Cuba postpones introduction of new prices for fuel and passenger transportation

Long queues at the filling stations: Demand far outstrips supply (Source: Cubaheute)

Cuba's government has postponed the introduction of new fuel prices planned for February 1. In connection with this, the prices for public and private passenger transport will remain unchanged, whether it be bus, rail, air or sea transport.

Deputy Economy Minister Mildrey Granadillo told Cuban television on Wednesday that the cause was a "cybersecurity incident caused by a foreign virus in the fuel sales systems". The measure would be implemented "when the conditions are in place", Granadillo said. Until then, the sale of fuel at petrol stations will continue at the current prices.

The Director of Passenger Transport at the Ministry of Transport, engineer Luis Ladrón de Guevara, announced that the introduction of the tariffs agreed with non-state operators would also be postponed until further notice, meaning that no increases could be made.

Economist Pedro Monreal argues that the new fuel prices would have secondary inflationary effects in view of the imminent introduction of a new exchange rate, which the postponement of the measure is intended to avoid.

In December, the National Assembly passed a "macroeconomic stabilization programme" (Cuba Today reported), which aims to eliminate distortions and boost the socialist country's ailing economy three years after the currency reform. A central element is the increase in fuel prices by around 500 percent, from 30 pesos to 156 pesos in the case of premium gasoline. Based on the informal exchange rate, a liter would then cost around 50 euro cents instead of ten. From the effective date, petrol would only be sold to tourists with rental cars in exchange for foreign currency at a price of 1.30 US dollars or the equivalent in other currencies.

In addition to adjusting fuel prices, the program also includes salary increases for the education and health sectors, new import duties for tobacco and alcohol and lower duties for the import of raw materials, the abolition of subsidies for long-distance buses, trains and domestic flights as well as a 25% increase in electricity prices for frequent consumers of 500 kWh or more per month. In addition, for the first time in decades, major changes are to be made to the state subscription booklet "Libreta", the contents of which will only be sold at a heavily discounted rate for vulnerable groups in order to "subsidize people rather than products".

President Miguel Díaz-Canel announced the start of a popular consultation on the upcoming reforms and social aberrations such as corruption at the Council of Ministers meeting on Monday. A restructuring of state institutions is imminent, which should make government work more efficient, he stated.

In addition, a new foreign currency allocation mechanism for companies is to be introduced soon, "which includes a redimensioning of the currency market". In this context, Prime Minister Marrero announced the introduction of an "economically based and stable" exchange rate.

"The greater risk would be not to change anything and not to carry out any transformations. Everything we change will be in the direction of greater prosperity for our people," said Díaz-Canel. (Cubaheute)