
Cuban Economy: Challenges and Obstacles

03/02/2020



Cuba urgently needs to develop its economy and to this purpose the worth of science is essential, as defined by Miguel Díaz-Canel Bermúdez during the closure of the IV Ordinary Session of the National Assembly of People's Power in its IX Legislature, last December.

The president numbered other challenges to improve the economic situation of the nation: "... we need greater productions, more diversity, and of better quality, with the added value of science and the links that should put us in a position to reduce imports and increase exports, in a sustainability structure at the height of the scientific knowledge and the proven skills of Cubans. We will defend the Economy and Budget Plan for 2020 approved in this session with this idea in mind".

One of the ways to defend that Plan is from its origins. Therefore in the months of January and February, workers across the country, together with their unions, will what they have to do.

Summoned to these debates by the Workers Central Union of Cuba (CTC), workers in general analyze their potential, reserves, and possible obstacles to achieve the plan at their workplaces. "...achieving a better quality of life depends on all that. The first thing is to generate wealth and then distribute it", commented on these debates the general secretary for the CTC, Ulises Guilarte De Nacimiento, who also urged: "You have to listen to the proposals of the workers and have the capacity to make them real, giving themselves the chance to participate. "

In his travels throughout the country, the Cuban president has repeated the challenges the national economy faces today, knowing that the territories have huge productive potentials, and convinced that Cuban's creativity is proven in hundreds of solutions which are today applied in several economic fields.

But it's paramount for the nation to unravel processes that affect the soar of economy. There are productive forces that can be released and revolutionize sectors like the food production, tourism, sugar, information technology, and communications, among others.

To boost all these forces, changes are needed, and that is precisely what the Cuban President has asked for.

In this 2020, Cuba will undergo an improvement in the business system, seeking to create conditions to put into practice issues already stated in the new Constitution of the Republic and in the Guidelines of the Economic and Social Policy, approved in the VI Congress of the Party.

Eliminating Restraints

Boosting and removing obstacles to the economy becomes complex in a country like Cuba, imprisoned by the strong blockade set by the U.S., with technological disadvantage and ways of organizing production far from the current productive environments where advanced technology, the workforce training, the permanent updating of CEOs and access to financial capital are part of the everyday life.

Since 2019 was not the year we hoped for, it proved that Cuba can move further and further in economic matters.

In that sense, Díaz-Canel Bermúdez has emphasized the 28 measures approved in 2019 for the improvement of the socialist state enterprise.

These include the creation of a financial institution that ensures working capital and allows the establishment of productive link structures.

The goals also promote the financing of micro investments that support the increase in short-term exports, as well as allowing entities to have a margin of foreign money in their incomes to assume investments, technologies, and other resources necessary for greater efforts.

All this rearrangement of the socialist business system includes relations with non-state forms of management. It will be necessary to keep creating conditions so they both coexist in an environment of mutual collaboration and eyeing the development of the nation.

Likewise, it's necessary to define the system of relations between the state companies, 100% Cuban commercial companies, and foreign investment modalities, with the Mariel Special Development Zone.

In this regard, the idea is that companies can retain 50% of the currency from commercial operations with these entities, as specified in the measures.

The 28 guidelines referred to by the Cuban President also include the salary increase for workers, in truly interesting percentages that, in the end, should be reflected in an increased production.

The Chicken or the Egg

Analyzing the management of the Ministry of Work and Social Security, Díaz-Canel said: "How long will it take us to apply the salary increase in the budgeted sector?" And he argued: "... we've got ourselves stuck on the debate of what came first, the egg or the chicken."

And he also reflected: "We take a long time to make decisions, and that is a burden of bureaucracy. We don't consistently implement all the variables to mobilize human resources, to which we must dedicate our thinking. "

Human resources and wages are also included in the 28 points established as part of the improvement of the socialist state enterprise and the economic development of the nation.

Taking as starting point the fact that it's the state sector which contributes the most to the economy, it's clear the need to boost it, like the President stressed.

Tourism, the Big Engine

Despite the blockade and several hostile measures imposed by the Trump administration, tourism still steps forward, and investments in that sector continue, seeking to expand capacities in the main tourist sites. The goal is to reach 4 million 500 thousand visitors.

But the potential could be far greater considering that the global trend has changed with the access to new technologies.

At present hikers want to know places that other friends have already visited, or virgin spots, unexplored before. Social networks are largely responsible for marking the destinations of many tourists.

The Ministry of Tourism goal is to expand the availability of Internet connection in hotels which is a key element in such results.

In this regard, there's still a lot to do. But the mere fact that tourists can have an Internet connection opens up new prospects for Cuba.

Likewise, the sun and beach tourist also wants to connect with the culture, enjoy good food, visit nightclubs ..., and thus city tourism follows the same trend.

But "Cuban tourism needs more efficiency" to rise to the standards of the most important tourism poles in the world.

This was highlighted by the Cuban President at a meeting of the development program of the Cuban tourism industry, in last July.

At the meeting it was stressed the need for quality in the execution of works and the meeting of datelines, as well as the decrease of imports by the Ministry of Tourism to save resources and improve procedures wherever possible.

Although tourism did not meet the revenues programmed for 2019, it was an engine within the Cuban economy, as the Cuban president has repeatedly acknowledged.

This sector will have crucial importance in 2020, as it has a large program of investments in hotels and infrastructure in all tourist centers of the nation, where city tourism and the interrelation of visitors with important centers that promote the Cuban culture has not been forgotten.
