



Embassy of the Republic of Cuba
Kedutaan Besar Republik Kuba

The process of updating the Economic and Social Cuban Model

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Area:	109 884.01 km ²
Population:	11 239 004 inhab. (2015)
Density:	102.3 inhab / km ²



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Colony of Spain 1492-1898:

- Cattle farming (centuries XVI, XVII and 1st ½ XVIII).
- Trade.
- Agriculture: Coffee, Tobacco, Sugar Cane (Main export to USA)

Social: Slavery, exploitation, economic and politic dependence, more than 30% illiteracy, mort. rate 98,19x1000, unemployment.

USA military occupation 1898-1902:

Strong USA economic and politic influence, Platt Amendment, appropriation of land and business by USA companies, Sugar Cane to USA.



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Neo-Colony 1902-1959:

Commercial Reciprocity Treaty 1902, marking the official and legally dependence of the Cuban economy to the USA market.

Growing Public Debt, corruption, embezzlement of the public funds (increase of public debt), “botella”, politic dependence to the USA (2nd USA military intervention 1906), illiteracy, unemployment, stratification of society, low access to health care ...

1933 - Government in 127 days, allows women to vote and to be elected; workday reduced to 8 hours; work nationalization (more than 50% of native workers); lower tariff of electricity and gas.

Coup d'état 1934, New Government Caffery-Batista-Mendianta. New Permanent and Reciprocity Treaties

1952 new Coup d'état, Batista.



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Economic and social situation in 1959:

85% of population lacked of running water service.

44% did not attend school.

In Havana 22% of the population had 65% of doctors and 62% of hospital beds, in rural areas only 1 hospital with 10 beds and no doctors.

Infant mortality rate over 60 deaths per thousand live births, and life expectancy barely reached 58 years old.

Unemployment over 25%, and linked to the Sugar Cane production.

National reserves in 1952 estimated in 500 million dollars - in 1959 less than 100 million.



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Revolution process:

Removal of all kind of dependence from USA:

Suspension of the Sugar Cane cuota, Bay of Pig Invasion, Blockade, terrorism, military groups...

Improving economic and social situación:

Land Reform Law, Nationalization of all USA companies, Universal and free Health Care and Education (December 1961, free of illiteracy), high reduction of unemployment, reductions of electricity cost and rent, economic relation with USSR (Sugar cane main product), declaration of a Socialist Model.



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Special period:

Collapse of the USSR

Lost of more than the 70% of the foreign trade and around the 75% of the GDP.

The country's import capacity was reduced from around 8 200 million pesos in 1989 to 2 700 in 1992 and 2 300 in 1993.

USA's Laws Torricell and Helms-Burton.

Increase in 150 millions of USD of the trade transportation costs.

Lack of spare parts, raw material, technology and financing.

Shortages, necessity, uncertainty...



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Overcoming the Special period:

After a huge process of mass consultation, in July 1992, the National Assembly approved a series of changes to the Constitution in order to advance the process of transformation.

- The opening to foreign investment under the mixed capital enterprises.
- Food program to make the country as self-food sufficient as possible: Organic farming, urban agriculture, etc.
- Development of Tourism.
- Development of biotechnology industry.
- Reinsertion in the international market.



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Overcoming the Special period:

To preserve the main achievements of the Revolution: Free and Universal Health Care and Education.

- Increase of expenditure in social programs.
- Increase of expenditure in Education and Health Care.
- Maintenance of salaries in factories or enterprises which were stopped or shutted down.
- Increase up to the 80% of the production of the domestically consumed medicine.



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The Updating Process:

Background:

- International crisis. Between 1997 and 2009, the price variations in exports and imports produced a net loss of 10.9 billion dollars, in relation to 1997 levels. On average, the purchasing power of exports of goods was deteriorated by 15%. In addition, the country experienced the strengthening of the economic, commercial and financial blockade.
- The necessity to develop a prosperous and sustainable Socialist Model, to guarantee the achievements of the Revolution and to improve the life conditions.



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The Updating Process:

After a mass consultation process a group of guidelines were presented and approved in the VI Party Congress. As a result, a series of measures are being applied among which are:

- Strengthening institutionalization, including the reorganization of the State and the Government.
- Emphasis on the concept that the plan of the economy must adjust to the available resources.
- Prioritize the growth and diversification of exports and the substitution of imports, designing programs and special measures to support them.



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The Updating Process:

- Revision and reorientation of the Investment Policy to give it more comprehensiveness, avoid immobilization of resources and other inefficiencies. In correspondence with this, the available external credits are being redistributed towards the objectives that in the short term had the greatest effect on the balance of payments.
- Reprogramming the external debt payments giving priority to its gradually execution.
- Transformations in the structure and operation of the agricultural sector with the objective of increasing food production and reducing importation (self-food sufficient).



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The Updating Process:

- Promote the self-employment in areas as gastronomy, services, transport and others, which will release the State from a group of activities that can be developed more efficiently by people and become a new source of employment and incomes.
- Search for alternatives sources of financing to stop the decapitalization process of the industry and the productive infrastructure of the country.



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The Updating Process:

- Increase the productivity of work, raise the discipline and level of motivation of salary and incentives and eliminating egalitarianism in the mechanisms of distribution and redistribution of income. As part of this process, it will be necessary to eliminate undue gratuities and excessive personal subsidies.
- Promote local economic development.
- Work for the elimination of monetary duality.



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The Updating Process:

Early Results:

- Special Development Zone of Mariel created in 2013: It is a zone with special regimes and policies with the aim of promoting sustainable economic development through attracting foreign investment, technological innovation and industrial concentration, in order to increase exports, the effective import substitution and create new sources of employment, in constant coordination with the domestic economy.
- 31 projects with investments from 14 countries from Latin and North-America, Europe and Asia.



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The Updating Process:

- New Foreign Investment Law in 2014.
- 2017- more than 2 000 million Dollars in 30 projects in areas as: Renewable energy, Tourism, Construction, Oil mining and prospection, finance and agriculture industry, 8 of them in the SDZM.
- 80 new projects are being negotiated with real possibilities of being approved.
- For 2017-2018 the Portfolio of opportunities group 465 projects for a value of 10 700 millions of dollars.



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The Updating Process:

- Development of Tourism: In 2017 a growth of 19,7% in comparison with 2016 (more than 4 millions 700 thousands visitors in 2017 and more of 5 millions as forecast in 2018).
- Dinamization of the economy.
- Development of new and innovative forms of management and self-employment, mainly in gastronomy and services.
- Development of cooperatives in agriculture and non-agriculture products and services.



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Thanks