

# *The Cuban government announces plan to capture foreign currencies and stimulate national industrial production*

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By Charles McKelvey (Radio Havana Cuba)

The government of Cuba has announced new economic measures that are designed to capture foreign currencies in order to increase national production of electric-domestic products and auto accessories and to better satisfy the internal demand for said products. The measures were explained to the people in a special two-hour edition of the nightly news program, La Mesa Redonda, in which participated: Vice President Salvador Valdés Mesa as well as the Minister of Economy and Planning; the Minister of Finance and Prices; the President of the Central Bank of Cuba; the Minister of Domestic Commerce; and the First Vice President of Cimex Corporation, a Cuban import-export company; and the Minister of

## Foreign Commerce and Investment.

The measures include the possibility for natural persons, including foreigners who are permanent residents, to open bank accounts in foreign currencies, with the possibility of direct electronic deposits from other countries. The banks of Cuba will now accept deposits in ten international currencies, including the U.S. dollar.

Irma Margarita Martínez, President of Cuban Central Bank, affirmed: “the banking system is participating actively in the implementation of the new measures. We are issuing a resolution that will allow for the implementation of other resolutions of the ministries of economy and planning, and foreign trade toward implementing the newly-approved measures.”

And the measures include the sale of electronic domestic items and auto parts and accessories, including electric motorcycles, in foreign currency stores established for the purpose, in which the purchase must be made with debit cards of a foreign currency bank account in Cuba. The plan projects the opening of 77 foreign currency retail stores, but in the initial phase, twelve stores in Havana and one in Santiago de Cuba will be established. Some items, in general the more economical items, will continue to be sold in CUC (Cuban Convertible Peso) retail stores; but other items, which are not presently available in the Cuban retail market, will be designated for foreign currency stores.

Meisi Bolaños, Minister of Finance and Prices, asserted: “These measures of course require the adoption of other measures in the financial and prices sector in order to guarantee their sustainability. We are talking about mechanisms that will contribute to improving efficiency and the efficacy of production processes and which will ultimately impact product prices.”

The panelists explained that the internal demand for determined goods exceeds the supply. The government is not able to satisfy the demand through importation of goods and of raw materials for national production, as a result of the priority that the government gives to health, education, and food and energy subsidies; and as a result of the effects of the U.S. blockade. The inability to satisfy the demand is stimulating importation of goods by natural persons in an irregular and illegal form, with the consequence that a significant amount of foreign currency is leaving the country. The government wants to respond not by prohibitions, but by producing more in order to satisfy the demand, through the use of foreign currency to finance industry. The money captured through foreign currency bank accounts and foreign currency purchases will be channeled toward investment in industrial development.

Another measure is designed to increase the efficiency of importations. Natural persons, including self-employed persons, will be able to solicit an importing company for the importation of a particular equipment or merchandise. Eleven importing companies have been authorized for such transactions.

The plan includes price controls and a system of monitoring of prices, in order to maintain stability in prices. It is expected that the measures will generate a reduction in retail prices, in both CUC and foreign currency retail stores.

The new economic measures will be implemented in stages. The establishment of foreign currency accounts in Cuban banks by natural persons begins on Monday, October 21.

The combination of measures seeks the expansion of national industrial production, resulting in more employment and higher income; the reduction of retail prices; and the reduction of irregular and illegal importation and distribution.



**Radio Habana Cuba**