

Parliamentary session in Cuba: government announces flexible exchange rate



Cuba's National Assembly met from December 18 to 20 (Source: [ANPP/FB](#))

The Cuban National Assembly's year-end session ended in Havana on Friday December 20. President Miguel Díaz-Canel [spoke of](#) the “tremendous efforts” the country has made this year, which have nevertheless led to “insufficient results”. He said that Cuba would continue to reject the “law of the jungle” in the future and continue its fight against the US economic blockade.

One percent growth planned

At the beginning of the three-day meeting, Economy Minister Joaquín Alonso Vázquez provided an overview of the year that is coming to a close. Exports of goods remained 7.5 percent below plan, while exports of services (led by medical services) were slightly above the budgeted figures. Imports were 17.6 percent lower than planned.

The construction and industrial sectors again experienced major problems this year, partly due to the ongoing energy crisis. “In 2024, steel production was zero, cement production only reached 43.2 percent of expectations, and wood production was 17.6 percent,” the minister said. Despite partial recoveries, agriculture is also facing renewed setbacks, with structural problems such as late payment of farmers remaining an ongoing issue. Only 47 percent of the foreign currency earmarked for agriculture was actually provided.

One of the main reasons for the lack of foreign currency is the [weakening tourism sector](#). This year, 2.2 million foreign guests are expected, a good fifth less than planned and significantly less than before the pandemic. Arrivals also fell compared to the previous year. For 2025, 2.6 million visitors are expected.

Unlike usual, there was no information on the development of the gross domestic product this year. However, Economy Minister Alonso Vázquez [hinted](#) in the run-up to the meeting that 2024 would be another year of recession.

There was good news from the Ministry of Finance: a record deficit of 18 percent of the gross domestic product had actually been approved in the budget for this year. This was now, due to measures such as the [sale of fuel in foreign exchange](#) and the [collection of a 10 percent sales tax](#), a full 39 percent lower than expected (90 billion instead of 147 billion pesos). This year, for the first time, inflation was successfully curbed – although at 30 percent it remains at a high level.

For the coming year, Cuba is planning a growth rate of one percent, inflation is expected to fall to between 25 and 30 percent, and the budget deficit is also expected to continue to shrink minimally to a planned 88 billion pesos. However, this is only possible if economic policy “is coherent and continues to be guided by the [macroeconomic stabilization program](#)” that was launched in December 2023.

New exchange rate regime from 2025

In this context, the government is planning [major changes](#) next year. Prime Minister Marrero announced the introduction of a flexible exchange rate regime “based on supply and demand” for the peso. This is intended to dry up the informal foreign exchange market and create a legal way for companies to acquire foreign currency. This is a “complex process involving the state, the non-state sector, and the population, with multiple exchange rates,” he explained.

Other state-owned enterprises, including pharmaceutical, tourism, nickel mining, and recycling companies, are to set up their own foreign exchange cycles for their financing. The step is intended to promote exports and increase foreign exchange earnings. To this end, the partial dollarization of the economy is to be continued. As part of this, the services offered by mobile phone provider ETECSA are to be revised next year and new tariff models offered in foreign currencies.

The [enterprise reform](#) originally planned for this year to restructure the state sector has been postponed again and is not expected to be approved until 2025. “The country's economic situation does not make it advisable to pass the law on socialist state-owned enterprises at this point in time, because if it were to come into force, compliance with it would not be guaranteed,” explained Marrero.

Foreign investment is to be facilitated and made less bureaucratic next year as part of a new legislative initiative, and in 2026 the law on foreign direct investment is to be fundamentally revised.

The planned abolition of the subsidized *Libreta* ration book, which was announced in December 2023, is being maintained. “There is no going back on this,” said Marrero, adding that the abolition would be gradual and “product by product”.

Focus on the energy situation

The energy situation, which will be one of the priorities of the government's work in the coming year, took up a great deal of the meeting. As Marrero explained, electricity production in Cuba has fallen by 3,731 gigawatt hours since 2019. The number of diesel-powered [power ships](#), through which additional power was purchased from a Turkish supplier, fell from eight at times to two today due to a lack of foreign currency, which deliver 257 megawatts.

The daily generation deficit remains critical at over 1,000 megawatts, resulting in nationwide shutdowns lasting several hours. Higher tariffs for high-consumers have not achieved the desired effect, with consumption rising again this year. At the end of November, [a new law](#) was passed to expand renewable energies by economic actors. Their share is to be increased from around four percent at present to 37 percent by 2030. By the end of next year, 1100 megawatts of solar power are to be added to the grid, 500 megawatts of which will be added in the first half of the year.

In addition, a program to stabilize the power grid, which collapsed three times this year ([Cuba today reported](#)), was approved. The program will be headed by Ramiro Valdés, a 92-year-old revolutionary veteran and long-time interior minister.

The [appearance](#) of 93-year-old Raúl Castro caused a stir at the meeting. Despite recurring rumors of his death, he seemed very much alive and made a grand gesture. "With raised hands, upright and with clenched fists, we will face the problems of the country, we will do it!" Castro shouted energetically, whereupon the deputies rose from their seats.

Other topics:

- With the [Law on the Practice of the Bar and the National Organization of Collective Bar Firms](#) and the [Law on Notaries](#), the National Assembly has approved the last two laws in the ongoing **judicial reform** and thus brought it to a conclusion. The role of lawyers has been enhanced as part of the reform. In the future, notaries will no longer be subordinate to local governments, but directly to the Ministry of Justice, which should improve and professionalize their function. Due to the increase in real estate purchases and sales, notaries play a more important role in Cuba today than they used to.
- A new initiative for the holistic [care and support of children, adolescents and young adults](#) has been discussed but not yet adopted. The draft provides for the establishment of youth centers, the expansion of educational opportunities through practical offerings, the strengthening of children's rights and protection mechanisms against abuse, as well as special programs for children in vulnerable situations and their psychological and medical care.
- The [timetable for implementing the constitution](#), which came into force in 2019, has been updated. President Díaz-Canel admitted that delays had occurred, which were due less to the drafting of the laws themselves than to the unexpected effort required to draw up the complementary implementation guidelines. He announced that the process would be further professionalized and accelerated next year. The

following are to be passed next year (among other things): the [new corporate law](#), a new tax law, a new labor law and a new law on real estate ownership.

- Another topic at the meeting was the “**fight against corruption and violations of the law**” in the economic sector. In this context, 371,489 violations of the [price limits for staple foods](#) that were introduced over the summer were identified, resulting in fines totaling 980 million pesos (approximately eight million euros at the official exchange rate for private individuals). 3,522 stores were closed for major violations.
- **Reconstruction in Artemisa** province [is well advanced](#). Governor Ricardo Concepción Rodríguez reported at the session that 20,000 buildings, or 12 percent of the province's housing stock, were damaged or destroyed in the wake of [Hurricane Rafael](#) in early November. To date, 70,060 zinc roofs have arrived in the province, and are being used in all areas. Six thousand hectares of agricultural land have been replanted. The reconstruction effort is already at 99 percent complete.
- At the session, Marrero presented the results of a **survey on employment**. According to the survey, around 20 percent of the labor force in Cuba is engaged in informal activities, with the agricultural sector being the most affected.
- The **poor state of the roads** made it onto the parliamentary agenda this time. As Minister of Transport Eduardo Rodríguez Dávila announced, only 21 percent of the planned road construction work could be carried out this year. Three quarters of the roads are in average or poor condition.
- The **number of mobile phone users** in Cuba [rose](#) to 7.94 million this year, 94 percent of whom use mobile data. The average monthly data usage is 9.9 gigabytes per user. The expansion of internet home connections is still only [making slow progress](#). This year, 2,040 new users were added to the “Nauta hogar” program. The total number of users is now 2,833,398, which corresponds to 7.3 percent of households.



This year, a demonstration took place on the Malecón after the meeting (source: [ANPP/FB](#))

- The legally promoted **use of cashless payment methods** also remains below target. In the private sector, 515,949 actors (79.8 percent of those eligible) have opened a bank account, but only around 35 percent of the accounts are actively used. The limit for cash withdrawals at retail stores (“Caja extra”) was raised to 6,000 pesos (about 50 USD at the official exchange rate). There are still many stores that do not offer cashless payment methods, but the number of users of the *Transfervóvil* payment app [rose to](#) over five million this year.
- Looking ahead **to 2025**, Prime Minister Marrero said that “a tighter blockade, more sanctions and more attacks from social media to undermine national unity” were to be expected.
- A “**March for Cuba**” against the US blockade [took place](#) at 4 p.m. at the Malecón in Havana following the session. The state news portal *Cubadebate* headlined “President Biden, take Cuba off the [outrageous list!](#)”

[\(Cubaheute\)](#)