Cuba wants to boost agricultural sector with foreign currency financing

Delegate at the 13th Congress of the Cuban Small Farmers' Association, which met in Havana over the weekend (source: X)

The Cuban government wants to boost agriculture with a new financing system in foreign currency. This was decided at the 13th Congress of the National Association of Small Farmers (ANAP), which ended on Saturday. For the first time, producers will now receive a share of export and sales revenues in hard currency.

Although the Cuban media has not yet published a complete list of the products that will benefit or the prices paid for each product, an article in the party newspaper *Granma* gives some examples that were mentioned at the meeting: Charcoal, mainly from the invasive marabú species, which is exported to Europe, is one of the products to be included in the new financing scheme. Honey, coffee, and cocoa are also included. The latter two sectors in particular are in urgent need of incentives, as the plantations are in a state of serious disrepair.

According to Roberto Pérez, Deputy Minister of Economy and Planning, the foreign currency will be managed by 22 state-owned export companies. In the case of charcoal, these companies will retain 70 percent of the proceeds and will be responsible for the costs of sale. The revenues will then be distributed as follows: “54 percent will be credited to the producer [...] and 30 percent will be retained in the central treasury to finance social spending.” The latter are paid in pesos. The scheme is repeated for other products such as honey: “It will be the same as for the companies ApiCuba, Cítricos Caribe and Cubaexport; the producer will receive US$ 650 per tonne in a foreign currency account.”

In addition to the above, there are also less lucrative products such as corn, beans, soybeans and rice. When the latter is sold, “the producer receives 55 percent of the sale price in foreign currency, which includes the cost of pesticides, fertilizers, and lubricants. The group retains 45 percent of the sale price in foreign currency and transfers 5 percent of this to the research institute [for seed improvement].” The marketing company retains 37 percent of the remainder to “cover logistics costs.” Producers receive $330 per ton for corn, $800 for beans, and $425 for soybeans. Tobacco is not included, as it is subject to special conditions anyway.

Another measure adopted at the congress was the recognition of state-owned enterprises, basic units of enterprises, agricultural production cooperatives, credit and service cooperatives, basic units of agricultural production cooperatives, and “individual agricultural producers” as *independent production units*. The move is probably related to Resolution 56, passed in December, which restricts wholesale trade to those “whose main activity is production.” This is intended to ensure that agricultural producers of all kinds can act as wholesale traders.

By allowing agricultural producers to share in foreign exchange earnings, the government hopes to improve the situation of the severely undercapitalized agricultural sector. For years, the sector has been reporting declining harvests due to a lack of raw materials such as fertilizers, seeds, and fuel. The purchase prices paid in pesos to date do not cover costs, and the state lacks the funds to compensate for this through cross-subsidies. However, one criticism from farmers is likely to be that the foreign exchange participation is exclusively cashless, which limits its use to a small but growing number of wholesale and retail markets where foreign exchange-backed bank cards are accepted as a means of payment. (Cubaheute)