
Country Report

Cuba

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

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Briefing sheet

Editor: **Andrea Moncada**

Forecast Closing Date: **February 20, 2024**

Political and economic outlook

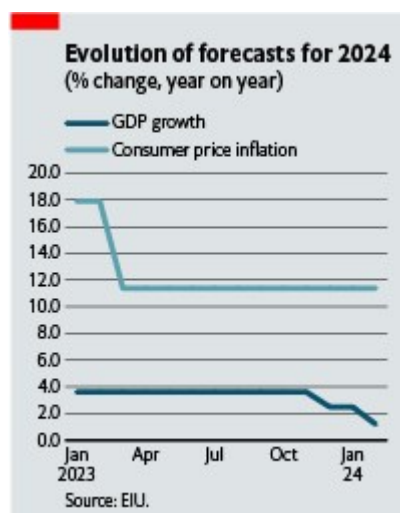
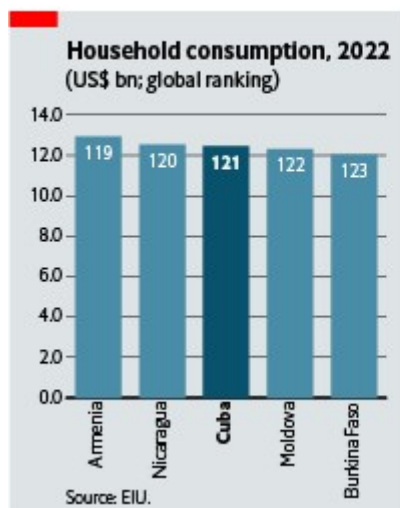
- Cuba's economy is heavily state-managed and relies on tourism and healthcare services exports for inflows of foreign currency. An inflationary shock stemming from a foreign-exchange shortage and a 2021 currency reform is forcing fiscal restraint and reforms.
- The weak state of Cuba's economy will keep the risk of social unrest high, but EIU believes that regime change is unlikely in the 2024-28 forecast period. The ruling Partido Comunista de Cuba (PCC) will have to contend with stronger public pressure, but its hold on power will not come under significant threat.
- The ongoing shift from a centrally planned to a mixed economy will be unhurried over the medium term. The government will introduce piecemeal liberalising measures while seeking to minimise the social cost, resulting in interventionist and erratic policymaking.
- Fiscal retrenchment, an energy crisis, subdued tourism demand and tight US sanctions will dampen Cuba's recovery from an estimated recession in 2023. We do not expect GDP to return to pre-pandemic levels until 2026. Liberalising reforms and private-sector-led investment will spur faster economic growth in 2026-28.
- The government will introduce liberalising measures and legal and institutional adjustments in the second half of the forecast period. This will support the emergence of new private businesses and help to rationalise the state sector, to the benefit of growth.
- Inflation will ease only gradually in 2024-28. Price reforms have caused economic dislocation that will continue to disrupt activity and perpetuate uncertainty and hardship, but they will eventually support more efficient domestic production.
- We expect the foreign-exchange position to improve over the forecast period on the back of an improvement in competitiveness (albeit slow and uneven), a gradual recovery in tourism and remittances, an expansion of the private sector, and debt-restructuring efforts.

Key indicators

	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Real GDP growth (%)	-1.3	1.2	2.0	2.1	2.4	2.4
Consumer price inflation (av; %)	62.3	11.4	11.3	5.9	5.6	5.0
Government balance (% of GDP)	-18.5	-11.6	-9.5	-8.0	-7.1	-6.2
Current-account balance (% of GDP)	-4.7	-3.8	-0.3	1.7	3.0	4.6
Unemployment rate (%)	1.8	1.7	1.7	1.6	1.6	1.5
Exchange rate CUC:US\$ (av; official rate)	29.50	45.00	60.00	75.00	85.00	86.00

^a EIU estimates. ^b EIU forecasts.

Market opportunities



Key changes since December 4th

- We now estimate that real GDP contracted by 1.3% in 2023 (from growth of 2% previously) and forecast a more modest recovery in 2024, of 1.2% (2.5% previously), as we believe that foreign-currency shortages have had more severe implications than we had thought.
- We have also adjusted our forecast for the end-2024 informal exchange rate to CUP350:US\$1 (from CUP265:US\$1), as the still-large monetised fiscal deficit and continued currency shortages in the domestic economy will subdue the value of the Cuban peso.

The quarter ahead

- **February—Monetary instability:** Following the replacement of the economy minister and the head of the central bank, and given that the government has postponed fuel price rises, we expect macroeconomic policy to be erratic, with the authorities torn between alleviating hardship and pursuing fiscal adjustment.
- **February-March—Reform debate:** The president, Miguel Díaz-Canel, is embarking on a new tour of Cuba, which is being billed as an opportunity for him to understand the problems that firms and local communities face. This presages a new wave of reforms aimed at restructuring state enterprises and allowing private-sector activity to expand.
- **Ongoing—Risk of disruptive protests and demonstrations:** Continuing shortages and high inflation are continuing to feed discontent, creating risks to political stability. Even so, we do not expect these to pose a significant threat to the government's position.

Major risks to our forecast

Scenarios, Q4 2023	Probability	Impact	Intensity
The former US president, Donald Trump, wins a second term in 2024, leading to a full reinstatement of US sanctions in 2025	Very high	Very high	25
Extreme weather events cause substantial damage to infrastructure, weighing on economic activity	Very high	High	20
Cuba defaults on its Paris Club debt, triggering the reinstatement of arrears	High	Very high	20
Persistent economic hardships stoke social unrest	High	Very high	20
Continued brain drain causes the quality of the labour force to deteriorate	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 2024-28

Political stability

EIU expects the weak state of Cuba's economy to keep political stability risks elevated in 2024-28. Deteriorating living standards and public frustrations have increased the frequency of protests and fuelled emigration. The government has sought to placate its critics by introducing a series of reforms to gradually decentralise decision-making and widen the scope for private-sector activity. However, public confidence in the government is likely to remain weak, particularly among younger Cubans. The president, Miguel Díaz-Canel, has to contend with this public scepticism, on top of institutional inertia, lack of capacity among those who have been given new responsibilities and risk aversion at all levels. Given persistent economic constraints and uncertain levels of political support, we expect Mr Díaz-Canel to remain a cautious leader during his second and final presidential term (ending in 2028), prioritising stabilisation and policy continuity over bold reform.

Despite severe hardships and public dissatisfaction, we believe that regime change is unlikely in 2024-28, owing to the government's ability to defuse dissent through a combination of its domestic security apparatus and efforts to increase public engagement in decision-making. The authorities are expanding the use of the internet to promote citizen communication with the leadership and with the entities that provide public services, but online platforms have also become potent channels for expressing anti-government sentiment. This has made public demands for accountability and for greater freedom of expression more visible, which has in turn raised pressure on the government. Against this backdrop, fresh bouts of social unrest could break out, fuelling political instability.

Election watch

We expect Cuba's one-party system to remain unchanged in 2024-28. Elections to the National Assembly of People's Power (ANPP, the legislature) are held every five years and are next due in early 2028. Candidates are nominated through municipal councils and by members of official "mass organisations", most of which have links to the ruling Partido Comunista de Cuba (PCC), the sole legal party. A single candidate is nominated for each seat, but nominees must be approved by a majority of voters. Dissatisfaction with the political system sometimes manifests itself in a greater incidence of nominees being rejected and a higher abstention rate. Turnout for the March 2023 election to the ANPP fell to 66%, from 80% in 2018, illustrating a significant degree of voter disengagement in a system that relies on public confidence and participation. However, the fact that the majority of the electorate still decided to vote rather than to abstain in 2023 fits with our expectation that the political system is likely to survive throughout the forecast period. Nevertheless, in the absence of significant reform, its sustainability over the longer term is in doubt.

International relations

Our forecasts are based on the assumption that US-Cuba tensions will continue and that most US sanctions will remain in place throughout 2024-28. The US president, Joe Biden, has rolled back only a minor share of the restrictions that were imposed under his predecessor, Donald Trump (2017-21). For example, he has lifted a cap on remittances and allowed the resumption of charter and commercial flights to airports outside the Cuban capital, Havana. However, the benefits of these moves pale in comparison to the more hostile measures that remain in place, particularly Cuba's inclusion since early 2021 on the US's list of "state sponsors of terrorism". As the November 2024 US presidential election approaches, Mr Biden is unlikely to run the political risk of lifting sanctions more fully. If, as we currently forecast, Mr Biden wins a second term, any further relaxation of sanctions—possibly involving loosening some restrictions on US travel to Cuba, exports and remittances—will respond to domestic interests within the US and will bring only limited relief to the Cuban economy. If Mr Trump were to return to office in 2025, US policy towards Cuba would harden further, adding to the country's economic difficulties.

On a regional level, sympathetic presidents in Brazil, Mexico and Colombia will maintain political and economic ties with Cuba. Although Cuba's staunch defence of the Venezuelan regime, led by Nicolás Maduro, has put relations with other Latin American presidents under strain, they are all still in favour of the US lifting sanctions on Cuba.

The US government is unlikely to be swayed by international calls for an end to its sanctions on Cuba. The restrictions have extraterritorial reach, affecting finance, shipping, insurance, trade and investment. However, US security concerns about increasing Russian and Chinese influence in Cuba could eventually provide impetus for change. Whereas Cuba-Russia relations previously revolved around oil exports and other trade, they now include more significant political and economic agreements, including debt rescheduling and new investment partnerships. Cuba is also increasing the scale and scope of its bilateral agreements with China. The two countries already collaborate on biotechnology and are likely to expand their co-operation to areas such as renewable energy, telecoms and infrastructure.

Democracy Index: Cuba

Cuba's score in EIU's 2023 Democracy Index (2.65 out of 10) is unchanged from 2022, and 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. Although Cuba's global ranking rose by four places in 2023, to 135th out of the 167 countries and territories covered in the index, this does not reflect an improvement in Cuba, but rather a deterioration in other countries' scores.

Democracy Index

	Regime type	Overall score	Overall rank
2023	Authoritarian	2.65 out of 10	135 out of 167
2022	Authoritarian	2.65 out of 10	139 out of 167
2021	Authoritarian	2.59 out of 10	142 out of 167

Political transition is 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, the sole legal party), 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, but 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 mid-2021, when Cubans took to the streets in the largest public protests in nearly three decades to express their dissatisfaction with the functioning of government. Although the protests were peaceful, the authorities responded quickly and harshly by deploying the military and making mass arrests. The government also imposed 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 2023 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

Note on methodology

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

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

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

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

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

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

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

Policy trends

Cuba's transformation from a centrally planned to a mixed economy will be gradual as the government maintains its interventionist approach even as it seeks to introduce piecemeal liberalising measures. In the short term, policymakers will try to reduce the country's reliance on imports by boosting production of basic goods, particularly food. However, chronic structural problems will persist, with weak incentives to increase production and inadequate financing for inputs, spare parts and infrastructure. Climate change will make weather conditions increasingly volatile, which will also weigh on agricultural production. Meteorologists expect the current El Niño weather phenomenon to have faded by mid-2024 but are warning that the probability of unusually low rainfall in the second quarter has risen.

Hugely distortionary prices, subsidies and a full-employment policy are important pillars of a system that provides universal access to basic goods and public utilities. We expect the government to be timid in introducing reforms to reduce subsidies and rationalise public-sector employment over 2024-28, given that these are politically sensitive areas. As a result, distortions will linger, undermining economic efficiency and international competitiveness.

Despite these policy constraints and an uncertain business environment, the private sector will continue to grow. In principle, the government is promoting the development of micro, small and medium-sized enterprises (MSMEs) as part of an initiative to modernise Cuba's economy and engender GDP growth. However, subdued demand, distorted prices, lack of access to finance and burdensome regulations are all obstacles to the emergence of productive and efficient MSMEs. We expect that reforms to the tax regime, currency system and regulations will strengthen private enterprise gradually over the forecast period.

The government encourages private and state companies to seek foreign investment, but US sanctions and Cuba's regulatory framework deter potential participants. This will remain a significant impediment to economic growth, living standards and progress on meeting targets relating to the energy transition and industrial modernisation.

Fiscal policy

We estimate that the budget deficit ballooned to 18.5% of GDP in 2023, contrary to the government's projection that it would narrow slightly, to within 10% of GDP. The full fiscal accounts have not yet been published, but we think that the overshoot probably came from extra outlays aimed at mitigating supply-chain disruptions caused by a rise in inter-enterprise debt. The government's commitment to full employment and its ring-fenced budgets for health, education, welfare, and food and energy subsidies will continue to limit its scope to reduce expenditure. In addition, public investment for critical infrastructure maintenance will remain squeezed. The pace of private-sector expansion, improvements in tax collection and public-sector rationalisation will therefore be significant determinants of the degree of fiscal adjustment. We expect the fiscal deficit to have diminished to 6.2% of GDP by 2028.

Monetary policy

In December 2023 the government admitted that the January 2021 effort to unify the dual-currency system, which triggered an alarming and highly damaging inflationary surge, was a major policy miscalculation. A cabinet reshuffle in early February suggests that a new strategy is under development, but it is not yet clear how the authorities plan to reduce inflation and phase out price subsidies at the same time. Following the announcement of planned fuel price increases in February and their subsequent abandonment, a rethink appears to be taking place. Given that public confidence in the government's economic management is low, any further missteps in monetary adjustment could be politically costly, making it likely that the authorities will take a cautious approach.

The existence of a range of exchange rates, a thriving informal currency market, and a multitude of informal and illegal goods markets with divergent prices complicates both the measurement of inflation and price stabilisation. In 2024 persistent shortages of goods, the reduction of some subsidies and now-entrenched inflationary expectations will sustain price pressures.

Nevertheless, in the absence of further major shocks, a gradual disinflation trend that began in mid-2023 will continue. Our forecast for continued, gradual disinflation in 2025-28 is based on a gradual recovery in supplies of both domestically produced and imported goods, which in turn depends on the pace of economic restructuring and an improvement in Cuba's foreign-exchange position.

Although monetary policy in the short term appears to be centred on reducing the monetised fiscal deficit, the emphasis in the medium term will be on developing new financial instruments to control monetary emission and manage more decentralised currency transactions. The underdeveloped nature of the financial system has long constrained the scope and effectiveness of indirect instruments. However, the financial sector is expanding, and we expect its role to increase steadily, eventually reducing informality and enhancing macroeconomic management.

International assumptions

	2023	2024	2025	2026	2027	2028
Economic growth (%)						
US GDP	2.5	1.8	1.6	2.0	2.1	2.0
Developed economies GDP	1.5	1.4	1.7	1.9	1.9	1.8
World GDP	2.5	2.4	2.6	2.7	2.7	2.6
World trade	-0.3	2.4	3.3	3.5	3.5	3.4
Inflation indicators (% unless otherwise indicated)						
US CPI	4.1	2.5	2.1	2.3	2.3	2.4
Developed economies CPI	4.5	2.4	1.9	2.0	2.0	2.0
Manufactures (measured in US\$)	3.9	3.7	4.6	2.9	2.2	3.0
Oil (Brent; US\$/b)	82.6	79.7	75.6	71.2	67.0	63.8
Non-oil commodities (measured in US\$)	-15.1	-4.3	1.0	0.8	1.4	2.5
Financial variables						
US\$ 3-month commercial paper rate (av; %)	5.1	5.1	4.2	3.2	2.5	2.5
Official exchange rate CUC:US\$ (av)	29.50	45.00	60.00	75.00	85.00	86.00
Exchange rate US\$:€ (av)	1.08	1.10	1.14	1.16	1.17	1.17

Economic growth

Following an estimated contraction in 2023, we forecast that real GDP will grow throughout 2024-28. Although fiscal retrenchment will keep domestic demand subdued, reforms will drive some productivity and efficiency gains, helping to encourage import substitution and boost exports. However, structural inefficiencies, recurrent power outages and US sanctions will preclude stronger growth. Cuba's inclusion on the US's "state sponsors of terrorism" list is having wide-ranging negative economic consequences. The threat of penalties will continue to have extraterritorial reach, affecting all types of international transactions between Cuba and third countries, including remittances flows, tourism-related earnings, and the availability and purchase of the imported raw materials and spare parts that are needed to maintain infrastructure and to sustain industrial and agricultural production. Sanctions risk also deters most of the foreign investment that would otherwise fuel industrial modernisation.

Given these constraints on growth, we expect it to take until 2026 for Cuba's real GDP to return to pre-pandemic levels; we then expect growth to pick up to an average of 2.3% per year in 2026-28. Assuming that US sanctions remain in place, any improvements in Cuba's economic performance will rest on the cultivation of new international trade and financial relations. This will, in turn, depend on the government's success in restructuring and promoting innovation in the sclerotic public sector, as well as in the emerging private sector. Cuba's current low level of productivity and its highly educated workforce suggest that faster growth is possible, but we do not expect this potential to be fulfilled within the forecast period, given the country's restricted access to international finance, limited fiscal resources, and the distortions that arise from monetary dualism and an outdated regulatory framework.

Downside risks to our GDP forecasts are mainly external. Cuba's vulnerability to global economic or political shocks could weaken its terms of trade, disrupt its relations with important partners (particularly fuel suppliers) or prevent a full recovery of tourism. On the upside, a sudden lifting of all US sanctions would have enormous benefits, but given political obstacles in the US, we believe that such a shift is unlikely.

Economic growth

%	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
GDP	-1.3	1.2	2.0	2.1	2.4	2.4
Private consumption	1.3	3.2	3.0	3.7	3.6	3.6
Government consumption	3.0	2.0	2.2	2.8	3.0	2.9
Gross fixed investment	-3.0	5.0	3.0	3.0	3.0	3.0
Exports of goods & services	3.8	3.5	5.0	5.1	5.2	6.7
Imports of goods & services	4.5	3.6	-0.2	2.4	2.6	2.1
Domestic demand	-0.2	2.5	2.4	3.2	3.4	3.1
Agriculture	-20.0	2.5	3.0	3.2	3.3	3.2
Industry	-1.1	2.0	2.1	2.6	2.9	3.0
Services	0.5	2.6	3.5	3.8	4.0	4.0

^a EIU estimates. ^b EIU forecasts.

Inflation

Inflation has begun to moderate, having surged into the triple digits following the January 2021 currency reform. According to the government, inflation had eased to 42% by end-2023. However, we think that this understates the fall in the purchasing power of peso incomes stemming from the rising cost of food and drink—the largest item in the average household basket of goods.

We expect the annual average inflation rate to remain on a downward trajectory throughout 2024-28, falling below 10% in 2026. Fiscal adjustment, easing prices of commodity imports and some improvement in the supply of basic goods and hard currency will eventually counteract the fallout from the 2021 currency and price shock. Nonetheless, there is a risk that fresh shocks will keep inflation elevated for longer. The possibility that strong El Niño weather effects will last until mid-2024 is the main short-term risk to our inflation expectations, as adverse weather could disrupt domestic food production and stoke price pressures. Over the rest of the outlook period higher than expected import prices will pose the main risk to continued disinflation.

Exchange rates

Currency adjustment efforts have proven highly disruptive. The January 2021 reform initially unified the dual exchange rate by devaluing the official exchange rate by 96%, to CUP24:US\$1 (from CUP1:CUC1:US\$1), matching the rate that was previously used for personal transactions. Following a sharp depreciation of the black-market rate, the authorities introduced a second legal exchange rate for personal transactions that matched the August 2022 black-market rate of CUP120:US\$1. However, the continued depreciation of the black-market rate, to CUP300:US\$1 as at early February, reflects a persistent foreign-exchange shortage and lack of confidence in the Cuban peso. With these factors still in play, and in the absence of any major policy shifts, we expect the black-market value of the peso to continue to fall over the coming months but to begin to stabilise by the end of the year. Once this occurs we believe that the authorities will be more willing to adjust the official rate towards a more realistic level. Our forecast is based on the assumption that this will happen around end-2024 and at a rate of about CUP350:US\$1, but the timing of the move and the black-market exchange rate at that time are highly uncertain.

Risks to our exchange-rate forecast remain very high and relate to any shocks to the economy, international relations or exchange-rate expectations. Efforts to bring the currency towards more competitive rates will be beneficial in the long term, as they will reduce economic distortions and increase efficiency. However, the short-term consequences of the divergence between the official and unofficial exchange rates, and the volatility of the unofficial rate, will perpetuate damaging price distortions and complicate economic management.

External sector

Currency adjustment and the eventual unification of the dual exchange-rate system should stimulate export growth and import substitution from 2025, but the benefits will take time to materialise. Given that US sanctions will keep trade and investment subdued, Cuba will continue to face major hard-currency constraints and many debt obligations will go unmet, even though a process of reaching an agreement with some of the country's creditors (including the Paris Club) is under way.

Visitor arrivals are still only about two-thirds of their pre-pandemic levels and are unlikely to recover fully until 2025. The external sector will benefit from health-related exports, aided by Cuba's biotechnology research, which has generated effective covid-19 vaccines and promising treatments for cancer and Alzheimer's disease. Sympathetic presidents in Brazil, Mexico and Colombia, as well as stronger relations with partners including Iran, Russia and China, will drive modest growth in exports and suggest that there is some potential for improved access to external finance.

Meanwhile, the government will try to keep import spending under control as it seeks to resume debt payments and rebuild international reserves. Although the authorities' capacity to allocate access to foreign exchange will wane as economic management is decentralised, we expect that the current account will have shifted from deficit to surplus by the end of our forecast period.

Forecast summary

Forecast summary

(% unless otherwise indicated)

	2023 ^a	2024 ^b	2025 ^b	2026 ^b	2027 ^b	2028 ^b
Real GDP growth	-1.3	1.2	2.0	2.1	2.4	2.4
Industrial production growth	-1.1	2.0	2.1	2.6	2.9	3.0
Gross agricultural production growth	-20.0	2.5	3.0	3.2	3.3	3.2
Unemployment rate (end-period)	1.8	1.7	1.7	1.6	1.6	1.5
Consumer price inflation (av)	62.3	11.4	11.3	5.9	5.6	5.0
Consumer price inflation (end-period)	42.0	25.0	18.0	8.3	5.8	5.0
General government balance (% of GDP)	-18.5	-11.6	-9.5	-8.0	-7.1	-6.2
Exports of goods fob (US\$ bn)	1.9	2.0	2.1	2.2	2.3	2.4
Imports of goods fob (US\$ bn)	8.9	8.9	8.7	8.7	8.7	8.8
Current-account balance (US\$ bn)	-1.2	-1.0	-0.1	0.5	1.0	1.6
Current-account balance (% of GDP)	-4.7	-3.8	-0.3	1.7	3.0	4.6
External debt (end-period; US\$ bn)	28.5	28.7	28.7	29.1	29.6	30.1
CUC:US\$ (av)	29.50	45.00	60.00	75.00	85.00	86.00
CUC:US\$ (end-period)	35.00	45.00	60.00	75.00	85.00	86.00
CUP:CUC ^c	223.26	266.45	267.92	269.38	270.87	272.36

^a EIU estimates. ^b EIU forecasts. ^c Cadeca rate.

Data and charts

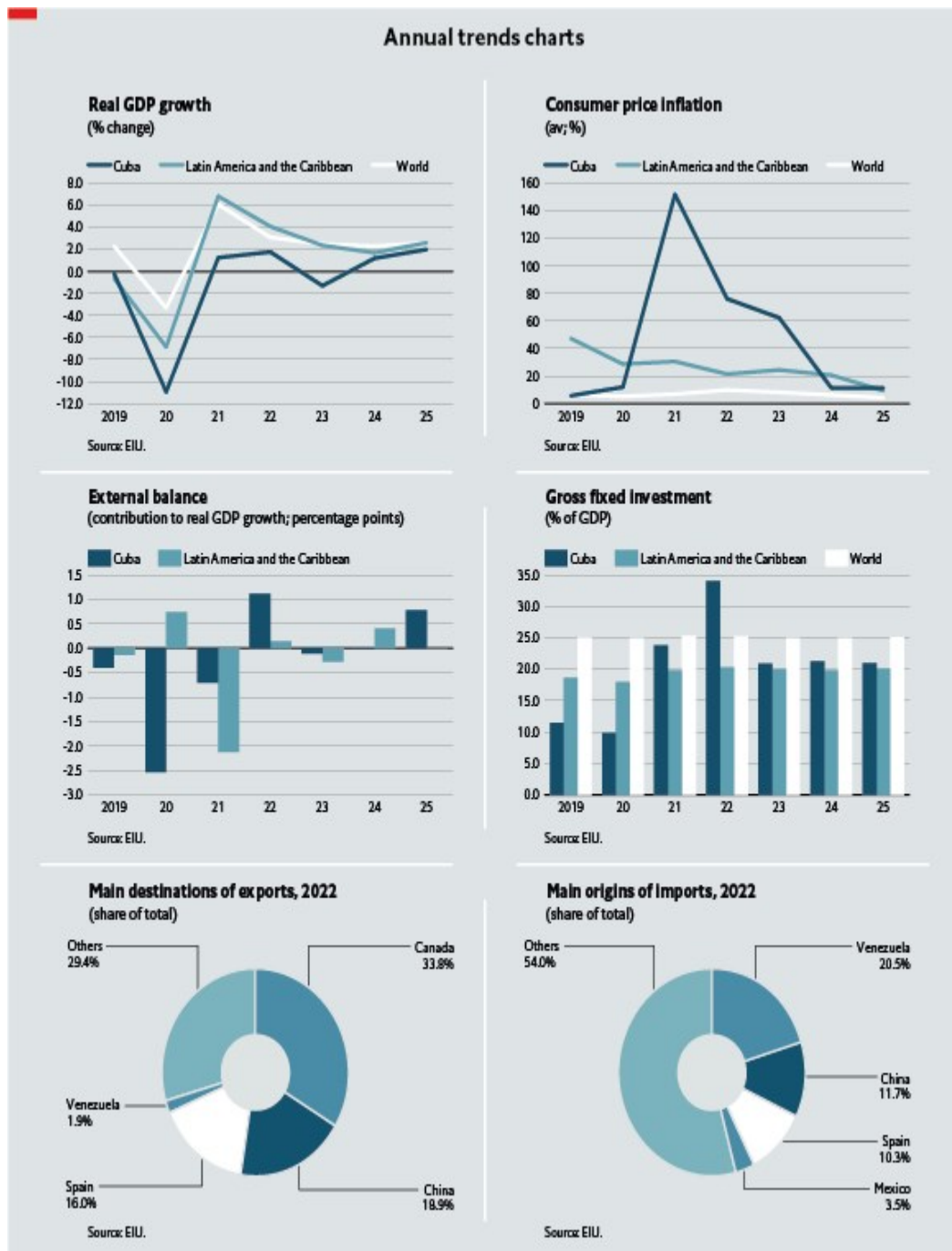
Annual data and forecast

	2019 ^a	2020 ^a	2021 ^a	2022 ^a	2023 ^b	2024 ^c	2025 ^c
GDP							
Nominal GDP (US\$ m)	103,428	107,352	22,717	24,967	25,929	27,230	28,700
Nominal GDP (CUP m)	103,428	107,352	545,218	633,442	1,621,870	1,862,341	2,171,374
Real GDP growth (%)	-0.2	-10.9	1.3	1.8	-1.3	1.2	2.0
Expenditure on GDP (% real change)							
Private consumption	-0.9	-8.7	-2.7	2.1	1.3	3.2	3.0
Government consumption	3.9	-10.1	15.0	1.5	3.0	2.0	2.2
Gross fixed investment	-1.0	-5.9	-0.4	-5.8	-3.0	5.0	3.0
Exports of goods & services	-4.6	-20.5	-9.1	-2.4	3.8	3.5	5.0
Imports of goods & services	-2.9	-7.6	-4.6	-9.2	4.5	3.6	-0.2
Origin of GDP (% real change)							
Agriculture	-11.0	-22.9	-13.2	-6.1	-20.0	2.5	3.0
Industry	-3.6	-8.2	-6.8	-6.7	-1.1	2.0	2.1
Services	1.4	-11.2	4.1	4.3	0.5	2.6	3.5
Population and income							
Population (m)	11.3 ^b	11.3 ^b	11.2 ^b	11.0 ^b	10.8	10.6	10.5
GDP per head (US\$ at PPP)	13,911 ^b	12,565 ^b	13,388 ^b	14,882 ^b	15,528	16,452	17,290
Recorded unemployment (av; %)	1.2 ^b	1.4 ^b	2.8 ^b	1.8 ^b	1.8	1.7	1.7
Fiscal indicators (% of GDP)							
Public-sector revenue	56.8	50.9	47.3	38.9	24.8	26.3	27.3
Public-sector expenditure	63.2	69.2	58.8	50.6	43.2	37.8	36.8
Public-sector balance	-6.5	-18.3	-11.5	-11.7	-18.5	-11.6	-9.5
Net public debt	51.8 ^b	63.2 ^b	138.8 ^b	138.6 ^b	122.5	125.8	125.2
Prices and financial indicators							
CUC:US\$ (official rate; end-period)	1.00	1.00	24.00	24.00	35.00	45.00	60.00
CUP:CUC (secondary rate)	24.00	24.00	65.92 ^b	129.92 ^b	223.26	266.45	267.92
Consumer prices (av; %)	5.6 ^b	11.9 ^b	152.0 ^b	76.1 ^b	62.3	11.4	11.3
Stock of money M2 (% change)	6.2	21.9	228.9 ^b	14.3 ^b	136.9	14.2	16.0
Current account (US\$ m)							
Trade balance	-7,875	-5,527	-6,465	-7,663	-6,981	-6,890	-6,605
Goods: exports fob	2,062	1,703	1,966	2,170	1,939	1,991	2,062
Goods: imports fob	-9,937	-7,230	-8,431	-9,833	-8,920	-8,881	-8,667
Services balance	9,206 ^b	6,173 ^b	5,148 ^b	6,145 ^b	6,509	6,697	7,049
Primary income balance	-1,554 ^b	-1,061 ^b	-996 ^b	-1,408 ^b	-1,551	-1,824	-1,674
Secondary income balance	1,880 ^b	1,120 ^b	714 ^b	838 ^b	810	985	1,154
Current-account balance	1,657 ^b	-529 ^b	-1,599 ^b	-1,625 ^b	-1,213	-1,033	-76
External debt (US\$ m)							
Debt stock	26,344 ^b	26,808 ^b	27,734 ^b	28,632 ^b	28,459	28,729	28,747
Debt service paid	2,309 ^b	1,571 ^b	1,667 ^b	1,730 ^b	2,531	2,534	2,518
Principal repayments	1,082 ^b	373 ^b	352 ^b	362 ^b	1,157	1,160	1,159
Interest	1,228 ^b	1,198 ^b	1,315 ^b	1,367 ^b	1,374	1,374	1,360
International reserves (US\$ m)							
Total international reserves	10,353 ^b	8,853 ^b	6,603 ^b	4,603 ^b	4,403	4,623	4,903

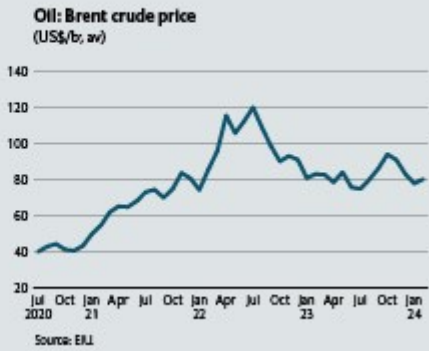
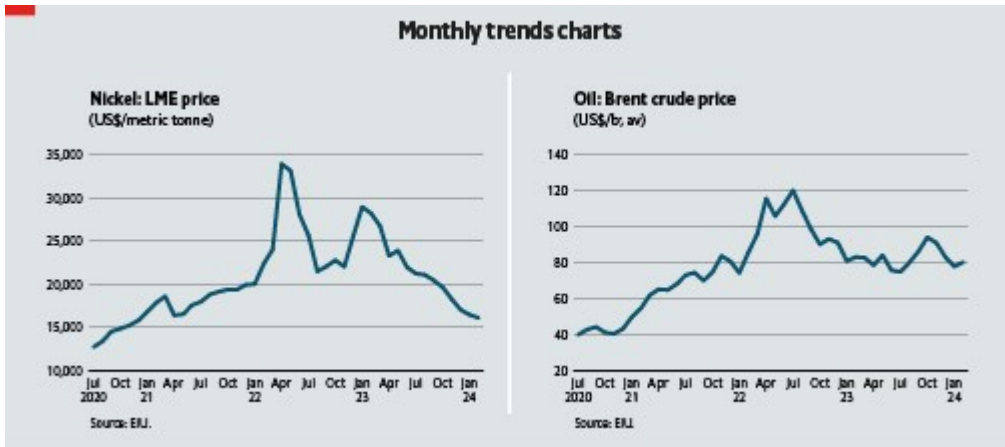
^a Actual. ^b EIU estimates. ^c EIU forecasts.

Source: IMF, International Financial Statistics.

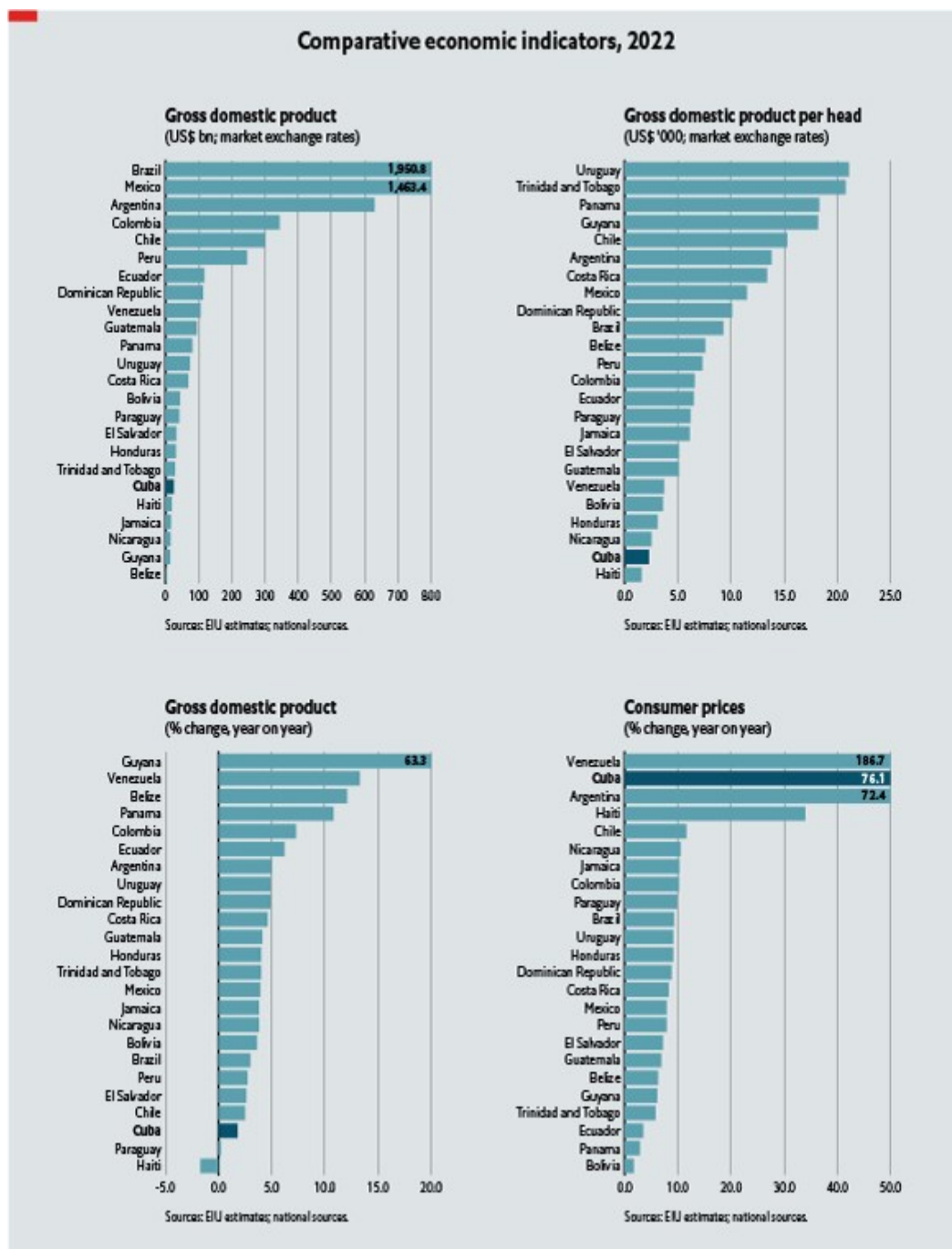
Annual trends charts



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

11.2m (2022, 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

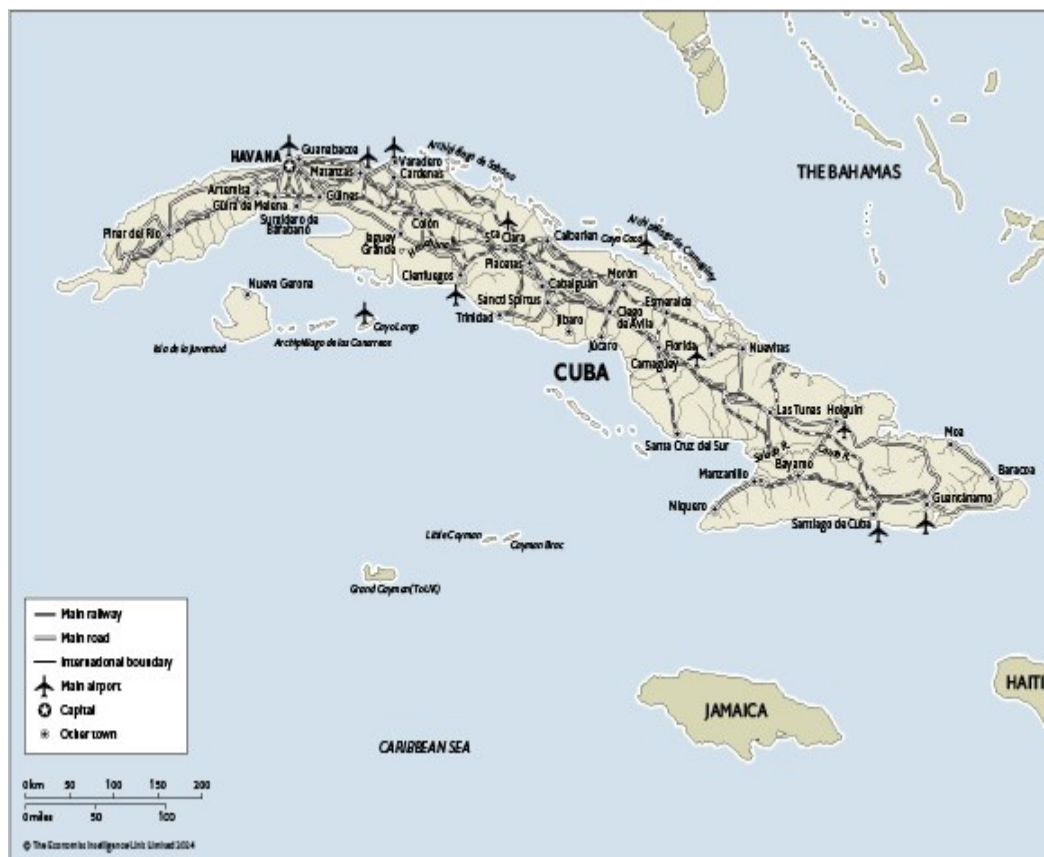
On January 1st 2021 the official exchange rate changed from CUP1:US\$1 to CUP24:US\$1, and the convertible peso (CUC), which previously had a value at par with the US dollar, was removed from circulation. Following the emergence of a black market, a parallel legal rate of CUP120:US\$1 for personal transactions was introduced officially in August 2022. The black-market rate has weakened further amid high inflation and an ongoing foreign-exchange shortage, standing at about CUP300:US\$1 in early February 2024

Time

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

Public holidays

January 1st (Liberation Day); January 2nd (Victory Day); March 29th (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

President, elected by the National Assembly of People's Power (ANPP); currently Miguel Díaz-Canel, who was re-elected in April 2023; his second (and final) term ends in 2028

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; 470 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 ANPP

National elections

The last provincial and ANPP elections were in March 2023 and are next due in 2028

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 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: Alberto López Díaz

Communications: Mayra Arevich Marín

Culture: Alpidio Alonso Grau

Domestic trade: Betsy Díaz Velázquez

Economy & planning: Joaquín Alonso Vázquez
Education: Naima Ariatne Trujillo Barreto
Energy & mines: Vicente de la O Levy
Finance & prices: Vladimir Regueiro Ale
Foreign relations: Bruno Rodríguez Parrilla
Foreign trade & investment: Ricardo Cabrisas Ruíz
Higher education: Walter Baluja García
Industry: Eloy Álvarez Martínez
Interior: Lázaro Alberto Álvarez
Justice: Oscar Silvera Martínez
Labour & social security: Marta Elena Feitó Cabrera
Public health: José Ángel Portal Miranda
Revolutionary armed forces: Álvaro López Miera
Science, technology & the environment: Eduardo Martínez
Tourism: Juan Carlos García Granda
Transport: Eduardo Rodríguez Dávila

Central bank president

Juana Lilia Delgado