

# *This week in Cuba October 13-19, 2019*

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By Charles McKelvey

(1) The Cuban government announces new economic measures

The government of Cuba announced on Tuesday new economic measures that are designed to capture foreign currencies in order to increase national production of electronic 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; Vice President Salvador Valdés Mesa, five Ministers of the government, and the Vice-President of a state-owned import-export company participated.

The measures include permitting 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, as was explained by Irma Margarita Martínez, President of Central Bank of Cuba. Beginning on Monday, October 21, the banks of Cuba will open bank accounts and accept deposits in ten international

currencies, including the U.S. dollar. The foreign currency is referred to as Moneda Libremente Convertible (Freely Convertible Money), or MLC.

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. 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, generally products of middle and high range that are not presently available in the Cuban retail market, will be designated for the new MLC retail stores. The sale of products in foreign currency stores will begin during the last ten days of October; the price will be expressed in US dollars.

Vice-President Valdés Mesa and Minister of Economy and Planning Alejandro Gil 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, including limitations on family remittances and financial restrictions that impede international payments. 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.

To analyze the problem, a Governmental Commission composed of representatives of fourteen departments in the Central Administration of the State was established. The measures that the Commission has recommended intend to respond to the problem not by prohibitions, but by producing more in order to satisfy the demand, through the use of foreign currency to finance industry. The basic strategy is to capture money through the creation of foreign currency bank accounts and foreign currency retail stores, channeling the captured currencies toward investment in industrial development and the importation of goods in demand.

In addition, two measures are designed to increase the efficiency of importations. The first was explained by Rodrigo Malmierca, Cuban Minister of Foreign Trade and Foreign Investment. 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 second measure involves a discount or exemption on customs duties for the importation of raw materials and supplies destined to national production as well as for those products of higher demand, as explained by Vice-President Valdés Mesa. The Minister of Finances and Prices, Meisi Bolaños Weiss, noted that the tariff exemption has the objective of reducing the prices of goods sold in both CUC and MCL retail stores, by a margin of between ten and fifteen percent.

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

## (2) Cuban president visits Mexico

Cuban President Miguel Díaz-Canel traveled to Mexico to meet with Andrés Manuel López Obrador, President of Mexico.

There is a special relation between Cuba and Mexico. The Mexican Revolution and the Cuban Revolution were both transcendent events that inspired and influenced the peoples and movements of Latin America. Both revolutions had conflicts with the United States as a result of state nationalization of U.S. properties. Historic figures of the Cuban Revolution, including Juan Antonio Mella and Fidel Castro, spent important moments in their lives in Mexico. Moreover, Mexico was the only country in Latin America that did not bow

to U.S. pressure to sever diplomatic relations with Cuba in the early 1960s.

After years of neoliberal accommodation to U.S. economic interests, the election of López Obrador as president and his inauguration on December 1, 2018 raises hopes for a renewal of ties between Mexico and Cuba and a reorientation of Mexico toward the Latin American and Caribbean project of unity and integration, given the new president's long record of progressive concepts and political practice. With López Obrador, Mexico is retaking emphasis on the fundamental principles of non-interference in the affairs of states and respect for the sovereignty of nations and the self-determination of peoples, at a time when the United States has become more aggressive than ever with respect to Latin America.

In the meeting between the two presidents, the desire to strengthen bilateral ties and cooperation was reaffirmed. And the Cuban President expressed support for the commitment of Mexico in assuming the Presidency of Celac in 2020.

Mexico is at present Cuba's second commercial partner in Latin America and the Caribbean and fifth in the world; and Mexico is the first source of tourists to Cuba and eighth in the world.

### (3) Agreement in Ecuador, for the moment

The Cuban news agency Prensa Latina reported on October 15 that, after eleven days of protests throughout the country, President Lenin Moreno conceded to repeal Decree 883, as a result of an agreement with the Confederation of Indigenous Nationalities of Ecuador, which for its part lifted the nation-wide work stoppage and mobilization. The nation celebrated the return to subsidies for gasoline and diesel. Drivers could obtain gasoline extra for \$1.85 per gallon, versus \$2.39 under the decree; diesel returned to \$1.03, as against \$2.30. Similarly, public transportation rates returned to their previous level.

The mass action began on October 3 with a two-day transportation stop, followed by mass mobilizations against the decree by indigenous nationalities and peoples, workers, university students, academics, and peasants. Negotiations between the government and the indigenous movement began on Sunday, October 13.

The concession by the governments demonstrate that non-violent work stoppages and mass mobilizations are a true weapon of the people, when there are sufficient numbers of people participating. On the other hand, when there are small numbers, they can be dysfunctional, provoking a dismissive or negative attitude among the majority of the people, if they are carried out in a disruptive or undignified manner.

Thousands of indigenous persons returned to their respective provinces following the accord, waiting for the initiation of conversations to develop another resolution, which, they warned, cannot leave the poorest as the most affected.

On October 16, the indigenous movement and the government began negotiations to develop a new decree over the subsidies to petroleum. The meeting, in an undisclosed location, was confirmed by the System of the United Nations in Ecuador and the Episcopal Conference, which had been involved as mediators to promote dialogue between the parties.

Prensa Latina reported on October 16 that the Ecuadoran alternative independent and digital media, which covered the work stoppage and mass mobilization, denounced efforts to delegitimize and ignore the information that they were transmitting. The Association of Independent, Alternative, Popular, Indigenous, Community, and Digital Communicators and Media issued a statement declaring that the information that they transmitted was verified from the place of the events, breaking the media barrier constructed by the conventional and major media during the national mobilization. It asserted that the alternative media were affected by a policy of censure, which was denounced internationally by governmental departments. Citing the evident violation of freedom of expression and the right of the

peoples to receive information, the statement appealed to the rights that are consecrated in the Universal Declaration of Human Rights. It also called for vigilance against any possible act of intimidation or police raid against their installations, and it asked for the resignation of the government ministers María Paula Romo and Oswaldo Jarrin, who were considered responsible for violent repression.

Prensa Latina reported on October 17 that The Defender of the People of Ecuador announced the formation of a commission of truth, justice and reparations that will investigate possible violation of human rights during the eleven-day national stoppage. A multidisciplinary team will emit a report based on its investigations, which will be presented to other public entities, such as the National Institution for Human Rights; and in the case of evidence of criminal behavior, national judicial authorities will be informed. During the mass mobilizations, the Defender of the People emitted reports to the effect that eight persons died, 1,340 were wounded, and 1,192 were arrested. In addition, it called upon the president to confront the strong police repression against the demonstrators.

On October 17, Prensa Latina also reported that the United Front of Workers of Ecuador (FUT) convoked on that date a general mobilization for October 30, against the labor reforms proposed by the government. The President of FUT, Mesías Tatamuez, declared that all Ecuadorans ought to be aware of the economic package that the President will send to the National Assembly for its approval as well as the executive's proposal for the new decree with respect to fuel subsidies that will be negotiated with the indigenous movement. The union leader declared that the new proposals maintain the neoliberal perspective demanded by the International Monetary Fund, a condition for receiving to a loan of 4.2 billion dollars. FUT has expressed that it feels excluded from conversations between the government and the indigenous movement.

Following the press conference, FUT announced that it will be received by the government that same day. But the President cancelled the dialogue with FUT, because of the call of the labor organization for a national mobilization on October 30.

Apparently the strategy of the government is to divide the people, negotiating with the indigenous movement with respect to fuel subsidies, and to negotiate with the workers' movement concerning proposed labor and tax reforms, with the intention of conserving the neoliberal essence of the package, in accordance with the interests of those sectors that the FUT President called the anti-worker and anti-popular allies of the government.

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