

Economic Update December 25



The Cuban economy will grow four percent "or more" in 2015, the Minister of Economy and Planning, Marino Murillo has said.

This implies that the island will leave moderate rates of growth and the trend of slowing economy reverses, he said, speaking at the Fourth Regular Session of the Eighth Legislature of the Cuban Parliament last weekend.

Murrillo noted that economic activities that will contribute the most are: the manufacturing industry which, excluding sugar, will grow 11.2 percent; as well as construction, hotels and restaurants, agriculture and livestock, among others.

Some 17,539 billion dollars of revenue will come from abroad, of which 137 million will come from Cuban enterprises in other countries. However, expenditures will reach more than 17 billion dollars, he said.

He noted that there will be an increase in imports, mainly raw materials. This increase is linked to the fact that manufacturing is the area that will grow next year, he said.

Murillo said that Cuba has secured for next year all the oil it needs, however, he warned of the need to ensure it's efficient use.

Moreover, Cuba will make payments of debt for over 5.7 billion dollars, 30 percent of total export earnings, which imposes the need for new loans.

Regarding imports, goods predominate, he said, adding that in the case of food, Cuba will import products worth two billion dollars through Alimport, and more than 2.2 billion in total.

This volume of food imports presents logistical complexities, so it is essential to achieve efficiency in that sense, he said. On the other hand, he said, the growth of labor productivity by 6.2 percent will allow a slight increase in average wages.

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In search of new source markets for visitors to Cuba, the ministry of tourism has agreed with Algeria, an action programme to promote commercial operations and recreational travel from the North African nation in 2015.

The agreement, signed in Havana, represented one of the main outcomes of the 19th Inter-governmental Commission of Algerian-Cuban cooperation, which also brought together representatives of both countries in the areas of health, fisheries, tele-communications, culture and sport.

Maria del Carmen Orellana, commercial director at the tourism ministry, said that the project is aimed, in essence, at increased promotion of 'destination Cuba' in Algeria and therefore closer ties with tour operators and travel agents.

In addition, the programme for 2015 will allow for greater exchange of information about new opportunities Cuba offers for foreign investment in the tourism sector, among these, hotel development and residential complexes associated with golf courses.

Orellana said that the agreement will strengthen the historical relations between the island and the North African nation, while fostering an increase in the arrival of Algerian tourists.

In an effort to accelerate the development of tourism, one of its primary sources of income, Cuba plans to attract new source markets, through promotional campaigns and diversification of its tourism product.

Up to November of this year, nearly 2.7 million tourists arrived in Cuba, a growth of 4.8 percent over the same period of 2013, according to data provided to the Cuban Parliament last week.

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Experts from Peterson International Economic Institute in the United States estimate that exports of U.S. goods to Cuba could reach \$4.3 billion USD, if and when trade relations between both nations are re-established.

According to the study, published by media outlets in South Florida yesterday, highlights are: the benefits that could result from a relaxation of trade and financial restrictions recently announced by President Barack Obama.

According to Peterson Institute economists, exports of Cuban goods to the U.S. could reach \$5.8 billion USD annually, from zero at this moment, if Obama's executive action is materialized.

"It is great news. It is a completely virgin market," said Seth Kaplowitz, lawyer and speaker in finance topics at the State University of San Diego, in reference to the Cuban market.

Trade exchanges between the two countries were stopped in 1962, after Washington decided to impose a strict economic, commercial, and financial blockade on Cuba.

Experts consider that a total lifting of the economic blockade of Cuba could benefit farmers, car and tractor manufacturers, airlines, hotel chains, and telecom companies in the United States.

One of the companies that has expressed interest in trading with Cuba is Cargill, a corporation that buys, sells, processes, and distributes grains and other agricultural goods.

Delta Air Lines and Jet Blue Airways airlines, Hilton Worldwide and Marriott International hotel chains, and Carnival Corp. Cruiser, have also expressed interest in trading with Cuba.

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Cuba expects there to be an additional 800,000 mobile phone lines next year on the island, where more than 3.7 million fixed and cellular lines are currently in service.

State-owned tele-communications monopoly Etecsa said it expects 800,000 new mobile lines, 300,000 new fixed lines and 1,300 new "public-service" lines in 2015, official media reported.

Etecsa offered those forecasts in a report presented last week to Cuba's parliament.

The Communist-ruled island currently has just over 3,700,000 fixed and mobile lines and a national telephone density of 33 lines per 100 inhabitants, according to Etecsa.

Statistics from 2012 indicate that the island had 85.3 percent wireless coverage that year and that cellular service had grown considerably since 2008, when President Raul Castro's government authorized the use of mobile phones by ordinary citizens.

During the presentation of the report, lawmakers passed on complaints by "hundreds of citizens related to the scant offer of mobile and fixed devices at more affordable prices."



Radio Habana Cuba