

Cuba enters into Macro-Economic Stabilization Plan

PLAN DE LA ECONOMÍA 2023 OBJETIVOS

- Avanzar en la estabilización macroeconómica.
- Consolidar la reestructuración del mecanismo de asignación de divisas, logrando un vínculo entre el acceso de actores económicos al mercado cambiario, el esquema centralizado de financiamiento y la asignación centralizada de divisas.
- Recuperación de capacidades del sistema eléctrico nacional y potenciar fuentes renovables de energía.
- Avanzar en la reducción de desigualdades, en la descentralización de la autonomía municipal y en la transformación integral de la empresa estatal socialista.



As part of the macroeconomic stabilization plan, Cuba is progressively incorporating norms and making decisions aimed at reviving production and services.

The government announced measures related to the electricity service and the sale of fuels that increase prices which, according to what has been underlined, should not be seen in isolation from other foreseen determinations.

Some transportation tariffs will also be raised, although the national budget will continue to protect others.

The gradualness of the provisions is notorious, following studies on the scope and impact on segments of the population and on the economy.

As is well known, the largest of the Antilles suffers from material shortages and insufficient services, mainly due to the U.S. blockade.

Also affecting the country are the traces of the considerable expenses devoted to health care during the pandemic, the inclusion of Cuba in the list of countries that, according to Washington, sponsor terrorism, and the impossibility of accessing credits.

As a reflection of these and other factors, the Gross Domestic Product of the Caribbean nation contracted between 1 and 2% in 2023 and inflation was 30% annually.

In order to get out of the present phase, the government outlines its macroeconomic stabilization plan, among which the reduction of the high budget deficit stands out.

The increases in electricity and fuel prices in February and March are part of this scenario, an officially defined effort to rectify existing distortions in the economy.

In electricity, with the increase in tariffs for high consumers, who in practice do not represent the majority, the government seeks to save energy and to collect foreign currency for the purchase of the deficit fuel.

Although the increase has been decided, the Ministry of Energy and Mines specified that even so, the electricity rate is fully subsidized.

According to the explanations, part of the ongoing decisions are linked to prices, some of which are outdated, hence the need for a reduction of the state subsidy, as contemplated in the 2024 budget. Along with these formulations, the Cuban government is also pointing out indicators that will help mitigate the impact of the reduction in subsidies on vulnerable segments of the population.

In view of the announcements and those that should arrive soon, as well as the increases in some payments to education and health workers, Cubans are beginning to take certainty of the attempts to imbue the economic scenario with greater realism, with a view to face the current difficulties.

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