

Cuba Maintains Subsidies of Dairy Products Despite Skyrocketing Market Prices



Havana, April 10 (RHC) Cuba will increase by 12 million pesos, some 12 million dollars, its annual budget to subsidize the retail sales of milk dedicated to the basic food basket, according to a report by Granma newspaper citing remarks with officials from the ministries of Finances and Prices, and Food as well as with executives of the CIMEX corporation.

The report says that skyrocketing food prices at the international market have a direct impact on Cuban economy and as consequence the Ministry of Finances and Prices adopted a resolution increasing the price of powdered milk at local markets selling in Cuban Convertible Pesos or CUC.

The newspaper cites the director of Trade, Tourism and Services at the Finance and Price Ministry, Octavio Beltran, who announced the price increase as an adjustment to prevent possible losses to the local entrepreneurial system given the rise of powdered milk prices at the world market up to 5 thousand 563 dollars a ton.

Other officials in the sector said that the policy was always aimed at avoiding such price increases despite the unbalances at the market. However, in the face of larger expenses and in order to keep the distribution of subsidized milk for the people, the measure was taken.

The powdered milk price was increased to 3.35 CUC up from 2.90 CUC for the 500-gram packages or bags,

and to 6.60 CUC up from 5.75 for 1-kilogram bags of milk. Despite the increase, subsidized powdered milk distributed on ration cards and in Cuban pesos to the people will not be affected.

The price increase at local retail markets will obviously have an impact on those who purchase the product not only for personal or family consumption, but also to those who use it as an ingredient to produce other foodstuffs, the paper adds.

On the other hand, Cuba expects to increase local milk production up to 450 million liters of milk by 2020, while its direct sale to the population is reorganized.

In Cuba, the subsidized and rationed distribution of powdered milk is guaranteed to all children from 0 to 7 years of age, pregnant women, and for specific diets of people with different health conditions.

At present the exchange rate between Cuban Convertible Pesos or CUC, and Cuban Pesos (national currency in which Cuban workers receive their salaries) or CUP is 1 to 25, meaning that a one-kilo bag of powdered milk now selling 6.60 CUC (165 CUP) is acquired under the ration and subsidized system at only about 2.50 CUP for whole milk or 2.00 CUP for skimmed milk, standing for only 10 cents of a CUP or a dollar.

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