EVOLUTION OF THE INTERNATIONAL ECONOMY IN 2024 AND ITS IMPACT ON CUBA. OUTLOOK FOR THE CURRENT YEAR. [1]

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I

The Cuban economy has historically maintained a high level of external dependence, accumulating a significant trade and current account deficit. However, between 2005 and 2020, the national economy benefited from the positive terms of trade maintained with Venezuela, which generated a positive trade balance in those years, as well as stability in the supply of fuel for the country.

However, in 2019, and specifically since the tightening of the US economic blockade against Cuba, the economy recorded a 0.2% decline in GDP. These external factors were compounded in 2020 by the paralysis of the global economy caused by the COVID-19 pandemic, which led to a 10.9% decline in GDP despite the efforts made by the Cuban government to mitigate the negative external impacts at that time.

In the last four years, the international situation has worsened even further due, first, to the war between NATO and Russia which has used Ukraine as its spearhead since February 2022, a conflict that is still ongoing. Added to this is the genocidal war that Israel has been waging against the Palestinian people since October 2023.[2] These armed conflicts have had a serious impact on the global economy by driving up food and fuel prices, causing – further - a disruption in the logistics of international trade, the effects of which Cuba has also not escaped.

In short, a combination of negative external factors has meant that, since 2019, the Cuban economy has been cumulatively affected by the intensified US blockade, the consequences of COVID-19, the effects of the international economic crisis that has been ongoing since 2008, and the consequences of the armed conflicts in Ukraine and the Middle East.

Objectively, the external factors mentioned above have had a decisive impact on the economy, which grew by only 1.2% in 2021 and 1.8% in 2022, compared to planned growth rates of 6% and 4% respectively for those years. For 2023 instead of the expected 3% increase, GDP decreased by 1.9%. All this has widened the gap that separates us from what we achieved in 2019, which now stands at 10% of gross domestic product.

On the other hand, a more balanced and comprehensive study of this negative situation requires further analysis to clarify to what extent the economic policy applied during this period was able to mitigate the negative external that were impacts recorded.

Thus and as a result of the negative impact of the pandemic, in the summer of 2020 the Cuban government approved an ***"Economic and Social Strategy to stimulate the economy and tackle the global crisis caused by COVID-19"***. [3] This contained more than 300 measures, ands was to be implemented—basically—between 2020 and 2021. The strategy designed thus involved prioritizing a large number of decisions in a very short period of time,

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[1] The source of data not expressly cited can be found in the following documents: MEP (2024), CANAL CARIBE (2024), CEPAL (2024), Granma (2023, 2024a, 2024b, 2024c 2024d, 2024e, and 2024f), CUBADEBATE (2024b), Díaz Canel (2024 and 2024a), EIU (2024), and CIEM (2024).

[2] At the time of writing, a truce has been reported in this conflict, which may lead to the restoration of peace in the Middle East.

[3] See MEP (2020).

and under conditions where, despite the forecasts at the time, COVID-19 had not yet reached its peak intensity, so that, in practice, the strategy designed could not be properly implemented.

In the midst of this situation, in June 2020, with the forecast for the pandemic that it – apparently – would be more benign, an even more comprehensive process for the reorganization of the Cuban economy was announced, unifying the country's monetary system by eliminating the CUC and significantly devaluing the Cuban peso exchange rate. This entailed a thorough restructuring of the economic management system through what would later be called the ***Tarea Ordenamiento*** (Reorganization Task), to be implemented as of January 1, 2021. This strategy, undoubtedly necessary for the development of the Cuban economy, nevertheless required an enormous organizational effort and indispensable macroeconomic stability. However, the moment it was put into practice coincided with the most complex stage of COVID-19 and the paralyzing effects that entailed, and so the *Tarea Ordenamiento* could not be carried out as planned. It then had to be suspended in October 2021, with the MEP being tasked with continuing the measures that were to be implemented. It was later acknowledged that the *Tarea Ordenamiento* had design and implementation errors that also prevented it from achieving its objectives.[4]

Other economic policy measures implemented between 2022 and 2023 also failed to achieve their intended objectives, as the same design and implementation errors were repeated. Such was the case with the foreign exchange market implemented in May 2022 and the banking process in August 2023. In both cases, although their necessity was technically indisputable, the conditions essential for their implementation were not adequately created.

In short, it can be said that the essential elements of the economic policy applied between 2021 and 2023 did not achieve the objectives for which it was designed at this stage, due to a combination of external and internal factors, and the cumulative effects of these failed results impacted the Cuban economy in 2024 with a multiplied force.

II

What factors explain this negative performance over the past year?

Expanding on the analysis of external factors, Cuba has had to contend with the slow recovery in tourism, high global food prices, and international breaches of agreements that were supposed to guarantee oil imports. In short, all this has caused the country to suffer a loss of more than $3 billion in foreign income between 2019 and the first half of 2024, a gap that presumably must have increased in the second half of the year.

Amidst the undeniable efforts of the country's leadership, this situation has led to the need to take further urgent measures without delay, which, as President Díaz Canel has pointed out, should lead us to ***"...not insist on a path that has proven to be impracticable because it is unsustainable."*** [5]

Expanding the analysis of the ***external factors*** that have influenced the country's economic development, the following continue to stand out. In the first place the ***U.S. economic blockade***, which remains the fundamental obstacle to our development. It remains substantially unchanged, with a cumulative negative effect of $164.061 billion through

[4] In his closing speech to the ANPP in December 2023, President Díaz Canel stated, "...we recognize errors in the design of the *Tarea Ordenamiento* and its inadequate implementation..." See Díaz Canel (2023).

[5] See Díaz Canel (2023).

February 2024, representing more than $5.057 billion between March 2023 and February 2024 alone.[6]

At the same time, the ***global economy grew weakly*** at 3.5% in 2022, with estimates of 3.3% in 2023 and 3.2% in 2024, and a forecast of 3.3% in 2025, according to IMF data[7]. Latin America and the Caribbean had fluctuating GDP of 2.2% in 2023, and an estimated 2.4% in 2024 and 2.5% in 2025. All these figures also reflect the largely unfavorable trends for Cuba's external sector, including the negative impact of the war in Ukraine and the effects of Israel's aggression against the Palestinian people and its repercussions in the Middle East and the rest of the world, especially on logistics chains and global value chains.

These conflicts have had a direct impact on the increase in the price of basic commodities. In the case of Cuban exports, only an increase in the price of nickel was —temporarily— favorable, rising from an average of $18,452 USD/MT in 2021 to close 2022 at around $25,841, but then falling again to $21,981 in 2023, with production also falling to an estimated 41,000 MT.[8] In 2024 the average annual nickel price was $17,185 per MT, 20.1% lower than the previous year's average, and with a price that continued to decline to around USD 15,500 by the second half of December of last year. Estimated production was 32,000 MT, and expected export revenues were not met.[9]

For its part, the price of ***raw sugar*** rose by 5.4% to an average of 18.82 cents per pound in 2022, and during 2023 the price rose by 27.8%, averaging 24.05 cents.[10] However, in 2024, the average world price of sugar fell by 13.2% to around 20.92 cents per pound, and in the second half of December, the price stood at the lower level of 19.55 cents per pound.

On the ***import*** side, we had already been negatively affected by the increase in the price of a barrel of ***WTI oil*** to $94.91 in 2022, 39% higher than in 2021. Recent reports indicate that in 2023 this price averaged $77.58, a figure that was forecast to reach $77.99 in 2024.[11] However, in the second half of December, the price only reached $70.44 per barrel. This downward trend appears to be continuing in the current year.

In the case of ***food***, average prices in 2022 rose by 14% over 2021, although there was a decline at the end of the year. This trend continued, and in 2023 prices fell by 13.7%, although they are still higher than pre-COVID-19 prices.[12] The average price of food worldwide fell by 2.1% in 2024, but remains above the average prices for 2014-2016.

In relation to the ***external sector globally***, in 2023, according to information provided by the MEP to the ANPP,[13] total exports of goods and services reached $9.07 billion, but were $770 million below the planned figure. In the information for the first half of 2024, the value exported was $249 million higher than in the same period in 2023, but $222 million lower than the planned $1.85 billion in goods exports. At the end of 2024, it was reported that the export plan—estimated[14] at $9.639 billion—was 92.5% fulfilled in goods, whereas exports of services reached 101.6%, with a greater influence from medical services even though the expected income from tourism and telecommunications decreased. For their part, projected

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[6] These are the latest figures available. See MINREX (2024).
[7] See IMF (2025).
[8] See Cuba Información (2023).
[9] See Radio Habana Cuba (2024).
[10] The impact on revenues of the rise in sugar and nickel prices was limited by the contraction in both productions.
[11] See EIA (2024).
[12] See FAO (2024).
[13] See MEP (2023).
[14] Estimate by the author.

imports only reached 82.4% of what was planned, concentrating on fuels, food, medicines, and medical supplies.

As a result of these circumstances, the economy's revenues in 2024 were $900 million less than expected.

In summary, as already stated, by 2023 external revenues had fallen by more than $3 billion compared to 2019, with a financial deficit that remains higher than before, forcing us to work under conditions of sustained effort and emergency, which have been described as very negative throughout the year.

Similarly, from the point of view of external finances, the global economy saw a 3% increase in ***foreign direct investment*** (FDI) during 2023, although it decreased by 9% in developing countries. In the case of Cuba, 42 new agreements were reached in 2023, worth $484 million, for a total of 343 active businesses at the end of the year. In 2024, it was estimated that the year would close with some 30 new FDI agreements,[15] for a total of 328 active businesses, 62 of which were 100% foreign-owned and 3 of which had the participation of Cubans living abroad.[16] Thus, both the investment figures provided by Cuba and those estimated internationally[17] were lower than the country's needs, calculated at between $2 billion and $2.5 billion annually to achieve growth rates of around 5%, according to studies conducted on the subject.[18]

The slowdown in the growth rate of FDI in the country reflects the uncertainty prevailing in international capital markets and the impact of the US blockade, but it also shows the difficulties that continue to affect its development in Cuba[19], taking into account Cuba's debts to investors and the limitations of the national economy for the development of new businesses. Similarly, for FDI to advance an approach is needed that takes greater account of the risk assumed by foreign investors in Cuba, considering the effects of the US economic war against our country, and a more flexible and agile policy in negotiations is also required.

On this issue, the Prime Minister noted: "...in foreign investment, the expected results in terms of establishing new businesses have not been achieved, nor has the situation of businesses in operation improved."

Furthermore, remittances entering Cuba showed a 26% decline between 2019 and 2020, falling to $2.348 billion USD according to unofficial sources. This flow fell by 53.8% in 2021, estimated at around $1.084 billion.[20] In 2023, unofficial estimates put remittances at $1.972 billion.

Although there are no reliable figures on remittances in 2024, some trends continue to emerge. In recent years, informal remittances to Cuba have predominated, there has been a decrease in cash remittances in favor of remittances in kind (especially food), and there has been a downward trend in the total value of remittances.

It should be remembered that remittances play an important role as working capital for the non-state sector[21] and sustain a significant level of consumption in the market that operates in

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[15] However, the value of 21 businesses approved in October amounted to only $58.5 million. See AHK (2024).

[16] At the Havana International Fair, it was reported that around 60 Cubans living abroad are currently involved in commercial activities or investment projects in Cuba. See MINREX (2024).

[17] See EIU (2024).

[18] See CUBADEBATE (2022) and Spadoni (2022).

[19] Moody's gives Cuba a C rating, which means high risk.

[20] See Los Angeles Times (2022).

[21] This sector imported an estimated $1 billion in 2023, a figure that contrasts with a probable decrease in the volume of remittances received. In 2024 estimated imports in the non-state sector exceeded $900 million in

MLC. In this regard, a 2021 study concluded that an estimated 26% of Cuban households received remittances—accounting for around 2% of GDP—83.7% of which came from the US and more than 60% arrived informally.[22] However, another recent study by Inter-American Dialogue[23] showed that remittances sent to Cuba reached $2.458 billion in 2023, although there is no clear evidence that remittances have grown to that level in that period.

One negative factor since 2019—despite the efforts made—was the failure to meet the renegotiated ***external debt service payments***, a situation that worsened in 2020 with the outbreak of the COVID-19 pandemic and has continued in the years leading up to 2024.

As explained in other works, this situation forced Cuba—after the 2015 agreement—to request a new renegotiation with the Paris Club in May 2020, where only a postponement of that year's payments was achieved. Subsequently, a supplementary deadline for debt repayment was established until 2027.[24] It also transpired that payments were postponed until 2040 in the case of Russia and that work is underway to restructure the debt with China.[25]

On this issue, it was reported that during an international tour in November 2022 by President Díaz Canel, which included Algeria, Russia, Turkey, and China, the cancellation of interest on the debt owed to Algeria and the indefinite postponement of the resumption of payments were achieved. It was also agreed to unblock a series of investments agreed to with Russia and China that had been paralyzed in Cuba due to non-payment. Added to this was a donation of $100 million made by the latter country.[26]

One favorable factor in 2024 that the Prime Minister reported to the ANPP is that the overdue external debt had decreased compared to the previous year, standing at around $303 million.[27]

On the other hand, although the Prime Minister recently confirmed in the ANPP Cuba's willingness to pay its external debt when the country's economic conditions improve, it should be emphasized that—as an important part of a Macroeconomic Stabilization Program—it is essential to revisit the option of a more flexible renegotiation of the debt. At the end of 2024 this was estimated, according to creditor sources, at around $29.8 billion, which is roughly similar to the 2019 balance, and is estimated to be equivalent to more than 40% of GDP.

In the current situation, new forms of payment must be applied—with minimal liquidity—such as debt-for-investment swaps,[28] payments in national currency with preferential exchange rates, issuance of public debt bonds (including so-called green bonds), debt repurchases at a discount, debt cancellation through mutual obligations, and debt repayment with income flows from exports of goods or services. These are options that can be applied to gradually restore creditor confidence and, consequently, the inflow of external financial flows that do not exist today. Additionally, in a medium- and long-term financial strategy, it is necessary to secure funds to cover debt service, allowing for its sustainability over time.

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the first half of the year and are likely to exceed $1.5 billion by the end of the year, although this growth has slowed in the second half of the year.

[22] See CNN (2021).

[23] See Inter-American Dialogue (2024).

[24] See Cuba Noticias 360 (2022).

[25] See On Cuba News (2022 and 2022a)

[26] See Sputnik (2022).

[27] See AHK (2024a).

[28] According to unofficial information, an agreement of this type was reached to renegotiate the debt of approximately 360 million Canadian dollars with the Canadian company Sherritt. See Cuba Noticias 360 (2022).

Finally, on January 17, 2025, a new agreement was announced for the payment of the debt owed to the Paris Club, which offers Cuba more leeway to meet its debt obligations, creating better financial conditions for 2025.[29]

In short, the complex international situation that has arisen imposes additional and very heavy costs on the Cuban economy, delaying economic recovery, which is why it is essential to implement other urgent measures to stimulate it.

In addition to the external factors mentioned above, ***COVID-19 emerged*** in 2020, and although after its emergence there was a gradual decline in cases and mortality, at the end of 2022 there was an increase in pandemic cases and an increase in dengue cases. Constant monitoring of the disease continued from 2023 to 2024. Thus, as of December 31, 2023, the total number of COVID-19 cases was 1,115,183, affecting about 10% of the population, with a recovery rate of 99.2%. The death toll reached 8,530, a fatality rate of 0.77% compared to the global rate of 1.01% and 1.55% in the Americas. At present, only through mass vaccination of the population—which already covers around 90% of the population—including several booster doses, is it possible to curb the disease and return to normalcy.[30] Despite the achievements in the treatment of COVID-19, in 2024 it was necessary to adopt additional measures to combat dengue and Oropouche[31] as part of the country's epidemiological surveillance.

III

A review of **macroeconomic developments** in Cuba shows that the 1.9% decline in GDP in 2023 reveals a very negative trend for the national economy.

For its part, the situation in 2024 worsened significantly, reflecting strong external impacts, to which was added—as already noted—the cumulative effect of a group of ***domestic economic policy measures*** that did not yield the expected results.

In fact, during 2024, the country faced even greater challenges, and already by the first half of the year the 22% drop in import volume had already created a critical situation that could lead to further economic decline. By the end of the year, only 82.4% of the import plan had been fulfilled. With these partial results and in the absence of official figures on GDP growth last year, it is nevertheless possible to use a mathematical economic model[32] that shows evidence that the economy has declined again, by a figure that, taking into account what happened in the second half of the year, is greater than 2%.[33]

Additionally, **investments** between January and September 2024 grew by 7.3%, with 37% continuing to be concentrated in tourism, while agriculture received only 2.8%,[34] a situation that demands an urgent increase in the latter sector to support food production. It is also

[29] See CUBADEBATE (2025) The details of the agreement have not been disclosed.
[30] See MINSAP (2023).
[31] Oropouche first appeared in Cuba in May 2024, and by the end of the year it had spread to every province in the country.
[32] See Peña (2024). According to the model: "...a 1% variation in annual GDP growth at constant prices, given the interrelation of variables in the system that is characteristic of the Cuban economy at present, implies an increase of between 8% and 10% in imports of goods during the year, measured at current prices, which obviously must be financed either through income from exports of goods and services or through an increase in the amount of debt."
[33] According to the latest ECLAC report, Cuba's GDP is estimated to fall by 1%, while the Economist Intelligence Unit calculates a 2% decline in GDP in 2024. See ECLAC (2024) and EIU (2024).
[34] See ONEI (2024).

necessary to secure the resources needed to guarantee the stability of electricity generation in the country, which received 11.4% of the total investment at the end of the period mentioned above. It is now clear that the country's investment priorities, including foreign direct investment, need to be reviewed.

In 2024, according to information provided by the ANPP, there were reports of continued ***declines in key sectors*** such as ***food*** production, where today the standard family basket is 100% covered by imported products.[35]

The December 2024 ANPP report summarized that "...the main agricultural products have continued to fall short, mainly milk, eggs, meat, and corn. However, the figures for rice, vegetables, beans, and root vegetables are on target, and growing compared to the same period last year."

Additionally, information from the Ministry of Agriculture provided data for 2024 as of October which showed a drop—compared to 2019—of 63% in laying hens and 95% in egg production; a 73% reduction in breeding pigs; 83% in feed; a 90% decrease in fuel delivery; and a reduction in irrigated area from 31% to 7%.[36]

Of course, it should be noted that the hurricanes that hit the country damaged 17,000 hectares of plantations, 190 pig farms, 134 poultry farms, and 60 greenhouses, among their most significant impacts on agriculture.

Finally, even amid these difficulties, 985,000 hectares of various crops were planted in the fiscal year, the highest figure in the last 10 years.

When summarizing this point in the ANPP, the Prime Minister concluded: "...the expected results were not achieved, due to objective limitations in terms of inputs, fuels, low yields, and lack of energy, coupled with subjective problems and the failure to generalize the positive experiences that exist."

In relation to ***tourism***, 2,436,979 visitors were received in 2023, representing a 51% increase compared to 2022. This was. However. a slower recovery than the rest of the Caribbean, gave an occupancy rate of 28% in the first half of the year, and represented a shortfall in the planned figure, which was adjusted from 3.5 to 2.5 million visitors.[37]

Between January and November 2024, 2,005,390 tourists were received, representing a decrease of 7.9% compared to the same period last year. Thus, although the recovery continues, it is not at the expected pace, so the goal of reaching 3.1 million visitors this year was modified to 2.7 million tourists, a figure that was also not met. The occupancy rate remained low, at 24.2% from January to September 2024, compared to 25.8% the previous year.[38] The slow recovery of tourism once again raises the need to prioritize non-hotel investments and adopt other measures to ensure greater profitability in the sector, which is estimated to have increased its gross income by 19.1% in the period indicated, measured in Cuban pesos.

Among the industrial activities that recorded deficits in 2023 was ***sugar production***, which reached around 340,000 MT out of a planned 455,000 MT, showing a significant shortfall due to a lack of the necessary supplies for production. The 2024 harvest had a planned sugar production of 412,000 MT, but only 39% of that, or 160,000 MT, was achieved in a

[35] See Cuba y Economía (2024a).
[36] See CUBADEBATE (2024d).
[37] See Terrero (2022) and REPORTUR (2023)
[38] See ONEI (2024c).

campaign heavily affected by a lack of fuel and spare parts for agricultural and industrial equipment, among other resources.

Overall, taking 1989 as a reference, the physical volume of industrial production fell from 61.6% of 1989 in 2019 to 38.6% in 2023, a trend that was not reversed in 2024.

A particularly critical situation arose at the end of 2023, when the stable supply of different types of fuel was lost. This critical situation worsened during 2024, affecting ***electricity generation***[39] capacity, which had already decreased by 16.4% between 2016 and 2021.

Furthermore, financing to ensure the operation of the generating plants has been insufficient, requiring exceptional measures, such as the initial contracting of eight floating generation plants,[40] located in the bays of Mariel, Havana, and Santiago de Cuba. In this regard, the UNE reported that out of a nominal installed capacity of 6,558 MW, for several months availability reached only 2,500 MW, 38% of that capacity.[41] This situation has led to a situation from 2023 onwards in which it is always difficult to meet demand, although the operation and stability of the system did improve in that year.

However, in 2024, particularly in the second half of the year, electricity generation faced an acute crisis due to equipment failures, the impact of two hurricanes, and fuel shortages, especially diesel. This led to decreased production of between 1,400 and 1,500 MW, including three total disconnections from the SEN between October and November. It was reported that 68.7% of the blackouts were due to fuel shortages.[42] This situation had a strong impact on the Cuban economy and also on the population, especially outside the country's capital.

Given the magnitude of the crisis, a Program for the Recovery of the SEN was approved on an emergency basis, based on a radical change in the structure of electricity generation, relying on renewable energy sources.

In terms of ***fuel*** availability, particularly imports, there have been problems with supplies from Venezuela, which, according to PDVSA sources, averaged 55,615 barrels per day in 2023, due to difficulties in that country with hydrocarbon production and exports.[43] This situation continued in the first half of 2024, with supplies between January and March of around 34,000 barrels per day. Shipments did not improve during the rest of the year, and there was a decline to 22,000 barrels per day in the final months of 2024, although in November, deliveries of 38,000 barrels per day were reported.

The energy situation in 2024 forced purchases from other suppliers such as PEMEX. It should also be noted that, as already mentioned, an energy supply agreement was signed with Russia in 2023, which began to be implemented in March 2024 and should offer better prospects for 2025.[44]

In the area of relations with Russia, it is worth noting that Deputy Prime Minister Ricardo Cabrisas recently announced the signing of four important agreements between the governments of Cuba and Russia, including a framework agreement that includes Russia's commitment to support its businesses interested in Cuba's PNDES until 2030. A roadmap

[39] See CIEM (2024) and Granma (2024g).

[40] At the end of 2024, only 3 of the 8 plants remained due to a lack of resources to pay their rent.

[41] That was, approximately, the capacity available in 1994 in the midst of the Special Period, in that case due to a lack of fuel to generate electricity.

[42] See Presidencia (2025).

[43] See Panam Post (2024), La Patilla (2024), and Ultimas Noticias de Hoy (2024).

[44] See Deutsche Welle (2024).

was also signed with each of the objectives in Cuba's commercial development plans that may be of interest to Russia. A third document was signed on key projects that determine the priorities of these sectors and, within them, the projects that pave the way for a revival of economic relations. A fourth document refers to the drafting and signing of a bilateral agenda with the short-, medium-, and long-term projections of Russia and Cuba. Also at the end of 2024, it was reported that a $60 million loan had been signed for fuel supplies and a donation of $2 million in parts for the repair of power generation equipment.

In addition to the complex logistics of oil imports by Cuba, there has been an increase in transportation costs in the market with higher payments, which is also affected by the impact of the blockade on international shipowners.

However, in the case of the oil industry, the 2024 estimate for crude oil production stands out positively, reaching around three million MT and being fulfilled at 98.5%. CUPET's oil equivalent production is equivalent to about 40,000 barrels per day, which ensures, to a large extent, national electricity generation in thermoelectric plants, among other destinations.[45]

The limited information available on ***other sectors of the economy*** in 2024 showed that there were significant declines compared to forecasts, and this situation worsened throughout the year. EIU estimates highlight a 2% contraction in agriculture, 0.7% in the industrial sector, and 2.3% in services.[46]

In terms of addressing ***social problems***, the information for 2024 also showed critical situations, especially with regard to housing construction, the availability of medicines, the purchasing power of wages as well as the pensions of retirees, and the feeding of the population.

In the case of ***housing***, there has been a slowdown in construction in recent years, with only 42% of the 2021 plan being fulfilled. In 2022, only 55% of the planned homes were completed. In 2023, 65.2% of the annual plan was completed due to a lack of construction materials, such as steel and cement, whose production reached 0.5% of requirements in the first half of 2024, with only 3,579 homes completed by May of this year, fulfilling 49% of the plan.[47] By the end of 2024, it is estimated that fewer than 7,500 homes were built.[48] There was also a low level of recovery of homes affected by weather events in recent years. These difficulties have not been overcome so far in 2024, compounded by the negative impact of cyclones Oscar and Rafael, which claimed the lives of eight people and affected more than 50,000 homes and some 115 health units, among other damage.

Concerning ***medicines***, according to the MINSAP the shortages worsened in the first half of 2023, with 251 medicines reported as missing by the ANPP, representing around 40% of the total. In relation to 2024, according to the newspaper *Granma*, by October there was a reported shortage of 51% of the Basic List of Medicines.

Concerning basic health indicators, the infant mortality rate remained at 7.1 per 1,000 live births in 2024, while the maternal mortality rate per 100,000 rose by 9.4% during the year, according to information from the MINSAP. These figures still exceed those achieved before COVID-19, which continues to impact the most recent results.

With regard to ***pensions***, the ANPP reported in December 2023 that 44% of retirees continued to receive the minimum pension or less (1,528 pesos per month), with the average

[45] See On Cuba News (2025).
[46] See EIU (2024).
[47] See Juventud Rebelde (2024).
[48] See Cuba Noticias 360 (2024).

annual pension being 2,075 pesos per month. The number of people classified as vulnerable also increased, despite efforts to care for the most vulnerable segments of society. Despite the actions taken, an analysis of people in vulnerable situations is needed, since—according to estimates that take into account people currently receiving social assistance, pensioners receiving less than or below the minimum pension, and people earning minimum wages—the number of people classified as vulnerable may be around 20 to 25% of the population.[49]

On the other hand, in 2023, the unemployment rate remained at 1.9%, the average wage in the state sector increased to 5,750[50] pesos per month, while the Economic Activity Rate fell again from 65.6% in 2022 to 63.3% last year. Non-state employment accounted for 37.6% of the total. Among state-owned companies, 26% applied flexible wages, covering 37% of workers who improved their income during the year. Furthermore, this year it was revealed that the level of informality among people working in Cuba currently stands at 20% of workers.[51]

Finally, with regard to the ***population's food supply***, there has been a marked deterioration. In fact, according to research by the Center for the Study of the Cuban Economy at the University of Havana,[52] estimates of the caloric and protein intake of the Cuban population show a notable decline between 2020 and 2022, with kilocalories falling from 3,150 to 2,800 during that period, a decrease of 11.1%, and protein falling from 85 to 63 grams per day, a drop of 25.9%. Furthermore, it has been estimated that, as a result of inflation in recent years, the cost of the basic basket of goods and services, estimated for a household of three people, exceeds the wages earned by those same people.[53] In addition, it has been estimated that around 70% of the population's income is spent on food.

In relation to other social factors that are affecting the country's economic and social performance, the ANPP examined demographic dynamics, with a population that is declining due to the reduction in the number of births in relation to the number of deaths and due to negative net migration of more than one million people in recent years.[54]

IV

As already noted, various measures adopted as part of economic policy during 2023 did not yield the expected results. Thus, at the end of the year, 338 state-owned enterprises reported losses, representing 13.4% of the total, while 685 MSMEs reported losses, representing 7% of the total. Other efficiency indicators showed that average profitability in 2023 was 16%.

One factor of great importance due to its negative effects on the economy and the population was the increase in the inflation rate in 2023 which rose during the year, reaching a cumulative 31.34% by December, compared to 39.07% in 2022. The year 2024[55] ended with an annual inflation rate of 24.88%, while food and non-alcoholic beverages registered a 28.15% increase in prices.

However, although the data show a slowdown in the rate of inflation in 2024, the population's perception is that the increase in prices was greater. It was also reported that inflation by

[49] Author's estimate. For further information on this topic, see Pérez (2023).
[50] This figure is estimated not to cover the cost of the basic basket of goods, which continued to rise in 2023 and so far in 2024. The average wage in companies reached 5,955 pesos.
[51] See Trabajadores (2024).
[52] See CEEC (2024).
[53] A more detailed analysis of this topic can be found in Anaya and García (2023).
[54] See CUBADEBATE (2024a).
[55] See ONEI (2025).

economic management segment was 13.97% in the state segment, 82% in the non-state segment, and 4.03% in the agricultural market segment.

This level of inflation is reflected in the depreciation of the Cuban peso against the dollar, whose exchange rate on the informal market went from 170 pesos per USD at the end of 2022 to around 275 pesos at the end of 2023.[56] Furthermore, during the first half of 2024 the exchange rate reached around 390 pesos per USD, although there was also a temporary drop in demand for dollars, which then brought the informal exchange rate down to 280 pesos, which was not sustained over time.[57] At the end of the year, the exchange rate was around 304 pesos per USD.

A determining factor in the inflation rate in 2024 was the increase in liquidity in the hands of the population. According to the ANPP, liquidity in the hands of the population reached 400 billion pesos at the end of the first half of 2024,[58] while the year closed with liquidity of 700 billion pesos, an inflationary factor that continues unabated despite the reduction in the fiscal deficit.

In general, on this issue the Prime Minister acknowledged that: "...the inflationary process has steadily eroded the purchasing power of wages, pensions, and social assistance benefits..."

Furthermore, the ***fiscal deficit*** in 2023, which was expected to reach 68,126,600 million pesos, rose—due to the drop in revenue—to 94,959,100 million, an increase of 39.4%, which raised the public debt to 147,700 million pesos. The deficit is estimated to have reached around 15% of GDP, making it a factor of enormous importance that puts upward pressure on the inflation rate.[59] At the end of the first half of 2024, it was reported that the deficit had reached 22% of GDP.[60]

Thus, among the measures that must be taken to combat inflation is the reduction of the fiscal deficit, which, as already mentioned, grew by 39.4% in 2023 and whose inflationary effects were reinforced by the approval of a deficit in the 2024 budget of 147,390,800 million pesos, representing an additional increase of 55.2% over the 2023 deficit, estimated to be equal to 18% of GDP.[61] However, at the end of the year, it was reported that the deficit had been reduced by 46% to around 90 billion pesos, which was achieved through greater fiscal discipline,[62] facing—in particular—an estimated tax evasion of 50 billion pesos, as well as reducing unspent expenditure items, coupled with an increase in budgetary revenue.

Another consequence of the high cumulative inflation rate since the first half of 2023 is that there was a severe shortage of cash in circulation, which forced the government to enact a set of administrative measures in early August to accelerate the banking of monetary transactions

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[56] Author's estimate based on various sources.

[57] In this regard, several specialists have pointed out that this decrease in demand for dollars may be due to the expectation of receiving larger remittances, the possibility of obtaining credit for the non-state sector as a result of measures adopted by the Biden administration this year to favor the private sector, and also the impossibility of acquiring convertible currency at prices that are not affordable for small businesses, among other possible factors to consider. However, further studies are needed to delve deeper into the Cuban informal monetary system.

[58] It is estimated that this figure is concentrated in around 10% of the population.

[59] See Juventud Rebelde (2024a).

[60] See CANAL CARIBE (2024a).

[61] See Official Gazette (2024).

[62] This calculation appears to be based on the level of imports made by the non-state sector of the economy and should be reviewed at a later date to verify its validity.

in the country,[63] a measure that would modernize the collection and payment system in the economy, and provide greater control over tax evasion and money laundering. There is no disagreement about its advisability. However, there is debate surrounding the consequences of the current application of this measure, given the serious difficulties faced and, in particular, the impact it may have if it leads to a reduction in supply in the non-state sector, as well as greater pressure on savings deposits. The results at the end of the year are limited, limiting its growth to 8.3% in operations, but also a decrease in quantities of 9.8%. Added to this is the fact that 20.3% of new economic actors do not have a formal tax bank account.

However, among the measures announced by the banks in this process, there has been no mention of raising interest rates or issuing public debt bonds—which could be sold to both legal entities and individuals[64]—as measures to encourage the withdrawal of cash from circulation through economic incentives.

In general, it should be emphasized that controlling inflation requires the urgent implementation of a comprehensive anti-inflation program[65] that gradually addresses the problem in all its complexity, and is part of the top priority of the medium-term Macroeconomic Stabilization Program (PEM). In this regard, it should be borne in mind that such a complex phenomenon cannot be reversed quickly and involves costs that must be absorbed by society. To this end, it is essential to forge the necessary consensus among the population to support its implementation, as was the case during the Special Period.

It will also be necessary to apply mitigation measures to address the impact on prices of the need to reduce excessive liquidity in the face of insufficient supply, especially in vulnerable sectors, with priority given to social security and welfare pensioners.

Nor were the expected advances achieved with complementary measures aimed at increasing external financing through the development of export-oriented MSMEs,[66] developing foreign direct investment in the non-state sector, promoting the substitution of tourism imports, developing the consignment sale of imported products, implementing a new foreign exchange allocation scheme for state and mixed entities, and relaxing non-commercial import restrictions on individuals.

The so-called ***new economic actors***, especially private MSMEs, already numbered more than 11,000 in 2024, which, together with other forms of non-state management, employed more than 37% of the total workforce in the country. However, at the end of 2023, 22.8% of their activity was concentrated in gastronomy and accommodation, while food and beverage production only accounted for 13.4%. These entities also engage in commercial activity, which undoubtedly allows for a faster turnover of invested capital and is carried out with less difficulty than the production of goods or services.[67] To this should be added that most of them have external financing through remittances, which faces fewer difficulties than the financing that the State must manage.

The results of the actions of the new economic actors, which so far have generally offered their workers higher wages than those offered by the state sector, have not been viewed

[63] See BCC (2023).
[64] The issuance of Sovereign Bonds of the Republic of Cuba is contemplated in the 2024 Budget Law, but only for sale to the CBB with a view to obtaining financing to cover the fiscal deficit. Therefore, these bonds are not traded on the financial market as they cannot be sold to other entities or individuals. This constitutes untapped potential at this time, which should be reviewed.
[65] Further analysis on this topic can be found in Lage and Cruz (2022).
[66] Exports from the non-state sector were very low in 2023, although imports reached around $1 billion.
[67] In 2024, wholesale trade by the non-state sector was banned. The impact of this decision remains to be seen.

favorably by the population. Although the population has seen an increase in the supply of goods and services, these are sold at prices that are beyond the purchasing power of most of the population. A direct impact on supply through the production of food and other goods will depend on the actions implemented by the State to incentivize state-owned enterprises and the private and cooperative sector—which also includes some 596,000 self-employed workers—with a view to meeting our development needs.

As part of the government's work projections, on December 20, 2023, the Prime Minister presented a set of measures to the ANPP that represent a break with the nature of the decisions that had been taken previously, focusing in a more comprehensive way on solving the problems facing the country.[68]

The set of new measures to be adopted took shape in the "Government projections to correct distortions and promote the economy during 2024" presented by the Prime Minister at the ANPP session in July 2024.

The general objectives contained in the projections are as follows.

1.- Implement the Macroeconomic Stabilization Program (PEM).

2.- Increase external revenues.

3.- Increase national production.

4.- Develop state-owned enterprises and new forms of non-state management.

5.- Strategic management of territorial development.

6.- Transform the institutional, regulatory, and organizational environment of the economy.

7.- Develop social policy.

8.- Combat crime, corruption, illegalities, and social indiscipline.

In December 2024, the ANPP reported on the initial results of the Government Projections, which can be summarized as follows.

Under current conditions, the ***implementation of the PEM*** is the top priority in economic policy, especially with regard to monetary and fiscal policy, ensuring that the necessary adjustments to macroeconomic variables are made with the least possible impact on the population and businesses.

In this regard, it was decided to immediately ***reduce the fiscal deficit*** as an important element in lowering the inflation rate. As noted above, progress was made with a notable reduction in expenditures and an increase in revenues in the State Budget,[69] although its impact on inflation will take longer to materialize.

Furthermore, the expansion of the partial dollarization already present in the economy was announced, with the implementation of closed cycles of financing in foreign currency for a group of exports, the circulation of foreign currency cash in certain segments of the economy such as the Mariel Special Development Zone and tourism, and the collection of tariffs in foreign currency for imports by the FGNE (Non-State Management Forms), among other decisions in full development at this time.

However, it should be noted that the way in which the retail market was opened up for the sale of products in USD was probably not adequately communicated, and this has had a

[68] See Granma (2023).

[69] See external vision in IPS 2024.

negative effect on the population, which is concerned that sales in MLC will disappear. Further clarification is essential to mitigate and avoid a greater negative political impact.

Among the important measures that are not considered possible to implement immediately is a restructured foreign exchange market, for which it is proposed – correctly - as premises to raise the level of the banking of monetary process and achieved greater control over internal monetary circulation. However, given the urgent need for this market, it is possible that it will be implemented gradually, with the gradual incorporation of companies that can assume the costs of adjusting the country's exchange rate, progressing until a single exchange market is in place for all economic actors, which is essential for efficient economic management in Cuba.

It should also be noted that macroeconomics requires comprehensive measures implemented in an appropriate sequence, so that the partial and non-integrated application of specific measures may jeopardize the favorable impact of the PEM's implementation. Thus, the sequence of implementation of a set of decisions that specifically affect prices and impact costs, both in state-owned enterprises and in the non-state sector, remains unclear. Furthermore, as already noted, there is no integrated anti-inflationary program, interest rates are not used as a key element to encourage savings and control credit policy, the sale of public debt bonds (with stimulating interest rates) to extract liquidity is not promoted, and compensation to address the possible increase in prices of the regulated family basket of goods for the population remains pending.[70]

With regard to ***increasing external income***, attention is focused on increasing exports and Foreign Direct Investment (FDI), with priority given to food production. However, the shortcomings in the promotion of FDI have not been reconsidered, not only in terms of the delay in procedures, but also in terms of the risk faced by investors due to the US blockade and the difficulties in the current functioning of the Cuban economy. In addition, progress must be made in legislation to ensure better conditions for FDI, starting with the approval of a Public Credit Law and legal provisions that promote investment in our country by Cubans living abroad.

With regard to exports, it is important to understand that we must first secure investments that support their production and competitiveness in international markets. This requires rigorous studies to ensure profitable sales in foreign markets.

In this regard, it should be clarified that Cuba's entry as an associate country to BRICS+ constitutes a great opportunity and, at the same time, a major challenge, since the success of our membership in this international organization will be determined by what Cuba is able to offer its member countries, based on the mutual advantages we are able to promote. These principles also apply to our possible integration into the Eurasian Economic Union.

Another key element that was not addressed in this point and that is of vital importance for restoring the external financial flows that do not exist today, beyond the reaffirmation of the principle of debt payment by Cuba, is the implementation of a flexible renegotiation of the debt with a minimum of immediate liquidity, using the tools mentioned earlier in this paper. Special attention should be given to the creation of a Foreign Debt Sustainability Fund to ensure the provision of the necessary resources to meet the country's external financial obligations on time.

On the issue of external debt, there are also opportunities to move forward in the directions proposed, especially following the agreement recently reached with the Paris Club.

[70] It was reported that it is under review, but its implementation should not be delayed indefinitely.

With regard to ***increasing domestic production***, attention focused on a critical analysis of the policy of granting land in usufruct. Additionally, it was reported that 340 state-owned enterprises, 13% of the total, and 608 MSMEs, around 6% of the total,[71] are currently recording losses. The importance of a stimulating policy of competitive bidding and agreement on appropriate purchase prices for producers was also emphasized. To this should be added the execution of payments to producers, with an appropriate credit policy to overcome temporary delays.

Prioritizing the development of domestic production and import substitution begins, first and foremost, with creating a favorable environment by transforming investment policy, which currently allocates around 3% of investment to agricultural production. Added to this is the decentralization of powers, available resources, and management mechanisms, both for state-owned enterprises and for municipal enterprises. At this point, it must be emphasized that these decisions cannot continue to wait for the approval of the State Enterprise Law, which continues to be delayed.

With regard to the ***development of state-owned enterprises and FGNE (Non-State Management Forms)***, it is worth noting the limitation of various aspects of non-state management in order to correct the distortions that have arisen with their creation. To this end, the legal basis for the operation of the non-state sector has been adjusted, regulating its management in accordance with its complementary role in the national economy, which should contribute to more efficient activity from an economic and social point of view. However, the effects of this policy remain unclear. Nor has there been any progress in terms of the more efficient operation of the state-owned enterprise, which requires urgent transformations that cannot be delayed any longer.

With regard to the ***strategic management of territorial development***, the crucial role of municipalities in the life of the country was once again emphasized. However, it is essential to make faster progress in preparing leaders at this level so that their management can be successful amid the complex circumstances they face today. An immediate task to be addressed is the correct calculation of each territory's capacity to produce the food it consumes and, above all, the human and material resources available for this purpose, considering the diversity of conditions that exist among Cuban municipalities. It is clear that municipal self-sufficiency cannot be applied in all cases, because what is really useful is a territorial analysis by production hubs, beyond municipal boundaries.

The ***transformation of the institutional, regulatory, and organizational environment of the economy*** is also of significant importance, which implies a comprehensive reform of the functioning of country. In this regard, it is necessary to move more quickly toward the decentralization of economic management, with regulations that prioritize economic instruments over administrative ones, and with the state carrying out a rationalization of public management.

With regard to the ***development of social policy***, it is essential to urgently address the deterioration observed in the conditions facing the population's basic social services. In this regard, there does not appear to have been an assessment of how the real condition of vulnerability of the population is defined and, consequently, what resources are required for this, especially for people who require social assistance and social security pensioners.

Finally, with regard to the ***fight against crime, corruption, illegalities, and social indiscipline***, a few figures were provided that do not convey the magnitude of the problem

[71] It has been pointed out that accounting errors have been recorded in this figure.

we face and, consequently, what must be done to advance in this fight with the participation of the entire population.

On this point, the ANPP highlighted: "...the fight against corruption continued, a scourge that is increasingly prevalent and recurrent in community service institutions, commerce, gastronomy, and ports, as well as drug-related incidents, which continue to be prioritized."

Essentially, in order to achieve the planned objectives, it is essential to concentrate resources and efforts on what is strategically fundamental, changing whatever is necessary. On the other hand, no detailed information was provided on the indicators that should be used to measure the effectiveness of the decisions that have been taken.

It should not be forgotten that an assessment of the economy requires more data and fewer general or abstract assessments.

A sense of urgency is equally essential in the current circumstances, which is why it is important to highlight those ***measures that must respond to the most urgent needs***.

1.- Gradually implement the ***Macroeconomic Stabilization Plan (PEM),*** starting, above all, with its dissemination and discussion with the population in order to achieve the consensus essential for its support. As a first priority within the PEM, an Emergency Anti-Inflation Program should be implemented, which, while it should initially focus on reducing the budget deficit, also requires a reduction in spending, including the rationalization of subsidies for products and their replacement with subsidies for individuals; the sale of public debt bonds to individuals and legal entities at stimulating interest rates; ensuring the supply of the retail and wholesale market in MLC through self-financing; and restructuring the foreign exchange market to, gradually, transition to the participation of all economic actors and individuals and achieve, by stages, a single exchange rate.

2.- ***Achieve increasing external financial flows***, restoring—above all—links with our partners through flexible formulas that reactivate payments on matured and unpaid debt, while negotiating—on new terms—foreign direct investment, and focusing the investment plan strictly on the objectives of the highest priority and, above all, on a rapid recovery. With the resources thus obtained, secure the funds necessary to sustain and increase exports of goods and services and replace imports, using non-bank financial institutions for this purpose. In parallel with the above, it should not be forgotten that remittances can be increased through the creation of state-sponsored investment funds with specific purposes, facilitating the solution of problems such as the construction of housing, schools, and community centers for local development.

3.- ***Increase the supply of food to the population***, ensuring a self-financing foreign exchange scheme for direct producers—through a closed cycle—based on agro-industrial exports, which should allow for obtaining a minimum of resources for national food production and for the substitution of imports. This central effort must be accompanied by a promotion of food production that can be economically sustained in the territories, the municipalities productively grouped together as necessary.

4.- Stabilize the ***country's energy situation*** by obtaining the energy resources essential for electricity generation and transportation operations in the country, promoting its gradual electrification with renewable energy sources. Develop oil production through partnership projects with foreign capital and promote the development of renewable energy sources through the issuance of "Green Bonds." The vicissitudes we faced in 2024 demonstrated that energy stability is a matter of national security that—together with food—must be urgently prioritized.

5.- All of this ultimately requires a ***process of social communication*** that ensures the inclusion of all economic actors and the population in the country's economic and social management. To this end, it will be necessary to explain—with factual and detailed information—how the expected results of the measures being promoted can be achieved, as well as the objectives being pursued and how to achieve them, with the participation of specialists who deal with the complex issues we face and also with the mass media. This task is of the utmost importance, taking into account the campaigns being waged against Cuba on social media, which must be confronted with all available arguments. In this regard, the experience of 2024 also shows the need to address the essential communication with the people.

I believe that the assessment made by the Prime Minister in the ANPP in December 2024 objectively pointed out what has been achieved and what has not. It particularly highlights that, on the one hand, "...the expected impacts have not been achieved, the economy has not been revitalized, and a decline is expected for the year." On the other hand, it pointed out that "No progress has been made in the areas of greatest impact on the people."

IV (*sic*)

The outlook for 2025 is summarized as achieving modest growth of 1% in GDP. However, ECLAC estimates a slight decline of 0.1%, while the EIU estimates growth of 1.1%.

The information on the 2025 Plan, provided by the Minister of Economy and Planning in the ANPP, covers—in summary—the following aspects.[72]

-Average wages are expected to grow to 6,276 pesos, with a 1.4% increase in labor productivity. In terms of internal financial balance, the fiscal deficit is expected to be 88,539 billion pesos, 1.7% lower than in 2024, and inflation is estimated to be between 25% and 30% for the year, similar to the 2024 figure. Planned investments will reach 148.37 billion pesos, including the completion of 12,183 homes, a figure that is still well below the most urgent needs, including homes affected by cyclones and earthquakes.

Among the most significant production increases planned are 85% for root vegetables, 54% for eggs, and 69% for pork. Sugar production is planned to grow 87% to 399,000 MT, steel bars will increase threefold, NPK fertilizers will increase by 19%, and ammonium nitrate by 300%.

-In relation to the external sector, total exports are planned to reach $10.608 billion, of which $7.74 billion will be in services. Noteworthy growth includes 16% in biotechnology products, 20% in tobacco, and 14% in nickel. In international tourism, 2.6 million visitors are planned. Imports show a notable increase of $500 million to cover the basic basket of goods and services, as well as the purchase of solar panels.

-Among basic production and services, the installation of photovoltaic panels stands out, with a generation potential of around 1,200 MW by the end of the year, 9.3% of the total electricity generated, which is expected to grow by 6% during the year. Oil equivalent production remains at around 40,000 barrels per day, and crude oil production will be around 3 million MT.

It should also be noted that the year begins with a set of factors that point to a positive performance of the Cuban economy in 2025, which can be summarized as follows.

[72] See Presidency (2024).

-Although late and very limited, on January 14, 2025, the U.S. government removed Cuba from the list of states allegedly sponsoring terrorism, suspended the application of Chapter III of the Helms-Burton Act, and eliminated the list of restricted Cuban entities with which U.S. citizens and institutions are prohibited from conducting financial transactions.[73]

Joe Biden's decision has been described as a step "in the right direction," but the Cuban government considers it very limited. However, on the same day he took office as president, Trump reversed the decisions made by Biden, demonstrating the arrogance, cynicism, and immorality of his administration. What is irreversible is that, for whatever reason, the Biden administration was forced to recognize this, and that constitutes a political victory for the Cuban people beyond its actual impact, although it undoubtedly creates a more favorable environment for our country on the international stage. In this sense, perhaps Donald Trump's re-entry of Cuba into the aforementioned list could meet with resistance from other countries, which could decide to implement a kind of "antidote law," such as those that appeared after the Helms-Burton Act was passed in 1996.

-Cuba joined BRICS+ as an "associate country," which opens up another important economic opportunity, although its implementation will depend on what Cuba is able to offer the international organization on the basis of mutual benefits.

-Also in January, an agreement was reached to restructure Cuba's external debt with the Paris Club, which should open up a more favorable space for managing the country's international economic relations.

Finally, by 2025, it is important to take into account the historical experience that shows how work was carried out during the Special Period under the leadership of the Commander-in-Chief, focusing efforts on the essentials and making all necessary changes to institutions and the functioning of the economic model to ensure that urgent needs are met at the lowest possible social cost.

In ***short***, the issuance of this set of measures contained in the Government Projections is potentially a step in the right direction and marks a break with the sectoral approach to economic problems, which has taken the form of a list of isolated measures that, in most cases, have lacked comprehensiveness, coherence, and an adequate sequence. However, there are still decisions to be implemented, such as the approval of a program to tackle inflation or the gradual creation of an efficient foreign exchange market, which should not be delayed given their urgent nature.

This opens up a process of essential transformations to address the very adverse situation the country is facing, which requires bold and swift decisions, always assessing the risks involved and the necessary balance between costs and benefits implied by the proposed changes.

In this regard, we must not forget the lessons and ideas of the Commander-in-Chief regarding the introduction of highly complex measures that require the consensus of the population in order to achieve the success we need.[74]

President Díaz Canel's statements have been equally clear and precise in this regard, stating: "We are aware of the seriousness of the economic situation and that action must be taken to resolve it. It would be very bad news indeed if we were to remain paralyzed or insist on following a path that has proven impractical because it is unsustainable." To this was added a self-critical acknowledgment of core aspects that have not yielded the expected results,

[73] See Granma (2025).

[74] See especially Fidel's speeches delivered on August 6, 1995, and November 17, 2005, at www.discursos.cu.

noting: “...we recognize errors in the design of the Tarea Ordenamiento (Reorganization Task) and its inadequate implementation. We have questioned the approval of new economic actors without precise rules of conduct, which could have prevented numerous deviations.” Finally, the President also highlighted the importance of adequate political communication, and "...insisted on the necessary discussion that must take place within the Party, in labor collectives, in communities, and explain and argue so that our people understand the benefits." [75]

Also strategic is what the President pointed out most recently at the last Council of Ministers meeting in July, when he stated: “It is very important that we all prepare well, that we analyze each problem thoroughly to avoid improvisation, that there be space for criticism, discussion, consensus building, in-depth analysis of problems, and finding solutions.”[76]

A summary of the priorities for this year, as presented by the Prime Minister at the ANPP session in December 2024, covers the following aspects.

- Advance the recovery of the National Electric Energy System.
- Implement the new mechanism for the allocation, management, and control of foreign currency.
- Implement the actions planned for the partial dollarization of the economy.
- Advance the resizing of the foreign exchange market.
- Increase national production, including the expansion and consolidation of the supply of state goods and services.
- Advance in the improvement of socialist state-owned enterprises and budgeted units.
- Develop, lead, and organize the participation of the non-state sector in the economic and social life of the country.
- Consolidate the strengthening of the municipality.
- Strengthen work with cadres.
- Raise the quality of social services.
- Protect individuals, families, and communities in vulnerable situations.
- Advance subsidies for individuals rather than products.
- Prevent and confront crime, corruption, illegalities, and social indiscipline.
- Implement actions to reduce social inequalities.
- Consolidate the implementation of the three pillars of the Government's work.

We must ensure that 2025 marks a substantial change in the basic elements of our development process and that we all feel that the efforts of many years of struggle have not been in vain.

We have what it takes to do so, and we will know how to do it if we focus on the most urgent and priority issues, working better with the support of our people.

[75] See Díaz Canel (2023) and CUBADEBATE (2023).
[76] See Granma (2024d).

CUBA: ECONOMIC INDICATORS 2023-2024

INDICADORES	2023 (P)(E)	2024 (P) (E)
PIB	3.0 / 1.9%	2.0 / -2% (E)
AGRICULTURA	-20% (E)	-2.0 (E)
INDUSTRIA	-1.1% (E)	-0.7(E)
PROD. AZUCAR MTM	455 / 340	412/160 (E)
PROD. NIQUEL MTM	41 000 (E)	32 000 (E)
INVERSIONES MMP	101 931 (P)	125 365 (+23%)
TURISMO (V) M	3 500(P) 2 436	2 700 / 2000 (E)
TURISMO INGRESO MMUSD	1200 (E)	---
P. PETROLEO MTM	3 164	3 050 (E)
CMM MMM	363 336	480 000 (+32%)
DEFICIT FISCAL / PIB	-15.0% (E)	-18%
EXPORTACIONES B&S	9 755 /9 070	9 700
DEUDA EXTERNA MMUSD (E)	29 400	29 800 (E)
IED MMUSD (E)	484	58 (E)

Sources: (P) Planned figure and (E) Estimated figure.

MEP (2023 and 2024), ONEI (2023 and 2024), and EIU (2024).

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