exchange rate and devalued the official exchange rate by 96%, from CUP1:CUC1:US\$1 to CUP24:US\$1, but as the black-market rate spiralled, the authorities introduced a second exchange rate for personal transactions in August 2022, matching the then black-market rate of CUP120:US\$1 and thereby returning to official currency dualism. However, the black-market rate depreciated further after this second currency was introduced; it has now stabilised at about CUP165:US\$1. It is too early to judge for certain whether or not this recent stabilisation signifies an end to peso weakening. Nevertheless, the black-market rate appears undervalued, and we forecast that the peso will strengthen to CUP150:US\$1 this year. Assuming that prices have stabilised markedly by 2024, we believe that there will be a new opportunity to bring official rates into closer alignment.

Risks to our exchange-rate forecast remain high and stem from any slippage in inflation or shock that affects the economy, international relations or exchange-rate expectations. Although we expect that currency realignments towards competitive rates will be beneficial in the long term (as they will reduce economic distortions and increase efficiency), the short-term consequences will remain hard to manage.

## External sector

Currency adjustment and the eventual unification of the dual exchange-rate system will tend to stimulate export growth and import substitution, but we do not expect the benefits to materialise until the second half of the forecast period. In the meantime, foreign exchange will remain in short supply, and many debt obligations will go unmet. The post-pandemic reopening to tourism in 2022 enabled a partial recovery of foreign-exchange earnings, but visitor arrivals are still 40% below their 2018 peak. We expect the recovery to continue in 2023, despite a global economic slowdown.

Over the forecast period as a whole, another boost to the external sector will come from health-related exports, given Cuba's success in developing effective covid-19 vaccines and the elections of sympathetic presidents in Brazil and Colombia—two important potential markets. Goods exports will take longer to strengthen, as a lack of financing will hamper producers' ability to lift output. We expect that import spending will lag growth in earnings from exports of goods and services combined, engendering current-account surpluses later on in the forecast period.

The authorities do not publish data on international reserves; we estimate an end-2022 level of US\$4.6bn (just over five months of import cover) and project some replenishment in 2023—27, with import cover exceeding seven months.

## Forecast summary

### Forecast summary

(% unless otherwise indicated)

	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>
Real GDP growth	2.0	3.8	3.6	4.1	4.3	4.3
Industrial production growth	3.7	2.9	3.4	4.0	4.2	4.8
Gross agricultural production growth	1.0	2.2	3.0	3.0	3.0	3.0
Unemployment rate (end-period)	3.0	2.6	2.4	2.2	2.0	1.8
Consumer price inflation (av)	76.1	62.3	11.4	5.8	5.2	4.7
Consumer price inflation (end-period)	96.8	23.1	6.2	5.5	4.9	4.5
General government balance (% of GDP)	-9.7	-8.0	-6.9	-6.0	-5.5	-5.2
Exports of goods fob (US\$ bn)	1.8	1.9	1.9	1.9	2.0	2.1
Imports of goods fob (US\$ bn)	9.3	10.2	11.3	12.1	12.6	13.1
Current-account balance (US\$ bn)	-1.6	-1.5	-1.4	-0.4	0.1	0.5
Current-account balance (% of GDP)	-6.4	-5.5	-5.0	-1.4	0.3	1.4
External debt (end-period; US\$ bn)	27.2	27.6	28.5	29.2	29.9	30.5
CUC:US\$ (av)	24.00	29.50	45.00	60.00	75.00	85.00
CUC:US\$ (end-period)	24.00	35.00	45.00	60.00	75.00	85.00
CUP:CUC <sup>c</sup>	129.92	157.50	150.00	125.00	100.00	100.00

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts. <sup>c</sup> Cadeca rate.

# Data and charts

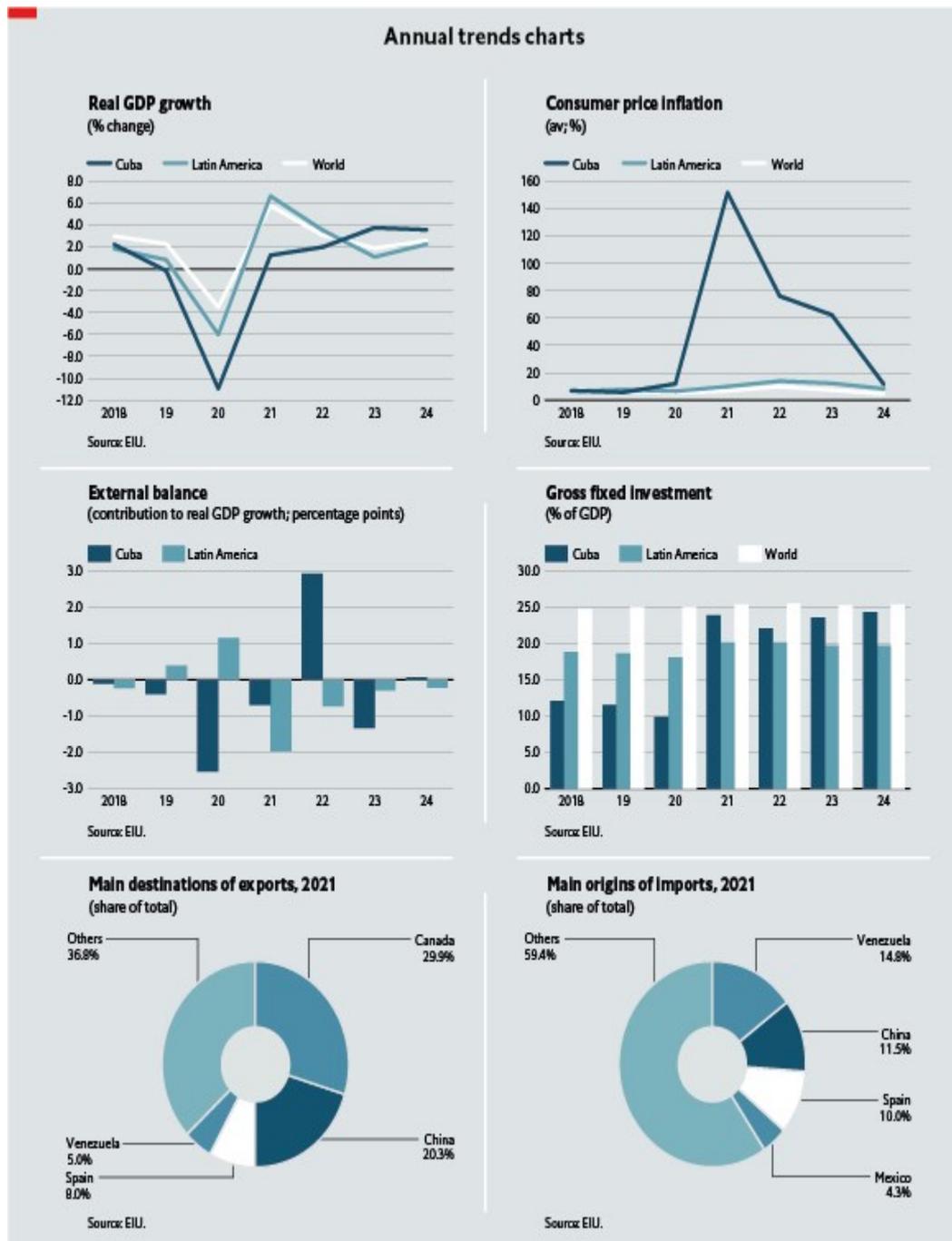
## Annual data and forecast

	2018 <sup>a</sup>	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>b</sup>	2023 <sup>c</sup>	2024 <sup>c</sup>
<b>GDP</b>							
Nominal GDP (US\$ m)	100,050	103,428	107,352	22,717	25,318	27,203	28,680
Nominal GDP (CUC m)	100,050	103,428	107,352	545,218	1,032,670	1,695,797	1,944,957
Real GDP growth (%)	2.2	-0.2	-10.9	1.3	2.0	3.8	3.6
<b>Expenditure on GDP (% real change)</b>							
Private consumption	2.2	-0.9	-8.7	-2.7	1.5	5.5	4.6
Government consumption	1.3	3.9	-10.1	15.0	-1.8	2.8	-0.3
Gross fixed investment	4.8	-1.0	-5.9	-0.4	-0.5	8.1	6.1
Exports of goods & services	-2.4	-4.6	-20.5	-9.1	11.4	9.4	12.5
Imports of goods & services	-2.0	-2.9	-7.6	-4.6	-7.7	19.7	12.3
<b>Origin of GDP (% real change)</b>							
Agriculture	2.7	-11.0	-22.9	-13.2	1.0	2.2	3.0
Industry	2.5	-3.6	-8.2	-6.8	3.7	2.9	3.4
Services	2.1	1.4	-11.2	4.1	3.2	4.1	3.7
<b>Population and income</b>							
Population (m)	11.3	11.3	11.3 <sup>b</sup>	11.2 <sup>b</sup>	11.2	11.2	11.2
GDP per head (US\$ at PPP)	13,757 <sup>b</sup>	14,001 <sup>b</sup>	12,645 <sup>b</sup>	13,461 <sup>b</sup>	14,649	15,779	16,638
Recorded unemployment (av; %)	1.7	1.2 <sup>b</sup>	1.4 <sup>b</sup>	2.8 <sup>b</sup>	3.0	2.6	2.4
<b>Fiscal indicators (% of GDP)</b>							
Public-sector revenue	56.7	56.8	50.9	47.0	44.3	45.4	46.2
Public-sector expenditure	65.4	63.2	69.2	58.8	54.0	53.4	53.1
Public-sector balance	-8.7	-6.5	-18.3	-11.8	-9.7	-8.0	-6.9
Net public debt	48.6 <sup>b</sup>	51.8 <sup>b</sup>	61.8 <sup>b</sup>	131.9 <sup>b</sup>	122.3	113.6	115.5
<b>Prices and financial indicators</b>							
CUC:US\$ (official rate; end-period)	1.00	1.00	1.00	24.00	24.00	35.00	45.00
CUP:CUC (secondary rate)	24.00	24.00	24.00	65.92	129.92	157.50	150.00
Consumer prices (av; %)	6.9 <sup>b</sup>	5.6 <sup>b</sup>	11.9 <sup>b</sup>	152.0 <sup>b</sup>	76.1	62.3	11.4
Stock of money M2 (% change)	7.3	6.2	21.9	228.9	77.6	59.5	14.2
<b>Current account (US\$ m)</b>							
Trade balance	-8,786	-7,545	-5,447	-6,373	-7,454	-8,354	-9,388
Goods: exports fob	2,742	2,392	1,783	2,058	1,845	1,860	1,873
Goods: imports fob	-11,527	-9,937	-7,230	-8,431	-9,300	-10,214	-11,261
Services balance	10,722	9,206 <sup>b</sup>	6,173 <sup>b</sup>	5,199 <sup>b</sup>	5,996	6,657	7,656
Primary income balance	-1,475 <sup>b</sup>	-1,554 <sup>b</sup>	-992 <sup>b</sup>	-882 <sup>b</sup>	-1,439	-1,383	-1,542
Secondary income balance	776 <sup>b</sup>	1,909 <sup>b</sup>	1,120 <sup>b</sup>	714 <sup>b</sup>	1,269	1,575	1,849
Current-account balance	1,237 <sup>b</sup>	2,016 <sup>b</sup>	854 <sup>b</sup>	-1,342 <sup>b</sup>	-1,629	-1,505	-1,425
<b>External debt (US\$ m)</b>							
Debt stock	26,056 <sup>b</sup>	26,344 <sup>b</sup>	25,365 <sup>b</sup>	26,106 <sup>b</sup>	27,205	27,566	28,488
Debt service paid	2,096 <sup>b</sup>	2,309 <sup>b</sup>	1,445 <sup>b</sup>	1,523 <sup>b</sup>	1,606	2,465	2,540
Principal repayments	1,139 <sup>b</sup>	1,082 <sup>b</sup>	373 <sup>b</sup>	352 <sup>b</sup>	362	1,157	1,160
Interest	957 <sup>b</sup>	1,228 <sup>b</sup>	1,073 <sup>b</sup>	1,171 <sup>b</sup>	1,244	1,308	1,380
<b>International reserves (US\$ m)</b>							
Total international reserves	10,853 <sup>b</sup>	10,353 <sup>b</sup>	8,853 <sup>b</sup>	6,603 <sup>b</sup>	4,603	5,703	7,453

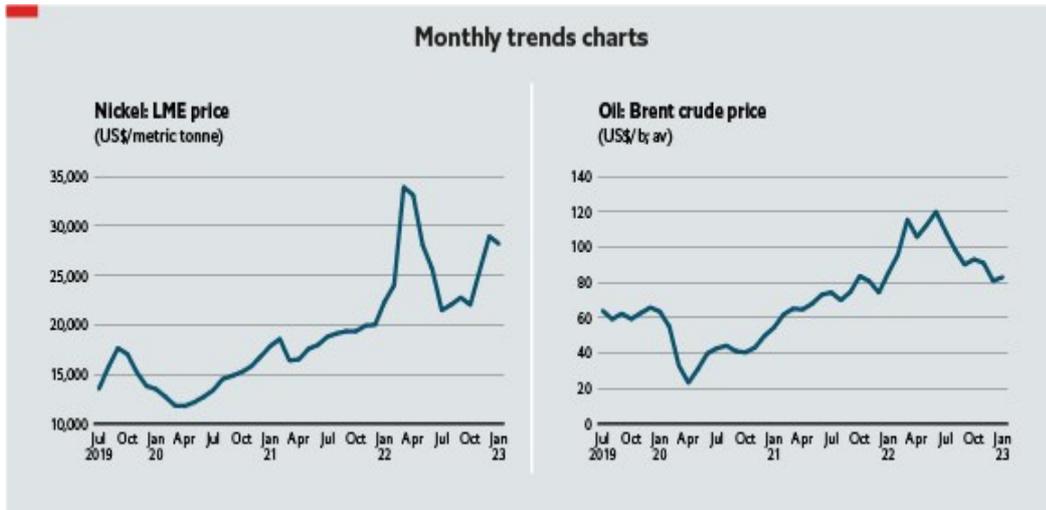
<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

Source: IMF, International Financial Statistics.

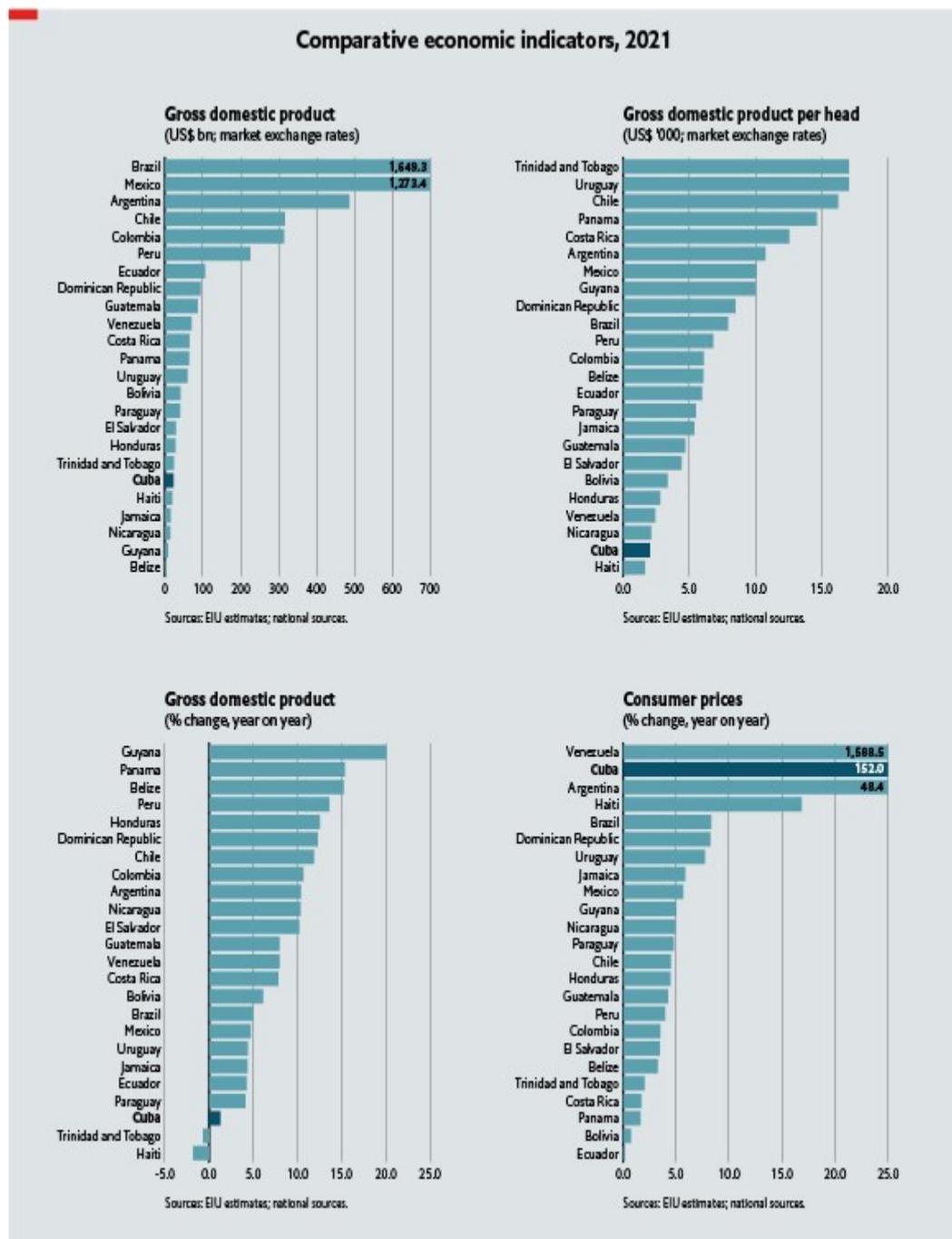
# Annual trends charts



# 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

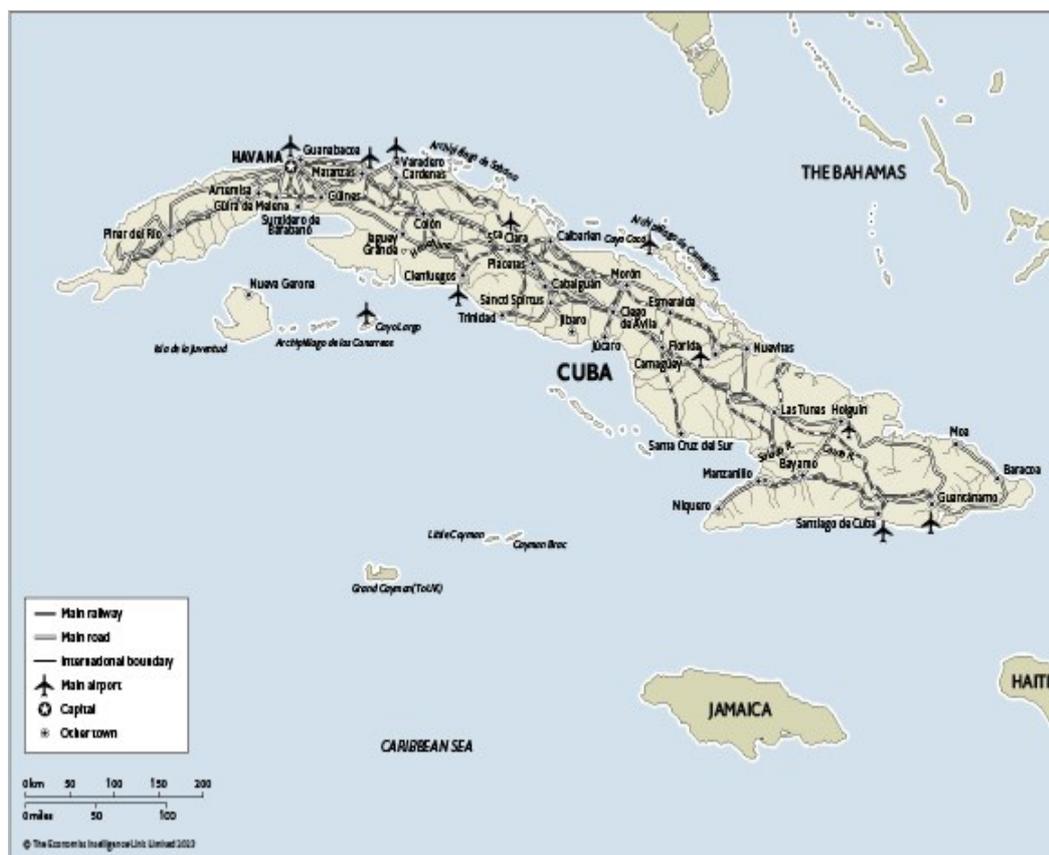
On January 1st 2021 the official exchange rate changed from CUP1:US\$1 to CUP24:US\$1, and the convertible peso (CUC), which previously had a value at par with the US dollar, has been removed from circulation. Following the growth of a black market, a parallel legal rate of CUP120:US\$1 for personal transactions was introduced in August 2022. The black-market rate has settled at around CUP165:US\$1

## Time

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

## Public holidays

January 1st (Liberation Day); January 2nd (Victory Day); April 7th (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 council's Executive Committee

## 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

The last provincial and National Assembly elections were in March 2018; next due in 2023

## National government

The organs of the state and the 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

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Education: Ena Elsa Velázquez Cobiella

Energy & mines: Vicente de la O Levy

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**

Joaquín Alonso Vázquez