

New figures: Cuba's deindustrialization continues



Industrial ruin in Cuba (source: [Jingyuan Chen/Flickr CC 2.0](#))

Cuba's economy has been in a state of crisis for four years now. Recently, the National Office of Statistics (ONE) [published new figures for 2023](#) that show that the severe declines in key indicators could not be stopped last year either. What exactly does the data show?

Half a decade of crisis

Cuba's economy shrank by 1.9 percent last year – so far so familiar, as the figure was already announced at the last sessions of the National Assembly. However, the Statistical Yearbook now breaks down in more detail how the individual sectors of the economy have developed. This much in advance: in many areas, things are not looking good at all.

Exports fell by 6.6 percent and imports by 2.1 percent, the fifth consecutive year of decline for both. On a positive note, the budget deficit last year fell slightly to 11.1 percent of gross domestic product compared to 2022. However, this required austerity measures that went to the core of the economy.

The biggest cuts were in the sugar sector, which shrank by 39 percent last year. After contracting by a third in each of the two previous years, the once-prestigious industry now plays practically no role in the Cuban economy. The second-largest decline was in education, with a minus of 21.5 percent, followed by fishing (-18.3 percent) and agriculture (-14 percent). The only sectors to see significant growth were hotels and gastronomy (+13.1 percent) and transportation and communications (+9.5 percent). The construction industry saw a slight upturn, with a plus of 3.8 percent.

[As always](#), a look at industrial production is revealing. The picture here is bleak: the continuous decline could not be stopped last year either. The index of physical industrial production fell from 46 to 38.6 percent of its 1989 level. It is thus at the 2005 level.

Cuba's industry in figures

The following table shows a selection of different products from Cuban industry between 2019 and 2023. Unless otherwise stated, the production figures are in thousands of metric tons. Products that increased last year are highlighted in green:

Product	2019	2020	2021	2022	2023	Change since 2019
Coffee	19,2	18,4	17,1	16,6	10,6	-44,8%
Bread	454,6	469,5	446,5	408,5	326,3	-28,2%
Cooking oil	20,8	22,1	17,8	10,7	4,3	-89,3%
Pork sausage and filet	134,3	93,4	41,4	15,2	13,3	-90,1%
Cheese	10,0	10,0	7,4	4,6	3,2	-68%
Yoghurt	140,4	182,6	177,7	103	50,2	-64,3%
Butter (t)	492,4	482,6	254,2	177	153,6	-68,8%
Beer (thousand hectoliters)	2586,9	1496	1095,6	810,8	1245,7	-51,85%
Cigarettes	13,3	15	12,6	13,4	14,2	+6,8%
Soft drinks (thousand hectoliters)	3734,6	3334,5	2616,8	2145	1914	-48,8%
Printed products (million. units)	2030,1	787,2	475,3	622	434,8	-78,6%
Complete fertilizers	34,4	1,8	7,9	0,7	1,5	-95,6%
Hand soap	16,9	30,8	29,8	15,4	16,6	-1,8%
Clothing (million units)	8,8	5,9	5,4	5,8	5,7	-35,2%
Cement	1334,6	1015,1	817,1	680	520,2	-61%

Table 1: Selected products of Cuban industry, 2019 to 2023. Unless otherwise stated: in 1,000 tons (source: [ONEI 2023, 11](#))

Although the statistics “only” concern state industry while the production of the now more than 11,000 small and medium-sized enterprises (SMEs) in the private sector is not recorded, the bottom line remains devastating. In particular, the decline of the state food industry, whose products are often the basis for subsidized offers, has further exacerbated the socio-economic crisis. The balance through imports costs the state a lot of money, which is why the losses can only be partially offset by imports.

Without the imports from the private sector, which now guarantees a constant food supply at market prices, the situation would certainly be much more dramatic. The opening of the new Parranda beer factory in the Mariel Special Economic Zone and investments in a factory for hygiene products with foreign participation have also had a positive impact.

The transport sector is also still in the red: the number of passengers transported fell again slightly by 0.4 percent last year. The biggest declines were in the state bus system, while taxis saw a slight increase. The difficult situation in the sector, which has had to make do with minimal spare parts supplies for years, is highlighted by the indicator for the readiness of the fleet: in 2019, just under 72 percent of all buses were operational; by 2022, this figure had fallen to 45.6 percent, and finally to 38.8 percent in 2023.

Residential construction also experienced a slump in 2023, from 20,232 completed units in 2022 to 16,065. Overall, investments and construction projects increased in value by 16 percent, although inflation of a good 30 percent must also be taken into account here.

One important reason for the drastic decline in industrial output is the acute shortage of electricity and fuel. Energy production, for example, fell from 20,705 gigawatt hours in 2019 to 15,331 in 2023 (-26 percent), which could only be partially offset by renting mobile power station ships. However, in 2023, for the first time since the crisis began, total electricity consumption rose slightly. It increased by 8 percent from 18,322 gigawatt hours in 2022 to 19,825 gigawatt hours, but still remains around six percent below the 2019 figure (21,155 gigawatt hours).

Reform of state-owned enterprises could help – but when?

The figures make one thing clear: Cuba is undergoing a painful process of deindustrialization. The beginning of this was marked by new US sanctions under Trump – the Covid pandemic, the slump in tourism, the increase in emigration and the sluggish reforms, coupled with no significant improvement in external factors and the energy situation, have served to perpetuate the crisis, which has now been going on for five years.

A “magic solution” for reversing the trend is not in sight. This year, too, the delegates of the National Assembly are likely to draw an alarming balance again in December. While little can be done about the external factors, the announced reform of state-owned enterprises seems more urgent than ever in view of the slump. Cuba plans to make state industry fit again through decentralization and economic independence. However, the project requires major efforts, both materially and in terms of the culture of economic control, which is still heavily influenced by administrative methods.

The [draft law](#) for the reform was originally supposed to have been passed last year, but has been repeatedly postponed since. It is currently unclear whether it will make it onto the agenda in December. ([Cubaheute](#))